

# DAILY NEWSP APER ANALYSIS

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# Iran yet to decide on fresh round of talks; Trump to keep blockade

Tehran condemns U.S. attack on an Iran-flagged vessel in the Gulf of Oman, says it will make 'necessary decisions about the future path with careful consideration of its national interests'; naval blockade to remain until a deal is reached, says Trump

Stanly Johnny

Tehran said on Monday it had yet to decide on joining a new round of peace talks with the United States in Pakistan, citing "bad faith" and "historical mistrust", while U.S. President Donald Trump said the naval blockade imposed on Iran would remain in place "until a deal is reached".

"So far we have not made any decision regarding the next round of talks... Iran will make the necessary decisions about the future path with careful consideration of its national interests," Foreign Ministry spokesperson Esmaeil Bagaei said in Tehran, according to Tasnim News Agency.

"From the early days of the ceasefire, we were faced with the U.S.'s bad faith, contradictory statements, followed by a naval blockade," Mr. Bagaei said. Even after an understanding was reached, Iran encountered "maritime actions" in the Strait of Hormuz, he added, referring to a U.S. attack on an Iran-flagged vessel in the Gulf of Oman on Sunday.

In an interview with The



**Trouble at sea:** The Iranian ship Touzko was reportedly hit by the U.S. Navy on Sunday night. REUTERS

New York Post, Mr. Trump downplayed Iran's comments, saying he was willing to meet Iranian leaders if a breakthrough is reached. "We are supposed to have talks. So I would assume at this point nobody is playing games," he said, adding that Vice-President J.D. Vance, Special Envoy Steve Witkoff, and Jared Kushner, the President's son-in-law, would take part in talks.

Later in the day, Mr. Trump left a series of social media posts warning the war and that the deal his administration was seeking was "better" than the 2015 nu-

clear agreement reached between Tehran, Obama administration, and other world powers.

"I'm winning [the] war by a lot... The enemy is confused... The blockade, which we will not take off until there is a deal, is absolutely destroying Iran. They are losing \$500 million a day," he wrote in a post.

"The deal that we are making with Iran will be far better than the JCPOA," he wrote in another post, referring to the Joint Comprehensive Plan of Action, the official title of the 2015 Iran deal. "If a deal happens under Trump, it will

guarantee peace, security, and safety, not only for Israel and the Middle East, but for Europe, America, and everywhere else."

**'No surrender'**  
Iran's President Masoud Pezeshkian said the U.S. was seeking the country's surrender and that Iran would never submit to force.

"Deep historical mistrust in Iran toward U.S. gov conduct remains, while unconstructive & contradictory signals from American officials carry a bitter message; they seek Iran's surrender. Iranians do not submit to force," the

President said in a statement. Last week, Iran said it would reopen the Strait of Hormuz for commercial vessels, after Mr. Trump announced a 10-day ceasefire in Lebanon between Israel and Hezbollah. Mr. Trump "thanked" Iran for the move, but added that a U.S. blockade of Iranian ports, which he announced on April 12 after the failure of the first round of Islamabad talks, would stay in place until both sides reach a deal. Iran then took a U-turn from its previous announcement and reasserted its control over the critical waterway. On Saturday, the Islamic Revolutionary Guard Corps (IRGC) Navy following which Mr. Trump renewed his threat of hitting Iran's civilian infrastructure.

"The U.S. Navy attacked the Iranian container ship Touzko on Sunday night while it was sailing from China to Iran, subsequently taking control of the vessel," Tasnim reported.

**ISRAEL WARNS LEBANON**  
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## KEY HIGHLIGHTS

### Context of the News

- Iran has expressed reluctance to join a new round of peace talks with the United States, citing "historical mistrust" and "bad faith."
- The U.S., under President Donald Trump, has imposed a naval blockade on Iran, which it claims will remain until a deal is reached.
- Allegations of U.S. maritime aggression, including seizure of an Iranian vessel, have escalated tensions.
- Iran's President Masoud Pezeshkian rejected U.S. pressure, stating Iran will not surrender.
- The issue involves the Strait of Hormuz, a critical global oil transit chokepoint.

### Key Points

- **Naval Blockade:** The U.S. claims Iran is losing ~\$500 million/day due to restricted trade.
- **Strait of Hormuz Tensions:**
  - Iran briefly signaled reopening but later reasserted control.
  - IRGC reportedly obstructed oil tankers.
- **Diplomatic Stalemate:**
  - Iran cites contradictory U.S. actions despite ceasefire signals.
  - The U.S. seeks a deal "better than" Joint Comprehensive Plan of Action.
- **Military Escalation Risks:**
  - U.S. threats to target Iranian infrastructure.
  - Iranian claims of vessel seizure in Gulf of Oman.
- **Global Stakes:**
  - Strait handles ~20% of global petroleum trade.
  - Any disruption impacts global oil prices and energy security.

## Static Linkages

- Strait of Hormuz connects Persian Gulf to Gulf of Oman and is a strategic chokepoint.
- Freedom of navigation is governed under UNCLOS (United Nations Convention on the Law of the Sea).
- Economic sanctions and blockades are tools of coercive diplomacy.
- Nuclear non-proliferation framework includes IAEA safeguards and multilateral agreements.
- West Asia is central to global energy security and geopolitical rivalries.

## Critical Analysis

### Concerns

- Escalation may lead to military conflict in West Asia
- Disruption of oil supply → global inflationary pressure
- Naval blockade may violate freedom of navigation norms
- Weakens trust needed for diplomacy

### Stakeholder Perspectives

- U.S.: Seeks stronger nuclear deal, strategic dominance
- Iran: Protect sovereignty, resist coercion
- India: Stability + uninterrupted energy supply
- Global Community: Avoid conflict in key trade route

## Way Forward

- Revive multilateral diplomacy (UN, EU mediation)
- Ensure freedom of navigation in global commons
- Promote confidence-building measures
- India: diversify energy sources & strategic reserves
- Avoid unilateral coercive actions; strengthen rule-based order

# Digital arrest scams are a crime against human dignity, says CJI

Krishnadas Rajagopal  
NEW DELHI

Chief Justice of India Surya Kant on Monday flagged digital arrest scams as the "most disturbing" and lethal among cyber crimes which not only result in merely financial loss to victims but also a "blistering sense of violation".

"The CJI said such cyber crimes must not be seen as mere economic offences but an offence against human dignity.

"Victims frequently speak of embarrassment, hesitation, and even repression. Many do not report the offence, fearing stigma or disbelief. In doing so, the crime achieves a second, more insidious effect: it completely isolates the victim," Chief Justice Kant said, as he delivered the 22nd D.P. Kohli Memorial Lecture, organised by the Central Bureau of Investigation (CBI) on 'Challenges of Cyber Crime: Role of Police and Judiciary'.

Noting that his Bench was *suo motu* in cognisance of digital arrest



Chief Justice Kant delivering the 22nd D.P. Kohli Memorial Lecture, organised by the CBI on 'Challenges of Cyber Crime: Role of Police and Judiciary'. SPECIAL ARRANGEMENT

scams, the Chief Justice said the worst thing about the crime was that individuals were psychologically coerced into compliance through fabricated claims of legal authority.

In fact, the Chief Justice had expressed his exasperation while on the Bench of the court hours earlier, saying digital arrest scams continue undaunted as demonstrated by the fact that the Judiciary, the Executive, and multiple agencies had turned their combined forces against the

bane. The Chief Justice also

population globally has been exposed to or fallen victim to cybercrime attempts... Barely 10% of the defrauded amount could be traced or recovered," Chief Justice Kant pointed out.

He said victims were chosen randomly, but carefully profiled by scammers through meticulous data harvesting.

"The CJI said that while the perpetrators operated as integrated enterprises, the institutional response in India had been "fragmented and sequential".

"While the crime is executed with speed and coordination, the response unfolds in stages, creating a gap that is often exploited by hardcore professional criminals," the Chief Justice said.

He suggested measures such as real-time information sharing frameworks, "briefly pausing" fund transactions to foreign accounts to verify the account holders, and integrated command structures capable of coordinating responses across sectors and agencies.

"This is not merely a domestic concern. The Financial Action Task Force (FATF) has observed that nearly 15% of the adult

- Only ~10% of defrauded money is recoverable.

- Operational challenges:
  - Criminals operate as coordinated networks.
  - Institutional response remains fragmented and slow.
- Suggested measures by CJI:
  - Real-time data sharing between agencies.
  - Temporary pause on suspicious foreign transactions.
  - Integrated command structures for cybersecurity response.

## Static Linkages

- Cybercrime recognized under the Information Technology Act, 2000 (amended 2008).
- Article 21: Protection of life and personal liberty includes dignity and privacy.
- Right to Privacy (Puttaswamy Judgment, 2017) as a fundamental right.
- Indian Penal Code (IPC) provisions on cheating, impersonation, and fraud.
- Data Protection framework: Digital Personal Data Protection Act, 2023.
- Role of CERT-In (Indian Computer Emergency Response Team) in cybersecurity.
- Police and Public Order under State List (7th Schedule), but cybercrime has interstate/international dimensions.

## Critical Analysis

### Positive Aspects

- Recognition of cybercrime as violation of dignity, not just economic offence.
- Judicial intervention ensures urgency.
- Focus on psychological harm expands legal understanding.

### Challenges

- Fragmented coordination among agencies.
- Cross-border nature of cybercrime.
- Low recovery rate (~10%).
- Weak digital literacy and awareness.
- Rapid evolution of cyber fraud techniques.

### Ethical Dimension

- Exploitation of fear and authority.
- Violation of trust in institutions.
- Social stigma leading to victim isolation.

## Way Forward

- Real-time coordination between agencies.
- Integrated cybercrime command centres.
- Temporary pause/verification of suspicious transactions.
- Strengthen international cooperation mechanisms.
- Large-scale digital awareness campaigns.
- Use of AI/ML in fraud detection.
- Capacity building of police and judiciary.

## KEY HIGHLIGHTS

### Context of the News

- Chief Justice of India Surya Kant highlighted the alarming rise of "digital arrest scams" during the 22nd D.P. Kohli Memorial Lecture organised by the Central Bureau of Investigation.
- The Supreme Court has taken suo motu cognisance of such scams due to their increasing severity.
- These scams involve fraudsters impersonating law enforcement officials to psychologically coerce victims into transferring money.
- India witnessed massive financial losses due to cybercrime in recent years, prompting concerns at both national and global levels (including observations by Financial Action Task Force).

### Key Points

- Scale of cybercrime:
  - ~28 lakh cybercrime complaints registered in the past year.
  - ₹44,000 crore lost during 2024–2025.
- Digital arrest scams specifically:
  - Over 2.41 lakh complaints since 2022.
  - Estimated losses: ~₹30,000 crore.
- Nature of crime:
  - Victims are psychologically manipulated using fake legal threats.
  - Exploits fear of law enforcement and social stigma.
- Underreporting issue:
  - Victims hesitate due to embarrassment, stigma, and fear of disbelief.
- Global dimension:
  - FATF notes ~15% of global adults exposed to cybercrime attempts.

# India's forests could nearly double carbon storage by 2100, study finds

The findings, published in *Environmental Research: Climate*, involved researchers from Indian institutes biggest increases in vegetation carbon are projected in desert and semi-arid zones across Rajasthan, Gujarat and Madhya Pradesh, study says

Jacob Koshy  
NEW DELHI

India's forests could store nearly twice as much carbon by the end of this century as they do now if current greenhouse gas emission trends continue, according to a new modelling study published this week in the journal *Environmental Research: Climate*.

The findings, involving researchers from multiple Indian institutes, present a granular forecast of how climate change will reshape the country's forest carbon stocks. Significantly, they diverge in important ways from official estimates compiled by the Forest Survey of India (FSI) - the official source of tree and forest cover data in India.

For this study, the authors used modelling to peer into the future and found that vegetation carbon biomass rises by 35% under a low-emissions future, 62%



**Wake-up call:** Climate change is silently reshaping every sector, including our forests, say scientists. SPECIAL ARRANGEMENT

under a medium-emissions pathway, and as much as 97% under a high-emissions, fossil-fuel-intensive scenario by 2100. Till about 2030, all of the scenarios project roughly the same quantities of vegetation after which they diverge sharply - the steepest acceleration occurring after 2050.

The projected increases are driven primarily by two interacting forces: ris-

ing precipitation and elevated atmospheric CO<sub>2</sub>. Higher rainfall, projected across much of India under all emissions scenarios, translates to more moisture available for trees to grow. Simultaneously, more available carbon dioxide means enhancing photosynthesis and water-use efficiency. Rainfall effects appear with a lag of roughly two years under low and medium emis-

sions, extending to about four years under the high-emissions scenario to account for the fact that forests do not respond instantly to a single wet year, and that woody biomass accumulates slowly over time. "Climate change is not just about rising temperatures - it is silently reshaping every sector, including our forests," said lead author Fahima Fikha. "Even where gains appear, they may mask deeper stresses, raising concerns about the stability of today's dense forests and the risk of releasing large stores of carbon. Human pressures, land-use change, and extreme events such as wildfires, droughts, and heatwaves are intensifying these risks. If we undermine our forests today, we risk amplifying emissions tomorrow."

The largest relative increases are projected not in India's established forest heartlands but in its driest

margins. Desert and semi-arid zones across Rajasthan, Gujarat, western Madhya Pradesh, and adjoining dry interiors are expected to see vegetation carbon rise by more than 60% compared to historical levels under high emissions. The Trans-Himalayas, the Gangetic forest belt, and the Deccan Peninsula follow. The Western Ghats and the Himalayas - India's most biodiverse and ecologically significant forest zones - are projected to see comparatively smaller relative increases, constrained by ecological saturation and specific climatic pressures those regions face, the study shows.

The increase in vegetation doesn't mean that climate change is acting as a net good, the researchers warned, as the models do not capture disruptive forces such as deforestation, land conversion, fire, and pest outbreaks intensified by warming.

- Moderate increase:
  - Trans-Himalayas, Gangetic plains, Deccan Plateau
- Lowest increase:
  - Western Ghats & Himalayas (due to ecological saturation & stress)

## Important Caveat:

- Models exclude disturbances like:
  - Deforestation
  - Wildfires
  - Pest outbreaks
  - Land-use change

## KEY HIGHLIGHTS

### Context of the News

- A recent modelling study published in *Environmental Research: Climate* projects that India's forests could nearly double their carbon storage by 2100 under current emission trends.
- The study involves researchers from multiple Indian institutes and offers a granular, long-term forecast of forest carbon dynamics.
- Findings differ significantly from official estimates by Forest Survey of India, which periodically assesses forest and tree cover.
- The study highlights how climate change factors (CO<sub>2</sub> and rainfall) may reshape forest ecosystems across regions.

### Key Points

- Projected Increase in Forest Carbon:
  - ~35% increase under low-emission scenario
  - ~62% under medium-emission scenario
  - ~97% under high-emission scenario by 2100
- Temporal Trend:
  - Similar projections across scenarios till ~2030
  - Sharp divergence post-2050, especially in high-emission pathway
- Drivers of Increased Biomass:
  - Elevated CO<sub>2</sub> levels → Enhanced photosynthesis (CO<sub>2</sub> fertilization effect)
  - Increased precipitation → Better moisture availability
- Lag Effect:
  - Vegetation response delayed:
    - ~2 years (low/medium emissions)
    - ~4 years (high emissions)
- Regional Variations:
  - Highest relative increase:
    - Semi-arid & dry regions (Rajasthan, Gujarat, W. MP) (>60%)

### Static Linkages

- India's forests act as a carbon sink under Nationally Determined Contributions (NDCs)
- India aims to create an additional carbon sink of 2.5–3 billion tonnes CO<sub>2</sub> equivalent by 2030
- Forests classified as:
  - Very Dense Forest (VDF), Moderately Dense Forest (MDF), Open Forest
- Carbon cycle concept: Sources vs sinks (NCERT Geography)
- Ecosystem productivity & limiting factors (temperature, water, nutrients)
- Role of forests in climate regulation, biodiversity conservation, and hydrological cycles

### Critical Analysis

#### Positives:

- Indicates potential increase in natural carbon sequestration
- Highlights role of dryland ecosystems in climate mitigation
- Supports India's Paris Agreement commitments

#### Concerns:

- Carbon increase ≠ ecosystem stability
- Models ignore disturbances (fires, deforestation)
- Risk of carbon release during extreme events
- Limited gains in biodiversity hotspots

### Way Forward

- Strengthen afforestation & reforestation programmes
- Promote climate-resilient forest management
- Enhance forest monitoring using technology (GIS, remote sensing)
- Control deforestation and land-use change
- Integrate carbon sequestration with biodiversity conservation

# The strategic vulnerability in India's LPG supply model

India's Liquefied Petroleum Gas (LPG) problem is not a passing shortage. It comes from a gap that has grown too wide to ignore. India consumed about 33.15 million tonnes of LPG last year, but domestic production met only about 40% of that need. The remaining 60% had to be imported. Put plainly, India's total LPG demand is now about 250% of indigenous production, while annual LPG imports are equal to about 150% of domestic LPG output. That is not a minor balancing gap. It is a significant mismatch between what India produces and what its kitchens consume.



**Shrikant Madhav Yashir**  
Former Chairman of Indian Oil Corporation Ltd. and an energy strategist

This matters because LPG in India is overwhelmingly a household fuel; commercial LPG accounts for less than 10% of national consumption. So, the imported molecule is not mainly feeding a flexible industrial user that can cut runs or switch feedstock. It is going into domestic kitchens. This is what makes India's LPG dependence more serious than a normal product-import issue. A petrochemical plant can slow down. A household kitchen cannot.

**No longer a dependable corridor**  
The crisis now has exposed this sharply. About

India's LPG use is mainly household-based, highlighting import vulnerability

90% of India's LPG imports normally transit the Strait of Hormuz. India must accept that the Strait of Hormuz cannot be treated as a routinely dependable corridor for household fuel security. Even if the present disruption were to ease, the old assumption of uninterrupted normality will not return easily. The risk attached to this route has now entered the strategic calculation in a lasting way.

Import dependence alone, however, does not tell the full story. Japan imports a larger share of LPG than India does. China and South Korea also import large volumes of LPG. But what matters is not only how much a country imports. It is where the molecule goes, what alternatives households already have, and how much storage supports the system.

## Lessons from Japan

The table shows why raw percentages can mislead. Japan appears more import-dependent than India on LPG. Yet, Japanese household vulnerability is far lower – LPG serves only about 40% of households. Electricity accounts for about 50% of residential final energy use, and city gas also has a large residential base. More importantly, Japan has about 108.3 days of LPG stock through national and private reserves. Japan imports more, but it cushions that dependence with alternatives and storage.

China and South Korea are different again. In China, a large share of the LPG demand is driven by the petrochemical sector. In South Korea, household energy is supported much more by natural gas and electricity.

India's position is more exposed because the imported molecule goes overwhelmingly into domestic kitchens. India's problem is not that it imports LPG for the one use that is hardest to defer and also the hardest to replace quickly.

India's storage position also needs to be seen clearly. The Petroleum Planning and Analysis Cell reports about 15 days of LPG tankage cover in only about 140,000 tonnes – 60 TMT at Visakhapatnam (Andhra Pradesh) and 80 TMT at Mangalore (Karnataka) which is equal to only about 1.5 days of national demand. The first number shows that the system is not empty. The second shows that reserve-style protection is still very thin for a country of India's size and import dependence.

There is another point that deserves attention. India is not buying LPG in a loose, neutral global market. The exportable pool is not large, and it is already heavily claimed by a few Asian buyers. Just four Asian countries absorb a little over

half of the world's exportable LPG pool. And the rest is not sitting idle waiting to be redirected. Much of it is already tied up in petrochemicals, household cooking and heating, and autogas. This is why any sustained loss of dependable Gulf supply can quickly tighten the market.

## What India should do

How can India reduce its vulnerability? First, it should stop treating all LPG molecules as one pool. During the present disruption, India has already directed refinery to petrochemicals and butane for cooking LPG rather than for petrochemical or gasoline-blending use. That logic should continue. Domestically produced LPG and refinery-origin C3/C4 (propane/butane) streams should be reserved first for household fuel security. Petrochemical users should increasingly arrange their own feedstock imports. The government should not have to defend domestic kitchens and industrial feedstock demand from the same protected pool. Second, India should build a deeper LPG buffer. An initial goal of two to three weeks of protected cover for the household pool would be a sensible start. At current demand levels, that means about 1.3 million tonnes for 14 days and 1.9 million tonnes for 21 days. This is a large jump from the current cavern capacity, but it is the minimum scale at which India can begin to claim meaningful resilience.

Third, India needs a sustained campaign for electric cooking in urban and semi-urban India. This cannot be a one-season appeal. It has to continue over the years. Households with reliable power, adequate wiring and access to induction cooking should be encouraged to shift their primary cooking load away from LPG. A 'Give it up 2.0' plan should be launched.

The aim is simple: reduce the number of homes for which the LPG cylinder remains the first and only kitchen fuel. Piped Natural Gas (PNG) should expand where density supports it, but electricity is the broader lever.

India's LPG vulnerability will continue to persist unless policy addresses a basic mismatch: demand that is too high relative to domestic production; imports that are too concentrated in a single corridor, and excessive dependence concentrated in household kitchens. The answer is not simply to buy more LPG cargoes. It is to reserve domestic molecules for kitchens, separate petrochemical demand, build more storage, and steadily reduce the number of homes that rely on LPG alone.

India's LPG problem is not a passing shortage. It is an enduring mismatch between what the country produces and what its kitchens consume. This is why India's asymmetric LPG demand will remain a lasting vulnerability – unless the design of the system itself changes.

- Comparative Perspective:
  - Japan:
    - High imports but diversified energy mix.
    - ~108 days of LPG reserves.
  - China & South Korea:
    - LPG largely used in petrochemicals, not households.

## Static Linkages

- Energy security as part of economic sovereignty and strategic autonomy
- Role of subsidies in welfare delivery (DBT, PAHAL scheme)
- Importance of diversification of energy sources
- Strategic petroleum reserves concept and buffer stock logic
- Urban energy transition and electrification trends
- Demand-supply mismatch in essential commodities
- Infrastructure gaps in storage and distribution systems

## Critical Analysis

### Strengths

- LPG expansion improved clean fuel access
- Reduced indoor air pollution
- Strong welfare linkage (Ujjwala)

### Weaknesses

- High import dependence
- Heavy reliance on single chokepoint (Hormuz)
- Low strategic reserves
- Household demand is inelastic

### Challenges

- Supply disruption risks
- Competing demand (household vs petrochemical sector)
- Limited short-term substitutes

## Way Forward

- Build strategic LPG reserves (2–3 weeks buffer)
- Prioritize domestic LPG for households
- Promote electric cooking (induction transition)
- Expand PNG networks
- Diversify import sources and routes
- Separate industrial and household LPG demand
- Encourage behavioral shift (Give-it-up campaign)

## Why India is more exposed

High household dependence and tight global supply make the LPG risk sharper

### A household LPG vulnerability matrix

Country	LPG import share of total demand	Total LPG supply as % of domestic production	Household LPG use (% of total)	Household LPG security (days of cover)	LPG cover / storage position
India	60%	250%	150%	Very high	15 days operational tankage cover (PNGC), ~3.5 days in cavern-based deep storage
Japan	70%	333.3%	233.3%	Low	108.3 days
China	40.4%	167.7%	67.7%	Low to moderate	No clear public LPG days figure verified here
South Korea*	74.5%	391.7%	291.7%	Low	12-30 day stockholding, obligation framework

\* Indicative, based on publicly available market data

### Who absorbs the global exportable LPG pool?

Country	LPG imports used for consumption	Share of global LPG resources	Main use of LPG
China	36.5 MMt	26.3%	Mainly petrochemical-driven at the margin
India	19.89 MMt	14.2%	Mainly household cooking fuel
Japan	9.8 MMt	7%	Mixed: household cooking + chemicals
South Korea*	~7 MMt	~5%	Mixed, with strong industrial/petrochemical role
Total	73.39 MMt	52.5%	

\* Using global LPG exports of 139.4 MMt. South Korea is indicative

## KEY HIGHLIGHTS

### Context of the News

- India faces a structural Liquefied Petroleum Gas (LPG) imbalance, with demand far exceeding domestic production.
- Total LPG consumption reached ~33.15 million tonnes, but only ~40% is met domestically, with ~60% imported.
- Around 90% of LPG imports pass through the Strait of Hormuz, raising strategic concerns amid geopolitical tensions.
- LPG is predominantly a household cooking fuel, making supply disruptions a direct welfare issue rather than just an industrial concern.

### Key Points

- Import Dependence:
  - LPG demand is ~250% of domestic production.
  - Imports equal ~150% of domestic output.
- Consumption Pattern:
  - >90% LPG used in households; commercial share <10%.
  - Unlike petrochemical use, household demand is inelastic.
- Strategic Risk:
  - Heavy reliance on a single maritime route (Hormuz).
  - Global LPG supply pool is limited and pre-committed.
- Storage Deficit:
  - Operational storage: ~15 days.
  - Strategic cavern storage: ~1.5 days only (140 TMT).

# The price of a war far above the ground

Recently, at New Delhi's Indira Gandhi International Airport, a departure board suddenly transitioned from "On Time" to "Delayed," and then to "Rescheduled." The official explanation – rerouting due to airspace restrictions over West Asia – barely concealed the deeper reality of the Iran war steadily redrawing the economic and operational contours of global aviation. What appears as episodic inconvenience is, in truth, an outward manifestation of a structural disturbance whose implications extend far beyond delayed departures.

Airspace closures across critical corridors have forced airlines into circuitous routes, often extending flight durations by two to eight hours depending on the routes, inflating fuel consumption and compressing already slender operating margins. Simultaneously, jet fuel prices surged to nearly \$195-\$197 a barrel. Given that fuel constitutes between 25% and 40% of total airline operating costs, such increases could destabilise the industry in which net margins rarely exceed 3% to 5%.

The impact is already visible: ticket prices have increased by 10%-20% in several markets, fuel surcharges risen by over 30% in certain cases, and thousands of flights cancelled globally, especially along the Europe-Asia axis. Yet, to dwell exclusively on these symptoms is to risk overlooking a deeper question, which is what trajectory this disruption is likely to assume in the near future.

**The new normal**  
The risk of sustained tensions between the United States-Israel and Iran is likely to persist over the medium term. A probable outcome is the gradual normalisation of inefficiency. Rerouted flight paths, once conceived as temporary adjustments, may become embedded within airline operating models, permanently altering route economics. In such a scenario, the industry would witness a sustained elevation in cost structures driven by higher fuel burn, increased crew costs, extended turnaround times, and reduced aircraft utilisation.

Over time, this would lead to rationalisation of airline networks, with marginal secondary hubs, particularly those linking secondary cities,



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becoming economically untenable. The geography of global aviation itself may undergo a subtle, yet significant, reconfiguration. An outcome of this may be traditional West Asian hubs ceding some of their pre-eminence to alternative transit points in Türkiye, Southeast Asia, or even India. For Indian carriers, however, the implications are more acute. Their structural dependence on West Asian air corridors for connectivity to Europe and North America renders them particularly vulnerable, creating a persistent imbalance between rising costs and the constraints of a price-sensitive market.

A more disquieting possibility lies in the prospect of escalation within or after the ceasefire period. Such a scenario may lead to wider airspace closures and sharper energy market disruptions; the consequences could assume a systemic character. Fuel prices, already volatile, may become both elevated and unpredictable, further amplifying operational uncertainty. Flight networks could contract, particularly across high-density intercontinental corridors, while elevated fares and geopolitical anxiety dampen demand. Unlike the COVID-19 pandemic, where demand collapsed due to health concerns, this would constitute a cost-induced contraction, wherein airlines continue to operate but under severe financial strain.

**Handling the disruption**  
For India, such a scenario would be especially onerous. Aviation turbine fuel (ATF), already burdened by high taxation, would reflect the full force of global price shocks, compounded by currency depreciation. The sector could find itself confronting a confluence of pressures, escalating input costs, weakening demand, and constrained pricing power, potentially precipitating consolidation or strategic retrenchment among carriers with limited financial resilience.

Yet, crises, even of this magnitude, are not without possibilities of bearing latent opportunities.

A third trajectory – less immediate but strategically consequential – lies in adaptive reconfiguration. Faced with sustained geopolitical

uncertainty, airlines and policymakers make a strategic decision to recalibrate. This could appear in the form of a diversification of routing strategies, reduced dependence on any single geopolitical corridor, alongside investments in ultra-long-haul aircraft capable of bypassing traditional transit hubs altogether. The emergence of alternative aviation hubs outside conflict-prone regions could gradually redistribute traffic flows, while policy interventions, particularly in markets such as India, may address structural inefficiencies, including the rationalisation of ATF taxation and the renegotiation of bilateral air service agreements. In such a scenario, India's current vulnerability could, with strategic foresight, be transformed into opportunity, positioning the country as an alternative node in the evolving architecture of global aviation.

**This is a challenge**  
Amidst these future possibilities, one conclusion asserts itself with increasing clarity: geopolitics should no longer be treated as an exogenous shock to the aviation sector; rather, it should be seen as an intrinsic variable shaping its economics and operations. The long-standing assumption of predictable skies, upon which the industry's finely optimised networks were constructed, has probably been irreversibly unsettled.

Airlines must now internalise uncertainty, embedding scenario planning, dynamic pricing and strategic flexibility into the core of their operations. Possibly, for airlines, this is the equivalent of a "VUCA" (Volatile, Uncertain, Complex, and Ambiguous) world of global supply chains and an opportunity to re-strategise and recalibrate. For India's aviation sector, already navigating the complexities of high input costs and price-sensitive demand, the challenge is particularly formidable.

What is unfolding is not merely a transient disruption, but the gradual emergence of a new aviation order, one defined not by the efficiency of open skies, but by the exigencies of a fractured and uncertain geopolitical landscape. The question is no longer whether turbulence will persist, but whether the industry possesses the strategic agility to navigate it.

## KEY HIGHLIGHTS

### Context of the News

- Recent disruptions in global aviation due to escalating tensions involving Iran, Israel, and the United States have led to airspace closures across West Asia.
- Flights from India, particularly via Indira Gandhi International Airport, are being rerouted, causing delays and operational challenges.
- Airlines are facing increased fuel consumption, longer routes, and rising costs due to restricted air corridors.

### Key Points

- Flight durations have increased by 2–8 hours due to rerouting.
- Jet fuel prices surged to ~\$195–197/barrel, significantly impacting airline costs.
- Aviation fuel constitutes 25–40% of airline operating costs.
- Airline profit margins remain low at 3–5%, making the sector highly vulnerable.
- Ticket prices have increased by 10–20%, with fuel surcharges rising by 30%+ in some cases.
- Thousands of flights cancelled globally, especially on Europe–Asia routes.
- Indian airlines are disproportionately affected due to reliance on West Asian air corridors.
- Potential long-term shift in global aviation hubs toward Türkiye, Southeast Asia, and India.

### Static Linkages

- Air transport as a component of infrastructure and economic development
- Role of crude oil prices in inflation and current account deficit
- Taxation structure of Aviation Turbine Fuel (ATF) in India

- Balance of Payments and exchange rate impact
- Globalisation and supply chain disruptions
- Concept of geopolitical risk in international trade
- Hub-and-spoke model in aviation networks
- Government regulation of civil aviation (DGCA, ICAO framework)

### Critical Analysis

#### Positives

- Opportunity for India to emerge as an alternative aviation hub
- Push for technological upgrades (fuel-efficient aircraft)
- Encourages diversification of global aviation routes

#### Negatives

- Increased costs → reduced profitability of airlines
- Higher airfares → decline in passenger demand
- Vulnerability due to dependence on geopolitically sensitive routes
- Pressure on India's current account deficit due to high fuel prices

#### Challenges

- High taxation of ATF in India
- Limited pricing power of airlines
- Uncertainty due to prolonged geopolitical tensions

### Way Forward

- Bring ATF under GST for tax rationalisation
- Develop India as a global aviation hub
- Diversify international air routes
- Strengthen bilateral air service agreements
- Invest in ultra-long-haul aircraft and fuel efficiency
- Improve resilience through better risk management frameworks

## The price of negligence

Human involvement in hazardous industries must be minimal

In yet another gruesome explosion at a fireworks unit on April 19 in Tamil Nadu's southern Virudhunagar district, 25 workers were killed and eight others injured. The number of injured went up to 20, including policemen and firefighters, after another explosion occurred at the unit later. In the past four years, at least 134 people have died and 89 have been injured in such explosions in the district, which is known for its concentration of fireworks units. It is an outright misnomer to describe this type of explosion as an accident, as any preliminary investigation would reveal. Accidents are associated with elements of surprise and unanticipated occurrence. But in the case of Virudhunagar, it is known to every worker – even if no separate sensitisation course is conducted – that the firecracker industry is hazardous and that any negligence of safety norms can result in disaster. Moreover, such explosions have occurred at regular intervals in the district, claiming the lives of scores of workers, most of whom come from economically weaker sections of society. Beyond expressing condolences and announcing solatium, the authorities at the Union and State levels have done little of substance to reduce, if not eliminate, the risk of such explosions. What they should and could have done is intensify meaningful monitoring, the absence of which is now and then felt in the form of explosions.

The Virudhunagar incident has brought into focus the role of law enforcement authorities in ensuring proper supervision, as the unit in question was operating on a Sunday – observed as a holiday by the fireworks industry – apparently without permission. Contrary to the norms specified in the licence issued by the district authorities, which allow only a dozen people to work in any fireworks unit at any given time, 40 people were present at the unit at the time of the explosion on Sunday. These two aspects, judging by the frequency of such explosions, are not unique to this particular fireworks unit. Official inspections may have taken place but they would have been carried out more as a ritual than as a meaningful exercise. There have, of course, been reports of a manpower shortage within the monitoring authorities. While coming down heavily on wrongdoers, including unlicensed units and those working regularly in violation of safety norms, the officials should also ensure that, in the name of tighter supervision, legitimately functioning units are not subjected to harassment. They should also not gloss over the economic reality of the district where the industry provides employment to lakhs of people in a region that is largely arid and dependent on rain-fed irrigation. Sober elements in the industry should consider ways to increase the use of automation and reduce human involvement.

## KEY HIGHLIGHTS

### Context of the News

- On April 19, 2026, a major explosion in a fireworks unit in Virudhunagar district killed 25 workers and injured several others.
- A subsequent blast increased the number of injured, including police and firefighters.
- Over the last four years, the district has witnessed 134 deaths and 89 injuries due to similar incidents.
- The region is a hub of India's fireworks industry, with a high concentration of small-scale units.
- Preliminary findings suggest violations of safety norms, including:
  - Unauthorized operation on a holiday
  - Excess workforce (40 workers vs permitted ~12)
- Recurrent nature of such incidents points to systemic regulatory and enforcement failures rather than isolated accidents.

### Key Points

- Fireworks manufacturing is classified as a hazardous industry under Indian law.

- Safety norms are governed by:
  - Explosives Rules, 2008 under the Explosives Act, 1884
  - Licensing by Petroleum and Explosives Safety Organisation (PESO)
- Common violations in such incidents:
  - Overcrowding in units
  - Improper storage of chemicals
  - Lack of protective equipment
  - Unauthorized operations
- Economic dimension:
  - The industry employs lakhs of workers, largely from economically weaker sections
  - Concentrated in drought-prone, low-agriculture productivity regions
- Administrative gaps:
  - Weak inspections and “ritualistic compliance”
  - Manpower shortages in enforcement agencies
- Ethical dimension:
  - Workers knowingly operate in hazardous conditions due to lack of alternative livelihoods

### Static Linkages

- Directive Principles emphasize safe and humane working conditions
- Right to life includes right to safety and dignity at workplace
- Hazardous industries require state regulation and inspection mechanisms
- Labour welfare and occupational safety are part of social justice framework
- Disaster management includes industrial and chemical hazards
- Informal sector employment linked to poverty and regional imbalance

### Critical Analysis

#### Issues

- Regulatory failure: inspections are ritualistic, not effective
- Poor enforcement of licensing conditions
- High dependence on manual hazardous labour
- Lack of accountability for violations
- Focus on compensation rather than prevention

#### Socio-economic Dimension

- Workers from economically weaker sections
- Limited alternative livelihoods → risk acceptance
- Region dependent on this industry

#### Ethical Dimension

- Violation of dignity and safety of labour
- State failure in protecting vulnerable citizens

### Way Forward

- Strengthen inspection mechanism with accountability
- Use technology-based monitoring (digital logs, CCTV, geo-tagging)
- Strict penalties for violations; shut repeat offenders
- Promote automation to reduce human exposure
- Skill diversification and alternative livelihood programs
- Formalisation of labour + insurance (ESIC coverage)
- Cluster-based safety infrastructure
- Awareness and mandatory safety certification

# Hormuz

immediate crisis to redesigning the systems that created this vulnerability in the first place," UAE based businessman and the country's Special Envoy for Business & Philanthropy Badr Jafar wrote recently in *Financial Times*.

"The crisis is doing what years of summery could not—creating the conditions for genuine intraregional economic integration. States whose ties were strained only weeks ago are now finding common cause. Rerouting essential commerce away from a single chokepoint de-risks not only the economies of the region but global supply chains," Jafar wrote.

For decades, Iran threatened to close the Strait, but didn't actually do it. The US-Israel war against Iran that started on February 28 changed that. Tehran—and the world—now know that it can effectively halt vessel movements through the maritime chokepoint almost at will, and impose a massive cost on the global economy.

"Looking ahead, several pipeline options could be expanded, reactivated, or newly constructed to further reduce reliance on the Strait of Hormuz. However, all of these would require a significant financial investment and several years to be realised," Victoria Grabenwöger, senior oil analyst at commodity market analytics firm Kpler, told *The Indian Express*.

Even as numerous oil tankers, among scores of merchant vessels, have been stranded in the Persian Gulf, Saudi Arabia and the UAE managed to export some of their oil using pipelines that bypass the Strait of Hormuz. These are Saudi Arabia's 1,200-km long East-West pipeline from oil fields near the Persian Gulf to

the Red Sea port of Yanbu, and UAE's Abu Dhabi Crude Oil Pipeline (ADCOP) that connects the Habshan oil field to the port of Fujairah in the Gulf of Oman.

While the volumes that can be moved through these pipelines are much lower than what Saudi Arabia and UAE usually export through the Hormuz, they have exhibited the potential of pipelines as a tool to reduce dependence on the Strait.

This realisation could lead to a tectonic shift in how energy flows from West Asia. According to experts and analysts, the war has jolted other West Asian powers into recognising the importance of building massive infrastructure like pipelines to bypass the Strait of Hormuz. Such infrastructure build-up—which could include building new pipelines, expanding capacities of existing pipeline systems, and reviving discarded or mothballed pipelines—would take years, huge investments, and a great degree of cooperation between the Gulf states. But with Iran having tasted blood by disrupting the Strait of Hormuz, it is likely that more pipeline and port infrastructure will come up in West Asia to divert exports through alternative routes like Gulf of Oman, Red Sea, and Mediterranean Sea.

It's not like West Asia didn't have oil export pipelines in the past. Yet, hardly any has stood the test of time and regional tensions. "When looking at the historical performance of the oil export pipelines in the Gulf, one could easily note that every line in the region has been shut down at least once, and that most of them remain closed until the present time. The main reasons remain the political conflicts within producing countries or transit states, and interstate disputes. In fact, most of the pipelines crossing state boundaries have fallen victim to the region's political rivalries and conflicts at one point or

## The pipeline options

"The most feasible measures would likely include capacity expansions of Saudi Arabia's East-West pipeline/Yanbu, as well as enhancements or parallel lines to the UAE's ADCOP pipeline to Fujairah," said Kpler oil analyst Grabenwöger. "Increasing throughput on the Iraq-Turkey pipeline (Kirkuk to Ceyhan) could also enable greater volumes of Iraqi crude to bypass the Gulf. In addition, several projects currently on hold could be revived in the coming years, including the Basra-Aqaba (Iraq-Jordan) pipeline and the IPSA (Iraqi Pipeline through Saudi Arabia) pipeline. The latter—linking Iraq to Saudi Arabia and onward to Yanbu on the Red Sea—has been out of service since the early 1990s and would require significant technical refurbishment and political coordination to restart. If reactivated, however, it could provide a substantial alternative export route that avoids the Strait entirely."

Abu Dhabi-based energy analyst Natalia Katona said connecting the oil production in Iraq's Basra to Kirkuk and then onward to Ceyhan in Turkey makes a "lot of sense on paper".

"The infrastructure partly exists, but expanding and stabilising it would take time, money, and a much more predictable security environment. That said, Iraq probably has the most pressure to act—limited storage, limited refining, and a heavy reliance on continuous exports..." Katona said.

Apart from the Trans-Arabian Pipeline and IPSA, other major defunct or inactive West Asian oil pipeline systems include a pipeline that connected Kirkuk in Iraq with the Syrian port of Baniyas and the Iraq-

Syria-Lebanon pipeline. Most of such pipelines have effectively been shut due to wars and political tensions, although talks of reviving them do surface from time to time. "For countries like Kuwait, Qatar, and Bahrain, geography really works against them. They don't have many viable pipeline alternatives, so in the short to medium term it's more about building up storage and managing risk rather than rerouting flows entirely. In terms of timing, UAE probably has the most flexibility to move relatively quickly on incremental projects. But the real structural pressure is on Iraq and the smaller Gulf countries—they are the most exposed and have the fewest fallback options," Katona said.

But the current limitations faced by the likes of Kuwait, Qatar, and Bahrain doesn't stop them from collaborating with their Gulf neighbours to build pipeline infrastructure for the future. "Saudi Arabia and the UAE managed to circumvent the chokepoint to a limited degree via their bypass pipelines. Riyadh and Abu Dhabi are almost certain to double down, expanding those emergency conduits further. Kuwait would doubtless join forces with the Saudis to build its own bypass pipeline. Iraq would struggle with the expense, but it has every incentive to rebuild its old strategic pipeline that let it move oil from the south to the Mediterranean via Turkey," Javier Blas, energy and commodity columnist at Bloomberg wrote in a recent column.

"Five years from now, the Persian Gulf will have far better bypass options than it does today. No matter what the US and Iran agree over the future of Hormuz, the Strait's status will change. But the waterway will never be as critical to the global economy as it was when the fighting started six weeks ago," Blas wrote.

- Challenges:
  - High capital investment
  - Political instability and regional conflicts
  - Cross-border coordination issues
- Countries like Kuwait, Qatar, Bahrain have limited geographical alternatives.

## Static Linkages

- Strait of Hormuz as a strategic chokepoint in world geography (NCERT Class XII – Fundamentals of Human Geography).
- Concept of energy security and diversification of supply sources (Economic Survey).
- Role of geopolitics in trade routes (India Year Book – External Sector).
- Pipeline transport as a cost-effective and secure mode (NCERT Class X Geography – Lifelines of National Economy).
- Impact of conflicts on global commodity prices (oil shocks) (Macroeconomics basics).

## Critical Analysis

### Pros

- Encourages diversification of energy routes
- Promotes regional cooperation in Gulf region
- Enhances long-term energy resilience

### Cons

- Pipelines are costly and time-intensive
- Vulnerable to conflicts, sabotage, and political disputes
- Maritime transport remains more flexible and cheaper

### Challenges

- Political instability in West Asia
- Cross-border coordination issues
- Financing large-scale infrastructure

## Way Forward

- Develop multi-route energy transport systems
- Strengthen strategic petroleum reserves (SPR)
- Enhance regional cooperation (GCC framework)
- Diversify energy imports (for India)
- Accelerate renewable energy transition
- Improve maritime security mechanisms

## KEY HIGHLIGHTS

### Context of the News

- Escalation of conflict involving Iran, Israel, and the United States has led to disruption of maritime traffic through the Strait of Hormuz.
- The Strait, located between Iran and Oman, handles nearly 20% of global oil and LNG trade.
- Gulf countries like Saudi Arabia and United Arab Emirates are exploring alternative export routes to reduce dependence on this chokepoint.
- Temporary halt in shipping has exposed global energy supply vulnerabilities and triggered strategic infrastructure planning (pipelines, ports).

### Key Points

- Strait of Hormuz is a critical maritime chokepoint for global energy security.
- Disruption has demonstrated Iran's ability to weaponise geographic advantage.
- Existing bypass infrastructure:
  - Saudi East-West Pipeline (Yanbu) to the Red Sea.
  - UAE's Abu Dhabi Crude Oil Pipeline (ADCOP) to Fujairah (Gulf of Oman).
- Proposed/Revival pipeline options:
  - Iraq-Turkey pipeline (Kirkuk-Ceyhan) expansion.
  - Basra-Aqaba pipeline (Iraq-Jordan).
  - Revival of IPSA pipeline (Iraq-Saudi Arabia).

# Worker unrest shows cost-of-living crisis can no longer be ignored

ONE OF the major demands of workers in the recent protests across states has been to raise the minimum wage. Most workers complained of their inability to meet the basic cost of living from the wages they earn. This was despite many of them working overtime, when inflation was 1 per cent or less throughout the second half of last year. Since January, inflation has been climbing rapidly, with food inflation moving faster. While the trigger for the workers' anger may have been the rise in cooking-gas prices, the situation has been worsening for a period of time.

At the heart of the matter is the inability of wages and earnings in a majority of the sectors and across categories of workers to meet the latter's basic needs. But none of this should have been surprising. Data from different sources have been showing evidence of declining or at best stagnant real wages, with the recent spell having been the longest in India's independent history. Data from the Labour Bureau on rural wages suggest a near-stagnation in agricultural wages, while non-agricultural wages are actually declining. But the biggest fall has been in regular wages, which have seen a steady decline since 2011-12. Data on regular wages available from the Periodic Labour Force Surveys (PLFS) and the Employment-Unemployment Surveys (EUS) of the National Statistical Office (NSO). Regular wages in urban areas declined by 1.2 per cent per

annum between 2011-12 and 2022-23 with a corresponding decline in rural areas of 0.6 per cent per annum during the same period. Compare that with an increase of 4 per cent in urban areas and 3 per cent in rural areas between 2004-05 and 2011-12. The NSO shifted to reporting the PLFS with calendar year references from 2022 and these suggest a marginal recovery in real regular earnings with regular wages increasing at 1.2 per cent per annum between 2022 and 2023, the last year for which the information is available. But even with this recovery, real regular wages are lower than the level in 2011-12. The same Periodic Labour Force Surveys also suggest a decline in real terms for casual workers, with the earnings of rural male casual workers declining by 3 per cent per annum between 2022 and 2023 and those of their urban counterparts declining by 0.2 per cent per annum.

The situation among the self-employed is no better and their earnings have also shown a real decline since the PLFS started reporting them from 2017-18. Even estimates based on national accounts for farmers' income suggest a decline in real earnings at 0.6 per cent per annum between 2016-17 and 2023-24. The situation of unorganised-sector workers is also worrying. More than 310 million workers are registered on the e-Shram portal. Among these, less than 4 per cent report earning less than



HIMANSHU

Rs 10,000 per month. Even the latest Annual Survey of Unorganised Sector Enterprises (ASUSE) for 2025 reports a monthly average remuneration of Rs 10,376 in rural areas and Rs 13,012 for urban workers in these enterprises. All of these are less than the inflation-adjusted minimum wages applicable for unskilled workers. Perhaps the biggest evidence of distress in the economy is the demand for work under VB-G RAM G, which has remained high despite the fact that the wages it offers are almost two-thirds of the market wages in many states. Almost one-third of households in rural areas have worked under this scheme despite the low wages.

The cost-of-living crisis is partly a crisis of inflation making it difficult for an average worker to spend on essentials. It is largely a crisis of stagnant earnings across a spectrum of workers. This has affected regular workers in the organised sector as well as millions of informal workers in the unorganised sector. The same goes for those self-employed in tiny enterprises in the unorganised sector.

None of this is surprising. This situation has persisted for almost a decade. Even the hope of a revival after the pandemic is belied by the data available after 2022. This was also acknowledged by the Economic Survey, which highlighted the declining incomes of regular and self-em-

ployed workers.

Unfortunately, the situation is likely to become worse given the trend of rising inflation in recent months. While some of this is a result of the geopolitical uncertainty and the consequent rise in energy prices, it is likely to spill over to other areas affected by the global uncertainty. The India Meteorological Department predicts a deficient monsoon this year, and if this is accompanied by declining agricultural production, there is likely to be even more pressure on food prices.

The distress in the economy has wider implications. The low earnings among the majority of workers are also responsible for the low demand in the economy, which has impacted private investment. While the government may be in a position to regulate and control prices in the short run, a long-term solution for the crisis requires interventions to raise workers' incomes, which have stagnated for a long time. It may also require the government to intervene and regulate working conditions. It is necessary to raise incomes not just to protect millions of workers from falling into poverty but also for the economy's revival through demand generation. It is for the government to decide the way to do it. But it is clear that the cost-of-living crisis can no longer be ignored.

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## Static Linkages

- Real vs Nominal Wage (Inflation adjustment)
- Demand-Pull vs Cost-Push Inflation
- Keynesian Demand Theory
- Disguised Unemployment
- Informal Sector Characteristics
- Minimum Wage vs Living Wage
- Labour Reforms – Code on Wages, 2019
- Inclusive Growth & Human Development

## Critical Analysis

### Positives

- Improved labour data (PLFS, e-Shram) aids targeted policymaking
- Welfare schemes act as safety nets during distress

### Negatives / Challenges

- Persistent real wage stagnation despite GDP growth
- Dominance of informal sector (~90%)
- Weak enforcement of minimum wages
- Inflation disproportionately affects poor households
- Low wages suppress aggregate demand

### Structural Issues

- Jobless growth pattern
- Low productivity in informal sector
- Skilling gaps and labour market mismatch

### Ethical/Constitutional Angle

- Article 38: Reducing inequality
- Article 43: Living wage & decent standard of life

## Way Forward

- Ensure living wage framework beyond minimum wage
- Strengthen labour-intensive manufacturing
- Formalize workforce via digital + policy reforms
- Expand universal social security coverage
- Control inflation through supply-side measures
- Increase rural income support & productivity
- Promote skill development aligned with industry demand

## KEY HIGHLIGHTS

### Context of the News

- Rising inflation—especially food and fuel—has intensified the cost-of-living crisis for workers.
- Evidence from National Statistical Office (via Periodic Labour Force Survey) shows stagnant or declining real wages across rural and urban India.
- Even after a mild recovery post-2022, real wages remain below 2011–12 levels.
- Informal workforce distress: ~94% of e-Shram registered workers earn < ₹10,000/month.
- High reliance on public employment schemes indicates hidden unemployment and weak labour markets.
- Economic Survey of India highlights weak income growth and demand slowdown.

### Key Points

- Real Wage Trends Urban:
  - ↓ ~1.2% annually (2011–12 to 2022–23)
  - Rural: ↓ ~0.6% annually
- Casual & Informal Workers
  - Rural casual wages ↓ ~3% annually (2022–25)
  - Informal wages below minimum wage benchmarks
- Self-employed & Farmers
  - Declining real earnings since 2017–18
  - Farmers' income ↓ ~0.6% annually
- Inflation Drivers
  - Food inflation + LPG price rise
  - Risks from global energy shocks & monsoon variability
- Macroeconomic Impact
  - Low incomes → weak consumption → low private investment
  - Emergence of demand-deficient growth cycle

It's about better representation,  
not more MPs



SRINIVAS GOLI

INDIA'S POPULATION is projected to peak in early 2060s at slightly more than 1.6 billion before beginning a long decline. Yet, proposals to raise the Lok Sabha ceiling from 543 to 850 seats, tied to a new Delimitation Commission using the 2011 Census, are being discussed as if limitless expansion were the only future. This combination of near-term demographic peaking alongside a potentially permanent institutional expansion forces a harder question than "more people, more MPs." But this is where public debate is getting trapped.

We are treating "people per MP" as the sole measure of representation and assuming that the only way to achieve a higher ratio is to add seats. As a demographer, I want to pose a simpler question: Do we actually need more MPs to better represent Indians? The case for expanding the Lok Sabha is often framed as a simple representation problem: Average population per constituency is large and unequal across states. But acknowledging the strain of disproportionate representation is not the same as accepting an across-the-board expansion to 850 seats as the inevitable or best solution.

Start with what has changed since 1971. Representation is not only a matter of headcounts; it is a matter of access. In the early decades after Independence, access depended heavily on physical distance and slow communication. That world no longer exists. The 1971 "service capacity" of an MP cannot be assumed to be the right benchmark for 2026.

More importantly, a key question is not whether representation should be equitable, but whether a large, irreversible increase in seats is being justified primarily on a demographic arithmetic that is already approaching its crest. Even our recent projections indicate an earlier population peak than the UN suggests.

Even if India's average constituency size is large, the policy question is what mix of institutions should carry representation and service-delivery burdens. India already has a vast democratic architecture closer to citizens than Parliament: Over 250,000 panchayats and around 3,700 urban local bodies. The representation challenge is not a lack of elected offices but the distribution of authority, finances, and problem-solving capacity across tiers.

A second justification sometimes offered for increasing seats is the hope of improving women's representation. Yet in the 2024 Lok Sabha elections, 74 women were elected, 13.6 per cent of MPs, a decrease from the previous House. Comparative figures underline the gap: Women are 46 per cent of MPs in South Africa, 35 per cent in the UK, and 29 per cent in the US. India's problem is not population arithmetic capacity but empowerment and political choices about nominations and winnability.

A practical alternative is to deepen democratic effectiveness where the numbers are already large, in local bodies. If the concern motivating delimitation is representation and responsiveness, strengthening the tier with 3.2 million elected representatives, including 1.5 million women, should be part of the solution. Expanding the Lok Sabha is, in effect, a one-way door. Seats, once created, become entrenched. If the principal rationale is a temporary peak in population size, are we confident that the long-run institutional trade-offs are worth it? Proposals to expand the Lok Sabha risk locking in a permanent fiscal and federal redesign for what may ultimately be a temporary population moment.

The writer is a demographer at the International Institute for Population Sciences (IIPS), Mumbai. Views are personal

If the concern motivating delimitation is representation and responsiveness, strengthening the tier with 3.2 million elected representatives, including 1.5 million women, should be part of the solution

## KEY HIGHLIGHTS

### Context of the News

- India's population is projected to peak around early 2060s (as per United Nations Department of Economic and Social Affairs and national projections).
- With the freeze on delimitation ending in 2026, proposals to increase Lok Sabha seats from 543 to ~850 are under discussion.
- Likely use of 2011 Census data for delimitation has triggered concerns over regional imbalance.
- Debate: Whether increasing MPs is necessary for improving representation or whether reforms in governance structure are preferable.

### Key Points

- Delimitation Framework
  - Based on Articles 81 & 82 of the Constitution.
  - Freeze imposed via 42nd Amendment (1976) and extended by 84th Amendment (2001) till 2026.
- Population Dynamics
  - India nearing demographic stabilisation.
  - Growth concentrated in northern states; southern states show low fertility rates.
- Representation Issue
  - High population per MP ratio (~20–30 lakh).
  - Regional disparities may widen post-delimitation.

- Institutional Capacity Argument
  - Representation today enhanced through technology and governance tools.
  - MP effectiveness not solely dependent on constituency size.
- Women's Representation
  - Only ~13.6% in Lok Sabha (2024).
  - Issue linked to political participation, not seat availability.
  - Existing Democratic Base ~3.2 million elected representatives in local bodies.
  - Indicates need to strengthen decentralisation rather than expand Parliament.

### Static Linkages

- Articles 81, 82 – Lok Sabha composition and delimitation
- 42nd & 84th Constitutional Amendments – Freeze on seat redistribution
- 73rd & 74th Amendments – Panchayati Raj & Urban Local Bodies
- Principle of "One person, one vote, one value"
- Demographic Transition Theory (NCERT)
- 2nd ARC – Strengthening local governance
- Role of Finance Commission in fiscal federalism

### Critical Analysis

#### Arguments in Favour

- Reduces population burden per MP
- Enhances democratic representation
- Aligns representation with current population realities

#### Arguments Against

- May penalise states that controlled population growth
- Risks north-south political imbalance
- Creates permanent institutional expansion for temporary demographic peak
- Higher fiscal and administrative costs
- Does not ensure better governance outcomes

#### Core Issue

- Representation crisis is less about numbers and more about:
  - Access
  - Efficiency
  - Decentralisation

### Way Forward

- Balanced Delimitation Approach
  - Combine population with equity and federal considerations
- Strengthen Local Bodies
  - Ensure 3Fs: Funds, Functions, Functionaries
- Promote Women's Representation
  - Effective implementation of Women's Reservation
- Use Technology
  - Digital governance to enhance MP accessibility
- Consensus-based Reform
  - Avoid abrupt changes; ensure cooperative federalism
- Periodic Review Mechanism
  - Avoid irreversible institutional expansion

# Too much distrust, Iran-US must extend ceasefire

THE TWO-WEEK Iran-US ceasefire comes to an end on April 22. The steps taken towards de-escalation during this time may seem to have been undone over the past weekend. Less than 24 hours after Iranian foreign minister Abbas Araghchi announced on social media that the Strait of Hormuz was open to commercial vessels, the Islamic Revolutionary Guard Corps (IRGC) intervened to close it again. Since then, the US has seized an Iranian cargo vessel attempting to bypass the blockade. Iran has vowed swift retaliation, having already fired on three commercial ships, including two Indian-flagged vessels. Amid renewed escalation, there is little clarity on Tehran attending the second round of talks in Pakistan, even as a US delegation reportedly heads to Islamabad. The narrow window for de-escalation opened by the pause of hostilities in Lebanon appears to be closing unless both sides decide otherwise.

For the reciprocal, step-by-step exchange of concessions in diplomacy, what is vital is the space for negotiations. For Tehran, the ceasefire in Lebanon (its precondition for talks) and Donald Trump's assurance that Israel would be "prohibited" from further strikes appeared sufficient to reopen the Strait of Hormuz. But when the US continued with the blockade, the IRGC reversed course, signalling the possibility of escalation. The episode suggests that the hardline IRGC overruled the civilian leadership on the Strait. A deepening divide between the hardliners and those open to diplomatic overtures could complicate matters. Trump, on his part, has reverted to his familiar flip-flop rhetoric, warning on social media that the US would strike "every single power plant, and every single bridge" if Iran refuses a deal, even as his representatives are going to Islamabad for negotiations. Both sides are thus seeking leverage to strengthen their bargaining positions.

Decades of hostility and mistrust between the two warring sides, and the structural obstacles that have accumulated, cannot be resolved over a single weekend even after 21 hours of direct negotiations. While after the breakdown of talks in Islamabad the last time around, both sides kept the door to dialogue ajar, recent escalations across the Strait of Hormuz and the Gulf of Oman threaten to shut it. The ceasefires in Iran and Lebanon are also intertwined. Failure on one front risks derailing the other. Tehran and Washington must give diplomacy a chance. For this, the ceasefire must be extended — and sustained — across all fronts. The alternative — a return to intense conflict, disrupted energy supplies and soaring prices — is reason enough.

## KEY HIGHLIGHTS

### Context of the News

- The two-week ceasefire between Iran and United States is nearing collapse amid renewed hostilities.
- Despite initial assurances by Iran to reopen the Strait of Hormuz for commercial shipping, the Islamic Revolutionary Guard Corps reimposed restrictions.
- The US reportedly seized an Iranian cargo vessel attempting to bypass the blockade.
- Iran retaliated by targeting commercial ships, including Indian-flagged vessels, escalating maritime insecurity.
- Diplomatic talks expected in Islamabad remain uncertain, indicating shrinking space for negotiations.

### Key Points

- Strategic chokepoint: Strait of Hormuz handles ~20% of global oil trade (as per US Energy Information Administration).
- Internal power struggle in Iran: Civilian leadership vs IRGC hardliners influencing foreign policy decisions.
- US strategy: Coercive diplomacy — simultaneous negotiation and military pressure.
- Regional linkage: Ceasefire dynamics linked with tensions in Lebanon and broader West Asian geopolitics.

- Impact on India: India imports ~85% of its crude oil (Economic Survey).
- Nearly 60% of imports pass through the Strait of Hormuz.
- Global economic risk: Potential spike in oil prices, inflationary pressures, and supply chain disruptions.

### Static Linkages

- Major sea lanes of communication (SLOCs) and chokepoints in world geography.
- India's energy security and import dependence (Economic Survey, NITI Aayog).
- Role of strategic waterways in global trade (NCERT Geography – Class XII).
- Principles of diplomacy and balance of power in international relations.
- Impact of oil price shocks on inflation, fiscal deficit, and current account deficit.

### Critical Analysis

#### Positives

- Diplomatic engagement channels still open.
- Scope for third-party mediation.
- Opportunity for India to reassess energy strategy.

#### Challenges

- High risk of escalation into wider regional conflict.
- Militarisation of sea routes threatens global trade.
- Internal power struggle in Iran reduces predictability.
- US pressure tactics may undermine negotiations.
- Direct risks to Indian shipping, trade, and diaspora.

#### Stakeholder Perspective

- Iran: Strategic assertion and resistance to sanctions.
- US: Securing energy routes and geopolitical dominance.
- India: Stability, energy affordability, maritime safety.
- Global Economy: Vulnerable to oil shocks and inflation.

### Way Forward

- Immediate extension of ceasefire and de-escalation.
- Promote multilateral diplomacy (UN or neutral mediators).
- Ensure security of Sea Lanes of Communication (SLOCs).
  - India-specific: Diversify crude sources (Russia, Africa, renewables).
  - Expand Strategic Petroleum Reserves.
  - Accelerate clean energy transition (Hydrogen Mission).
- Strengthen international maritime cooperation frameworks.

# Reform agenda matters more than ranking

ACCORDING TO the IMF's latest World Economic Outlook, India has slipped to sixth place in the world GDP rankings, with Japan and the UK overtaking it in terms of nominal GDP in current US dollars. For 2026, the IMF has estimated the Indian economy at \$4.15 trillion, up from \$3.92 trillion the year before. In comparison, the size of the UK's economy has been pegged at \$4.27 trillion and that of Japan at \$4.38 trillion, marginally edging out India.

There are two main reasons why India has slid on these rankings. The first is a change in how GDP is estimated. Under the new methodology (with base year 2022-23), the government has made a whole host of methodological changes and incorporated newer data sources. The new GDP estimates released in February-end provide a more accurate picture of the economy. However, this update also found that the outgoing series was overestimating India's GDP by around three to four per cent — in 2025-26, India's GDP was reassessed from being Rs 357 trillion to Rs 345 trillion. The second reason is the exchange rate. Since the IMF compares economies in US dollar terms, the exchange rate of any domestic currency vis-à-vis the US dollar becomes a crucial factor. Over the past year, the Indian rupee has weakened by almost 10 per cent against the US dollar — first due to the imposition of US tariffs, and later, to the uncertainty around a trade deal. What made this weakness even worse is the fact that it has happened during a period when the US dollar itself has actually weakened against most other major currencies. The net effect has been that when calculated in dollar terms, India's GDP, already pegged down in rupee terms, falls behind that of Japan and the UK.

Notwithstanding the slide, the IMF projects that India will overtake the UK and Japan in 2027 and then become the third-largest economy by overtaking Germany in 2031. That should not, however, draw away from the need to push forward aggressively on the domestic reform agenda, especially in the more politically contentious areas such as electricity and fertilisers. Considering the series of shocks that the Indian and the global economy have recently been subjected to — from the Covid pandemic to the wars in Ukraine and Iran — it would be prudent for policymakers to factor such risks into their strategies.

## KEY HIGHLIGHTS

### Context of the News

- The International Monetary Fund (IMF) released updated global GDP rankings showing India slipping behind the UK and Japan in nominal GDP (current USD terms).
- India's GDP for 2026 is estimated at \$4.15 trillion, compared to UK (\$4.27 trillion) and Japan (\$4.38 trillion).
- The downgrade is primarily due to:
  - Revision in India's GDP estimation methodology (base year shifted to 2022-23).
  - Depreciation of the Indian rupee against the US dollar (~10%).
- Despite this, IMF projections indicate India may become the 3rd largest economy by 2027 and surpass Germany by 2031.

### Key Points

- GDP Revision Impact:
  - New methodology incorporates improved datasets and measurement techniques.
  - Earlier GDP series overestimated size by ~3-4%.
- Exchange Rate Effect:
  - IMF comparisons use nominal GDP in USD, making exchange rate crucial.
  - Rupee depreciation reduces GDP value in dollar terms even if domestic growth remains strong.

- Global Context:
  - Economic disruptions due to:
    - COVID-19 pandemic
    - Russia-Ukraine War
    - West Asia tensions (including Iran-related disruptions).
- Growth Outlook:
  - India remains one of the fastest-growing major economies (as per Economic Survey & IMF projections).
- Structural Reform Needs:
  - Focus on politically sensitive sectors:
    - Power sector reforms
    - Fertiliser subsidy rationalisation

### Static Linkages

- GDP measured via production, income, and expenditure methods (NCERT Macroeconomics).
- Nominal vs Real GDP distinction; impact of inflation and exchange rates.
- Base year revision improves accuracy (CSO methodology updates).
- Exchange rate determination: demand-supply of foreign exchange (RBI framework).
- Fiscal policy tools: subsidies (fertiliser), discom reforms (UDAY scheme).
- External sector vulnerability: current account deficit, capital flows.

### Critical Analysis

- Positives:
  - Improved reliability and transparency of GDP data.
  - Strong medium-term growth outlook.
- Concerns:
  - GDP ranking sensitive to exchange rate volatility.
  - Nominal GDP does not reflect per capita income or inequality.
  - Structural reform delays in key sectors.
- Challenges:
  - External vulnerabilities (currency fluctuations, global shocks).
  - High fiscal burden due to subsidies.
- Key Insight:
  - GDP rank is a relative and currency-dependent indicator, not a complete measure of economic strength.

### Way Forward

- Accelerate reforms in power, agriculture, and subsidy regimes.
- Promote export competitiveness to stabilise currency.
- Focus on inclusive growth and employment generation.
- Maintain fiscal discipline and reduce revenue leakages.
- Strengthen statistical systems and data transparency.