

# DAILY NEWSP APER ANALYSIS

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**CHANAKYA IAS ACADEMY  
SECTOR 25 CHANDIGARH**

# Israel won't hit Iran gas facility again: Trump

Trump distances U.S. from Israeli strike on South Pars gas field after Iran attacks on infrastructure

Tehran says it is ready to exercise restraint but warns of escalation if facilities are attacked again

The UAE's Habshan facility, Qatar's Ras Laffan, and Saudi Arabia's Samref refinery were hit

Stanly Johny

Distancing himself from an Israeli strike on Iran's South Pars gas field, U.S. President Donald Trump on Thursday said Tel Aviv would not target the "extremely important and valuable" site again and warned Tehran against attacking Qatar's energy facilities.

His remarks came after Iran launched missile attacks at energy facilities in Qatar, Saudi Arabia, the United Arab Emirates and Israel, following Israeli air strikes that caused fire at South Pars in Iran's southern Bushehr province, one of the largest known gas fields in the world.

"Israel, out of anger for what has taken place in the Middle East, has violently lashed out at South Pars Gas Field in Iran. A relatively small section of the whole has been hit. The

United States knew nothing about this particular attack, and the country of Qatar was in no way, shape, or form, involved with it, nor did it have any idea that it was going to happen," Mr. Trump wrote in a social media post.

"Unfortunately, Iran did not know this, or any of the pertinent facts pertaining to the South Pars attack, and unjustifiably and unfairly attacked a portion of Qatar's LNG Gas facility," he added. "No more attacks will be made by Israel pertaining to this extremely important and valuable South Pars Field unless Iran unwisely decides to attack a very innocent, in this case, Qatar - in which instance the United States will massively blow up the entirety of the South Pars Gas Field."

American media quoted Israeli officials as saying that the U.S. was informed in advance about the South



Qatar's state-run energy firm said Ras Laffan Industrial City, one of the most critical energy hubs in the world which handles roughly 20% of the global LNG exports, came under attack. FILE PHOTO

Pars strike. South Pars is part of an offshore gas reservoir in the Persian Gulf shared by Qatar and Iran. The Qatari side calls it the North Field.

Iran on Wednesday evening said it targeted energy facilities in Qatar, the UAE, Saudi Arabia and Israel after several phases

at South Pars came under attack.

Qatar's state-run energy firm Qatar Energy said on Wednesday its Ras Laffan Industrial City, one of the most critical energy hubs

in the world which handles roughly 20% of the global LNG exports, came under attack. On Thursday, it said

several of the company's LNG facilities were hit by Iranian missiles, causing "extensive damage".

The UAE suspended operations at Abu Dhabi's Habshan gas facility after authorities said debris of intercepted missiles fell on the site. The Bab oil field in the Emirate and a refinery

near the Saudi capital Riyadh were also targeted by Iranian projectiles, Saudi Arabia's Defence Ministry said. A drone crashed into the Samref refinery in the Red Sea port of Yanbu. In Kuwait, drone attacks sparked fire at Mina Abdullah and Mina Al-Ahmadi refineries.

Israeli media reported on Thursday that an oil refinery in the northern port city of Haifa was hit. Images of a thick plume of dark smoke rising from the area of the refinery also emerged on the social media.

Oil prices surged on Thursday, with the benchmark Brent crude topping \$115.

The Iranian attacks "constitute a dangerous escalation and a violation of international law", the UAE's Foreign Ministry said in a statement. "The UAE reserves its full right to take all necessary measures to

protect its sovereignty and national security, and to safeguard its national interests." The Foreign Ministry of Qatar declared "the military attaché and the security attaché at the [Iranian] embassy (in Doha), in addition to the staff of the two attaché offices 'persona non grata'," and asked them to leave the country within 24 hours.

Later in the day, Iran's Foreign Minister Abbas Araghchi signalled that Iran was ready for restraint but threatened to escalate if its energy facilities were attacked again.

"Our response to Israel's attack on our infrastructure employed fraction of our power. The only reason for restraint was respect for requested de-escalation," he wrote in a social media post. "Zero restraint if our infrastructures are struck again. Any end to this war must address damage to our civilian sites."

- Impacts India's:
  - Energy imports
  - Inflation and fiscal stability
  - Diaspora safety in Gulf region

## Static Linkages

- India imports ~85% of crude oil (Economic Survey).
- LNG is a transition fuel for cleaner energy (India Year Book).
- UN Charter: Prohibits use of force against sovereignty of states.
- Article 51: Promotion of international peace and security.
- Strait of Hormuz = critical choke point in global trade.
- Strategic Petroleum Reserves (SPR) for energy security.

## Critical Analysis

### Opportunities

- Push for diplomatic negotiations.
- Opportunity for India to play a balancing/mediating role.

### Challenges

- Rising oil prices → inflation, CAD pressure.
- Risk of wider regional war.
- Threat to global LNG supply chains.
- Increased militarisation of economic assets.

### India-specific Concerns

- Dependence on Gulf energy.
- Indian diaspora safety (~8 million in Gulf).
- Shipping risks in Hormuz region.

## Way Forward

- Diversify energy imports (Russia, Africa, renewables).
- Expand Strategic Petroleum Reserves.
- Strengthen maritime security in Indian Ocean Region.
- Promote diplomatic de-escalation via multilateral forums.
- Accelerate renewable energy targets (reduce import dependence).
- Ensure diaspora evacuation and safety frameworks.

## KEY HIGHLIGHTS

### Context of the News

- Israel conducted airstrikes on Iran's South Pars Gas Field (Bushehr province).
- The United States (under Donald Trump) denied prior involvement; conflicting claims emerged from Israeli sources.
- Iran retaliated by targeting energy infrastructure in Qatar, UAE, Saudi Arabia, Kuwait, and Israel.
- Qatar's Ras Laffan Industrial City (handles ~20% global LNG exports) suffered damage.
- Oil prices surged (Brent crude > \$115/barrel), indicating global energy market volatility.
- Diplomatic escalation: Qatar expelled Iranian officials; UAE termed strikes a violation of international law.

### Key Points for Prelims

- South Pars/North Field:
  - World's largest natural gas field (shared by Iran & Qatar).
  - Located in the Persian Gulf.
- Qatar:
  - Among the top LNG exporters globally.
- Strait of Hormuz:
  - ~20% of global oil trade passes through it.
- Energy Infrastructure as Target:
  - Increasing trend in modern conflicts (hybrid warfare).
- Oil Price Sensitivity:
  - West Asia instability directly affects global crude prices.

### Key Points for Mains

- Escalation reflects geopolitics of energy security.
- Targeting energy assets disrupts global supply chains.
- Raises concerns over international law violations (civilian infrastructure).

# Stock markets crash over 3% as oil price spikes to \$114 a barrel

Market meltdown  
BSE Sensex registered a massive 3.26% drop. A look at commodity-wise performance

Sector	% change	Sector	% change
Auto	-4.07%	Fast Moving Consumer Goods	-2.40%
Realty	-3.79%	Healthcare	-2.34%
Finance	-3.66%	Oil and gas	-2.17%
Industrials	-3.49%	Energy	-1.73%
IT	-3.41%	Power	-1.67%
Capital goods	-2.88%		
Telecom	-2.70%		

SOURCE: BSE INDIA

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Indian stock markets experienced a meltdown, crashing over 3%, as oil price spiked to \$114 a barrel and U.S. Fed reserve signalled higher inflation on Thursday. This was the worst day since June 2024 when markets crashed over 5% in a session.

This is also the fifth instance since 2021, when benchmark indices dipped lower than 3%.

Nifty opened at 23,197.75 and Sensex at 74,750.92 points, down about 2.4% from previous close. Both the indices maintained the level before crashing to the day's low of 22,930.35 and 73,950.95 points before closing at 23,002.15 and 74,207.24 points. These were levels that markets were trading at in mid 2024. The sudden slump towards the final trading hours was due to soaring Brent crude futures price hitting a new high of \$114 a barrel and the rupee depreciating to a new low of ₹92.89 a dollar.

All the 21 sectoral indices were down with Nifty Auto down more than 4%. Increasing risk of inflation due to the war in West

Asia led gold tumbling 3% to \$4,650 an ounce. "The decline was largely driven by the Federal Reserve's hawkish stance, with any potential easing now contingent on clear signs of moderating inflation," said Kavya Chainwala, AVP Commodity Research, Kotak Securities.

Markets witnessed the perfect storm when Israel attacked the world's largest gas field in Iran and the latter retaliated attacking major energy sites in the Gulf region. This sent crude prices soaring to \$114 a barrel. U.S. Central Bank - the Federal Reserve - held interest rates steady ranging between 3.5% and 3.75%, signalling higher inflation could stymie further rate cuts in 2026. But a rate hike by the U.S. Fed would make American markets more attractive for foreign funds, intensifying their current exit from the Indian market.

"Given the intensifying tensions around energy infrastructure in West Asia, we remain cautious on the market in the near term and expect volatility to persist," said Siddhartha Khemka, Head of Research, Wealth Management, Motilal Oswal Financial Services Ltd.

- Inflation Concerns:
  - Rising oil prices → cost-push inflation → limits RBI's ability to cut rates.
- Global Spillover:
  - West Asia accounts for ~30% of global oil supply → disruptions affect global markets.
- Gold Price Movement:
  - Contrary to typical safe-haven demand, gold fell due to stronger dollar and Fed stance.

## Static Linkages

- Balance of Payments:
  - Current Account Deficit widens when oil import bill rises.
- Inflation:
  - Cost-push inflation driven by rise in input prices like crude oil.
- Monetary Policy Transmission:
  - Global interest rate cycles influence domestic liquidity and investment.
- Exchange Rate Dynamics:
  - Depreciation linked to capital outflows and trade imbalances.
- Energy Security:
  - Strategic Petroleum Reserves (SPRs) as buffer against supply shocks.

## Critical Analysis

### Positives / Opportunities

- Encourages diversification toward renewable energy.
- Push for domestic manufacturing & energy efficiency.
- Opportunity to strengthen strategic reserves and hedging mechanisms.

### Challenges / Concerns

- Rising Current Account Deficit (CAD).
- Inflationary pressure affecting common households.
- FPI outflows destabilizing financial markets.
- RBI faces policy dilemma: control inflation vs support growth.
- Increased fiscal burden due to fuel subsidies/tax cuts.

### Stakeholders Impact

- Government: Fiscal stress, policy balancing.
- Consumers: Higher fuel and commodity prices.
- Industries: Rising input costs (especially auto, aviation, logistics).
- Investors: Market volatility and uncertainty.

## Way Forward

- Diversify crude import sources and expand Strategic Petroleum Reserves.
- Accelerate transition to renewable energy (solar, green hydrogen).
- Strengthen macroeconomic stability (CAD, fiscal deficit control).
- Enhance domestic capital markets to reduce FPI dependence.
- Promote rupee trade mechanisms in international transactions.
- Improve inflation targeting coordination between RBI and government.
- Develop energy-efficient infrastructure and mobility systems.

## KEY HIGHLIGHTS

### Context of the News

- Indian benchmark indices Sensex and Nifty fell over 3% in a single trading session—worst since June 2024.
- Triggered by:
  - Brent crude surge to \$114/barrel due to escalating conflict in West Asia.
  - U.S. Federal Reserve's hawkish stance signalling prolonged high interest rates.
- Rupee depreciated sharply to ₹92.89/\$, indicating capital outflows.
- Broad-based sell-off: All 21 sectoral indices declined, with auto sector worst hit.
- Geopolitical trigger:
  - Israeli strike on Iran's South Pars gas field and retaliatory attacks on Gulf energy infrastructure.

### Key Points

- Oil Price Shock:
  - India imports ~85% of its crude oil needs → highly vulnerable to price volatility.
- Currency Depreciation:
  - Weak rupee increases import bill → fuels imported inflation.
- Capital Outflows:
  - Higher U.S. interest rates → Foreign Portfolio Investors (FPIs) shift funds to safer U.S. assets.
- Stock Market Impact:
  - Banking, auto, and FMCG sectors hit due to inflationary pressures.

# Iran creating an approval process for allowing ships through Hormuz Strait: intelligence firm

M. Kalyanaraman  
Subasini Haidar

Iran is putting together an approval process for allowing safe passage of ships through the Strait of Hormuz, according to Lloyd's List Intelligence (LLI), a maritime data and intelligence company.

India, which has been in direct talks with Tehran, has earmarked 22 India-bound vessels for evacuation including 20 ships assessed as critical to India's energy security.

Richard Meade, the editor-in-chief of Lloyd's List Intelligence, told *The Hindu* that India's LPG carrier *Shivalik* took "an unusual route" by travelling through Iran's territorial waters before exiting the



LPG carrier *Shivalik* reportedly took an "unusual route" by travelling through Iran's territorial waters before exiting the strait. REUTERS

strait. "Automatic Identification System data, while sparse, suggests India's LPG carrier *Shivalik* took an unusual route around Iran's Larak Island and through Iranian territorial waters so IRGC Navy and port authority could assess visual confirmation of the

identity of the vessel," Mr. Meade said.

LLI has reported that nine ships have exited through Iran's supposedly safe corridor and at least one tanker was allowed to pass through for payment of \$2 million to Iran.

Reliable sources in In-

dia, meanwhile, said that with the situation in West Asia continuing to escalate, Indian ships stuck in the Strait of Hormuz for more than two weeks have been asked to "stay put" for now. The process for Indian ships and others has been paused after the Israeli strikes on Iran's largest gas fields at South Pars, they said.

## Modi's conversation

On March 12, after Prime Minister Narendra Modi spoke to Iran's President Masoud Pezeshkian, officials said they began talks on 24 ships, then stranded to the west of Hormuz. Iran said they would allow two Indian ships along with those of a few other countries to pass the strait.

The vessels that were allowed to pass were asked to traverse "through a specific route close to the Iranian coast", a source confirmed. This is a move, according to security analysts, that would also protect Iran's coastal security infrastructure from attacks by the U.S. and Israel.

In addition, sources said that Iranian authorities had initially suggested that Indian ships spread out across the crowded waters come closer together, so as to help with clearance.

Iran's Foreign Minister Abbas Araghchi had said during the start of the week that the Strait of Hormuz remains operational but Iran will not permit vessels linked to the U.S. and Israel to pass through.

## KEY HIGHLIGHTS

### Context of the News

- Iran is developing an approval mechanism for safe passage of ships through the Strait of Hormuz amid escalating West Asia tensions.
- India has identified 22 India-bound vessels (including 20 critical energy carriers) for evacuation.
- Some ships, including India's LPG carrier, took unusual routes through Iranian territorial waters for security verification.
- Reports indicate selective passage via Iranian-controlled corridors, possibly involving financial and strategic conditions.
- Movement of ships has been temporarily paused following Israeli strikes on Iran's South Pars gas field.
- Diplomatic engagement between India and Iran intensified after talks between PM Narendra Modi and President Masoud Pezeshkian.
- Iran signalled that ships linked to the U.S. and Israel may be restricted, reflecting geopolitical tensions.

### Key Points

- Strait of Hormuz:
  - Connects Persian Gulf with Gulf of Oman and Arabian Sea.
  - Handles ~20–25% of global oil trade (Energy Information Administration estimates).
- India's Stakes:
  - ~85% of crude oil imports; a major share passes through Hormuz.
  - Heavy dependence on West Asian LPG and LNG supplies.
- Iran's Strategy:
  - Creation of a controlled maritime corridor near its coastline.
  - Use of IRGC Navy for vessel verification.
  - Possible economic leverage (reported transit payments).

- Security Dimension:
  - Congestion + conflict risk → maritime chokepoint vulnerability.
  - Insurance premiums and freight costs likely to rise.
- Diplomatic Dimension:
  - India maintaining strategic autonomy, engaging both Iran and Western powers.

### Static Linkages

- India's energy import dependence exceeds 80% (Economic Survey).
- Concept of chokepoints in global trade (e.g., Hormuz, Malacca, Suez Canal).
- UNCLOS (1982): Right of transit passage through international straits.
- Role of Exclusive Economic Zones (EEZ) and territorial waters.
- Strategic importance of West Asia for diaspora, remittances, and energy security.

### Critical Analysis

#### Advantages / Opportunities

- India's proactive diplomacy ensures protection of national energy interests.
- Strengthens India-Iran ties amid evolving multipolar geopolitics.
- Opportunity to diversify routes and accelerate strategic petroleum reserves (SPR).

#### Challenges / Concerns

- Geopolitical volatility increases supply uncertainty.
- Iran's selective passage may undermine freedom of navigation norms.
- Increased shipping costs, insurance premiums, and inflationary pressures.
- Risk of escalation involving U.S., Israel, and Gulf countries.

#### Stakeholder Perspectives

- India: Energy security + safe evacuation.
- Iran: Strategic leverage and security assertion.
- Global markets: Concern over oil price spikes.
- Shipping industry: Operational and financial risks.

### Way Forward

- Diversification of energy sources (Russia, Africa, renewables).
- Expansion of Strategic Petroleum Reserves (SPR) capacity.
- Strengthening maritime security cooperation (e.g., Indian Navy presence).
- Promote International Maritime Law compliance (UNCLOS norms).
- Invest in alternative routes (e.g., International North-South Transport Corridor – INSTC).
- Enhance early warning and risk assessment systems for shipping.

# New GDP series, charting the path ahead

A much awaited new GDP series with the base year as 2022-23 is now available in the public domain. On February 27, 2026, the Ministry of Statistics and Programme Implementation came out with a press note on a new series of GDP estimates and related aggregates for the financial years 2022-23, 2023-24 and 2024-25. This addresses the long-standing demand for a more accurate and realistic picture of the size of the Indian economy by updating the base year. It overcomes the limitations of earlier estimates, which relied on the outdated 2011-12 base year.

The overall size of the Indian economy in terms of GDP as per the new series at current prices (in rupees lakh crore) is estimated to be 261.18 (financial year 2022-23), 289.84 (FY 2023-24) and 318.07 (2024-25), respectively (first revised estimate). These aggregates are marginally higher than the 2022-23 series that was released earlier based on the previous series. The relative shares of primary, secondary and tertiary sectors in total Gross Value Added (GVA) at current prices during 2024-25 remained at 21.4%, 25.8% and 52.9%, respectively. The manufacturing sector depicts a high growth rate (more than 9%) in real GVA for both the years: 12.7% in 2023-24 and 9.3% in 2024-25. As regards the expenditure side estimates, the share of private financial consumption expenditure in GDP is around 56%, both at current and constant prices during the years 2023-24 and 2024-25.



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(ASUSE) in conjunction with the estimates of the number of workers utilising the information available through Periodic Labour Force Survey (PLFS) to estimate the GVA contribution of the Household Sector. In this context, it is worthwhile to mention that in the 2011-12 series, base year (2011-12) GVA estimates at the activity level for the Household Sector were extrapolated using suitable indicators to derive GVA for subsequent years.

The new series also introduces significant improvements in the estimation of real GVA through the expanded application of 'double deflation' and 'volume extrapolation' methods, bringing the estimates more in line with international guidelines. In addition, the benchmark estimates for 2022-23 private final consumption expenditure (PFCE) are now derived more directly by utilising data from the Household Consumption Expenditure Survey (HCES 2022-23), especially for items that are widely consumed across household groups and tend to exhibit low income elasticity.

### The challenges ahead

Among the four institutional sectors, namely, general government, public corporations, private corporations and households for which GVA estimates are separately computed and then aggregated, the database of the first two sectors is quite robust. Coming to the private corporate sector, particularly the private non-financial corporate segment, for which GVA is compiled using the MCA database – a critical issue lies in allocating the national level total GVA of companies across States to derive the corresponding Gross State Value Added (GSVA), given that the primary data are available only at the enterprise level.

In the 2011-12 series, total manufacturing GVA at the national level was allocated proportionately over States by using their shares in GVA as per the Annual Survey of Industries (ASI). In the new series, apart from ASI data (confining to manufacturing sector), the GST data is also available for this purpose. A major limitation with the ASI data is the inadequacy of the ASI frame. To illustrate, the number of companies in 2011-12, as on December 15, 2014, as per the MCA database classified under 'Manufacturing' was 135,802 (source: Changes in Methodology and Data Sources in the New Series of National Accounts, Base Year 2011-12, Central Statistics Office, 2015) as against only 67,649 factories covered under the corporate sector in ASI, 2011-12

(Table 7, Principal Characteristics by Type of Organisation in ASI 2011-2012 (Revised)). Accordingly, the proportionate shares of different States in the total GVA derived from the ASI based on a truncated frame may not reflect the reality and hence affect the State GDP figure. Remedial measures to improve the sampling frame of ASI by utilising the MCA and GST databases can be a step in the right direction. In parallel, a properly designed sample survey of active companies could be worth exploring to derive the percentage shares of different States in total GVA by the companies.

### Resolving fluctuations

As regards the Household Sector, its GVA at the activity, i.e., 'compilation category' level in the new series is derived as the product of GVAPW as per the ASUSE and number of workers based on the Periodic Labour Force Survey (PLFS). This necessitates that the corresponding estimates from the surveys are fairly reliable. However, available results from the ASUSE indicate a certain volatility in the estimates across the years for some industries and States.

For example, the all India annual estimates of GVAPW (rural and urban combined) as per the ASUSE covering both household sector and 'quasi-corporate' units for the years 2021-22, 2022-23 and 2023-24 were found to be 193,078; 225,447; and 220,593, respectively, for the 'manufacture of rubber and plastic products' which is a distinct compilation category in GDP calculations.

Similarly, the annual estimates of GVAPW pertaining to the manufacturing industry in respect of Bihar were found to be 189,638; 117,02; and 190,101, respectively, for the three years. To address this problem, the methodology in the new series recommends the use of three years' moving average, wherever necessary, except for the base year. However, in resolving the issue of such fluctuations in the annual estimates of GVAPW, it may be worth exploring whether a rotating panel design in the ASUSE with a substantial overlap in the samples between any two consecutive years – similar to the procedure adopted in the PLFS – can yield better estimates.

Finally, to conclude, updating the ASI frame and refinements in the survey methodology of ASUSE can be effective in further improvement of the GDP and GSDP estimates.

*The views expressed are personal*

## Demand Side Trends

- Private Final Consumption Expenditure (PFCE):
  - ~56% of GDP (consistent)
  - Derived using Household Consumption Expenditure Survey (HCES 2022-23)

## Major Methodological Reforms

### Corporate Sector Improvements

- Activity-wise GVA allocation using MCA (MGT-7/7A) data instead of single dominant activity.
- Use of industry × size-class blow-up factors based on paid-up capital.
- Expanded coverage of Limited Liability Partnerships (LLPs).

### Household Sector Estimation

- $GVA = GVAPW (ASUSE) \times Workers (PLFS)$
- Moves away from simple extrapolation used earlier.

### Real GVA Estimation

- Adoption of:
  - Double Deflation Method
  - Volume Extrapolation
- Improves real growth measurement accuracy.

## Static Linkages

- Base year revision reflects structural economic changes and inflation adjustment.
- GDP measured via Production, Income, and Expenditure methods.
- $GVA = GDP - Taxes + Subsidies$ .
- SNA 2008 provides global framework for national income accounting.
- Role of CSO (now NSO) under MoSPI in national accounts.
- Importance of surveys:
  - ASI (Annual Survey of Industries)
  - PLFS (employment data)
  - HCES (consumption patterns)

## Critical Analysis

### Positives

- More realistic GDP estimation reflecting current economic structure.
- Better sectoral granularity (multi-activity firms).
- Improved coverage of informal and LLP sectors.
- Use of high-frequency and survey-based data enhances reliability.
- Aligns with global best practices (SNA 2008).

## KEY HIGHLIGHTS

### Context of the News

- On February 27, 2026, the Ministry of Statistics and Programme Implementation (MoSPI) released a new GDP series with base year 2022-23.
- Replaces the earlier 2011-12 base year, addressing long-standing concerns about outdated economic measurement.
- Provides revised GDP and related estimates for:
  - 2022-23
  - 2023-24
  - 2024-25 (First Revised Estimates)
- Aligns India's national accounts more closely with international standards (UN System of National Accounts – SNA 2008).

### Key Points

#### GDP Size & Growth Trends

- GDP (Current Prices):
  - ₹261.18 lakh crore (2022-23)
  - ₹289.84 lakh crore (2023-24)
  - ₹318.07 lakh crore (2024-25)
- Revised estimates are 3-4% lower than previous series.

#### Sectoral Composition (GVA Share, 2024-25)

- Primary sector: 21.4%
- Secondary sector: 25.8%
- Tertiary sector: 52.9%

#### Growth Highlights

- Manufacturing sector:
  - 12.7% (2023-24)
  - 9.3% (2024-25)
- Indicates industrial recovery and formalisation.

## Challenges

- State-wise GVA allocation issue:
  - MCA data lacks geographical granularity.
- ASI sampling limitations:
  - Under-representation of firms vs MCA database.
- Volatility in ASUSE estimates:
  - Year-to-year fluctuations in GVAPW.
- Data reliability concerns in household sector estimation.
- Complexity may reduce transparency for public understanding.

## Stakeholder Concerns

- Policymakers: Better macro planning but need robust sub-national data.
- States: Possible distortion in GSDP estimates affecting fiscal transfers.
- Researchers: Improved datasets but methodological opacity.

## Way Forward

- Integrate MCA + GST databases to improve state-level GVA allocation.
- Revamp ASI sampling frame for better industrial coverage.
- Introduce rotating panel design in ASUSE (like PLFS) to reduce volatility.
- Enhance data transparency and documentation for public trust.
- Strengthen capacity of NSO and state statistical systems.
- Periodic and timely base year revisions (every 5–10 years).

# AI-powered tax governance in India and its challenges

A key tax policy challenge facing India has been the low tax-Gross Domestic Product (GDP) ratio and high levels of tax evasion. On average, during 2001-22, India's tax-GDP ratio (16.36%) was the lowest among emerging and developing economies. India loses around 4.3% of tax revenues due to tax evasion annually. At the India AI Impact Summit (February 2026), global leaders and tech titans hailed India's progress in utilising the power of Artificial Intelligence (AI) to solve real-world problems. One problem area where the application of AI is worth examining is tax revenue mobilisation and tax governance. In this context, India's Income Tax Department (ITD)'s Project Insight (PI) initiative – aimed at leveraging AI and data analytics to strengthen tax administration and revenue mobilisation – warrants critical examination.



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**Artificial Intelligence in India's tax administration is improving outcomes, but safeguards are needed**

they filed. Deploying AI in tax administration has several benefits. First, it can assist tax agencies in accurately assessing taxpayers' risk profiles and identifying tax evasion. Second, it enables tax administrators to prioritise tax evasion cases based on the size and sophistication of evasion. Third, AI can automate routine tax administration tasks, freeing tax administrators to focus on those that require greater human judgment. Fourth, AI can enhance taxpayer services by assisting taxpayers with filing correct tax returns, answering queries through smart chatbots, and preventing tax scams.

## Outcome of PI Initiative, concerns and risks

The PI is beginning to show the results. After receiving notices, many taxpayers utilised the ITD's updated return feature to make voluntary changes to their original tax returns. Since 2020-21, over one crore revised returns have been filed, resulting in an additional ₹1,000 crore in taxes. Out of the 19,501 taxpayers contacted by the ITD as part of a targeted Foreign Income and Assets (NUDGE) campaign, 62% of them corrected the information originally reported in their tax returns. Also, 30,161 tax filers declared overseas assets totalling ₹29,208 crore and foreign income of ₹1,089 crore from cryptocurrencies or virtual digital assets.

The NUDGE campaign covering 6.25 lakh taxpayers resulted in corrections of false claims for income tax deductions amounting to ₹963 crore for political donations, and the payment of additional taxes to the tune of ₹40 crore. The average time taken to process a tax refund has decreased from 93 to 17 days. Recently, using big data analysis and AI tools, the ITD discovered that restaurants across India had suppressed sales narrower of ₹70,000 crore since 2019-20 using sophisticated methods such as selective deletion of cash invoices, post-billing modifications, wiping of sales data, and manipulation of bill values.

Many advanced countries, such as Australia, Italy, the United Kingdom and the United States have successfully implemented AI-enabled platforms modelled on the PI and have generated additional revenue.

As India transitions to algorithmic tax

governance, several operational, ethical, and legal issues require serious attention.

The first is about data provenance and quality. AI systems such as the PI are only as good as the data they are trained on. They could identify outliers, but cannot always distinguish evasion from legitimate complexity. Data on variable-income professionals using prior savings, clerical errors, or joint family financial structures can trigger false positives. Without accessible human review, taxpayers must prove the legitimacy of flagged patterns.

The second is on the algorithmic bias. AI models trained on historical enforcement data can unintentionally duplicate existing socio-economic or geographic biases, identifying tax fraud more often in some taxpayer or geographic areas than others, as demonstrated by the Dutch childcare benefits scandal.

The third is on the issue of explainability and due process. For an AI-based tax compliance system to be legitimate, taxpayers need to know why they were identified, how their information is used, how the system arrives at its decisions, and have a clear, easy way to challenge decisions. There must be a human-in-the-loop evaluation for any decision with serious consequences for taxpayers.

The fourth is about the concerns over data privacy and security. Accessing sensitive financial and personal information about taxpayers creates a big attack surface for potential exploitation.

## There is no ombudsman

Finally, India lacks an AI ombudsman to review contested decisions, a requirement for algorithmic impact assessments and public reporting of false-positive and appeal success rates, and external audits of risk-scoring models.

Without such strong AI governance guardrails outlined above, the PI might turn into a hidden surveillance system that compromises accountability and tax system fairness, making taxpayers less trusting and more resistant. India must make a clear choice: to pursue a modern tax intelligence system that is both ethical and effective.

The views expressed are personal

**The benefits**  
Launched in 2017 and fully operational in 2019, the PI aims to encourage voluntary tax compliance, reduce high-risk cases of potential tax evasion, make tax enforcement fairer and equitable, and reduce prejudice in tax enforcement.

The PI has three components. The Income Tax Transaction Analysis Centre (INTRAC) is the analytical engine that utilises AI and advanced data analytics to process financial data from multiple sources, including banking and financial institutions, property and securities transactions, credit card and GST payments, and high-value purchases, to generate a 360-degree taxpayer financial profile.

Such information helps the ITD detect inconsistencies between taxpayers' declared income and their actual financial activities. The Compliance Management Centralized Processing Centre ensures behavioural compliance using information from the INTRAC. It notifies taxpayers who have filed incorrect tax returns to file correct returns using the Non-intrusive Usage of Data to Guide and Enable (NUDGE) strategy, which involves sending SMS or email reminders to the person pay taxes that match their actual economic activities. Taxpayers can either submit a revised tax return or stand by the initial returns

- Correction of false deductions: ₹963 crore → ₹410 crore extra tax
- Refund time reduced: 93 → 17 days

## Static Linkages

- Taxation → core revenue source for welfare state
- Direct vs Indirect taxes (equity vs efficiency)
- Fiscal deficit, tax buoyancy
- Digital governance (e-governance initiatives)
- Right to Privacy (Article 21, Puttaswamy judgment)
- Natural justice (fair hearing, transparency)

## Critical Analysis

### Positives

- Enhances voluntary compliance (nudges)
- Improves risk-based detection of evasion
- Enables prioritisation of cases
- Reduces administrative burden via automation
- Improves taxpayer services (refunds, assistance, chatbots)

### Concerns

- Data quality issues → false positives
- Algorithmic bias (socio-economic/geographic skew)
- Lack of explainability (black-box AI)
- Due process concerns (burden shifts to taxpayer)
- Privacy & data security risks
- Absence of AI ombudsman, audits, public reporting

## Way Forward

- Create AI Ombudsman for grievance redressal
- Ensure human-in-the-loop decision-making
- Mandate algorithm transparency & explainability
- Conduct independent audits of AI models
- Strengthen data protection framework (DPDP Act)
- Publish false-positive & appeal success rates
- Align with ethical AI frameworks (NITI Aayog, OECD)

## KEY HIGHLIGHTS

### Context

- India's tax-GDP ratio (~16.36%, 2001–22) is among the lowest in emerging economies.
- Estimated ~4.3% annual revenue loss due to tax evasion.
- Push for AI-driven governance highlighted at India AI Impact Summit (Feb 2026).
- Project Insight (Income Tax Department) leverages AI & data analytics for tax compliance and mobilisation.

### Key Points

#### Project Insight (PI)

- Launched: 2017 | Fully operational: 2019
- Objectives:
  - Promote voluntary compliance
  - Detect tax evasion
  - Ensure fair, non-intrusive enforcement

#### Components

- INTRAC: AI-based analytics engine
- → Builds 360° taxpayer profiles using banking, GST, property, securities, credit card & high-value transaction data
- Compliance Management CPC
- → Ensures behavioural compliance
- NUDGE Strategy
- → SMS/email alerts for mismatches; allows return revision or justification

#### Outcomes

- >1 crore updated returns (since 2020-21) → ₹11,000 crore additional revenue
- 62% compliance in foreign assets campaign
- 30,161 taxpayers declared ₹29,208 crore assets + ₹1,089 crore income (VDAs/crypto)
- Detection of ₹70,000 crore suppressed turnover (restaurants)

## Fire and fury

Donald Trump's miscalculation in Iran is hurting the whole world

**B**enjamin Netanyahu and Donald Trump have brought death and destruction to Asia and economic havoc on the whole world by launching an ill-conceived, illegal war on Iran on February 28. Twenty days on, Iran continues to fire missiles and drones at Israel and neighbouring Persian Gulf countries hosting U.S. bases. Iran's closure of the Strait of Hormuz, along with retaliatory strikes on oil and gas facilities in the Gulf countries, have driven up energy prices, threatening the global economy. The irony is stark: Mr. Trump, who won the presidency twice, campaigning on opposing America's "forever wars", has now led the U.S., at Israel's behest, into another disastrous conflict. After the initial window for regime change closed, Mr. Trump sent mixed signals. He said he had authorised talks; when Iran refused, he ordered a strike on Kharg Island, the country's main energy export terminal. Israel then escalated the conflict further by assassinating Ali Larjani, Iran's Security Council Secretary and a key link between the Revolutionary Guards, who are leading the war effort, and the political establishment, as well as Iran's Intelligence Minister and the commander of the Basij paramilitary force. On Wednesday, Israel crossed another red line by attacking Iran's South Pars gas field, triggering Iranian strikes on energy sites in Qatar, the UAE and Saudi Arabia.

Many had warned even before the war began that an all-out attack on Iran could trigger a regional crisis. Mr. Trump, who until recently sought the Nobel Peace Prize, went ahead regardless. With over a dozen American soldiers killed, more than a hundred wounded, U.S. bases under attack, and rising oil, gas, and fertilizer prices, he now faces growing political backlash at home. On March 17, Joe Kent resigned as Director of the National Counterterrorism Center, claiming that the U.S. entered the war "due to pressure from Israel and its powerful American lobby". It is now clear that Mr. Trump did not anticipate such a prolonged conflict. Even if Mr. Trump wants to declare victory and end the bombing, he faces two hurdles: Iran can continue attacking targets in the Gulf and Israel; and the Strait of Hormuz remains shut. If Mr. Trump prefers further escalation, he could end up sending ground troops to Iran, an extremely risky gamble, or expanding the war to the region's energy infrastructure, a move that could cripple the global economy. The only viable option is diplomacy. Mr. Trump should engage Iran through a mediator with access to all sides and pursue a mutually workable deal. Tehran should stop holding the global economy hostage and reopen the Hormuz Strait as part of a ceasefire. A deal could still be possible if the U.S. offers credible guarantees against future American or Israeli aggression.

## KEY HIGHLIGHTS

### Context of the News

- Feb 28, 2026: U.S. (Donald Trump) + Israel launched strikes on Iran.
- Escalation into regional conflict; Iran targeted Israel & U.S. bases.
- Iran closed Strait of Hormuz (key oil chokepoint).
- Israel hit leadership + South Pars gas field.
- Iran struck Qatar, UAE, Saudi energy sites.
- Result: Rising energy prices → global slowdown fears.

### Key Points

- Strait of Hormuz:
  - ~20–25% global oil trade (EIA).
  - India: ~60% crude imports via Hormuz.
- Energy Shock:
  - Oil > \$110/barrel → inflation.
  - Fertilizer prices ↑ (gas disruption).
- Military Escalation:
  - Targeted killings → instability.
  - Shift to economic warfare (energy targets).
- U.S. Fallout:
  - Soldier casualties.
  - Resignations citing lobby pressure.
- Global Impact:
  - Supply disruptions.
  - Risk of stagflation.
  - Geopolitical polarization.

### Static Linkages

- Hormuz: Iran–Oman, connects Persian Gulf–Gulf of Oman.
- UNCLOS: Freedom of Navigation.
- Chokepoints: Suez, Malacca.
- OPEC+ & oil pricing.
- India's Strategic Petroleum Reserves.
- NAM & West Asia policy.
- UN Charter: Art 2(4), Art 51.

### Critical Analysis

Pros (Stakeholder view)

- U.S./Israel: curb Iran's regional influence.
- Pre-emptive security logic.

Cons

- International law violation concerns.
- Regional instability (proxy war risk).
- Oil shock → inflation (India hit).
- Humanitarian crisis.
- Weak UN/multilateralism.

Stakeholders

- India: energy, diaspora, trade risk.
- Gulf: infrastructure vulnerability.
- Global South: price shocks.
- U.S. politics: anti-war backlash.

Challenges

- Hormuz closure.
- Risk of ground war.
- Diplomatic breakdown.
- Hybrid/cyber escalation.

### Way Forward

- Ceasefire via mediators (Oman/UN).
- Reopen Hormuz with guarantees.
- Revive nuclear deal framework.
- Energy diversification (India).
- Expand Strategic Reserves.
- Strengthen multilateralism.
- De-escalation tools (hotlines, CBMs).

## Losing the way

### ISRO must fix issues before launch of next second-generation satellites

ISRO's NavIC constellation, for which it has launched 11 satellites since 2013, is in operational distress. Only three satellites remain capable of providing position, navigation, and timing (PNT) services, leaving the constellation unable to fulfil its purpose of replacing the U.S.'s GPS system over the Indian subcontinent. A PNT constellation requires at least four PNT-capable satellites, and India had only four until ISRO said an atomic clock onboard the IRNSS-1F satellite failed on March 13. The constellation's first-generation satellites use rubidium atomic clocks made by Swiss company SpectraTime, and which have been dogged by failure. ISRO's latest attempt to launch a second-generation satellite, NVS-02, was abortive after the machine was left in the wrong orbit. IRNSS-1F, launched in March 2016, completed its 10-year design life just three days before its clock failed. Eight other satellites have either been decommissioned, have failed to reach orbit or have bad clocks. In 2018, ISRO transitioned to using indigenous rubidium atomic clocks, developed by the ISRO-Space Applications Centre. NVS-01, launched in May 2023, was the first to carry the device; all second-generation NVS series satellites will too.

Part of NavIC's genesis was the U.S.'s refusal to share GPS data over Kargil during the 1999 war, and it continues to function largely as a defence programme managed by ISRO. However, while the space sector reforms in 2020 vouchsafed ISRO for R&D and NewSpace India for commercialisation, the absence of a national space law leaves ISRO acting as both designer and operator of NavIC, overextending the agency. Equally, India lacks a counterpart to the GPS Directorate or EUSPA, which respectively manage the GPS and Galileo constellations. The new generation of rubidium clocks also faces procurement challenges and ISRO has proposed equipping each satellite with five atomic clocks instead of the previous three. The constellation has been degrading faster than it can be replenished, due to ISRO's poor launch rate. This problem stems from several factors, including issues with the PSLV, an insufficient budget that must maintain a PNT constellation, an upcoming human spaceflight programme, several earth-observation satellites, and R&D for new rockets. ISRO is also hand-holding start-ups that have yet to get a grip on launching rockets to low-earth orbit. Meanwhile, the Union government has encouraged electronics manufacturers to support the L1 band of the NVS series for better interoperability with GPS while expecting its use by the armed forces. For all these reasons, ISRO's plan to launch three more second-generation satellites in 2026 does little to inspire confidence.

## KEY HIGHLIGHTS

### Context of the News

- ISRO's NavIC (Navigation with Indian Constellation) is facing operational distress.
- Only 3 satellites are currently PNT-capable, whereas minimum 4 are required for navigation services.
- Failure of rubidium atomic clock in IRNSS-1F (March 13, 2026) reduced operational capability.
- IRNSS-1F completed its 10-year design life just before failure.
- Total satellites launched: 11 (since 2013).
- 8 satellites have been:
  - Decommissioned / failed to reach orbit / have faulty clocks.
- NVS-02 launch failed due to incorrect orbit insertion.
- Planned launch of 3 second-generation satellites in 2026, but concerns remain over execution capacity.

### Key Points

#### NavIC System

- Regional Navigation Satellite System (RNSS) developed by ISRO.
- Coverage: India + ~1500 km beyond borders.
- Provides:
  - Standard Positioning Service (SPS) – civilian use
  - Restricted Service (RS) – military use

#### Technical Aspects

- Requires minimum 4 satellites for PNT (Position, Navigation, Timing).
- First-generation satellites:
  - Used rubidium atomic clocks (Swiss company SpectraTime).
  - Faced repeated failures.
- Since 2018:
  - Shift to indigenous rubidium atomic clocks (ISRO-SAC).
- Second-generation (NVS series):
  - NVS-01 (May 2023) → first with indigenous clock.
  - Future satellites to carry 5 atomic clocks (earlier 3) for redundancy.

#### Operational Issues

- Constellation is degrading faster than replenishment.
- Causes:
  - Low launch rate (PSLV issues)
  - Satellite ageing (10-year life)
  - Launch failures (e.g., NVS-02)

#### Institutional & Policy Issues

- No dedicated authority like:
  - GPS Directorate (USA)
  - EUSPA (EU)
- Absence of National Space Law.
- ISRO performing multiple roles:
  - Design + Operation + Regulation → overextension

#### Resource Constraints

- Limited budget must support:
  - NavIC constellation
  - Gaganyaan (human spaceflight)
  - Earth observation satellites
  - New launch vehicle R&D
- ISRO also supporting private space startups (post-2020 reforms).

#### Strategic & Policy Dimension

- Origin linked to Kargil War (1999) → US denied GPS data.
- NavIC remains strategic defence infrastructure.
- Government promoting:
  - L1 band support in electronics
  - Interoperability with GPS
  - Adoption by armed forces

#### Static Linkages

- Trilateration principle → minimum 4 satellites for 3D positioning + time correction.
- Atomic clocks → measure precise time; distance derived via signal delay.
- PSLV → ISRO's workhorse launch vehicle.
- Strategic autonomy in critical technologies.
- Role of Department of Space (DoS).

## Critical Analysis

### Advantages

- Ensures strategic autonomy in navigation.
- Crucial for:
  - Defence operations
  - Disaster management
  - Transportation (aviation, maritime)
- Promotes indigenous technology (atomic clocks).
- Enhances technological sovereignty.

### Challenges

- Technical failures:
  - Atomic clock malfunction
  - Limited satellite lifespan
- Institutional gaps:
  - No dedicated management authority
  - Absence of space law
- Operational constraints:
  - Low launch frequency
  - ISRO overburdened
- Financial limitations:
  - Competing priorities
- Adoption issues:
  - Limited integration in consumer devices

## Way Forward

- Establish dedicated NavIC/GNSS authority.
- Enact National Space Law for clarity in roles.
- Increase launch frequency (PSLV upgrades + private sector).
- Improve indigenous atomic clock reliability.
- Mandate NavIC compatibility in:
  - Smartphones
  - Vehicles
- Ensure separate funding for PNT infrastructure.
- Strengthen public-private partnerships in space sector.

# Ras Laffan attack deepens India's worries over LNG



SUKALP SHARMA & ANIL SASI

HOURS AFTER Israel hit South Pars, the world's largest natural gas field located in the Persian Gulf amid shared between Iran and Qatar, Iranian missiles Thursday struck the world's biggest liquefied natural gas (LNG) facility in Qatar's Ras Laffan Industrial City.

While this is not the first time energy infrastructure has been targeted in the West Asia war by either side, the scale of the recent attacks marks a major escalation and increases the risk of a prolonged supply disruption. Consequently, the price of international oil benchmark Brent, which was already at a little over \$100 per barrel this week, briefly breached the \$119 level on Thursday before dropping to around \$112 by evening. The price is now around 50% higher than pre-war levels. Natural gas prices also shot up significantly.

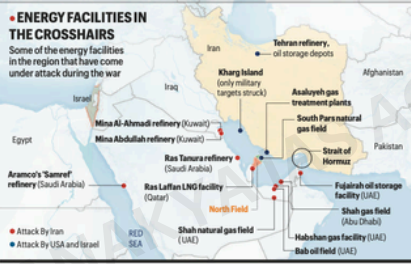
After the South Pars attack, Iran warned that it would target facilities in the region. Sure enough, it struck Saudi Arabia's Samer refinery in the Red Sea port city of Yanbu and energy infrastructure in Qatar, besides Qatar's Ras Laffan.

While the extent of damage to Ras Laffan is not yet known, the strikes have significant escalatory implications. One, it is now unclear how much time it will take for gas output from these facilities to return to normal, even if the war stops. Two, the concerns have moved upstream from the transit pathway to the production and supply side.

Notably, US President Donald Trump said that Washington did not have any real-time knowledge of the Israeli attack on the South Pars gas field, and Qatar was not involved either. Trump even declared that Israel will no longer attack South Pars unless Iran attacks "a very innocent" Qatar. But he also warned that if it attacked Qatar's LNG facilities, the US would "blow up the entirety" of the South Pars gas field.

**Why Ras Laffan strike matters**  
The Ras Laffan hit is of particular significance, not just for global LNG flows but also for India. QatarEnergy's primary LNG

The Ras Laffan hit is of particular significance, not just for global LNG flows but also for India, which is grappling with an LPG supply crisis



production units, liquefaction plants, and export infrastructure are all concentrated in Ras Laffan, accounting for roughly a fifth of global LNG supply.

Qatar has already suspended LNG production at the facility following an attack — evidently smaller in scale than the recent strikes — earlier this month. Experts had expected LNG flows from Ras Laffan to be restarted swiftly once the war ended. Still, with extensive damage from the latest strikes now being reported, it remains unclear how long it will take for LNG supplies to normalise.

An statement from QatarEnergy said Ras Laffan was targeted with missiles, "causing sizeable fires" and "extensive" damage. There have been no reports of any injuries, given that the facility was evacuated after Iran's retaliation threat.

In addition to the previous attack on Ras Laffan Industrial City on Wednesday 18 March 2026 that resulted in extensive damage to the Ford (TL) (Gas-to-Liquid) facility, QatarEnergy confirms that in the early hours of Thursday 19 March 2026, several of its Liquefied Natural Gas (LNG) facilities were the subject of missile attacks, causing sizeable fires and extensive further damage. Emergency response teams were deployed immediately to contain the re-

## Energy dependence

Qatar is India's largest source of LNG. India depends on LNG imports to meet roughly half of its natural gas demand. More than two-fifths of the country's LNG comes from Qatar — almost all of it from Ras Laffan.

According to Commerce Ministry data, India imported 27 million tonnes of LNG in 2024-25, of which 11.2 million tonnes, or 41.4%, came from Qatar. QatarEnergy has an LNG production capacity of 77 million tonnes per annum, which is under expansion. In 2025, QatarEnergy exported around 81 million tonnes of LNG. With LNG from Qatar and other sources in West Asia unable to reach India due to the effective closure of the Strait of Hormuz and a production suspension by QatarEnergy, India had already cut natural gas supplies to certain industries.

Beyond LNG, India, like many other countries that rely on West Asia for a large share of their energy imports, would be extremely worried about the prospect of an escalation in the attacks on critical energy infrastructure. So far, the disruption from the conflict

has largely been a supply chain problem, stemming from the effective closure of the Strait of Hormuz, as numerous tankers carrying energy supplies are stuck in the Persian Gulf, with only a few managing to trickle out.

But if major oil production and export infrastructure gets badly hit in the next phase of this conflict, it will become a real supply crisis.

Overall, India depends on imports to meet over 88% of its crude oil requirement, 60% of its LPG needs, and around 50% of its natural gas requirement.

For a large share of these energy imports, India depends on West Asia, from which they primarily come to India through the Strait of Hormuz. Around 2.5–2.7 million bpd of India's crude imports — accounting for about half of the country's total oil imports — have transited the Strait in recent months; the longer-term average is about 40%. This oil is mainly from Iraq, Saudi Arabia, the UAE, and Kuwait. India doesn't buy Iranian oil due to American sanctions on Tehran.

India's dependence on the Strait for LNG and liquefied petroleum gas (LPG) supplies is greater than for crude. Roughly 60% of India's LNG imports come through the Strait of Hormuz, the figure is a staggering 90% for LPG, as evidenced by the LPG supply crisis the country is already grappling with.

**Trump's statement**  
Following the attacks, Trump said in a seemingly passive-aggressive social media post that the US "knew nothing" about the Israeli attack. Qatar, which was not involved in it, and Iran "did not know this" and attacked a part of Qatar's LNG facility.

At least part of the post appeared de-escalatory on targeting of critical energy infrastructure in West Asia. But the extent of Trump's control over Israel's actions, this conflict, and how it proceeds hereon is anybody's guess.

"I think the US has now lost the initiative — both offensively as well as toward power: they're flung along with Israel and try and find an exit once they've hammered Iran some more. The Israelis will keep going. Iran, unfortunately, seems to be heading toward something like the worst-case scenario... It is difficult to see normalcy in the sense of what we had before 28 February," an energy sector analyst said.

- LPG supply crisis
- Rising inflationary pressure due to energy prices
- Geopolitical dimension:
  - Donald Trump signaled conditional deterrence but uncertainty remains over conflict trajectory.

## Static Linkages

- India's energy mix: Coal dominant, but gas seen as transition fuel (target: 15% share in energy mix).
- Strategic Petroleum Reserves (SPR) in India (Visakhapatnam, Mangaluru, Padur).
- Chokepoints in world trade: Hormuz, Malacca, Bab-el-Mandeb.
- LNG vs pipeline gas: LNG offers flexibility but depends on shipping routes.
- Energy security pillars: Availability, Accessibility, Affordability, Sustainability.
- OPEC and global oil price dynamics.

## Critical Analysis

### Positives / Strategic Signals

- Highlights urgency for energy diversification.
- Pushes India toward renewables and green hydrogen.
- Encourages strengthening of strategic reserves.

### Concerns / Challenges

- High import dependence makes India vulnerable.
- Over-reliance on West Asia for hydrocarbons.
- Disruption of Hormuz chokepoint → systemic risk.
- Inflation + fiscal pressure due to subsidy burden.
- Limited short-term alternatives for LNG supply.

### Stakeholder Perspectives

- India: Energy security + economic stability.
- West Asian nations: Revenue loss + security threats.
- Global markets: Volatility in oil & gas prices.
- Industries: Input cost shocks (fertilizer, power, steel).

## Way Forward

- Diversification of energy sources:
  - Increase imports from US, Russia, Africa.
- Boost domestic production:
  - Enhance exploration (HELP policy, OALP rounds).
- Expand Strategic Petroleum Reserves.
- Accelerate renewable transition:
  - Solar, wind, green hydrogen (National Green Hydrogen Mission).
- Strengthen energy diplomacy:
  - Long-term LNG contracts, multilateral engagement.
- Develop alternative routes:
  - International North-South Transport Corridor (INSTC).
- Promote energy efficiency & demand management.

## KEY HIGHLIGHTS

### Context of the News

- South Pars Gas Field, the world's largest natural gas field, was struck by Israel.
- In retaliation, Iran launched missile attacks on energy infrastructure across West Asia, including:
  - Ras Laffan Industrial City (world's largest LNG hub)
  - Energy facilities in Saudi Arabia, Kuwait
- The escalation follows ongoing tensions since February 2026 in West Asia.
- Brent crude prices surged from ~\$100 to ~\$119/barrel before stabilizing near \$112.
- The crisis has shifted from logistics disruption (Strait of Hormuz) to direct supply-side shocks.

### Key Points

- Ras Laffan significance:
  - Accounts for ~20% of global LNG supply.
  - Houses QatarEnergy's key LNG production and export infrastructure.
- India's LNG dependence:
  - Imports ~50% of natural gas demand.
  - ~41.4% LNG imports from Qatar (2024–25 data: 11.2/27 million tonnes).
- Energy chokepoint risk:
  - Strait of Hormuz handles:
    - ~40–50% of India's crude imports
    - ~60% LNG imports
    - ~90% LPG imports
- India's overall import dependence:
  - Crude oil: ~88%
  - LPG: ~60%
  - Natural gas: ~50%
- Immediate impacts on India:
  - Gas supply cuts to industries

# Motions against Speaker, CEC point to a wider trust deficit. That is the real worry

**F**IRST, A no-confidence motion against the Lok Sabha Speaker and then a notice for impeaching the Chief Election Commissioner. Two back-to-back initiatives by the parliamentary Opposition need to be seen in the larger context of the health of democracy rather than with mere exasperation at the Opposition.

While incumbents are identified as the guilty, the issue needs to be situated as one that involves citizens' trust in the institutions these incumbents run and the offices they hold. In this sense, both initiatives by the Opposition draw attention to a more serious condition: The inability of institutions to transcend personalities and incumbents; the inability of office-holders to imagine themselves as protectors of institutional boundaries beyond immediate political considerations; the unwillingness of rulers to establish a working relationship with the Opposition; and consequently, a worrying condition of a trust deficit that will have a long-term effect.

The issue is not merely about the present incumbents — they are far too small compared to the larger issue at stake. Democracies are predicated on a complex web of trust and suspicion. Citizens and watchdog institutions are supposed to hold all power-holders in healthy suspicion. You have power, and so I shall always suspect you lest you become too powerful or arbitrary. At the same time, this architecture of suspicion can work only on the presupposition that citizens trust institutions. Trust that institutions will function appropriately under pressure of suspicion and scrutiny.

Trust means that there is a generalised or diffuse belief that a) power-holders will

exercise power with restraint, b) power will be exercised in an answerable manner and c) the intent in exercise of power is generally free of mala fide. In this sense, trust constitutes the basis of successful democratic politics — where contestation and competition are seen as natural and, in particular, the neutrality of sample institutions is supposed to be the protection for such contestation. When trust in institutions dwindles, the basis of democratic politics can easily be undermined — in other words, democracy fails.

That is the current issue is about institutions more generally. The investigating agencies have already earned disrepute for being notorious for the miscarriage of institutional autonomy. Constitutional watchdogs are underperforming. The many allegations of judicial abdication coupled with the judiciary's touchy response to certain admittedly oversimplified criticisms are perhaps symptomatic of the crisis of trust. The Court is aware that there is a trust deficit and also aware that trust is central to its constitutional prestige. Thus, the crisis of trust permeates all institutions. Almost every single institution is allegedly being hollowed out or captured so blatantly that it is unable to maintain even a fig leaf of neutrality and autonomy.

A couple of decades ago, a study, "State of Democracy in South Asia", had suggested that low trust is more associated with institutions that have a high frequency of direct interface with citizens. Today, in the absence of reliable data about the current moment, we choose to be oblivious to the far-reaching implications



SUHLAS PALSHIKAR

of the trust deficit. Instead, commentary and analyses are content to blame the Opposition for maligning institutions by questioning autonomy and performance. There have also been easy arguments that by questioning institutions through media, public trust in institutions declines. The former criticism presupposes an Opposition that doesn't oppose while the latter believes that all dissemination of information has to be only conformist.

Once we have got rid of this devotional delusion that everyone with a different voice is drowning the country in an abyss, we are left with taking a hard look at how the ruling dispensation has addressed issues of its dominance, exercise of power and, above all, the issue of working within the institutional confines of constitutional democracy.

Right through its three electoral victories, the BJP's approach to the exercise of power has been that of supreme arrogance — that it is the sole repository of national interest. For the first victory, this initially seemed to be an electoral posture designed to win the election but soon it was evident that Congress-mukt Bharat was not an electoral gimmick but an article of deep belief. This also led to the misreading of the electoral outcomes — that victory is carte blanche, a popular mandate to carve out a new political culture. This approach easily tempts the ruling dispensation to imagine all previously existing institutions as baggage and trust in institutions as an impediment to reshaping politics.

Finally, the ruling party has consistently attempted to convert the state apparatus into a weapon

of complete control, aiming to confound the party with society at large — expecting to occupy the entire social sphere. In this scheme of things, there is no society, no public opinion, no scholarship, outside the universe supported by and supportive of the ruling establishment. These characteristics not only produce distance between government and Opposition, they in fact welcome the trust deficit.

The puzzle of trust deficit becomes clearer when we realise that under the above characteristics, we are witnessing a decade-long suspension of disbelief. It is true that headline management and a sustained politics of narrative-building have been instrumental in smothering the faculty of critical examination away from citizens. And yet, it is also true that social scientists, including this writer, have not been able to adequately explain this long bout of collective suspension of disbelief.

But that failure does not take away from the impending crisis of trust. The current deficit of trust can be understood only if we comprehend, as I have been arguing, that through the three features — delegitimising the Opposition, misreading electoral outcomes as a mandate for regime change and occupation of the entire social sphere by the ruling establishment — we are witnessing a regime change. It requires that pre-existing institutions be made irrelevant and the idea of truncated democracy be superimposed. When a regime chooses to be founded on hate among citizens and suspicion about the Opposition, institutional trust is a casualty that nobody mourns.

The writer, based in Pune, taught Political Science

The many allegations of judicial abdication coupled with the judiciary's touchy response to certain admittedly oversimplified criticisms are perhaps symptomatic of the crisis of trust

## KEY HIGHLIGHTS

### Context of the News

- The parliamentary Opposition has initiated:
  - A no-confidence motion against the government.
  - A notice for impeachment of the Chief Election Commissioner (CEC).
- These moves highlight concerns not just about individuals but about:
  - Declining institutional autonomy
  - Erosion of public trust in democratic institutions
- The issue reflects a broader systemic crisis affecting:
  - Electoral institutions
  - Investigative agencies
  - Judiciary
- The debate has shifted from political contestation to institutional credibility and democratic health.

### Key Points

- Trust vs Suspicion Balance:
  - Democracy functions on healthy suspicion + institutional trust.
- Institutional Decline Indicators:
  - Allegations of bias in investigating agencies.
  - Concerns over judicial accountability and independence.
  - Questions on neutrality of Election Commission.
- Political Dynamics:
  - Weakening of government–Opposition dialogue.
  - Increasing centralisation of power.
- Narrative Control:
  - Use of media and political messaging to shape public perception.

- Long-term Risk:
  - Trust deficit may lead to delegitimisation of democratic processes.

### Static Linkages

- Concept of Rule of Law and Equality before Law.
- Doctrine of Separation of Powers.
- Checks and Balances mechanism.
- Role of constitutional bodies (ECI, CAG, UPSC).
- Collective responsibility of Council of Ministers.
- Parliamentary control over executive (no-confidence motion).
- Judicial review and independence of judiciary.
- Recommendations of Second Administrative Reforms Commission (ARC) on ethics and governance.
- Basic Structure Doctrine (institutional independence as core feature).

### Critical Analysis

#### Positives

- Opposition actions ensure:
  - Accountability of executive and institutions
  - Use of constitutional mechanisms (not extra-constitutional means)
- Public debate strengthens:
  - Democratic vigilance
  - Citizen awareness

#### Concerns

- Politicisation of institutions undermines neutrality
- Erosion of institutional autonomy:
  - Risk of “captured institutions”
- Delegitimisation of Opposition weakens democracy
- Trust deficit cycle:
  - Low trust → more suspicion → further erosion of trust
- Majoritarian tendencies:
  - Electoral mandate misinterpreted as absolute authority

#### Stakeholder Perspectives

- Government: Sees criticism as obstruction or destabilisation
- Opposition: Views actions as democratic duty
- Judiciary: Concerned about maintaining legitimacy
- Citizens: Increasing confusion and distrust

### Way Forward

- Strengthen institutional independence:
  - Transparent appointment processes (e.g., collegium-type reforms for ECI)
- Ensure functional autonomy of watchdog bodies
- Revive constructive government–Opposition engagement
- Promote internal democracy in political parties
- Enhance parliamentary oversight mechanisms
- Encourage judicial accountability with independence
- Build civic awareness and constitutional literacy
- Follow ARC and Law Commission recommendations on governance reforms

# China's support is crucial for Iran. But it isn't forthcoming



SUMIT KUMAR

THE US-Israel military strikes against Iran have triggered one of the worst phases of disorder in West Asia, with no immediate end in sight and a global energy crisis looming large. Surprisingly, China has maintained a strategic distance from the war, despite its growing ties with Iran, including the signing of a 25-year strategic cooperation agreement worth US\$400 billion in 2021. Three factors have shaped China's strategy towards Iran. First, it views Iran as a strategic asset in its effort to end US dominance in West Asia. Second, to ensure a continuous, highly discounted Iranian oil supply. And third, Iran serves as a gateway for connecting China to Turkey and the EU via Central Asia.

Yet, China has preferred not to provide Iran with military assistance in the war with the US and Israel. A major priority for Xi Jinping is the "reunification" of Taiwan. Thus, strengthening China's dominance in East Asia remains more important than wasting resources and time by getting involved in the war in Iran. China views Operation Epic Fury, along with the capture of Venezuelan President Nicolás Maduro by US forces, as a case study to understand the US military's prowess — one that could frustrate China's attempt at a successful military operation against Taiwan. Beijing does not wish to invite the mobilisation of American forces in its backyard through unwavering military support to Iran. While China has been Iran's largest trading partner, accounting for about 30 per cent of its total trade, the conflict with the US would further deepen Iran's dependence on China. Its support is also crucial for Iran at regional and global forums, and Beijing will likely retain influence in any post-war political environment in Iran.

Economic and energy security interests with the Gulf countries are another factor shaping China's response to the war. China overtook the West as the Gulf countries' largest trading partner, with a record trade volume of \$257 billion in 2024. China also imports one-third of its LNG from this region. Compared with the \$24 billion in trade between China and Israel, Sino-Iranian bilateral trade totalled just \$13 billion in 2024. It is also true that Beijing has felt frustrated by the lack of substantive progress on several infrastructure and energy projects in Iran.

China recognises the strategic advantage of the US becoming deeply engaged in West Asia. A prolonged conflict can impose high financial and military costs on Washington while diverting its attention away from the Indo-Pacific. Mindful of the adverse impact of a complete blockage of the Strait of Hormuz — the main transit route for oil and gas tankers in West Asia — on its energy security, China has around 120 days of strategic oil and gas reserves and has diversified its energy sources to meet any unforeseen energy crisis. Its decision to stay out of the war is a calibrated move to protect its core national interests. What's worth monitoring is how long China can afford to be on the sidelines in a highly contested global order.

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China recognises the strategic advantage of the US becoming deeply engaged in West Asia. A prolonged conflict can impose high financial and military costs on Washington

## KEY HIGHLIGHTS

### Context of the News

- The ongoing US-Israel military strikes on Iran have escalated tensions in West Asia, triggering fears of a global energy crisis.
- Despite a \$400 billion 25-year strategic cooperation agreement (2021) with Iran, China has maintained strategic restraint.
- China continues to avoid direct military involvement, focusing instead on its core geopolitical and economic interests.
- The conflict risks disruption of the Strait of Hormuz, a critical global energy chokepoint.

### Key Points

- Strategic Interests in Iran:
  - Iran acts as a counterweight to US dominance in West Asia.
  - Ensures discounted crude oil supply for China.
  - Serves as a geoeconomic corridor linking China to Central Asia, Turkey, and Europe.
- Reasons for China's Non-Intervention:
  - Priority on Taiwan reunification and dominance in East Asia.
  - Avoiding direct confrontation with the US military.
  - Learning from US military operations like Operation Epic Fury.

- Economic Calculations:
  - Gulf region trade: \$257 billion (2024) vs Iran trade: \$13 billion.
  - China imports ~1/3rd of LNG from Gulf countries.
  - Frustration over delays in Iran infrastructure projects.
- Strategic Benefits of Staying Neutral:
  - A prolonged conflict diverts US attention from Indo-Pacific.
  - Enhances China's post-war diplomatic leverage in Iran.
  - Maintains stable ties with Gulf nations.
- Energy Security Preparedness:
  - Maintains ~120 days of strategic petroleum reserves.
  - Diversification of energy sources to reduce vulnerability.

### Static Linkages

- Strait of Hormuz as a strategic chokepoint connecting the Persian Gulf to the Arabian Sea.
- Concept of Balance of Power in international relations.
- Strategic Petroleum Reserves (SPR) as a tool of energy security.
- Importance of Sea Lines of Communication (SLOCs) in global trade.
- Role of geoeconomics in foreign policy decisions.

### Critical Analysis

Positives (China's Strategy):

- Ensures strategic autonomy and avoids costly military entanglement.
- Strengthens long-term economic interests with Gulf countries.
- Gains geopolitical advantage by letting US remain engaged in West Asia.

Concerns / Challenges:

- Overdependence on external energy routes like Hormuz.
- Risk of being perceived as an unreliable strategic partner by Iran.
- Prolonged instability may hurt global trade and Chinese exports.
- Limited ability to shape conflict outcomes without active involvement.

Stakeholder Perspectives:

- Iran: Increasing dependence on China but may expect stronger support.
- US: Views China's neutrality as strategic opportunism.
- Gulf Countries: Prefer China's neutrality to maintain economic ties.
- India: Concerned over energy prices and regional instability.

### Way Forward

- China likely to continue "calibrated neutrality" while enhancing diplomatic engagement.
- Strengthening energy diversification and alternative supply chains.
- Promoting multilateral conflict resolution mechanisms (UN, SCO).
- Investing in overland connectivity corridors (e.g., BRI routes bypassing chokepoints).
- Maintaining balance between Iran and Gulf partners.

# In name of protection, walking back on hard-won rights



AQSA SHAIKH

ON MARCH 13, the Transgender Persons (Protection of Rights) Amendment Bill, 2026, was tabled in the Lok Sabha. One provision stands out for its far-reaching consequences: A new "precise" definition of who qualifies as a transgender person. In the name of clarity, the Bill proposes to significantly narrow the scope of recognition, effectively excluding a large section of the community the law seeks to protect.

The new definition limits transgender identity to three categories: Intersex persons, individuals belonging to certain socio-cultural communities such as hijra, kinnar, aravani, or jogta, and those "forced" into presenting a transgender identity. Conspicuously absent are transgender men, transgender women outside socio-cultural identities, and non-binary or genderqueer individuals. This undermines the core of what it means to be a transgender person in law. Under this formulation, tens of thousands of individuals who currently identify, and are legally recognised, as transgender may find themselves excluded. Their identities would be erased. This narrowing of definition runs in contravention of the Supreme Court's *NALSA vs Union of India (2014)* ruling, which held that gender identity is a matter of self-determination. It is also inconsistent with contemporary medical understanding.

Global health authorities, including the WHO, distinguish between biological sex and gender identity. Gender cannot be reduced to anatomy; it is a deeply felt sense of self. International human rights frameworks, such as the Yogyakarta Principles, affirm the right to self-identify one's gender without coercion or external validation. The proposed definition is regressive and out of step with science and international norms.

Equally troubling is the mechanism the Bill introduces to "verify" transgender identity. It proposes that individuals undergo examination by a district-level medical board to establish that they are "genuine" transgender persons. This raises a fundamental question: How does one medically verify gender identity? The answer is that one cannot. Doctors can assess sexual characteristics, but gender identity is not a diagnosable condition. Subjecting individuals to

medical scrutiny to validate their identity is scientifically flawed and deeply invasive. It undermines dignity, autonomy, and privacy, values central to constitutional jurisprudence and medical ethics. It violates the right to privacy guaranteed in *Puttaswamy (2018)*.

The Bill goes further, mandating that all gender-affirming surgeries be reported by doctors and hospitals to the DM. This violates doctor-patient confidentiality, a cornerstone of medical practice, and is in violation of existing guidelines of professional conduct of doctors. It risks deterring individuals from seeking necessary healthcare for fear of exposure or administrative scrutiny.

Perhaps the most concerning provision lies in the Bill's criminal clauses. It introduces penalties for acts involving "coercion, deception or inducement" in relation to gender-affirming procedures. In practice, it could enable the criminalisation of consensual medical care based on subjective or malicious allegations. Yet, the punishment for abuse of transgender people remains unchanged. India has seen similar patterns in other laws, for example, ones concerning religious conversions and interfaith marriages, where loosely defined offences create space for misuse and harassment. These provisions could be weaponised against transgender people, their families, or medical professionals who provide legitimate care.

Administrative complexity cannot be a reason to curtail rights. If anything, it points to the need for greater sensitisation and more robust mechanisms. The difficulties in implementing the 2019 Act stem from gaps in execution, not from the principle of self-identification. Rolling back that principle does not solve the problem; it compounds it.

India is currently in the midst of a Census exercise that, for the first time, seeks to comprehensively enumerate transgender persons. At such a moment, clarity and inclusivity in definition are essential. A restrictive framework risks undercounting and institutionalising exclusion. Laws meant to protect vulnerable communities must be guided by trust, inclusion, and respect for autonomy. They must expand the scope of rights. This Bill does not meet that standard.

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Tens of thousands of individuals who currently identify, and are legally recognised, as transgender may be excluded. Their identities would be erased

## KEY HIGHLIGHTS

### Context

- March 13, 2026: Transgender Amendment Bill introduced in Lok Sabha.
- Proposes narrow definition of transgender persons and new regulatory mechanisms.
- Comes amid implementation concerns of the Transgender Persons (Protection of Rights) Act, 2019.
- Significant in light of ongoing Census enumeration of transgender population.

### Key Provisions / Issues

- Restricted Definition:
  - Includes only:
    - Intersex persons
    - Traditional socio-cultural groups (hijra, kinnar, etc.)
    - Persons "forced" into transgender identity
  - Excludes:
    - Transgender men/women (outside traditional groups)
    - Non-binary/genderqueer persons
- Medical Verification:
  - Certification by district-level medical board
  - Contradicts concept of self-identification
- Mandatory Reporting:
  - Gender-affirming surgeries must be reported to District Magistrate
  - Violates doctor-patient confidentiality

- Criminal Provisions:
  - Penalizes "coercion/deception/inducement" in gender-affirming care
  - Risk of misuse
- Impact:
  - Possible exclusion from legal recognition & welfare schemes
  - Risk of undercounting in Census

### Static Dimensions

- Fundamental Rights:
  - Art 14 – Equality
  - Art 15, 16 – Non-discrimination (expanded to gender identity)
  - Art 19 – Expression (gender expression)
  - Art 21 – Dignity, Privacy
- Judgments:
  - NALSA (2014) – Self-identification of gender
  - Puttaswamy (2017) – Right to privacy
- International:
  - WHO: Gender ≠ Biological sex
  - Yogyakarta Principles: Right to self-identify gender

### Critical Analysis

#### Positives:

- Administrative clarity
- Prevent misuse of benefits

#### Concerns:

- Violates self-identification principle (NALSA)
- Against privacy (Puttaswamy)
- Scientifically flawed (gender not medically verifiable)
- Risk of harassment & exclusion
- Undermines dignity and autonomy
- May distort Census data & policy design

### Way Forward

- Reinstate self-identification model
- Remove medical verification requirement
- Ensure confidential healthcare access
- Strengthen implementation of 2019 Act
- Sensitization of administration & healthcare sector
- Align with constitutional morality & global standards

# Another conflict in search of de-escalation

**T**HE AIRSTRIKES by Pakistan that killed at least 400 people at a drug rehabilitation centre in Kabul marked a tragic escalation in what Islamabad has termed an “open war” against the Taliban in Afghanistan. The attack on Monday night — Islamabad has denied responsibility for it — on a civilian installation follows nearly a month of cross-border strikes and retaliatory exchanges between the two countries. Both sides agreed on Wednesday to a temporary “pause” in hostilities for Eid this week, after mediation by Saudi Arabia, Qatar, and Turkey. Hopefully, this will provide the space and time for a dialogue to begin. In October 2025, Qatar and Turkey had brokered a fragile ceasefire, which collapsed on February 22 when Pakistan carried out a wave of airstrikes on Tehreek-e-Taliban Pakistan (TTP) outposts — Islamabad accuses the Afghan Taliban of sheltering the TTP.

India condemned Pakistan’s attacks as a “flagrant violation” of international law at the UN Security Council last week. Delhi has called the hospital bombing a “cowardly and unconscionable act of violence” and accused Pakistan of “trying to dress up a massacre as a military operation”. India does not formally recognise the Taliban government, and formal dialogue with Pakistan remains suspended. At the same time, India’s strategic partners in West Asia — who could exert pressure on Pakistan to work towards meaningful progress rather than just a temporary ceasefire — remain engaged in their own conflict as energy infrastructure becomes the target of Iran’s retaliation against the US and Israel. Meanwhile, Washington’s backing of Pakistan’s “right to defend itself against Taliban attacks” appears to have emboldened Rawalpindi. Nearly a month later, there are few signs of de-escalation.

Pakistan is waging war against a militant movement that it helped create and sustain. Islamabad’s suspension of trade and restrictions on visa access are only fuelling anger and resentment in the Afghan people. Diplomacy should be given another chance before the current bombing campaigns turn into an intractable conflict, which could lead to a long period of regional destabilisation and hardship.

## KEY HIGHLIGHTS

### Context of the News

- Pakistan carried out airstrikes inside Afghanistan, leading to ~400 civilian deaths (as reported).
- Islamabad termed the situation an “open war” against Tehreek-e-Taliban Pakistan (TTP).
- Pakistan accuses the Afghan Taliban of sheltering TTP militants.
- A temporary Eid ceasefire was brokered by Saudi Arabia, Qatar, and Turkey.
- Earlier Oct 2025 ceasefire collapsed (Feb 2026) after renewed strikes.
- India condemned the strikes at the UN Security Council as a violation of international law.
- The U.S. supported Pakistan’s right to self-defense.
- Regional mediation weakened due to ongoing West Asia conflicts.

### Key Points

- TTP: Anti-Pakistan militant group operating from Afghan territory (alleged).
- Civilian Targeting: Hospital bombing → violation of International Humanitarian Law (IHL).
- Diplomatic Status:
  - India does not recognize Taliban regime.
  - India–Pakistan relations remain strained.
- Strategic Paradox: Pakistan fighting a group with historical linkages to its own policies.
- Humanitarian Impact: Trade suspension & visa curbs worsening Afghan crisis.

- Global Dimension:
  - U.S. backing Pakistan.
  - Gulf countries mediating but constrained.

### Static Linkages

- UN Charter:
  - Article 2(4): Prohibition on use of force.
  - Article 51: Right to self-defense.
- Geneva Conventions (1949): Protection of civilians, hospitals during war.
- Durand Line: Disputed Pakistan–Afghanistan border.
- Non-State Actors: Key issue in modern warfare.
- Strategic Depth Doctrine: Pakistan’s Afghanistan policy.

### Critical Analysis

#### Justifications (Pakistan)

- Right to self-defense against cross-border terrorism.

#### Issues / Concerns

- Violation of Afghan sovereignty.
- Civilian casualties → breach of IHL.
- Risk of prolonged regional instability.
- Weakens global norms on use of force.

#### Stakeholders

- Afghanistan: Condemns aggression.
- India: Upholds international law.
- USA: Strategic support to Pakistan.
- Gulf nations: Seek regional stability.

#### Challenges

- Absence of trust & dialogue.
- Terrorism vs sovereignty dilemma.
- Global distraction due to other conflicts.

### Way Forward

- Resume structured diplomatic engagement.
- Strengthen international mediation (UN-led).
- Develop joint counter-terror frameworks.
- Ensure compliance with IHL & Geneva norms.
- Promote economic & humanitarian cooperation.

# Attacks on energy infra bring war closer home

WITH THE targeting of key energy infrastructure, the conflict in West Asia is now spreading far beyond the region. Israel has struck Iran's South Pars natural gas field, which is estimated to account for a significant share of the country's gas production. In response, Iran has fired at the Ras Laffan Industrial City in Qatar — the world's largest gas hub. With energy infrastructure now being specifically attacked — Saudi Arabia's SAMREF refinery as well as a refinery in Kuwait are also reported to have been hit — it raises the risks of prolonged disruptions in supplies, further straining global energy markets. The ripple effects will be felt across the world.

Prompted, perhaps, by the damaging consequences for the global economy of this dramatic move up the escalation ladder, President Donald Trump has sought to distance the US from this attack. Placing the blame squarely on Israel, Trump posted on a social media platform that the US "knew nothing about this particular attack". And that "NO MORE ATTACKS WILL BE MADE BY ISRAEL, pertaining to this extremely important and valuable South Pars Field unless Iran unwisely decides to attack". Brent crude oil crossed \$110 per barrel during early trading. Stock markets the world over were in the red. Price pressures are already evident across economies. In the US, gasoline prices have surged to \$3.884 per gallon, up almost \$1 from a month ago, while in Europe, natural gas prices have soared following the recent attacks.

Disruptions in the supply of oil and gas and higher energy prices sustained over a long period will cause considerable pain. India will be no exception. The average price of India's crude oil basket in March is currently \$114.08 per barrel, up from \$69 in February. India also has 22 vessels stuck in the Persian Gulf that hold 3.2 lakh tonnes of LPG, 2 lakh tonnes of LNG and 16 lakh tonnes of crude oil, as per a report in this paper. The chief economic advisor, V Anantha Nageswaran, reportedly told the Standing Committee on Finance that the impact of crude at \$90 is "almost insignificant or not relevant". However, if crude rises to \$130 per barrel and sustains at that level for two to three quarters, then growth would fall to 6.4 per cent, inflation would rise to 5.5 per cent, the fiscal deficit would grow to 5.6 per cent of GDP and the current account deficit would widen to 3.2 per cent. Macroeconomic management could then become far more challenging.

## KEY HIGHLIGHTS

### Context of the News

- Israel targeted Iran's South Pars gas field (major global natural gas reserve).
- Iran retaliated by attacking Ras Laffan Industrial City (Qatar) — world's largest LNG hub.
- Additional strikes reported on:
  - Saudi Arabia's SAMREF refinery
  - Kuwait refinery
- Escalation from military targets → critical energy infrastructure.
- Global impact:
  - Brent crude > \$110/barrel
  - Global stock markets declined
  - Fuel & gas prices surged worldwide
- USA distanced itself → indicates geopolitical sensitivity.

### Key Points

- South Pars: Significant contributor to Iran's gas production (shared with Qatar).
- Ras Laffan: Backbone of global LNG supply (Qatar = top exporter).
- Direct impact:
  - Disruption of oil & gas supply chains
  - Increase in shipping and insurance costs

- India-specific:
  - Crude basket: \$114.08 (March) vs \$69 (Feb)
  - 22 Indian vessels stranded in Persian Gulf:
    - LPG: 3.2 lakh tonnes
    - LNG: 2 lakh tonnes
    - Crude: 16 lakh tonnes
- Economic risks (CEA estimates):
  - If crude = \$130 sustained:
    - Growth → 6.4%
    - Inflation → 5.5%
    - Fiscal deficit → 5.6% of GDP
    - CAD → 3.2%

### Static Linkages

- India imports ~85% of crude oil (high external dependence).
- Strait of Hormuz → ~20% global oil transit.
- Link between crude prices and:
  - Inflation (cost-push)
  - Fiscal deficit (subsidy burden)
  - Current Account Deficit (import bill rise)
- Strategic Petroleum Reserves (SPR) → buffer against supply shocks.
- Energy security dimensions:
  - Availability, Accessibility, Affordability

### Critical Analysis

#### Positives

- Push for renewable energy transition
- Reinforces need for strategic reserves
- Encourages diversification of import sources

#### Negatives

- Energy infrastructure targeting → long-term instability
- Risk of global stagflation
- India vulnerable due to import dependence
- Disruption in Persian Gulf → trade & shipping risks

#### Challenges

- Balancing diplomacy between Israel, Iran, Gulf nations
- Managing inflation without hurting growth
- Ensuring uninterrupted supply chains

### Way Forward

- Expand Strategic Petroleum Reserves
- Diversify imports (USA, Africa, Russia)
- Accelerate renewable energy targets
- Promote ethanol blending & EV adoption
- Strengthen maritime security in Indian Ocean region
- Enhance domestic exploration (HELP policy)