

Iran steps up attacks on Israel, Gulf energy sites

Iran insists it will deny its enemies their security and says it is building missiles despite strikes that have killed top leaders; country fires on Israel and launches drone strikes on a Kuwaiti oil refinery

Associated Press

DUBAI

Iran defiantly insisted on Friday that it would deny its enemies their security and that it was still building missiles nearly three weeks into U.S.-Israeli strikes that have killed a slew of Tehran's top leaders and hammered its weapons and energy industries.

Iran fired on Israel and energy sites in neighbouring Gulf Arab states as many in the region marked one of the holiest days on the Muslim calendar. Two waves of Iranian drones attacked a Kuwaiti oil refinery early Friday, sparking a fire. The Mina Al-Ahmadi refinery, which can process some 7,30,000 barrels of oil a day, is one of the



The Mina Al-Ahmadi refinery, which can process more than seven lakh barrels of oil a day, is one of the largest in West Asia. AP

largest in West Asia.

Bahrain's Interior Ministry said a fire broke out after shrapnel from an intercepted projectile landed on a warehouse, and Saudi Arabia reported shooting down drones targeting its oil-rich Eastern Province.

With little information coming out of Iran, it was

not clear how much damage its arms, nuclear or energy facilities have sustained since the war began or even who was in charge of the country. But Iran has shown it is capable of attacks that are choking off oil supplies and scrambling the global economy.

"We are producing mis-

Indian killed in missile strike

NEW DELHI

An Indian citizen died in an Iranian missile strike that hit Riyadh on Wednesday, the Indian Embassy in the kingdom said on Friday. Sources said that the Indian national is believed to have died after being hit by missile debris. » **PAGE 10**

siles even during war conditions, which is amazing, and there is no particular problem in stockpiling," IRGC spokesman Gen. Ali Mohammad Naeini was quoted as saying in the state-run IRAN newspaper.

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NATO HAS withdrawn all of its troops from an advisory mission in Iraq, the military alliance said Friday, as repercussions of the war spread across West Asia.

AL-AQSA Mosque compound closed for Eid prayers for the first time in decades, marking its first full shutdown since the 1967 war.

SPAIN'S GOVERNMENT on Friday proposed measures worth \$5.8 bn to counter the economic impact of the war on local energy prices.

THE NETHERLANDS is stepping up security for Iranian dissidents after a man known to be critical of authorities in Tehran was shot.

Kyiv deploys anti-drone units across West Asia; UAE busts Hezbollah-linked network



An armoured personnel carrier (APC) and a self-propelled artillery unit at the Israeli side of the border with Lebanon on Friday. REUTERS

Ukraine exploring role in securing Strait of Hormuz, says Zelenskyy

Associated Press
Kyiv, March 20

UKRAINE HAS deployed specialist teams to five Middle Eastern countries to help intercept drones and advise on air-defence measures, with officials saying they expect to conclude several significant agreements.

President Volodymyr Zelenskyy said teams had been sent to the United Arab Emirates, Saudi Arabia, Qatar, Kuwait, and Jordan, countries that have come under fire during the Iran war.

He said that local air defence units were dealing with ballistic missiles, while Ukrainian specialists were focused on the waves of Iran's Shahed drones.

"I believe no one has experience comparable to ours," Zelenskyy told journalists in audio messages on a WhatsApp chat, adding that 228 Ukrainian specialists were now in the region. "We are working with the Middle East — with leaders, at the technical level, and with ministries of defence. In general, we are preparing serious arrangements and agreements," he said.

His security council secretary Rustem Umerov has visited

all five of those countries this week, and said earlier on Friday that further steps for "long-term security cooperation" had been outlined with each.

Kyiv has said nearly a dozen countries have sought its help and advice in defending against cheap kamikaze drones, which Iran is using against its Gulf neighbours.

Earlier on Friday, United Arab Emirates security authorities have dismantled a "terrorist network" allegedly funded and operated by Lebanon's Hezbollah and its backer Iran, arresting its members, its state news agency said. It said the network, which had been operating under a fictitious cover, was involved in "money laundering, financing terrorism and threatening national security," and sought to undermine financial stability.

Lebanon's Foreign Ministry strongly condemned what it described as a "terrorist plot" against the UAE, denounced Hezbollah's alleged involvement, and offered cooperation by Lebanese authorities to ensure those responsible are held accountable.

In a post on X, it also reiterated a Lebanese government decision issued earlier this month banning Hezbollah's military and security activities.

Hezbollah denied on Friday what it called "fabricated" accusations by UAE authorities, saying it has no presence or operational networks in the country.

Iran scrambles to stabilise its power structure after killings of top leaders

Associated Press
Athens, March 20

ONE AFTER another, Israel has taken out Iran's top leaders.

First it was Supreme Leader Ayatollah Ali Khamenei, killed in the opening shots of the war. Now Ali Larjani, the secretary of Iran's Supreme National Security Council who was considered one of the most powerful figures in the country, has also been killed. As have a raft of other top-ranking military and political leaders.

Ultimate authority in Iran rests with the country's supreme leader, who has sat at the apex of power since the creation of the Islamic Republic in 1979 after the revolution that overthrew the shah. After Khamenei was killed, his son, 56-year-old Mojtaba Khamenei, was quickly named to replace him as Iran's new supreme leader. A secretive figure, the younger Khamenei has not been seen in public since the airstrike killed his 86-year-old father.

The cleric had long been considered a contender for the post, despite never having been elected or appointed to a government position. The younger Khamenei maintains close ties to the country's powerful paramilitary Revolutionary Guard.

"I'm not sure who's running Iran right now," Israeli Prime Minister Benjamin Netanyahu said during a news conference Thursday night. "Mojtaba, the replacement ayatollah, has not shown his face. Have you seen him? We haven't, and we can't vouch for what exactly is happening there." US and Israeli officials have suggested he was wounded in the same attack.

"Iran's command and con-

• IRAN'S LEADERSHIP CRISIS

AYATOLLAH ALI KHAMENEI, who as Supreme Leader since 1989 built an iron grip over Iran while entrenching hostility towards the US and Israel, was killed aged 86 in a US-Israeli air strike on his compound on February 28.



ALI LARIJANI, secretary of the Supreme National Security Council and a veteran powerbroker, was killed at 67 in a US-Israeli air strike in the Pardis area on March 17, along with his son and one of his deputies



ESMAIL KHATIB, Iran's intelligence minister, was killed in an Israeli strike on March 18. A hardliner cleric and politician, he worked in Khamenei's office and was mentored by him



ALI SHAMKHANI, a close adviser to Khamenei and a key figure in Iran's security and nuclear policymaking, was killed in US-Israeli strikes on Tehran on February 28



MOHAMMAD PAKPOUR, commander-in-chief of the IRGC, was killed in the February 28 strikes in Tehran. He rose through the ranks to lead IRGC after his predecessor was killed in the 12-day war



AZIZ NASIRZADEH, Iran's defence minister and a career air force officer, was killed in the same wave of strikes targeting senior leadership in Tehran on February 28. Nasirzadeh played a key role in military planning and defence policy



ABDOLRAHIM MOUSAVI, chief of staff of armed forces, was killed in the February 28 strikes during a meeting of senior leadership. He was responsible for coordinating military branches & overseeing conventional forces



GHOLAMREZA SOLEIMANI, commander of the Basij paramilitary force, was killed in the US-Israeli strikes on March 17. A senior officer of the Revolutionary Guards, he led the force central to Iran's internal security and authority

rol structure is in utter chaos," Netanyahu said.

Burcu Ozcelik, senior research fellow for Middle East security at the Royal United Services Institute, a United Kingdom-based defense and security think tank, said the elimination of so many of Iran's top leaders will alter its theology — but that the change



could be a gradual one. "Leadership matters, and the loss of key decision-makers spanning politics, intelligence, internal security and the army will have transformative consequences," Ozcelik said.

"We need to be prepared for change that may take years, not weeks or months." Early on in the war, Iranian Foreign Min-

ister Abbas Araghchi suggested the country's military units were acting independently from central government control.

"Our ... military units are now in fact independent and somehow isolated and they are acting based on instructions — you know, general instructions — given to them in advance," Araghchi had said on *Al Jazeera* on March 1.

National interests of both Iran and US lie in end to hostilities: Oman minister calls for return to talks

Shubhajt Roy

New Delhi, March 20

OMAN'S FOREIGN Minister Badr Albusaidi, who mediated the recent nuclear talks between the US and Iran, has called for a return to negotiations.

In a sharply worded piece in *The Economist*, he called the attacks by Israel and US on Iran as "unlawful military strike", Iran's retaliation against the Gulf states as "inevitable" and "completely unacceptable".

In a post on X, Albusaidi said: "Oman's constructive neutrality compels us to speak our mind to all in pursuit of peace. This article in *The Economist* seeks to contribute to a serious conversation about solutions."

Oman is known to have brokered peace between Saudi Arabia and Iran in recent years. India too has been in touch with Oman's leadership, the most recent being the call between PM Narendra Modi and Sultan of Oman Haitham bin Tariq.

In the recent piece, Albu-

saidi wrote, "Twice in nine months the United States and Iran have been on the verge of a real deal on the most difficult issue that divides them: Iran's nuclear-energy programme and American fears that it could be a weapons programme. So it was a shock but not a surprise when on February 28th — just a few hours after the latest and most substantive talks — Israel and America again launched an unlawful military strike against the peace that had briefly appeared really possible."

It said that Iran's retaliation against what it claims are American targets on the territory of its neighbours was an "inevitable, if deeply regrettable and completely unacceptable, result". Faced with what both Israel and America described as a war designed to terminate the Islamic Republic, he said this was probably the only "rational option" available to the Iranian leadership.

Warning of "deep recession", he called the American and Israeli governments for the



The US's greatest miscalculation, of course, was allowing itself to be drawn into this war in the first place. This is not America's war... The question for friends of America is simple. What can we do to extricate the superpower from this unwanted entanglement?"

BADR ALBUSAIIDI

OMAN FOREIGN MINISTER

"grave miscalculation". "The effects of Iran's retaliation are already being felt globally, as maritime traffic through the Strait of Hormuz is severely disrupted, driving up energy prices and threatening deep recession. If this had not been anticipated by the architects of this war, that was surely a grave miscalculation," he said.

"The American administration's greatest miscalculation, of course, was allowing itself to be drawn into this war in the first place. This is not America's war, and there is no likely scenario in which both Israel and America will get what they want from it."

"The question for friends of America is simple. What can we do to extricate the superpower from this unwanted entanglement? First of all, America's friends have a responsibility to tell the truth. That begins with the fact that there are two parties to this war who have nothing to gain from it, and that the national interests of both Iran and America lie in the earliest poss-

ible end to hostilities. This is an uncomfortable truth to tell, because it involves indicating the extent to which America has lost control of its own foreign policy. But it must be told," he said.

"It may be difficult for America to return to the bilateral negotiations from which it was twice diverted by the temptations of war. It will certainly be difficult for the Iranian leadership to return to dialogue with an administration that twice switched abruptly from talks to bombing and assassination. But the path away from war, hard though it may be for both parties to follow it, may have to lie through precisely this resumption," he said.

He proposed a "framework for transparency on nuclear energy — and the energy transition more broadly — in the region", and a "regional non-aggression treaty, to secure a substantive regional deal on nuclear transparency" as possible ideas towards ending the war that has global consequences.

UK approves US use of British bases to strike Iran missile sites

Reuters

London, March 20

THE BRITISH government gave authorisation on Friday for the United States to use military bases in Britain to carry out strikes on Iranian missile sites that are attacking ships in the Strait of Hormuz.

British ministers met on Friday to discuss the war with Iran and Iran's blocking of the Strait of Hormuz, according to a Downing Street statement.

"They confirmed that the agreement for the US to use UK bases in the collective self-defence of the region includes US defensive operations to degrade the missile sites and capabilities being used to attack ships in the Strait of Hormuz," the statement said.

Prime Minister Keir Starmer said earlier Britain would not be drawn into a war over Iran. He initially rejected a US request to use British bases, saying he needed to be satisfied that any military action was legal.

Days after Pak attack in Kabul, India sends medical aid package

Shubhajit Roy

New Delhi, March 20

FOUR DAYS after over 400 people were killed and more than 250 injured in an airstrike by Pakistan on a drug rehabilitation centre in Kabul, India on Friday delivered a medical aid package to Afghanistan.

“To support the medical treatment and swift recovery of those injured in the heinous attack on 16 March, India delivers a 2.5-ton consignment of emergency medicines, medical disposables, kits and equipment to Kabul,” the Ministry of External Affairs spokesperson Randhir Jaiswal said on X. “India stands in solidarity with the Afghan people and will continue to extend all possible humanitarian support in this difficult hour.”

A day after the attacks by Pakistan, India had on March 17 condemned the “barbaric” attack, and “heinous act of aggression by Pakistan” and “a blatant assault on Afghanistan’s sovereignty”. “Pakistan is now trying to dress up a massacre as a military operation,” the MEA



India delivers a 2.5-ton consignment of emergency medicines, medical disposables, kits, and equipment for the injured, in Kabul on Friday. ANI

spokesperson had said.

Rejecting the Afghan charge, Pakistan had said it “precisely targeted military installations and terrorist support infrastructure” Monday night.

The MEA spokesperson had said that, “This heinous act of aggression by Pakistan is also a blatant assault on Afghanistan’s sovereignty and a direct threat to regional peace and stability. It reflects Pakistan’s persistent pattern of reckless behaviour and its repeated attempts to externalise internal failures through increasingly desperate acts of viol-

ence beyond its borders.”

“That this attack was carried out during the holy month of Ramzan, a time of peace, reflection, and mercy among Muslim communities across the world, makes it all the more reprehensible. There is no faith, no law, and no morality that can justify the deliberate targeting of a hospital and its patients,” he had said.

This was the third statement by the Indian government in the last one month on Pakistan’s attacks on Afghanistan, but was the sharpest statement so far.

Israel says Iran decimated; Mojtaba vows to fight on

Tehran no longer has the capacity to enrich uranium or manufacture ballistic missiles, says Israel's Netanyahu; Iran's Supreme Leader says the security of his nation's enemies would be 'taken away'

Associated Press
Agence France-Presse
DUBAI/JERUSALEM

Iran's new Supreme Leader Ayatollah Mojtaba Khamenei called on Friday for the enemies of his nations to have their "security" taken away, in his latest message to the public.

Mr. Khamenei made the remarks in a statement issued on his behalf and sent to President Masoud Pezeshkian, after Israel killed Intelligence Minister Es-mail Khatib.

Mr. Khamenei hasn't been seen since he was named as Supreme Leader, succeeding his father, the 86-year-old Supreme Leader Ayatollah Ali Khamenei, who was killed in an Israeli air strike on the first day of the war on February 28.

'Iran decimated'

Israeli Prime Minister Benjamin Netanyahu told a news conference on Thursday that Israel and the U.S.



In charge: Motorists drive past a billboard of Iran's new Supreme Leader Ayatollah Mojtaba Khamenei in Tehran. AFP

were "winning and Iran is being decimated", adding that the Islamic republic no longer had the capacity to enrich uranium or manufacture ballistic missiles as the conflict heads towards a fourth week.

"We are winning and Iran is being decimated," Mr. Netanyahu said at a press conference.

"I also see this war ending a lot faster than people think," he said, without providing a specific time frame. He added that Israel

saw "cracks" in the Iranian leadership and was trying to exploit them.

Tehran has stepped up attacks on Gulf nations' energy infrastructure in recent days, spooking markets and raising alarm that inflation would surge globally. Energy markets were left reeling after Iranian missiles hit Qatar's huge Ras Laffan natural gas complex in retaliation for Israel's air raid on the South Pars gas field this week.

U.S. President Donald Trump had earlier indicated he did not know in advance about Israel's raid on South Pars, which supplies about 70% of Iran's domestic needs.

Mr. Netanyahu said Israel acted alone with the strike and it would respect Mr. Trump's request to hold off on future attacks on the gas field.

Mr. Netanyahu said that changing the government in Tehran would require "a ground component".

In his Id message, Mr. Khamenei said the U.S. and Israel "miscalculated" Iran's response when they launched the war.

"Due to a gross miscalculation, [the U.S. and Israel] believed that after 1-2 days, the people would overthrow the regime. However, with the vigilance of the people and the unparalleled bravery and self-sacrifice of the Islamic combatants, signs of his distress soon appeared," he said.

Trump calls NATO allies 'cowards' over Iran issue

Agence France-Presse

LONDON

U.S. President Donald Trump on Friday branded NATO allies "cowards" for not heeding his demand for military assistance against Iran to control the Strait of Hormuz shipping route.

Mr. Trump has recently veered between saying that Washington needs no help to secure the vital waterway for oil tankers, and then lashing out at other countries for failing to help.

"Without the U.S.A., NATO IS A PAPER TIGER!" Mr. Trump posted on his Truth Social network.

"They didn't want to join the fight to stop a Nuclear Powered Iran. Now that fight is Militarily WON, with very little danger for them, they complain about the high oil prices they are forced to pay, but don't want to help open the Strait of Hormuz, a simple military maneuver that is the single reason for the high oil prices." "So easy for them to do, with so little risk. COWARDS, and we will REMEMBER!"



A tanker sits anchored as the traffic is down in the Strait of Hormuz, amid the U.S.-Israeli conflict with Iran, in Muscat, Oman. REUTERS

The 79-year-old Republican, a long-term sceptic of the Western military alliance, has launched a series of diatribes against the North Atlantic Treaty Organization in recent days.

Six major international powers said on Thursday they were ready "to contribute to" ensuring safe passage through the Strait of Hormuz, though three stressed that any initiative would take place post-ceasefire.

Britain, France, Germany, Italy, Japan and the Netherlands said on Thursday they were ready "to contribute to appropriate efforts to ensure safe passage through the Strait of

Hormuz". The grouping said they "welcome the commitment of nations who are engaging in preparatory planning", as they condemned "in the strongest terms recent attacks by Iran on unarmed commercial vessels in the Gulf".

But Italy, Germany and France made clear later on Thursday that they were not talking about any immediate military help, but rather a potential multilateral initiative after a ceasefire.

None of the countries Mr. Trump has called on to help was consulted before the United States-Israeli mission started.

As US weighs Iran oil relief, the possibility for India

Amid the oil supply crunch, the US removed sanctions on Russian crude at sea. It may now be forced to do the same with Iranian crude



SUKALP SHARMA

AS THE war in West Asia crimps the global supply of oil and sends its prices soaring, the US is considering removing sanctions on Iranian crude that is already at sea.

If the US indeed moves in this direction, India could very well be among the major beneficiaries. Iran was once a major oil supplier for India. But New Delhi halted these imports after the first Donald Trump administration imposed heavy sanctions on Tehran and removed the sanction waivers enjoyed by major Iranian crude buyers.

Seven years later, the US may now be forced to "unsanction" — even if partly and temporarily — Iranian oil sales to bring down oil prices. Such a move looks all the more likely considering that the US had also announced a similar month-long universal waiver on sanctioned Russian crude already in tankers at sea.

In response to the US and Israel's offensive that began on February 28, Iran effectively choked vessel movements through the Strait of Hormuz. The passage accounts for one-fifth of global oil and liquefied natural gas (LNG) flows. Its effective closure, along with attacks on energy infrastructure in the region by all sides, have caused a surge in global oil prices. While some oil volumes are being evacuated from West Asia through a couple of other alternative routes that bypass the Strait, a bulk of the supply through the narrow waterway has effectively gone offline.

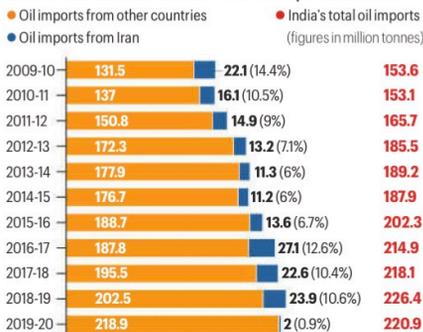
"We unsanctioned Russian oil. We knew that there were about 130 million barrels on the water and we created supply that is beyond the straits of Hormuz... In the coming days, we may unsanction the Iranian oil that's on the water. It's about 140 million barrels. So, depending on how you count it, that's 10 days to two weeks of supply that the Iranians had been pushing out that would have all gone to China," US Treasury Secretary Scott Bessent said Thursday on *Fox Business Network*. "In essence we will be using the Iranian barrels against the Iranians to keep the price down... for the next 10 or 14 days as we continue this campaign."

India's considerations

It remains to be seen whether the US goes ahead and suspends the sanctions on Iranian oil already on water. Asked whether India would be keen on importing Iranian crude if Washington indeed announced a

• How Trump turned off the tap

Iran was a key oil supplier to India, especially after an Obama-era sanctions waiver — until Trump rolled it back



SOURCE: MINISTRY OF COMMERCE AND INDUSTRY

waiver, Petroleum Ministry Joint Secretary Sujata Sharma said Friday that it was a hypothetical question at this stage. Nonetheless, industry analysts say that such a move could see Indian refiners capitalize on the opportunity, just like they did by ramping up imports of Russian crude in recent weeks.

"Recent market chatter around a potential easing or restructuring of US sanctions on Iranian crude... has reintroduced a key swing factor in global crude flows. India could emerge as a key demand centre to watch, alongside Chinese buyers and other Asian countries. Historically, India was a major buyer of Iranian crude, importing significant volumes of Iranian Light and Heavy grades due to strong refinery compatibility and favourable commercial terms. Following sanctions tightening in 2018, imports ceased from May 2019, with volumes replaced by Middle Eastern, US and other grades," said Sumit Ritolia, lead research analyst, refining & modeling, at Kpler, a commodity market analytics firm.

Currently, Iranian crude availability is high, with an estimated 170 million barrels on the water, including floating storage and cargoes in transit, as per Kpler data.

While part of these volumes is committed, a portion remains unsold, representing potential incremental supply if sanctions ease or enforcement weakens, Ritolia said. The analyst said that Indian refiners retain the ability to re-integrate Iranian barrels with minimal operational adjustments at their refineries, given their prior experience in processing Iranian oil and the presence of established trading setups.



A file photo of an oil facility in UAE's Fujairah that was attacked by Iran on March 14. AP

Key considerations for Indian refiners to tap into Iranian barrels, if made available, would primarily include the scope and durability of sanctions relief, pricing structure, and the availability of payment, insurance, and logistics mechanisms. "If these conditions align, a ramp-up in Indian imports of Iranian crude could be significant, similar to the rapid increase observed in Russian crude intake following the easing of Western sanctions," Ritolia said.

According to tanker data from Kpler, India's Russian oil imports so far in March have surged to 1.8 million barrels per day (bpd), from 1 million bpd in February. The pre-war expectation for India's Russian oil imports in March was around 0.8-0.9 million bpd. Now they could reach 2-2.2 million bpd — the peak levels of 2025. This ramp-up was necessitated by the Strait of Hormuz's effective closure. Washington's waiver on purchases of sanctioned Russian crude on water also supported this shift.

Around 2.5-2.7 million bpd of India's crude imports — around half of the overall oil imports — have transited the Strait in recent months. The longer-term average is around 40%. India depends on imports to meet over 88% of its requirement of crude oil. At the global level, around 20 million barrels a day of crude oil usually passes through the Strait of Hormuz.

India-Iran oil trade

India has not imported any oil from Iran since May 2019, after the expiration of the sanctions waiver that the US had provided to major buyers of Iranian oil. Not comply-

ing with American sanctions would have made Indian oil companies vulnerable to secondary sanctions from Washington. Prior to that, India had been a regular buyer of Iranian oil, even during previous sanctions periods of the pre-Trump era, when import volumes of Iranian crude declined, but were still not insignificant.

Back in 2009-10, India imported 22.1 million tonnes of crude oil from Iran and it accounted for 14.4% of India's overall oil import of 153.6 million tonnes in that year, according to data from the Ministry of Commerce and Industry. But as international sanctions on Iran intensified, hitting payment channels and creating other logistical hurdles, the volumes declined — to 16.1 million tonnes in 2010-11, 14.9 million tonnes in 2011-12, 13.2 million tonnes in 2012-13, 11.3 million tonnes in 2013-14 and 11.2 million tonnes in 2014-15.

During the peak sanctions period — 2012 to 2015 — India was buying Iranian oil through a mutually-agreed payment mechanism. Under that system, Indian refiners paid 45% of the oil payments in rupees into an account held by Iranian banks in India, and Iran used that money to buy Indian goods. The remainder of the payments were deferred until sanctions were lifted. The sanctions were formally lifted as part of the Iran nuclear deal, after which pending oil payments by Indian refiners were cleared. Major Indian buyers of Iranian oil in this period were Essar Oil (now Nayara Energy) and Mangalore Refinery and Petrochemicals (MRPL).

With the sanctions effectively withdrawn, Indian refiners started ramping up oil imports from Iran. India imported 13.6 million tonnes of Iranian oil in 2015-16, and the volumes shot up to 27.1 million tonnes in 2016-17, making Tehran the third-largest source of India's oil imports behind Saudi Arabia and Iraq. Iran also did its bit to boost India's purchases of its oil by offering discounted shipping and extended credit periods to Indian refiners. In 2016-17, Iranian oil made up 12.6% of India's total crude oil imports of almost 215 million tonnes.

In 2017-18, the Iranian oil volumes declined to 22.6 million tonnes due to a few reasons — tensions between New Delhi and Tehran over the development rights of a gas field in Iran, India's diversification of its supply and the first Donald Trump presidency. The last factor was the defining one over the next two years as Trump walked away from the Iran nuclear deal and re-imposed sanctions. A waiver was given by US to major buyers of Iranian oil, which expired in 2019. In 2017-18, India's Iranian oil imports were at 23.9 million tonnes, and crashed to just 2 million tonnes in 2019-20. No Iranian oil came to India after May 2019.

Sanctions effect

India imported 27.1 million tonnes of Iranian oil in 2016-17, making Tehran its third-largest source of imports behind Saudi Arabia and Iraq

After the US waiver on buying Iranian oil expired in 2019, India completely stopped imports from the country

Differences with Trump, war timeline: Signals from Netanyahu

Divya A
New Delhi, March 20

WITH THE war in West Asia almost entering its fourth week, Israeli Prime Minister Benjamin Netanyahu said Thursday that Tehran no longer has the ability to enrich uranium or fabricate ballistic missiles. And, for the first time since the start of the con-

twiceen Trump and Netanyahu over Israel's decision to strike the key Iranian gas field. Israel's attack on the South Pars gas field triggered retaliatory Iranian strikes on energy infrastructure across West Asia, pushing already high global energy prices even higher and prompting Gulf allies to urge Trump to rein in Netanyahu.

However, Trump said the US "knew no-

Market signals

Oil prices surged after Israel's attack on the South Pars gas field and Iran targeting energy infrastructure across

While accusing Iran of attempting to pressure the international community through economic and energy leverage, he, in fact, said that such a move would fail since Tehran's capabilities have weakened. With Netanyahu also stating that Israel was helping reopen the key Strait of Hormuz passageway, and that the war may end sooner than people think, oil prices saw a

ceptionally close'. He said both countries are working together with "great determination," underscoring shared strategic goals and synchronised actions in addressing the situation.

"It's been said that for 40 years I've been saying that Iran is a danger to Israel and a danger to the world. That is true," Netanyahu said in Jerusalem. "You know who else

Oil spike will fuel inflation. So why have US and EU central banks not raised rates?



WILL THE US-Israeli war on Iran war propel prices and inflation or hurt growth and employment? That's the main question in the minds of policymakers around the world.

Over the past two days, two of the world's most influential central banks — the US Federal Reserve (Fed) and the European Central Bank (ECB) — announced that they would not change the interest rates in their respective economies. The US and the European Union are the world's two biggest economies with total annual economic outputs of \$31.8 trillion and \$22.5 trillion, respectively.

For many observers, this was an odd

decision. After all, the war in West Asia has caused global prices for all kinds of fuel to almost double within weeks. And the longer it goes on, the more energy will cost — and for longer. Costlier energy prices, whether they be for petrol or diesel or for LPG or LNG, will fuel inflation (the rate at which a price level rises from one period to another).

Typically, whenever inflation spikes (like in the wake of the Russia-Ukraine war), central banks tend to raise interest rates. Higher interest rates make it more costly to borrow money, whether it is for buying a new car or home or for setting up a new factory. The aim, in other words, is to reduce the overall demand for anything and everything in the economy.

So why are central bankers not raising interest rates now when anyone can see how fast rising energy prices will fuel inflation?

The official reason is that central bankers are plagued with "uncertainty" about the likely outcome of this war.

Here's how: While it is quite likely — and possibly the first order effect of the spike in

• Pumping up the price

The price of Brent Crude has rapidly spiked amid the war



energy prices — that inflation will go up, if the situation does not improve, there is another risk. That risk is of recession, a scenario where a country's economic output (Gross Domestic Product) contracts for two consecutive quarters. A recession also

means a spike in the unemployment rate.

Higher prices (which hurt affordability) and a sinking stock market (which takes away a sense of being wealthy that people enjoyed until now) can destroy demand in the economy. As demand craters, unem-

ployment will likely rise.

Raising interest rates in such a situation can tip an economy into recession. At the moment, the outcome of the war is unclear: a spike in inflation or the cratering of demand. During the Covid-19 pandemic, for example, the bigger challenge faced by developed economies was in the form of a crash in overall demand, with oil prices going below zero at one point. Typically, when demand collapses, so does inflation because prices fall in the absence of robust demand. This problem was remedied by governments providing income support to people.

But in the current scenario, it is possible that energy price increase leads to a rise in inflation while also killing demand, as people again face a cost of living crisis.

So here is the essential problem before policymakers. Raising interest rates may arrest inflation but doing so also involves killing demand. On the other hand, cutting interest rates (as President Donald Trump has demanded yet again) risks fuelling inflation.

All this confusion came across in the US

Fed's latest Summary of Economic Projections (SEP). The SEP is presented four times each year. In each SEP, members of the Fed's Federal Open Market Committee (or FOMC), the key interest rate setting body, share their outlook on the key metrics of the economy.

According to this time's SEP, FOMC participants raised their projection for both GDP growth and inflation in 2026. What complicated the picture were charts mapping what the participants believed were "risks" to their projection. Those charts show that between December and now, a larger number of FOMC participants think GDP growth projections face a downside risk while inflation projections face an upside risk. Simply put, GDP growth could underwhelm while inflation could surprise on the upside.

Of course, there is no rule that only one of these variables can worsen at a time.

The worst combination for central bankers is to have both the risks materialising: if there is higher inflation while also lower growth. That is called "stagflation" (stagnant growth and high inflation).

Rupee slips 82 paise to ₹93.71 as oil crosses \$108/barrel

Ashokamithran T.
MUMBAI

The rupee depreciated by 82 paise and hit an all-new low of 93.71 on surging geopolitical tensions, oil prices and persistent foreign fund outflows.

Besides the war keeping essential commodities' prices sticky on crude futures prices crossing \$108/barrel, aggressive outflow of foreign funds from Indian stock markets have also intensified currency pressures. On Monday, foreign investors sold ₹10,965.7 crore in equities alone. In the first 20 days of March, FIIs withdrew ₹88,180 crore. This is the worst number since September 2024 when for the whole month ₹94,000 crore equities were sold by the FIIs. Foreign Institutional Investors (FIIs) exit from Indian market leads to an outflow of dollars, leading to increased supply of rupee leading to its plunging value.

"With Indian Government having budgeted oil at \$75 per barrel, every \$10 increase in prices will increase the CAD (current account deficit) by \$1 billion and we are in for a steeper depreciation" said Anil Bhansali, head of treasury and ED, Finrex Treasury Advisors LLP. CAD is the difference between import and export values.

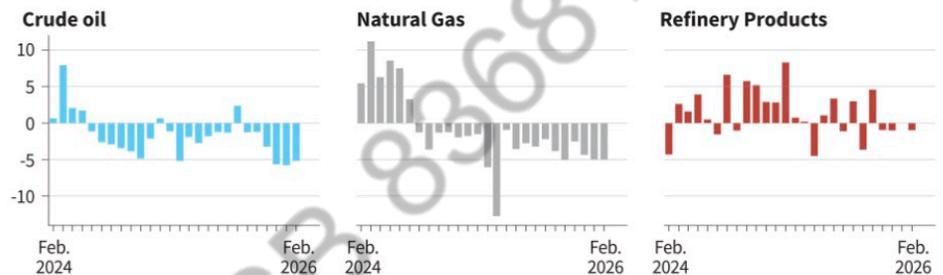
Many analysts forecast the rupee to stay between ₹93 and ₹94.25 to the dollar and a breach above that level would mean the currency pair hits ₹95 a dollar.

Core sectors' pace of growth halves to 2.3% in February

Government data show domestic production of oil, gas, and petroleum products had been shrinking in the run up to current supply constraints

Compounding constraints

India's domestic production of oil, gas, and petroleum products has been contracting for months, even before the external supply constraints began due to the West Asia crisis. Sectoral growth in the Index of Eight Core Industries, in %



Source: Ministry of Commerce and Industry

T.C.A. Sharad Raghavan
NEW DELHI

India's core industrial growth slowed sharply even before the West Asia crisis began with government data showing growth in the eight core sectors slowing to a three-month low of 2.3% in February.

This slowdown, as shown by the data released by the Ministry of Commerce and Industry, comes at a time when economists expect a further slowdown in March on supply and export curbs due to West Asia war. The data also shows local output of oil, gas and petroleum products shrinking for months, now compounded by the external supply constraints.

"Even before the start of the West Asia crisis, the growth of the core sector

output in India slowed to a three-month low of 2.3% in February 2026," said Aditi Nayar, chief economist, ICRA. "The sequential halving in year-on-year growth from 4.7% in January was relatively broad-based with only two sectors viz. cement and steel eking out a year-on-year rise that was above 3.5%."

Cement at its best

Cement rose 9.3% in February, the best performance out of the eight sectors. However, this was a four-month low, with the sector breaking a three-month streak of double-digit growth. Steel, too, saw relatively robust growth, but slower than previous months at a three-month low of 7.2% in February.

Notably, the data shows crude oil, LPG and LNG curbs on West Asia crisis

coming at a particularly inopportune time with local output contracting for multiple months – a trend that continued into February.

Crude oil shrank for the sixth consecutive month at 5.2% in February, while natural gas contracted for the 20th month at 5%.

Refinery products shrank 1% in February. The sector contracted in six out of the 11 months of FY26.

Growth in fertilizers slowed to a five-month low of 3.4% in February albeit on a high base of 10.2% in February last year. Coal slowed to a three-month low of 2.3% while electricity sector slowed to a three-month low of 0.5%. "Longer the crisis persists, resulting in higher fuel prices and tighter availability, larger the downside will be for India's GDP growth in FY27," Ms. Nayar said.

Rupee breaches 93/\$, moves towards 94 on war, oil spike

Akash Mandal

Mumbai, March 20

THE RUPEE'S exchange rate fell past 93-per-dollar for the first time on Friday on its way to hitting a new record low of 93.77 as the conflict in West Asia escalated and continued to add to concerns about how the elevated fuel prices will impact India's trade deficit and further hurt the exchange rate.

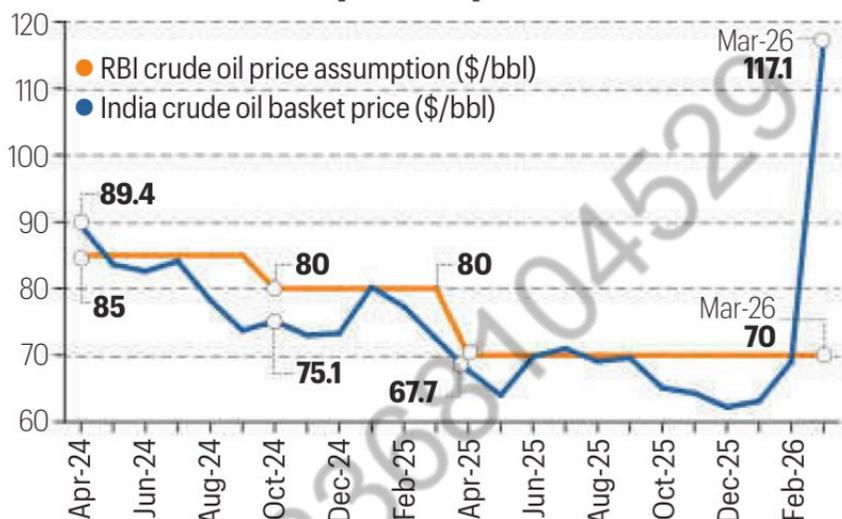
Foreign investors' withdrawal from local financial markets also exerted pressure on a currency which was weakening sharply even before the US and Israel attacked Iran on February 28.

On Friday, the rupee ended at 93.72-per-dollar. This is more than 100 paise lower than Tuesday's close of 92.64, the largest intraday fall in over four years.

The foreign exchange market was closed Thursday for Gudi Padwa. However, in offshore markets, the rupee on Thursday had already breached 93-per-dollar following Israel's attack on South Pars, the world's largest natural gas field located between Iran and Qatar. Iran retaliated by hitting a host of energy sites across the region, including Qatar's Ras Laffan Industrial City, the world's biggest liquefied natural gas (LNG) unit.

"If oil prices stay where they are, then 94 or 95-per-dollar is certainly a possibility," said Dhiraaj Nim, Economist and FX Strategist at ANZ. "It won't be a direct reach to 95 and it may not happen by the end of March itself. The situation is fluid and

Oil continues to spook rupee



NOTE: RBI CRUDE OIL PRICE ASSUMPTION IS FOR INDIA BASKET

SOURCE: PPAC

the Reserve Bank of India (RBI) will pick and choose when it wants to intervene. But if oil stays at \$100 per barrel or above, the rupee will move lower."

After a fairly hands-off first half of 2025-26 which saw the RBI sell a mere \$44 billion of foreign currency on a gross basis to defend the rupee — compared to nearly \$400 billion in 2024-25 — the Indian central bank has had to become more proactive starting October 2025. In the last three months of 2025, the RBI sold \$82 billion of foreign currency in the spot market on a gross basis, as per latest data. Its foreign market intervention has likely picked up even further in 2026, with the rupee — which breached 90- and 91-per-dollar levels in December in the face of heavy outflows from financial markets — down 4.1% against the dollar so far in 2026 and 2.9% since the war began on February 28. In a sign of the RBI's attempts

to reduce exchange rate volatility, the central bank's foreign exchange reserves were down \$11.7 billion on March 6 — the biggest weekly fall since November 2024. Data released on Friday showed that the reserves were down another \$7.1 billion as on March 13 to \$709.8 billion — the lowest in nearly two months.

In October, the RBI — which cut the repo rate by 125 basis points in 2025 — had said its inflation and growth forecasts assumed \$70 per barrel as the price of India's crude oil basket for the second half of 2025-26. However, after staying below that level from October 2025 to February 2026, the average price of the basket has shot up to \$117.09 per barrel in March, according to data from the Ministry of Petroleum and Natural Gas's Petroleum Planning & Analysis Cell.

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