

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1481

ANSWERED ON:04.03.2011

IRANIAN CRUDE OIL

Hegde Shri Anant Kumar; Joshi Dr. Murli Manohar

Will the Minister of FINANCE be pleased to state:

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- (a) whether Reserve Bank of India (RBI) had disallowed payments for Iranian Crude Oil;
- (b) if so, the details thereof;
- (c) whether the decision had been welcomed by the United States of America (USA) administration;
- (d) if so, the facts in this regard and the reasons therefor;
- (e) whether any alternative arrangement for the payment has been made; and
- (f) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (f): Till recently, payments for oil were routed through the Asian Clearing Union (ACU) Mechanism. However, the European Council (EC) regulation which came into effect on 25.10.2010, required prior authorisation for payments to listed entities of Iran. ACU, being a multilateral net clearing system, did not facilitate such authorization. Hence, payments to Iran were allowed to be settled outside the ACU mechanism with effect from 23.12.2010. Reserve Bank of India (RBI) advised the Authorized Dealers that the payment for import of Oil should be settled in any permitted currency outside ACU for the present. In the meantime, arrangements have been made to pay the arrears in respect of oil imports through European banks after complying with EU Regulations. Efforts are on to find suitable mechanism for payment of current / future oil imports.