

# India's exports to Iran decline in last one year

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India's exports to Iran have been falling over the last one year, amid decline in rupee reserves of the West Asian economy.

Going ahead, the possibility of augmenting exports to Iran may not be easy for India, considering the geopolitical tensions — Russia-Ukraine and Israel-Hamas conflicts — and the West Asian country's support for Russia and Hamas, people aware of the matter said.

Exports to Iran saw a downward spiral since November last year. During calendar year 2023, outbound shipments to Iran contracted nearly 44 per cent to \$888 million during January-October.

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Exports of basmati rice witnessed

a 42 per cent decline to \$553 million during the first 10 months of the calendar year.

The contraction has been mas-

sive, considering that as much as 62 per cent of India's exports to Iran can be attributed to aromatic long-grain rice.

That apart, in FY23, a fifth of India's basmati rice exports were shipped to Iran.

Exporters said that one of the key challenges has been the depleting rupee reserves since India stopped buying crude oil from Iran due to US sanctions on Tehran.

Since India's trade with Iran is now mainly dominated by non-sanctioned products, there is a thin capacity to import from West Asian nations.

"We need to look into how we can export non-sanctioned goods, such as pharmaceuticals and agriculture products to Iran. India should engage with Iran on this," Ajay Sahai, director-general (D-G) and chief executive

officer (CEO), Federation of Indian Export Organisations (FIEO), said.

"Around 17-18 months ago, India was hopeful that Iran would reach an agreement with the US and the sanctions would be lifted. This would have worked in favour of India since the Indian and Iranian economies have a lot of complementarities. If they were allowed to export oil, then our exports would have grown several fold," a senior government official said.

"However, when the war started between Russia and Ukraine, Iran supported Russia. Then it went into a tailspin," the official added.

During January-October, bilateral trade between India and Iran stood at \$1.4 billion, with exports at \$888 million, down 44 per cent year-on-year (Y-o-Y), and imports at \$529 million, down 3.85 per cent.