

SC voices 'reservations' on its own bail decision

The court's self-reproach in a narco-terrorism case judgment refers to Delhi riots conspiracy case involving Umar Khalid, Sharjeel Imam; it says that an accused cannot be indefinitely incarcerated

Krishnadas Rajagopal
NEW DELHI

The Supreme Court on Monday voiced "serious reservations" about "various aspects" of its January judgment refusing bail to former JNU student leader Umar Khalid and co-accused Sharjeel Imam in the Delhi riots 'larger conspiracy' case, including the foreclosing of their right to seek bail for a year.

The rare act of self-reproach came over a year after the court condemned Mr. Khalid and Mr. Imam as "alleged masterminds" who hatched the conspiracy behind the 2020 Delhi riots. At the time of the rejection of his bail plea, Mr. Khalid had already spent over five years in prison as an undertrial.



Once it is obvious that a timely trial would not be possible and the accused has suffered incarceration for a significant period of time, the courts would ordinarily be obligated to enlarge the accused on bail... The presence of statutory restrictions...per se does not oust the ability of the courts to grant bail...

JUSTICE UJJAL BHUYAN
refers to KA Najeeb judgment



The Delhi Police had booked Mr. Khalid and other activists under the anti-terrorism law, the Unlawful Activities (Prevention) Act or the UAPA, for their involvement in organising protests over the Citizenship (Amendment) Act.

'Not an empty slogan'

On Monday, a Bench of Justices B.V. Nagarathna and

Ujjal Bhuyan said bail was indeed the rule in UAPA cases too.

Justice Bhuyan, who authored the judgment, said the catchphrase 'bail is the rule and jail is the exception' was not just an empty slogan, but a constitutional principle flowing from the fundamental rights to life, speedy trial and freedom from arbitrary

arrests and detentions.

Bail to J&K man

The apex court's observations on Monday came in a judgment allowing bail to a Jammu and Kashmir man accused in a narco-terrorism case in which he had been incarcerated as an undertrial under the UAPA for five years.

It said an accused cannot be indefinitely incarcerated merely because the state was able to "satisfy" the low bar to refuse bail in UAPA cases. Justice Bhuyan said the right to personal liberty and speedy trial cannot become "subordinate" to the draconian bail provision, Section 43-D(5), of the UAPA.

CONTINUED ON

» PAGE 10

SC voices reservations on its own bail order

He said that the UAPA had drawn the threshold for denying bail so low that the state had to only show that the accusations against an accused were “*prima facie*” true. Once that was done, bail would be “absolutely impermissible” for him.

“The state need only satisfy a low *prima facie* threshold while the trial may continue for years with the result that pre-trial incarceration begins to acquire a post-trial punitive character, and even then, no court could ever grant bail no matter the length of period of such incarceration because the case stood *prima facie* made out against the accused,” Justice Bhuyan noted.

Justice Bhuyan said the potency of Section 43-D(5) should be “melted” down by constitutional courts intervening and granting bail in UAPA cases in which the accused had already suffered prolonged incarceration due to delayed trial. A point in case was that of Mr. Khalid. “Constitutional courts can always intervene to grant bail despite satisfaction of the ‘prima facie’ threshold under Section 43-D(5). The Section need not control the grant of bail if the accused person’s liberty is infringed for a prolonged period of time,” Justice Bhuyan observed.

The power of a constitutional court to protect the right to life of a UAPA accused against arbitrary detentions cannot be diminished merely by a provision like Section 43-D(5) in a statute, the Bench highlighted.

“Section 43-D(5) remains subordinate to Article 21 [fundamental right to life] at all times. A constitutional court need not hold back bail to the accused in the garb of Section 43-D(5),” the Supreme Court underscored.

Justice Bhuyan said the basic principle that a person was presumed innocent until proven guilty was the “cornerstone of any civilised society governed by the rule of law”. Section 43-D(5) converted delay in trial itself into punishment.

The court said statutes like the UAPA may calibrate the manner in which the presumption of innocence was applied, particularly in cases involving national security or terrorist offences, but they cannot altogether invert the constitutional relationship between liberty and detention.

The court expressed deep concern about certain of its verdicts “hollowing out” larger Bench verdicts like in the K.A. Najeeb case, which championed personal liberty against state abuse.

Two church bodies offer to broker peace between Kukis and Nagas

Leaders of two church organisations meet Manipur Chief Minister Khemchand Singh in a bid to end the conflict between the two communities in the State; truck drivers stranded on highways demand security escorts to reach their destinations

Rahul Karmakar
GUWAHATI

Two church organisations have offered to broker peace between the Kukis and Nagas in ethnic conflict-scarred Manipur amid a “total shutdown” and an “economic blockade” affecting normal life across the State.

A 10-member team of church leaders, representing the Council for Baptist Churches in North East India (CBCNEI) and the Manipur Baptist Convention (MBC), called on Manipur Chief Minister Yumnam Khemchand Singh on Monday to discuss the tense situation between the two tribal communities.

According to an official at the Chief Minister’s Office, the church leaders volunteered to facilitate peace between the two communities. They offered to engage two teams for the purpose. While one team will travel to the Kuki-dominated Kangpokpi district, the other will travel to the Naga-majority Senapati district, which borders Nagaland.

More than 40 Nagas and Kukis were held hostage af-



Women from Naga, Meitei and Nepali communities stage a joint protest in Imphal demanding the immediate release of six civilians allegedly abducted by Kuki militants on Monday. ANI

ter unidentified gunmen killed three church leaders, belonging to the Thadou community, at Zero Point between Kotlen and Kotzim villages in Kangpokpi district on May 13.

A section of the Thadou resents being clubbed as Kuki, a set of tribes perceived by many non-Kukis as non-indigenous.

“The role being played by the church leaders in trying to defuse the situation arising out of the hostage crisis is laudable,” the

Chief Minister said, encouraging the CBCNEI and MBC to convince leaders of both communities.

“Hostages on both sides need to be released on humanitarian grounds urgently. Apart from talking to the Kuki community and church leaders, our team will travel to Kangpokpi to meet the family members of the three slain church leaders,” a CBCNEI spokesperson said.

The church team will then travel to Senapati to meet Naga church leaders

and key members of civil society organisations to discuss the prevailing situation and hostage crisis.

On May 15, various Kuki and Naga groups released 28 hostages – 14 each from both communities. The families and organisations of the two communities have been demanding the release of the remaining captives for peace to be ushered in.

Truckers’ appeal
Hundreds of goods-laden and empty trucks have

been stranded on highways in the State’s Imphal Valley and Senapati district since a Kuki organisation imposed a “total shutdown” on May 13. The situation escalated after a Naga organisation enforced an “economic blockade” in Naga-inhabited areas on Sunday evening.

National Highway 2, the lifeline of Manipur, meanders through Senapati and Kangpokpi districts, connecting Imphal with the rest of the country.

“We have been stuck for the past five days and are facing an acute shortage of food and drinking water. Some people helped us with rice and dal, but that is not enough,” a group of drivers of the stranded commercial vehicles said, appealing to the Manipur government to ensure their safe passage.

The truck drivers also sought security escorts to reach their respective destinations.

A Manipur government spokesperson said the security forces continued their search for the missing persons. He said combing operations were being carried out in Kangpokpi and Senapati districts.

'Cockroach' remark spawns a satirical political outfit

Amarjot Kaur
CHANDIGARH

On May 16, 30-year-old Abhijeet Dipke posted a Google form on X inviting people to register for the "Cockroach Janta Party" – a satirical political outfit born a day after Chief Justice of India Surya Kant drew criticism over his "cockroach" remark.

Though Chief Justice Kant later clarified that his oral observation was directed at those using fake degrees to enter professions such as law and media, and not at unemployed youth, the remark had already struck a nerve online.

Within hours, Abhijeet received over 5,000 registrations, transforming an internet joke into an unofficial organisation channeling public discontent, humour, and political frustration.

"The Cockroach Janta Party expresses the dissent of young people against



Abhijeet Dipke, founder of Cockroach Janta Party, and, right, the mascot of the online outfit. SPECIAL ARRANGEMENT

the statement made by the Hon'ble CJJI, where he labelled the youth as cockroaches and parasites. It was unacceptable in a democracy like India, where the CJJI of the Supreme Court, who is supposed to be the custodian of the Constitution and free speech, demeaned young people for their criticism," says Abhijeet, who is in the U.S., completing his Master's degree in public relations at Boston University.

He had previously vo-

lunteered with the social media team of the Aam Aadmi Party from 2020 to 2023.

Sending a message

"The name 'Cockroach Janta Party' shows that we own the identity of the cockroach – if that is what it takes for young people to be heard. It also seeks to send a message that cockroaches exist only in filth and rot. This means the country's system has become so rotten that the

cockroaches now have to emerge," he says.

A quick glance at the Cockroach Janta Party's website gives an overview of its mission and vision. "We are not here to set up another PM CARES, holiday in Davos on the taxpayer's salary slip, or re-brand corruption as 'strategic spending'. We are here to ask – loudly, repeatedly, in writing – where the money went," its website reads. With its tagline as "Voice of the lazy and unemployed", the Cockroach Janta Party claims to represent the people that "the system forgot to count". With zero sponsors and five demands, it identifies as "one large, stubborn swarm".

As on May 18, Abhijeet claims this "swarm" has grown into a collective of over 50,000 people who have met the four-point eligibility criteria – unemployed, lazy, chronically online, and can rant professionally – to become

members of the Cockroach Janta Party.

"The vision is still evolving. Ideologically, we are a secular, socialist, democratic, and anti-caste organisation. Our ideology is inspired by Gandhi, Ambedkar, and Nehru," says Abhijeet.

Five-point manifesto

The party's five-point manifesto puts the spotlight on the institutions of democracy. Apart from 50% reservation of all Cabinet positions for women, its manifesto includes a 20-year ban on MLAs and MPs who defect from one party to another, investigating the bank accounts of "god media" anchors, arresting the CEC under the UAPA if any legit vote is deleted, and barring post-retirement Rajya Sabha appointments for any Chief Justice.

The Cockroach Janta Party introduces India to a long tradition of counter-cultural political movements that have used sa-

ture, absurdity, and performance to critique mainstream politics. In the U.S., the trend emerged in the 1960s through the Freak Power movement led by Hunter S. Thompson and the Youth International Party, or Yippies, founded by activists Abbie Hoffman and Jerry Rubin. In the early 2000s, Sweden witnessed the emergence of the Pirate Party, which channelled Internet culture and anti-establishment sentiment into a campaign for digital rights, privacy, and civil liberties.

Abhijeet hopes that this movement will tap into the concerns, needs, and hopes of the young population of India. "We are asking the nation to confront the reality that today's youth is losing hope in the system because it is no longer serving them, listening to them, or even seeing them. And the longer the system ignores this, the bigger the frustration will grow," he says.

India is now Naxal-free, Shah declares in Bastar

Lauds security forces in first visit to former Maoist epicentre after March 31 deadline

Jayprakash S Naidu
Raipur, May 18

ON HIS first visit to Bastar after the March 31 deadline that he had set to eradicate Left-wing extremism, Union Home Minister Amit Shah on Monday declared India "Naxal-free".

"I proudly declare — India is now Naxal-free," said Shah while reiterating that the development work in Chhattisgarh's Bastar region, which was once the epicentre of the Maoist movement, would be expedited in the next few years to bring it on par with the rest of the country.

At the event in Jagdalpur in Bastar district, Shah was addressing personnel from the various security forces that took part in anti-Maoist operations, as well as family members of security personnel and civilians killed in Maoist violence.

"This is a very big day for Bastar. *Aajyaha khada rehkar seena tan ke keh sakta hoon Bharat Naxal mukht ho chuka hai.* (Standing here today, I can proudly say with my head held high that India has become free of Naxalism). All credit for this achievement goes to our secur-



Union Home Minister Amit Shah inaugurates a Common Service Centre in Bastar on Monday. PTI

ity forces, and I bow before you. This was a dream — a dream for which thousands of jawans made the ultimate sacrifice to turn it into reality," he said.

"From 1971 to 2026, the public suffered like a nightmare... there was lot of bloodshed. Three generations were wasted. I am very happy our target has been achieved by our brave soldiers in 3-4 years," he said.

After Shah set March 31, 2026, as the deadline to eradicate Left-Wing Extremism, security forces had stepped up anti-Maoist operations, especially in Bastar region over the last two years. This resulted in the killing of hundreds of Maoist cadres and the surrender of hundreds more, including senior leaders of the banned CPI (Maoist).

Shah said that when Narendra Modi became PM in 2014, India faced security issues in

J&K and the Northeast, as well as the spectre of LWE. "Today, by and large, India is free of all three issues and is on the road to development," Shah said.

His new target, the Home Minister said, was making Bastar the most developed tribal region in India in the next five years. He announced that 70 CAPF camps to act as a one-stop centre for all development activities, providing around 370 government benefits and schemes.

Due to Naxalism, Shah said, government benefits like rice procurement at Rs 3,100 per quintal, seven kg free rice distribution, 15% reservation in government jobs, or even basic education for tribals could never reach many areas of Bastar.

He said an elaborate plan has been drawn up for 3,000 surrendered Naxals, and Rs 20 crore has been spent on skilling and educating them.

Unlearnt lessons

India's inadequate strategic petroleum and gas reserves stand exposed

Last week, the Centre hiked retail petroleum product prices after a gap of four years. This was expected, since the government had been warning about high crude prices, and how public sector oil marketing companies (OMCs) had been bleeding heavily due to under-recoveries. It was also expected that this would happen after the results of the five Assembly elections. But the Prime Minister's appeal for austerity due to the drain on foreign exchange, the sharp depreciation of the rupee in recent months and the April's inflation prints point to a much deeper problem that India could have addressed decades earlier – the country's inadequate strategic petroleum and gas reserves. India did build out a strategic petroleum reserve (SPR) of about 36.7 million-39 million barrels, a programme conceived following the post-1991 vulnerability and formalised in the early 2000s. But today, this covers about seven days of consumption demand at 5.5 million barrels per day (mbpd). Combined with inventories of OMCs and import cover, this amounts to more than 70 days of stock. But over the years, India has emerged as the world's third-largest automobile market after the U.S. and China, and a comparison with those nations reveals the scale of India's vulnerability.

While the U.S. built its SPRs in the aftermath of the 1973 oil shock – which, at 714 million barrels, is 18 times larger than India's – China's roughly 900 million barrels is even larger. The U.S. has about 400 million barrels currently in its reserve system, providing it with roughly 20 days of consumption. The country has emerged as the world's largest oil producer in the past 10 years with an output of about 13 mbpd and a commercial system wide inventory, pushing it above the 90 day-mark recommended by the International Energy Agency for reserves. The same applies to China, which is comparable with India as a more oil import-dependent nation. These numbers become even starker when compared with reserves for liquefied petroleum gas (LPG) and liquefied natural gas (LNG), where India is most exposed. India has about 1.4 lakh tonnes of LPG storage, while its daily consumption is about 80,000 tonnes – more than half its reserve capacity. As for LNG, India largely relies on stocks at regasification facilities of Petronet LNG and BPCL, without any underground storage for a fuel vital to produce fertilizers. Both the U.S. and China have heavily invested in underground LNG storage. The EU was quick to adapt following the Russia-Ukraine war as it drew down its dependence on Russian gas. These reserves have enabled advanced economies to hedge against supply disruptions by relying on long-term contracts at times of supply disruptions, cushioning them from spot market spikes. As for China, its defiance of American sanctions against Russian oil has paid off handsomely. India would have benefited too, had it maintained greater strategic autonomy.

CURRENT LOSS PEGGED AT RS 750 CR A DAY; FIGURES EXCLUDE UNDER-RECOVERY ON JET FUEL SALES

Petrol, diesel price hike slashes OMCs' daily losses by Rs 250 cr

Sukalp Sharma
New Delhi, May 18

THE RS 3-per-litre hike in petrol and diesel prices has provided some relief to public sector oil marketing companies (OMCs), reducing their combined daily losses on sales of the two automobile fuels and liquefied petroleum gas (LPG) by a fourth, or about Rs 250 crore, a senior Petroleum Ministry official said on Monday.

The three OMCs — Indian Oil, Bharat Petroleum, and Hindustan Petroleum — are currently incurring losses of about Rs 750 crore a day by selling petrol, diesel, and LPG below market rates, according to Petroleum Ministry Joint Secretary Sujata Sharma.

She did not comment on whether more fuel price hikes are in the pipeline. Sharma said the loss figures don't include the OMCs' under-recovery on jet fuel sales for domestic flights.

The OMCs hiked petrol and diesel prices by Rs 3 per litre on Friday, the first increase in over four years, as they continue to grapple with financial strain amid the West Asia crisis.

Petrol is now priced at Rs 97.77 per litre, and diesel at Rs 90.67 in New Delhi. Fuel prices vary across states due to differences in state-level taxes. There was no hike in LPG prices since the last increase early March.

As per industry sources and analysts, the quantum of this hike will only partially ease the pressure, as the gap between retail fuel prices and the market price is much wider. More calibrated and staggered price hikes may be on the cards.

"The Rs 3 hike, alongside a marginal softening in crude prices, brings estimated residual under-recoveries down to Rs 10 and Rs 13 per litre, offering OMCs a degree of operational breathing room. The overhang is far from gone, though... The latest price increase is, therefore, aimed at containing incremental balance sheet stress rather than restoring marketing margins, and is better read as a policy acknowledgement that absorbed costs must eventually reflect in prices," Sehul Bhatt, Director, Crisil Intelligence said Friday.

Global crude oil prices rose by over 50% due to the crisis, but

• STAGGERED HIKES?

OMCs hiked petrol and diesel prices by Rs 3 per litre on Friday, the first increase in over 4 years

THE QUANTUM of this hike will only partially ease the pressure, as the gap between the retail fuel prices and the market price is much wider

THE GOVERNMENT chose a staggered approach because a one-shot steep price hike would not have been politically palatable, according to experts

to protect consumers, the government-owned OMCs didn't pass on the higher rates for retail petrol and diesel. In fact, their prices hadn't been hiked for four years, apart from a cut once before the 2024 Lok Sabha polls.

Discussions on a hike in their prices gathered pace within the government, with a consensus that an increase was necessary. The key considerations were the timing and the quantum: whether to do it im-



CALIBRATED PRICE hikes allow the Centre to pass on the higher prices to consumers gradually, while keeping a tab on public reaction

monitoring public reaction and the inflationary impact on an ongoing basis, instead of the inflationary shock and backlash that a steep hike might lead to.

Apart from a direct bearing on Consumer Price Index (CPI), fuel prices have an indirect impact on inflation as they affect freight and logistics costs, as well as energy and input costs for sectors.

"Given the weightage of petrol and diesel in the CPI basket, a 3-5% increase (in fuel prices) likely adds about 15-25 bps (basis points) to the headline inflation, besides second round impact," Radhika Rao, Senior Economist and Executive Director, DBS Bank said on Friday.

Rao added that the price hike was a "long-anticipated move", and could lead to a bit of moderation in fuel demand. She also recounted that back in 2022, amid the global oil and fuel price surge in the wake of Russia's invasion of Ukraine, retail fuel prices were hiked by about 9-10% in two steps.

The crisis has put the OMCs under severe financial stress.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

The warning signs in India's import bill

PM's appeal to reduce spending on petroleum products, edible oils, gold and foreign travel shows concern over India's import dependence; with foreign currency outgo increasing due to higher imports of crude oil, fertilizers, electronic components, pressure is mounting on foreign exchange reserves and the rupee

ECONOMIC NOTES

Biswajit Dhar

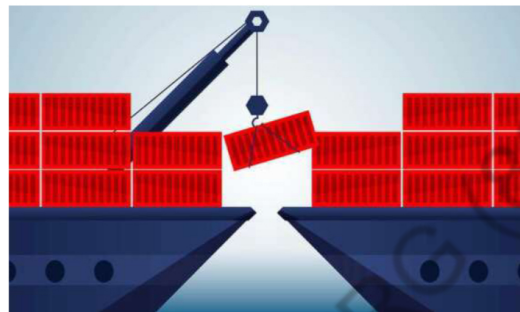
Last week, Prime Minister Narendra Modi urged citizens to reduce spending on petroleum products, cut edible oil consumption, delay non-essential gold purchases by a year, avoid unnecessary foreign travel, and prioritise the purchase of locally made products. He also advised increased use of public transport and electric vehicles, and called for the revival of Covid-era measures such as work-from-home, all aimed at reducing petrol and diesel consumption.

Mr. Modi's appeals have a singular focus – reducing the country's foreign currency spending. This is an alarm bell that no government has sounded before, not even during the severe economic crisis of 1991, when the country's foreign exchange reserves were less than \$1 billion, barely enough to finance imports for a fortnight. The Reserve Bank of India was then forced to pledge the country's gold to the Bank of England, the Bank of Japan, and later to the United Bank of Switzerland to avoid defaulting on international debt obligations.

A widening trade deficit

The Prime Minister's announcement seems to be in response to the delicate situation India is facing in its merchandise trade account. In 2025-26, India's merchandise trade deficit reached a record \$333 billion, an increase of over 17% as compared to the immediately preceding year. The bulge in trade deficit was caused by imports rising 7% to an all-time high of \$775 billion, while exports remained nearly stagnant at \$442 billion.

Higher crude oil prices in the international market following the U.S.-Israel war against Iran are yet to be reflected in the import figures. According to the International Monetary Fund's (IMF) crude oil price index, prices have risen by 53% since the war began. When these numbers are reflected in India's



GETTY IMAGES

import bill, the situation could be really worrying. This could be the reason for the Prime Minister to press the alarm bell.

India's imports in 2025-26 were driven by four product groups – gold and silver, edible oils, fertilizers, and electronic components. Imports of precious metals, valued at over \$90 billion, accounted for about 12% of the import bill, marking them the third largest product group in the import basket after crude oil and electronics. Overall imports of gems and jewellery increased by almost 25% over the previous year, with most of the increase driven by gold imports, which rose by 24%, and silver imports, which surged by 150%. Exports of gems and jewellery, on the other hand, declined by over 5%, indicating that the increased imports of the precious metals were mostly absorbed domestically.

Import dependence

The unprecedented rise in gold imports has continued into the new financial year, increasing by 82% in April 2026 compared to the year before. This raises the question of whether the Prime Minister's appeal to postpone non-essential gold purchases, along with last week's increase in customs duty on gold and silver

imports to 15%, will be enough to arrest this upward trend.

The probability of lower gold imports may seem low, as continued stock market volatility has pushed retail investors into diversifying their portfolios by opting for both physical and gold ETFs. In fact, there are expectations that a higher import duty on physical gold will increase the shift towards ETF gold.

India's dependence on the international market for edible oils has been the most disappointing aspect of the country's agricultural performance. Edible oil imports increased by over 12% in 2025-26 and accelerated to 40% in April 2026 (over April 2025). These numbers are a pointer that import dependence on this critical commodity may have worsened. Imports accounted for over 56% of India's edible oil demand in 2023-24, the most recent year for which official data are available. Since the government has failed to find a way to increase domestic oilseed production, it needs citizens to reduce edible oil consumption to reduce imports, and thus save foreign currency.

Imports have brought bad news for agriculture. Spiralling fertilizer prices in international markets are not only causing

the country to lose foreign currency due to its high import dependence, but they are also likely to raise the fertilizer subsidy bill. Globally, fertilizer prices increased by 45% between December 2025 and April 2026, while urea prices doubled during this period.

Over the past five years, fertilizer imports have met between 31% and 37% of India's requirements. However, this share is expected to exceed 50% in 2025-26 as urea imports increased by over 60%. Disruptions caused by the war in West Asia have pushed India's fertilizer import bill up by nearly 80% in 2025-26. As in the case of edible oil, it remains a mystery why domestic production was not ramped up to reduce foreign exchange outgo.

Pressure on the rupee

Though Mr. Modi has urged citizens to "prioritise Made in India products," the Atmanirbhar Bharat Abhiyan, launched in 2020 to reduce dependence on Chinese imports, has not made much headway in several key industries. Even after six years and huge budgetary outlays under the PLI scheme, India remains significantly dependent on imports of electronic components, which grew by over 20% in the previous fiscal year.

Domestic production of accumulators and batteries was also to be stepped up to reduce the import content of electric vehicles, but in 2025-26, imports of these products increased by 50%. India's transition towards greater technological sophistication is thus coming at the cost of considerable foreign currency outgo.

Finally, a rising trade deficit could create another significant irritant as the already weakened rupee could slide further. Over the past several months, the RBI has been selectively intervening to prevent a free-fall of the currency. However, RBI needs to carefully calibrate its market interventions since foreign currency reserves have fallen by over \$21 billion since the end of February 2026, and a further decline may not be prudent. (Biswajit Dhar is former professor, Jawaharlal Nehru University)

THE GIST

India's record merchandise trade deficit and rising import dependence over foreign currency outgo and pressure on the rupee.

Increases in imports of gold, edible oils, fertilizers and electronic components have exposed the country's continued dependence on international markets.

CURRENT LOSS PEGGED AT RS 750 CR A DAY; FIGURES EXCLUDE UNDER-RECOVERY ON JET FUEL SALES

Petrol, diesel price hike slashes OMCs' daily losses by Rs 250 cr

Sukalp Sharma
New Delhi, May 18

THE RS 3-per-litre hike in petrol and diesel prices has provided some relief to public sector oil marketing companies (OMCs), reducing their combined daily losses on sales of the two automobile fuels and liquefied petroleum gas (LPG) by a fourth, or about Rs 250 crore, a senior Petroleum Ministry official said on Monday.

The three OMCs — Indian Oil, Bharat Petroleum, and Hindustan Petroleum — are currently incurring losses of about Rs 750 crore a day by selling petrol, diesel, and LPG below market rates, according to Petroleum Ministry Joint Secretary Sujata Sharma.

She did not comment on whether more fuel price hikes are in the pipeline. Sharma said the loss figures don't include the OMCs' under-recovery on jet fuel sales for domestic flights.

The OMCs hiked petrol and diesel prices by Rs 3 per litre on Friday, the first increase in over four years, as they continue to grapple with financial strain amid the West Asia crisis.

Petrol is now priced at Rs 97.77 per litre, and diesel at Rs 90.67 in New Delhi. Fuel prices vary across states due to differences in state-level taxes. There was no hike in LPG prices since the last increase early March.

As per industry sources and analysts, the quantum of this hike will only partially ease the pressure, as the gap between retail fuel prices and the market price is much wider. More calibrated and staggered price hikes may be on the cards.

"The Rs 3 hike, alongside a marginal softening in crude prices, brings estimated residual under-recovery down to Rs 10 and Rs 13 per litre, offering OMCs a degree of operational breathing room. The overhang is far from gone, though... The latest price increase is, therefore, aimed at containing incremental balance sheet stress rather than restoring marketing margins, and is better read as a policy acknowledgement that absorbed costs must eventually reflect in prices," Sehul Bhatt, Director, Crisil Intelligence said Friday.

Global crude oil prices rose by over 50% due to the crisis, but

• STAGGERED HIKES?

OMCs hiked petrol and diesel prices by Rs 3 per litre on Friday, the first increase in over 4 years

THE QUANTUM of this hike will only partially ease the pressure, as the gap between the retail fuel prices and the market price is much wider.

THE GOVERNMENT chose a staggered approach because a one-shot steep price hike would not have been politically palatable, according to experts

to protect consumers, the government-owned OMCs didn't pass on the higher rates for retail petrol and diesel. In fact, their prices hadn't been hiked for four years, apart from a cut once before the 2024 Lok Sabha polls.

Discussions on a hike in their prices gathered pace within the government, with a consensus that an increase was necessary. The key considerations were the timing and the quantum: whether to do it im-



CALIBRATED PRICE hikes allow the Centre to pass on the higher prices to consumers gradually, while keeping a tab on public reaction

monitoring public reaction and the inflationary impact on an ongoing basis, instead of the inflationary shock and backlash that a steep hike might lead to.

Apart from a direct bearing on Consumer Price Index (CPI), fuel prices have an indirect impact on inflation as they affect freight and logistics costs, as well as energy and input costs for sectors.

"Given the weightage of petrol and diesel in the CPI basket, a 3-5% increase (in fuel prices) likely adds about 15-25 bps (basis points) to the headline inflation, besides second round impact," Radhika Rao, Senior Economist and Executive Director, DBS Bank said on Friday.

Rao added that the price hike was a "long-anticipated move", and could lead to a bit of moderation in fuel demand. She also recounted that back in 2022, amid the global oil and fuel price surge in the wake of Russia's invasion of Ukraine, retail fuel prices were hiked by about 9-10% in two steps.

The crisis has put the OMCs under severe financial stress.

FULL REPORT ON
WWW.INDIANEXPRESS.COM

India eyes trade pact with Oman amid turmoil, FTA starts June 1

Ravi Dutta Mishra

New Delhi, May 18

AMID THE Strait of Hormuz blockade and uncertainty over peace talks between Iran and the US, the Commerce and Industry Ministry Monday said the India-Oman free trade agreement (FTA) signed in December could enter into force as early as June 1.

The likely implementation, within months of signing, comes as Delhi pushes for faster operationalisation of the deal since Omani ports, mainly Salalah and Duqm, fall outside the Strait and could help India reroute exports for West Asia and Africa.

Commerce Ministry officials said several meetings have been held with exporters to explore opportunities for pushing food and other low-margin, labour-intensive products, given Oman's geographic advantage during the current crisis.

While Oman's annual demand is limited, the pact offers a transit window. Officials said that only two UAE ports, Khor

» CONTINUED ON PAGE 2

Israeli forces intercept flotilla trying to reach blockaded Gaza

Agence France-Presse

JERUSALEM

Israeli forces intercepted a Gaza-bound aid flotilla on Monday after it sailed from Turkey last week, with Prime Minister Benjamin Netanyahu denouncing the mission as a “malicious scheme” intended to support Hamas.

The Global Sumud Flotilla vessels are the latest in a string of attempts by activists to breach Israel’s blockade of the Palestinian territory, with the last convoy intercepted by Israeli forces last month.

“Global Sumud Flotilla is under attack!” the group wrote on X.

“The Israeli occupation has again illegally and violently intercepted our international fleet of humanitarian vessels and

A website tracking the flotilla’s location showed several vessels intercepted near Cyprus; activists ‘abducted’: organisers

abducted our volunteers.” Around 50 ships had departed from southwestern Turkey on Thursday. Ankara slammed the interception, saying it was a “new act of piracy” by Israel.

A website tracking the flotilla’s location showed several vessels being intercepted west of Cyprus.

Indonesian newspaper *Republika* said nine Indonesians were part of the detained group, including two of its journalists.

Fifteen Irish citizens were on the flotilla, including Margaret Connolly, sis-

ter of President Catherine Connolly, organisers said.

Mr. Netanyahu condemned the latest attempt to deliver aid to Gaza by sea. He told the commander of the interception force, “I believe you are doing an extraordinary job... thwarting a malicious scheme designed to break the blockade we have imposed on Hamas terrorists in Gaza,” according to a statement from his office.

‘State terrorism’

Hamas political bureau member, Bassem Naim, condemned the interception, describing it as “state terrorism and systematic undermining of the entire international order”.

Around 2 million Gaza residents are living with severe shortages of housing, food and medicine.

FTA with Oman

Fakkan and Fujairah, are not currently facing operational difficulties. Overall trade with UAE, India's largest trading partner in the Gulf, has declined over 35% in April.

Oman's ports offer an advantage that the Government is planning to leverage. There are several products which would be prioritised, but Muscat's annual demand is barely \$40 billion, and there is no alternative to trade with, say, the UAE. Besides, currently not many shipping lines are taking that route, and freight rates have more than doubled, which is a bigger challenge," an exporter said.

Trade data showed that while commerce with West Asian countries has come under pressure since the Strait of Hormuz was closed on March 2, trade with Oman has picked up. Energy imports from Iraq, Qatar and the UAE declined sharply in

April, but shipments from Oman jumped 246.42% to \$1.48 billion last month, compared to \$429.58 million in April last year.

Before the war, India's trade had been heavily dependent on the UAE and Saudi Arabia. The two countries accounted for 8.4% and 2.7% of India's total exports respectively in FY25, while Oman's share stood at just 0.9%. On the import side, the UAE and Saudi Arabia comprised 8.8% and 4.2% of India's total imports, with Oman again at 0.9%, Commerce Ministry data showed.

The pact with Oman also assumes significance given its role in the ongoing West Asia conflict. Iran's Deputy Foreign Minister Kazem Gharibabadi said last week that Tehran is working on arrangements to determine what services "Iran and Oman are providing in the Strait of Hormuz". Iranian Foreign Minister

Abbas Araghchi also said Iran was coordinating with Oman on the future management of the strait.

Under the FTA, Oman has offered zero-duty access for Indian goods on 98% of its tariff lines. Oman largely exports crude oil, liquefied natural gas, fertilisers, and chemical inputs such as methyl alcohol and anhydrous ammonia, along with petroleum coke. Indian exports to Oman, largely consisting of machinery and parts, have doubled in the last five years from \$3 billion to \$6 billion. New Delhi's top exports, apart from naphtha and petrol, include machinery, aircraft, rice, iron and steel articles, beauty and personal care products, and ceramics.

Currently, only 15.33% of India's export value and 11.34% of tariff lines (2022-24 average) enter the Omani market at zero duty under the Most Favoured Nation (MFN) regime. Under the CEPA, Indian exports to Oman that earlier faced duties of up to

5%, valued at around \$3.64 billion, are expected to gain significantly from improved price competitiveness, the ministry had said at the time of signing in December.

The ministry had also pointed to Oman's electronics imports, worth \$3 billion in 2024, against India's exports of just \$123 million, indicating clear scope for expansion. Key import segments include smartphones, photovoltaic cells, telecom instruments and parts, boards and cabinets for electric control or distribution, and static converters.

"India already exports smartphones, static converters, and boards and cabinets, with a relatively stronger presence in the latter two. Import duties are already zero for most electronics, and under the trade deal, remaining items -- boards and cabinets, static converters, and television reception apparatus -- also move to zero duty, improving tariff certainty," the ministry had said.

India, Norway elevate bilateral ties to Green Strategic Partnership

Shubhajit Roy

New Delhi, May 18

INDIA AND Norway decided to elevate bilateral ties to “Green Strategic Partnership” and signed pacts on space, health and digital development following Prime Minister Narendra Modi’s meeting with Norwegian PM Jonas Gahr Støre in Oslo on Monday.

After the bilateral talks, PM Modisaid: “Today, we are giving shape to India-Norway relations as a ‘Green Strategic Partnership.’ Through this strategic partnership — spanning sectors ranging from clean energy to climate resilience, and from the Blue Economy to Green Shipping — our companies will develop global solutions by combining India’s scale, speed, and talent with Norway’s technology and capital.” Modi met Støre hours after he landed in Oslo from Sweden as part of his four-nation European tour.

The Norwegian PM said, “We are now elevating our relationship to a Green Strategic Partnership, which gives us the foundation to work on knowledge, resources, and ambitions for the green transition, where we depend on succeeding, both of us.” On health cooperation, Støre said, “We are strengthening our cooperation in health; a lot to learn from India. We are signing a memorandum of understanding on developing high-tech quality health services, closer cooperation on digital health, artificial intelligence, research, and health technology. We also deepen our cooperation on digital development, including work on digital public infrastructure and digital public goods.”

On Arctic and space cooperation, Modi said, “Norway is a key nation in the Arctic region. We share a long-standing history of cooperation in Arctic and polar research. We are grateful



PM Narendra Modi with King Harald V as he is conferred the Grand Cross of the Royal Norwegian Order of Merit, in Oslo on Monday. ANI

E. EXPLAINED

Shared belief in rules-based order

AMID ONGOING conflicts in Ukraine and West Asia, both India and Norway extended support to every effort toward an early end to hostilities and the restoration of peace. Both countries firmly believe in a rules-based order, dialogue, and diplomacy, said PM Modi. The two nations also pledged commitment to eliminating terrorism in all its forms.

to Norway for its support in the operations of India’s Arctic research station, “Himadri.” The MoU being signed today between ISRO and the Norwegian Space Agency will add new dimensions to our cooperation in the space sector.” “Through deeper cooperation in all these areas, our scientists will contribute to understanding climate change, protecting fragile ecosystems, and securing the future of humanity,” he said.

“As two major maritime nations, we will work together to strengthen cooperation in the marine economy, maritime security, and capacity building. Today, we have concluded a Triangular Development Cooperation Agreement. We will now collaborate to contribute to human development in countries of the Global South through India’s Digital Public Infrastructure projects,” PM Modi said.

The two leaders also discussed the geopolitical situation and the conflicts in Ukraine and West Asia. Modi said, “Both India and Norway firmly believe in a rules-based order, dialogue, and diplomacy...” The Norwegian PM said, “Norway and India do not always see eye to eye on all issues. Nobody does. And we are both respectful democracies who handle those issues in ways that live up to democratic standards...”

This is the first visit by an Indian PM to Norway in over 40 years; the last PM to visit Norway was PM Indira Gandhi in 1983. Modi also met King Harald V and Queen Sonja of Norway and received the Grand Cross of the Royal Norwegian Order of Merit.



SAKTI PRASAD SRICHANDAN

Behind Netherlands visit, a semiconductor push

WHAT MADE PM Modi's visit to the Netherlands particularly consequential was not merely the symbolism of diplomatic engagement, but the growing convergence between India's technological ambitions and the Dutch dominance in the semiconductor ecosystem. The visit came at a time when semiconductors have become the new geo-political currency of power, shaping economic competitiveness, military capability, AI, and digital sovereignty.

At the centre of this emerging partnership lies ASML, the Dutch technology giant that occupies a near-monopoly position in the global chip ecosystem. ASML is the world's only producer of extreme ultraviolet (EUV) lithography machines, the highly sophisticated systems required to manufacture advanced semiconductors. Without its machines, the production of cutting-edge chips becomes virtually impossible. This has transformed the Netherlands from a relatively modest European power into a critical node in the global technology rivalry between the United States and China.

India has identified semiconductors as central to its broader push for technological self-reliance under initiatives such as Make in India, Digital India, and the India Semiconductor Mission. New Delhi has committed billions of dollars in subsidies and incentives to build an ecosystem, including fabrication plants, packaging facilities, chip design centres, and semiconductor research infrastructure. The proposed Tata semiconductor fabrication facility in

Dholera, Gujarat, with a planned total investment of \$11 billion, for instance, represents India's most ambitious attempt yet to enter the advanced manufacturing segment of the global chip-supply chain.

The global semiconductor industry is undergoing a profound restructuring because of the US-China competition, export controls, and supply-chain vulnerabilities exposed during the Covid pandemic. Dutch companies, including ASML, now face increasing restrictions on exports to China under pressure from Washington. Consequently, India appears increasingly attractive as a democratic, politically stable, and strategically aligned alternative manufacturing destination within the broader "China-plus-one" framework. Reports say that Dutch semiconductor firms are actively exploring diversification opportunities outside China, while Indian officials are encouraging the Netherlands to view India as a long-term production and innovation base.

Earlier this year, Electronics and IT Minister Ashwini Vaishnav visited ASML headquarters in Veldhoven, where discussions focussed on lithography technologies and India's semiconductor ambitions.

During PM Modi's trip, Tata Electronics signed an MoU with ASML to support the establishment and ramp-up of its upcoming 300 mm (12-inch) semiconductor fabrication plant in Dholera. Yet the significance of this partnership extends beyond hardware and manufacturing. The Netherlands offers India access to an

entire ecosystem of semiconductor innovation involving research universities, photonics clusters, precision engineering firms, and advanced design capabilities. Such collaboration could help India avoid the mistake of becoming merely a low-cost assembly base and move up the value chain toward chip design, semiconductor R&D, advanced materials, and AI-integrated manufacturing systems. Modi's visit therefore reflected a broader evolution in Indian foreign policy, from traditional diplomacy centred on trade and politics towards what may be called "technology diplomacy".

There are reasons for caution. Semiconductor manufacturing is among the most capital-intensive and technologically complex industries in the world. Even with subsidies and political support, India faces structural challenges, including infrastructure gaps, power reliability issues, shortages of highly specialised manufacturing talent, and dependence on imported semiconductor-grade materials. Export-control politics could complicate deeper technology transfers. The Netherlands itself remains closely tied to American strategic preferences in semiconductor controls.

Nevertheless, PM Modi's trip could accelerate India's transition from being a consumer of advanced technologies to becoming an active participant in shaping the global semiconductor ecosystem.

The writer is assistant professor, Centre for European Studies, School of International Studies, JNU

ASML is the world's only producer of extreme ultraviolet (EUV) lithography machines, required to manufacture advanced semiconductors

Rupee hits new low of 96.4, falls for 7th straight day

Akash Mandal

Mumbai, May 18

THE INDIAN rupee weakened for the seventh day in a row on Monday on its way to hitting another all-time low as concerns over the West Asia war continued. Government bond yields, meanwhile, surged to the highest levels in around one-and-a-half months tracking rising interest rates across the world as investors dumped debt instruments.

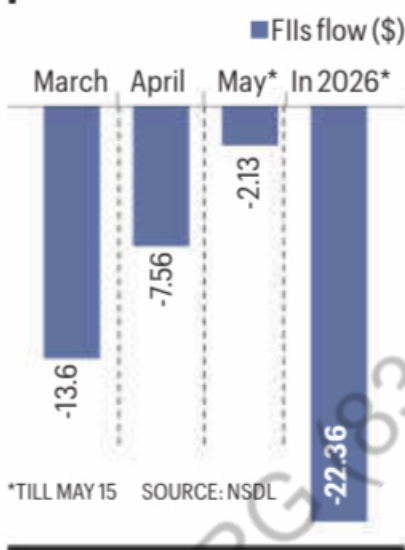
Indian stock indices, however, ended little changed on Monday, although they had slumped 1.4% intraday.

The Sensex ended 0.1% higher at 75,315.04, while the Nifty closed at 23,649.95, up 0.03% from Friday. The market recovery was largely driven by gains in IT services stocks.

"Among the sectoral indices, Nifty IT emerged as the top outperformer, rallying 2.43% amid strong buying interest in technology stocks. Pharma and Private Banking stocks also provided mild positive support to the benchmark indices," Bajaj Broking Research said in a note. "On the other hand, broader selling pressure persisted across several sectors, with Nifty Media, Auto, PSU Banks, and Consumer Durables ending as the major laggards of the session. The broader market remained under pressure, as the Nifty Midcap 100 declined marginally by 0.15%, while the Nifty Smallcap 100 slipped 1.26%."

Although stocks were little changed on the whole, the rupee continued to trend lower,

Foreign investors pull out funds



falling as low as 96.4-per-dollar before closing the day at 96.36. The rupee is now down 5.6% since the war in West Asia began on February 27 and 6.7% in 2026. It is the worst-performing Asian currency this year.

Monday's weakness in the currency market came as worries continued over the West Asia crisis, with a drone attack setting fire to a nuclear power plant in the United Arab Emirates on Sunday, sending crude oil prices above the \$110-per-barrel mark. Foreign Portfolio Investors (FPIs) have sold \$22.4 billion of Indian shares and bonds so far in 2026 on a net basis, per latest data, as fears mount over the size of India's Balance of Payments deficit in 2026-27, which would be the third year in a row that the metric has been in negative territory. And with the deterioration of the BoP – which was \$64 billion in surplus as recently as 2023-24 – predating the on-

going war, economists warn that addressing this situation is an important challenge.

"So, in a sense, we are addressing: (1) a short-term problem of elevated energy prices, which threaten to widen the current account deficit, and (2) a medium-term problem of capital inflows slowing, which pushed the BoP into deficit even before the energy shock struck" HSBC economists said in a note on Monday. They expect the BoP to clock a deficit of \$65 billion this fiscal.

With fears of a sustained increase in inflation rising due to the prolonged nature of the war, bond yields surged globally, including in the US and Japan. Higher bond yields are considered a negative for the equity and currency markets.

In India, the benchmark 10-year government bond ended at 7.13% on Monday, up from 7.06% on Friday. This is the highest level since early April.

Bond yields move in the opposite direction to prices. Earlier this month on May 8, the RBI issued the new 10-year government bond at a coupon of 6.94%. On Monday, it closed at 7.08% and is already trading at a discount of almost one rupee. A higher yield is indicative of a higher cost of borrowing for the government.

The RBI has held the policy repo rate unchanged at 5.25% so far in 2026, with headline retail inflation having stayed below its 4% target. However, wholesale inflation in April skyrocketed to 8.3% – the highest in 42 months. **FULL REPORT ON**

WWW.INDIANEXPRESS.COM

No quick-fixes, weak rupee problem runs deep

THE INDIAN currency continues to be under pressure. On Monday, the rupee was hovering around 96.3 against the dollar — since the beginning of this year, it has fallen by around 6.5 per cent. According to a report in this paper, some policymakers view this fall as the market pricing in the depreciation that may have occurred before 2025, a time when the central bank's interventions increased sharply, leading to an "artificial stabilisation" of the rupee. While market interventions designed to keep the currency at a particular level may delay the adjustments required to fix underlying imbalances in the economy, the problems with the rupee run deeper.

The currency's weakness comes at a time when the Indian economy has been growing at a relatively healthy pace, with both inflation and the current account deficit being low. The rupee has also fallen against the dollar when the greenback has itself weakened — in 2025, the rupee fell by 4.7 per cent against the dollar when the dollar index fell from 109 to 98. The problems have been due to pressure on both the capital and current accounts. Capital has been flowing out of the country, with both foreign and domestic investors exploring alternatives. Investors seem more exuberant about the prospects of East Asian economies, which are benefitting from the China+1 play and the AI boom. And on the current account side, the steep rise in global crude oil prices is exerting pressure, financing which will be challenging.

In response, there have been appeals to curb foreign travel and gold purchases in order to conserve forex, with the RBI also intervening in the markets to stem the rupee's slide. Its net short forward position had widened considerably, and it had earlier also restricted activity in the non-deliverable forwards market. The relief to the currency from the central bank's steps was, however, short-lived. But the temptation to intervene in the currency markets through various instruments, when the rupee is facing both depreciation and appreciation pressures, is not new. The central bank has in the past repeatedly intervened in the markets. The approach should, however, be to allow the currency to move freely. The rupee should work as a shock absorber. At the current juncture, the focus should be on addressing the pain points in the economy. Steps need to be taken to attract foreign capital, raise domestic competitiveness and boost merchandise exports. The structural impediments to growth need to be tackled urgently.

Iran submits fresh plan, says U.S. open to 'waive' sanctions

Stanly Johnny

Iran has submitted a new 14-point proposal to the U.S. through Pakistan, aimed at ending the war amid a diplomatic impasse and fears of renewed hostilities, even as President Masoud Pezeshkian said the country "will not bow to any power".

On April 10, Iran had sent its response to an American plan, which President Donald Trump dismissed as "totally unacceptable". According to Iranian officials, Tehran proposed negotiations to focus on ending the war, while deferring talks on the nuclear file to a later stage. The U.S. subsequently sent a formal reply to



Iranian President Masoud Pezeshkian with Pakistan's Interior Minister Mohsin Naqvi.

Iran's proposal, with Tehran's latest 14-point plan constituting its response to the American text.

"In line with the recent practice of exchanging messages, Iran has also

once again submitted its text in 14 points through the Pakistani mediator after making amendments," an Iranian official said, according to the Tasnim news agency.

Tasnim quoted another Iranian official as saying that the U.S. has agreed to waive sanctions on Iran during the negotiation period. Iran has insisted that removal of all sanctions on the country should be part of a final agreement. "The U.S. has proposed a waiver of OFAC (Office of Foreign Assets Control) sanctions until a final understanding is reached," it reported.

The U.S., which along with Israel launched the war on February 28, announced a ceasefire on April 8, citing progress in negotiations. Iranian and American officials held one round of direct talks in Islamabad on April 11 but failed to reach any breakthrough. Immediately after

the talks failed, Mr. Trump announced a blockade of Iran's ports. Iran, which took control of the Strait of Hormuz after the war began, has demanded the U.S. end the blockade as a confidence building measure to take talks forward.

'Will not bow'

"We will not bow. I will never bow before any power. We will not sacrifice the country's dignity for the sake of comfort-seeking and our own worldly desires, but we must manage the country with prudence and wisdom," Mr. Pezeshkian said on Monday about the negotiations, according to Press TV.

Iran's Foreign Ministry spokesperson Esmail

Baghaei told presspersons on Monday that the diplomatic process continues through Pakistan despite the tensions.

One of the key sticking points, besides the nuclear programme, is Iran's control of the Strait of Hormuz through which almost one-fifth of the world's oil passed before the war. Since the war, Tehran has declared sovereignty over the strait and asked ships to coordinate with the Islamic Revolutionary Guard Corps Navy.

On Sunday, Iran unveiled a new body, the Persian Gulf Strait Authority, to control the strait.

RELATED REPORT ON
» PAGE 14

U.S. PRESIDENT TRUMP SAYS HE HAS INSTRUCTED MILITARY TO BE READY FOR 'FULL SCALE ASSAULT'

'Called off Iran strike planned for today at Gulf allies' request'

Reuters & AP

Washington, Dubai, Karachi,
May 18

US PRESIDENT Donald Trump said he is holding off on a "full, large scale" military strike on Iran planned for Tuesday because "serious negotiations" are underway.

The President did not offer details about the planned attack but said but he instructed the US military "to be prepared to go forward with a full, large scale assault of Iran, on a moment's notice, in the event that an acceptable deal is not reached."

Trump said in his social media post that he was calling off the planned strike at the request of allies in West Asia, including the leaders of Qatar, Saudi Arabia and the United Arab Emirates.

Earlier on Monday, Iran sent a new peace proposal to the US with terms that appeared similar to offers Washington has previously rejected, although a senior Iranian official told Reuters on Monday that the US had softened positions on some issues.

A Pakistani source confirmed that Islamabad, which has conveyed messages between the sides in the war in West Asia since hosting the only round of peace talks last month,



Iran President Masoud Pezeshkian (right) with Pakistan Interior Minister Naqvi in Tehran on Sunday. REUTERS

had shared the latest proposal with Washington. But the source suggested progress had been difficult. The sides "keep changing their goalposts," the Pakistani source said, adding: "We don't have much time."

Iranian Foreign Ministry spokesperson Esmail Baghaei confirmed that Tehran's views had been "conveyed to the American side through Pakistan" but gave no details. Washington did not comment.

The Iranian proposal, as described by the senior Iranian source, appeared similar in

many respects to Iran's previous offer, which US President Donald Trump rejected last week as "garbage".

It would focus first on securing an end to the war, reopening the Strait of Hormuz - a major oil supply route that Iran has effectively blockaded - and lifting maritime sanctions. More contentious issues around Iran's nuclear programme and uranium enrichment would be deferred to later rounds, the source said.

However, in an apparent softening of Washington's stance, the senior Iranian source said

the United States had agreed to release a quarter of Iran's frozen funds - totaling tens of billions of dollars - held in foreign banks. Iran wants all the assets released.

The Iranian source also said Washington had showed more flexibility in allowing Iran to continue some peaceful nuclear activity under supervision of the International Atomic Energy Agency. Iran's *Tasnim* news agency separately quoted an unidentified source as saying the US had accepted waiving oil sanctions on Iran while negotiations were under way.

Israel, Hezbollah war continues as Lebanon death toll tops 3,000

Beirut: Israel carried out air-strikes in southern Lebanon on Monday, Lebanese security sources and the state news agency said, while Hezbollah announced new attacks on Israeli forces, continuing the war in Lebanon despite the extension of a US-backed truce.

Since the war began on March 2, more than 3,000 people have been killed in Lebanon, the country's health ministry reported in its latest casualty toll on Monday. Reignited by the US-Israeli conflict with Iran, hostilities between Iran-backed Hezbollah and Israel persisted since US President Donald Trump first announced a ceasefire on April 16.

A 45-day ceasefire extension, announced after a third round of US-hosted talks between Lebanon and Israel on Friday, began at midnight, a Lebanese official said. The US-led mediation has emerged in parallel to diplomacy aimed at ending the US-Iran conflict. **REUTERS**

● WHITE HOUSE STATEMENT DROPS REFERENCE TO ELIMINATION OF CHINA'S EXPORT CONTROL REGIME; FLAGS INDIUM SHORTAGES FOR THE FIRST TIME

US gets small rare earth win, but China's export curbs will stay

Reuters

Beijing, May 18

CHINA WILL address US concerns about rare earth shortages, the White House said on Sunday in a recap of agreements struck at last week's leaders summit that fell short of calling for the removal of restrictions that have disrupted US aerospace and semiconductor manufacturing.

Introduced in April 2025 in retaliation for US President Donald Trump's so-called Liberation Day tariffs, Beijing's controls continue to tightly restrict exports of certain rare earths despite a deal at last October's Busan summit where the White

House said China committed to "effectively eliminate" all current and proposed critical mineral export controls.

Six months on, the White House's latest statement now acknowledges that China's export control regime will stay. It also did not mention whether a one-year truce on a wider set of Chinese rare earth restrictions, due to expire in November, will be extended. The Sunday fact sheet summarising key takeaways from the summit said China will address US concerns about shortages of critical minerals and rare earths including yttrium, scandium and indium.

It also said China would address US concerns over export



China's indium exports dropped dramatically, plummeting by about two-thirds globally in 14 months since February 2025. REUTERS

curbs on rare earth processing technology, which Beijing tightly guards to protect domestic producers responsible

for almost all of the world's production. Unlike the White House, China's Ministry of Commerce made no mention

of rare earths in its own summary published on Saturday.

While rare earth export licences are flowing to sectors like autos and consumer electronics, firms in sensitive sectors where rare earths have potential military applications continue to face delays.

Indium and chips

One critical mineral mentioned for the first time by the White House is indium, which plays a key role in the upstream and downstream semiconductor supply chain and has been on a Chinese export control list since February 2025. Its compound indium phosphide is crucial for making next-gener-

ation photonic chips that use light instead of electricity to process data, as well as high-speed optical lasers used in optical fibre and 6G networks. Another compound, indium tin oxide, is used to make LED screens.

Manufacturers like Coherent are stepping up production of photonic chips that are rapidly being integrated into the development of AI data centres around the world.

Chinese exports of indium have fallen dramatically in the 14 months since February 2025 versus the same period the year before, customs data showed. Shipments are down by about two-thirds globally and by 77% to the US.