



## INDO - IRAN BILATERAL TRADE (RUPEE PAYMENT MECHANISM)



### **Background**

- a) IDBI Bank Ltd – Authorised by Government of India in 2014 to Handle Indo-Iran Trade Transactions. (RBI order dt 22.9.2014). VOSTRO Accounts of all major Iran Banks opened. After India signed bilateral accord with Iran on 02nd November 2018, IDBI Bank has been designated by Ministry of Finance, Department of Economic Affairs on 28 February 2019 to carry out –“Banking transactions as per the Arrangement for bilateral trade payments”. IDBI Bank Ltd was permitted to handle Oil & Non-OIL Trade Transactions.
- Transaction settlement is done in INR only. Presently, Import / Export Transactions for Humanitarian goods (not under sanction) only being handled presently. Transactions would be carried out as per extant Bank’s internal guidelines & extant International Trade related norms in this regard.

### **Authorisations & Exceptions - Important - US Sanctions**

- a) The U.S. maintains broad authorizations and exceptions under U.S. sanctions that allow for the sale of agricultural commodities, food, medicine, and medical devices to Iran by U.S. persons and non-U.S. persons. Transactions by non-U.S. persons related to the export to Iran of consumer goods that do not fall within exceptions (Humanitarian Goods), but are not expressly targeted by U.S. sanctions, should not involve certain persons on the SDN List.
- b) Broadly speaking, transactions for the sale of agricultural commodities, food, medicine, or medical devices to Iran are not sanctionable unless they involve certain persons on the SDN List, including designated Iranian financial institutions or the Islamic Revolutionary Guard Corps (IRGC), or otherwise sanctionable conduct.

### **Major Commodities under Sanctions List**

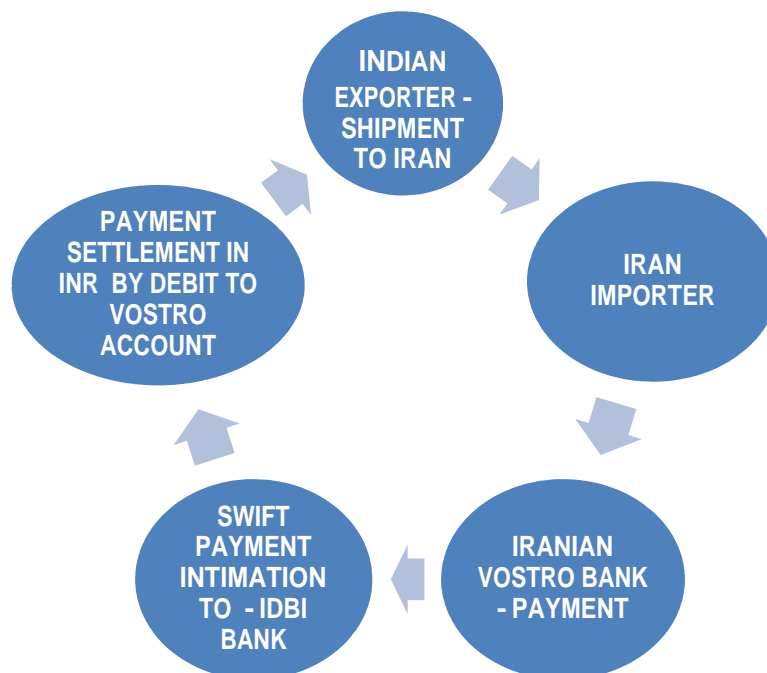
- a) Petroleum (including related products)/ Petrochemical Sector.
- b) Hydrocarbon Sector (Atomic Sector).
- c) Iran's Energy, Shipping & Shipbuilding Sector (including Port Operation).
- d) Dealing in Gold & Precious Metals.
- e) Graphite, raw or semi finished metals
- f) Brokerage services
- g) Automotive Sector
- h) Communications / Information technologies
- i) Iron, Steel, Aluminum, and Copper Sectors of Iran w.e.f. May 8, 2019

### **VOSTRO Relationship Banks**

- a) Bank Pasargad,
- b) Bank Hekmat Iranian
- c) Tourism Bank
- d) Saman Bank Corporation,
- e) Bank Keshavarzi
- f) Middle East Bank
- g) Karafarin Bank
- h) Bank Refah Karagaran
- i) Sarmaye Bank (P J S C)
- j) City Bank (Public Corp) Sahar
- k) Eghtesad Novin (E N Bank)
- l) Tose'e Ta'avon Bank

(\* IDBI Bank does not deal with Iranian Banks who are under Secondary Sanctions)

### **Process Flow**



### **Advance Remittances**

- a) IDBI BANK LTD – Handles Advance Remittances against Exports by Indian exporter (subject to examination of past export performance).
- b) 'Iran Trade Cell-Mumbai' receives payment instruction( BY SWIFT) from the Iranian Bank for Advance Remittance in favour of beneficiary (Indian Exporters).
- c) IDBI Bank – handles advance remittance transactions for its own customers and for non-customers (subject to satisfactory claim by Beneficiary Bank and confirmation of FEMA/KYC/OFAC compliance).

### **LC Payments**

- a) LC - IDBI Bank can act as Advising, Negotiating and Reimbursing bank (Discounting of Bills not permissible).
- b) Third Party Involvement - Not permissible..
- c) Exports made prior to US sanctions – To be guided by US FAQ on Iran sanctions (Point no. 631)
- d) Settlement of unpaid bills handled earlier through Iran Banks where SWIFT is presently disabled – Authorisation to pay can be routed through alternate Iranian Bank.
- e) Payment of agency commissions for Iran trade – in INR and to Iran party only subject to realisation of underlying Bill & handling of same by IDBI Bank.
- f) Subject to satisfactory claim by Beneficiary Bank and confirmation of FEMA/KYC/OFAC compliance of counterparty.

### **Important Operational Aspects**

- a) Port of Loading should be an Indian Port.
- b) Port of Destination to be Iranian Port.
- c) Invoicing and all related export documents should be in INR only. Currency of Settlement – Only INR. No foreign currency.
- d) Transshipment is not permitted. Merchanting Trade Transaction not permitted. Re-export of goods –permitted only for Humanitarian goods and subject to Foreign Trade policy and extant OFAC guidelines & governing International Trade norms.
- e) Export transaction should not relate to any sector which is under US Sanctions on Iran or is not on account of any entities figuring in the US OFAC SDN list.
- f) Commodities must be Non-Sanctioned Goods of Indian Origin. Goods to be exported should not be under US OFAC Sanction Or end use of the product is not in sanctioned Sector of Iran. Goods to be exported is NOT DUAL USE item (A dual use item is a commodity that has both commercial and military or Nuclear proliferation applications.)
- g) Should be permissible under Foreign Trade Policy of India (DGFT Regulations)/ Govt. of India Regulations for export to Iran.
- h) Goods should not be in SCOMET list (Special Chemicals ,Organisms, Materials, Equipment & Technologies) of DGFT; or If Goods are in SCOMET list (of DGFT), it should have availed certification from appropriate agency (as per Foreign Trade Policy).

<b>Centralized Iran Trade Cell: IDBI Tower, Cuffe Parade, Mumbai</b>			
Designation	Name	Mail ID	Contact Number
GM	Smt. Devjani Mandal	<a href="mailto:devjani.mandal@idbi.co.in">devjani.mandal@idbi.co.in</a>	022-66243100/66194371
DGM	Shri Kannan TRJ Babu	<a href="mailto:kannan_babu@idbi.co.in">kannan_babu@idbi.co.in</a>	022-66243144
AGM	Smt Hemu Agarwal	<a href="mailto:hemu_agarwal@idbi.co.in">hemu_agarwal@idbi.co.in</a>	022-66243117/66552891
AGM	Shri Rajat Mandal	<a href="mailto:rajat_mandal@idbi.co.in">rajat_mandal@idbi.co.in</a>	022-66243169
Manager	Shri Anurag Prakash	<a href="mailto:anurag.prakash@idbi.co.in">anurag.prakash@idbi.co.in</a>	022-66243163
Manager	Smt Suguna Korgaonkar	<a href="mailto:suguna.korgaonkar@idbi.co.in">suguna.korgaonkar@idbi.co.in</a>	022-66552871

### **SWIFT Codes of IRAN Banks**

SL NO.	BANK NAME	SWIFT CODE
1	BankPasargad	BKBPIRTHXXX
2	Bank Keshavarzil	KESHIRTHXXX
3	Bank Hekmat Iranian	HEKMIRTHXXX
4	Saman Bank Corporation	SABCIRTHXXX
5	Karafarin Bank	KBDIRTHXXX
6	Bank RefahKargaran	REFAIRTHXXX
7	Sarmaye Bank (P J S C)	SRMBIRTHXXX
8	City Bank (Public Corp)Bank Sahar	CIYBIRTHXXX
9	Middle East Bank, Iran	KHMIIRTHXXX
10	Tourism Bank	TOSMIRTHXXX
11	Eghtesad Novin ( E N Bank )	BEGNIRTHXXX
12	Tose'e Ta'avon Bank	TTBIIRTHXXX

### **Important instructions to Iran Buyers :**

FOR IDBI BANK CUSTOMERS	FOR NON-IDBI BANK CUSTOMERS
Beneficiary Name : (Your company name ) Beneficiary Account Number : ( Your account number with IDBI Bank Ltd.) Beneficiary Bank Name : IDBI BANK LTD SWIFT CODE : IBKLINBB126	Beneficiary Name : (Your company name ) Beneficiary Account Number : ( Your account number with any other Bank.) Intermediary Bank Name : IDBI BANK LTD Intermediary Bank SWIFT CODE : IBKLINBB126 Beneficiary Bank IFSC Code : XXXXXXXXXXXX