

'CYNICAL NARRATIVE BEING GENERATED... INDIA CANNOT AFFORD FEAR-MONGERING'

Sitharaman flags '3F' concerns: Fuel, fertiliser, foreign exchange

Says 'unimaginable' hike in fertiliser prices, high crude and gold prices creating 'challenges on external front'

Akash Mandal
& Siddharth Upasani

Mumbai, New Delhi, May 25

UNDERLINING PRIME Minister Narendra Modi's call earlier this month to conserve foreign exchange, Finance Minister Nirmala Sitharaman on Monday emphasised the importance of "three Fs: fuel, fertiliser and foreign exchange".

Taking on critics of the Indian economy amid the ongoing West Asia crisis, Sitharaman said the naysayers were creating a "cynical narrative". Not only is this wrong, but it is also "fear-mongering" and "India cannot afford fear-mongering", she said.

Sitharaman was speaking at

Business as Usual

By EP UNNY

Working from home, we'll save so much that we might be tempted to buy gold.



the 37th foundation day event of the Small Industries

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E. EXPLAINED

Fertiliser & forex

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SHOULD RBI DEFEND RUPEE, OR LET IT FALL?

GOVT DIALS STATES TO WATCH SUPPLY AT OMC PUMPS

Four hikes in 11 days: Petrol, diesel prices now up by over Rs 7/litre

OMC losses down, but still about Rs 600 cr/day

Sukalp Sharma

New Delhi, May 25

AFTER HOLDING retail fuel prices for over two-and-a-half months amid the surge in global rates due to the West Asia crisis, public sector oil marketing companies (OMCs) have hiked the prices of petrol and diesel by over Rs 7 per litre in less than two weeks.

While seemingly steep, the cumulative price increase so far

• RISING PRICES

	Retail price (₹/litre)		Price hike (₹/litre)	
	Petrol	Diesel	Petrol	Diesel
May 25	102.12	95.2	2.61	2.71
May 23	99.51	92.49	0.87	0.91
May 19	98.64	91.58	0.87	0.91
May 15	97.77	90.67	3	3

Petroleum Planning & Analysis Cell; Delhi prices

— done through four hikes — has been the lowest among

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Sitharaman flags '3F'

Development Bank of India (SIDBI) in Mumbai.

She said Modi's appeals must be understood in the right context. "We should please understand the context of these three Fs: fuel, fertiliser and foreign exchange. And the foreign exchange, in this context, is the purchase of gold. So, we need to understand this and we should also appreciate that the challenges are more externally driven. We must also recognise that India's domestic economic situation remains positive and resilient even today," she said.

She said that high and volatile international crude oil prices, along with an "unimaginable" increase in fertiliser prices and high gold prices, were creating "some challenges on the external front".

However, she said, India remains a robust economy. She added that the "naysayers" who say that "it's all falling down, it's crumbling" were those who want to "decry the achievements of our own people".

"And therefore, ... all the good that is being done by the common people themselves, that is forgotten, and a pessimistic, cynical narrative is generated, which is just not right. It's not right is one thing, but it is wrong because it is fear-mongering. India cannot afford fear-mongering. We need to give confidence to the people with our words and with our actions, and that's what you're seeing at various levels," the Finance Minister said.

Earlier this month, Modi urged the public to change their consumption behaviour by reviving Covid-era measures such as work-from-home and virtual meetings, avoiding non-essential foreign travel and gold purchases for a year, and prioritising local goods, among others. These actions would help save the country's foreign exchange reserves as most of these activities and purchases require import.

Since then, the government has announced a host of measures to stem the rupee's fall. Plagued by continued foreign

fund outflows from the domestic financial markets -- Foreign Portfolio Investors have dumped Indian bonds and stocks worth \$24.4 billion since the war began in late February - and weak net Foreign Direct Investment inflows, the rupee has slumped by nearly 5% since February 27 and almost breached the 97-per-dollar mark last week.

Since then, it has gained some ground and closed at 95.23-per-dollar on Monday, with the Reserve Bank of India (RBI) said to have intervened heavily in the last few days to stop the rupee from falling further. This has taken a heavy toll on the RBI's forex reserves. As on May 15, the reserves were down around \$40 billion compared to pre-war levels. Further, the RBI's gross forex sales of \$29.6 billion in March was the highest in 13 months and occurred even as net FDI during the month was in positive territory for the second month running.

Meanwhile, some of the measures taken by the government to save forex include a sharp hike in the import duty on gold, silver and platinum; restrictions on duty-free gold im-

ports under a key export scheme; and four price hikes for petrol and diesel sold at retail pumps.

As the rupee repeatedly touches new all-time lows, economists have warned that India faces a Balance of Payments deficit for the third straight year in 2026-27. With inflation likely to increase in the coming months due to the energy shock, and growth predicted to take a hit, experts have warned that India faces a crisis.

The RBI's latest forecast, made in early April, pegs India's GDP growth in 2026-27 at 6.9%. However, economists have been warning over the last month or so that growth this year could be closer to 6-6.5%. The central bank's Monetary Policy Committee, which will meet on June 3-5, cut the policy repo rate by 125 basis points to 5.25% in 2025 and has not made any changes to it so far in 2026. But some economists are increasingly seeing the possibility of an interest rate hike as early as next month due to the upside risks to inflation from the elevated global crude oil prices and the rapidly weakening rupee.

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Petrol, diesel now up by over Rs 7 per litre

major economies globally and pump prices in India are still among the lowest in the world, except for countries that heavily subsidise fuel prices, according to industry sources.

Prior to these price increases, the OMCs were incurring cumulative daily under-recoveries of about Rs 1,000 crore on petrol, diesel and liquefied petroleum gas (LPG) sold to households. Although domestic LPG prices have not been hiked since early March, the increase in petrol and diesel prices has reduced the losses to under Rs 600 crore per day now, Petroleum Ministry Joint Secretary Sujata Sharma said Monday. She didn't comment on how much fuel prices could be increased going forward.

In the latest revision, the price of petrol was hiked by Rs 2.61 to Rs 102.12 per litre in Delhi, while diesel price went up by Rs 2.71 to Rs 95.20 per litre, with corresponding changes in other parts of the country.

Fuel prices vary across India due to differences in state-level levies. Since May 15, when the first fuel price hike in over four years was announced, petrol price has gone up by Rs 7.35 per litre, while diesel is up by Rs 7.53 per litre in Delhi, an increase of 7.7% and 8.6%, respectively.

According to industry sources and analysts, the quantum of price hikes effected so far will ease the pressure on the OMCs — Indian Oil, Bharat Petroleum and Hindustan Petroleum — although they are still retailing petrol and diesel below the market price. More cali-

brated and staggered price hikes cannot be ruled out yet.

Prashant Vasisht, senior president and co-group head, corporate ratings, ICRA, said the OMCs' losses despite the four rounds of hikes remain "unsustainable". "The under-recoveries of oil marketing companies remain stubbornly high due to increasing losses in domestic LPG sales, and high premium to the crude marker. ICRA estimates that at crude price of \$120-125/barrel and considering past 10-year average crack spreads of auto fuels, oil marketing companies are incurring a loss of about Rs 700-800 crore daily on the sale of auto fuels and domestic LPG, even after factoring the fuel price hike. This high level of under-recoveries is unsustainable," he said.

Global crude oil prices have surged by over 50% due to the West Asia war, which broke out on February 28, and the consequent closure of the Strait of Hormuz. But in a bid to insulate domestic consumers, the government-owned OMCs hadn't passed on the higher rates for retail petrol and diesel until May 15. In fact, the prices of the two auto fuels had not been increased for four years; they were reduced once during the period -- before the 2024 Lok Sabha polls.

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

nounce a steep hike in one go or adopt a staggered approach, according to a top government official. Evidently, a staggered approach was chosen.

A one-shot steep price increase wouldn't have been politically palatable, and would have had a shock factor to it, industry sources said. Calibrated price hikes give the government the opportunity to pass on the higher prices to consumers gradually, while keeping a tab on the public reaction and the inflationary impact on an on-going basis, instead of the inflationary shock and backlash that a steep hike may lead to.

According to industry sources, fuel prices in India continue to be among the lowest in the world, with every major developed economy retailing petrol at prices translating to over Rs 150 per litre in rupee terms. The average for the European Union countries is Rs 179 per litre of petrol and Rs 184 per litre of diesel. Most of India's neighbouring countries are also selling fuels at higher prices, with petrol retailing at over Rs 135 per litre in Pakistan, Myanmar, Nepal and Sri Lanka, and diesel at Rs 125 or more. As per their estimation, the global weighted average of increases amid the West Asia crisis is 22.4% for petrol and 27% for diesel.

"India, therefore, prices petrol and diesel at or below most of the developing world and at roughly half the European pump, while still raising (prices) less than any non-subsidising peer through the present disruption. Every other

major importing economy has passed on the cost to its consumers... India has not. The Indian revision of just over Rs 7 per litre... is the smallest material upward movement of any major economy outside the directly subsidising Gulf producers," said a source.

The Indian crude oil basket which averaged \$70 per barrel last year, averaged over \$114 in April; in May, it has averaged about \$108 per barrel so far. Refiners are incurring high additional costs due to emergency sourcing from the spot market and surging shipping and insurance rates. Oil imports in 2025-26 stood at about \$135 billion. If oil prices sustain at \$100 in the current fiscal and import volumes don't fall, the oil import bill could be upwards of \$200 billion for the year.

The crisis has put the OMC under severe financial stress. On May 12, Petroleum Minister Hardeep Singh Puri had said that the combined losses of the three refiners-cum-fuel retailers were projected at Rs 5 lakh crore in the April-June quarter if prices stayed where they were, enough to wipe out their collective profits for the entire 2025-26 (FY26).

Before hiking retail fuel prices, the government had slashed excise duty by Rs 10 per litre on petrol and diesel last March to blunt the impact of high international prices on the OMCs, but the retailers continue to bleed. The excise duty cut has resulted in the government foregoing revenue of about Rs 14,000 crore a month

So sad that NTA has not learnt its lessons: SC on NEET paper leak

Seeks report on steps taken on the 2024 committee's recommendations

Express News Service
New Delhi, May 25

MAKING EVIDENT its displeasure over the NEET-UG 2026 question paper leak and the subsequent cancellation of the exam, the Supreme Court Monday said it is "sad" that the National Testing Agency (NTA) has still not learnt its lessons despite the court intervening on previous occasions.

"We are so sad, they (NTA) haven't learnt their lessons," said Justice PS Narasimha, presiding over a two-judge bench.

Referring to a previous such instance in 2024, Justice Narasimha said the court had "passed an order directing the constitution of a committee to give recommendations, which was accepted".

Hearing petitions by the

Federation of All India Medical Association (FAIMA) and others seeking the replacement or restructuring of the NTA, the bench, also including Justice Alok Aradhe, issued notice to the agency and sought a report on the steps taken on the 2024 committee's recommendations.

In June 2024, the Centre had announced a high-level committee of experts under former ISRO chairman K Radhakrishnan to suggest measures for the transparent, smooth and fair conduct of examinations by the NTA.

While refusing to cancel the NEET-UG exams that year, the court had asked the committee to look into examination security and administration, and suggest advanced data security protocols to protect examination

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SC on NEET paper leak

material from unauthorised access and leaks.

It had asked the committee to recommend updates to NTA's policies and Standard Operating Procedures to align with best practices. The court

had also asked it to explore the viability of NTA engaging in international cooperation with examination bodies to share best practices, security measures and innovative solutions.

Blocking of X handle: 'Cockroach Janta Party' founder moves Delhi HC

Sohini Ghosh

New Delhi, May 25

ABHIJEET DIPKE, the founder of the satirical online platform 'Cockroach Janta Party' or CJP, has moved the Delhi High Court against the blocking of the CJP's X handle.

The case is likely to be heard this week.

As first reported by *The Indian Express*, the X handle was withheld in India on May 21 after a direction from the Centre following inputs from the Intelligence Bureau (IB)

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'Cockroach Janta Party'

that raised "national security concerns".

The Ministry of Electronics and Information Technology (MeitY) asked X to withhold the account under Section 69(A) of the Information Technology Act, 2000. This provision allows the central government to restrict public access to information in the interest of sovereignty, security, public order, or preventing incitement to offences.

The account remains accessible from locations outside India.

Dipke (30), who is based in Boston, United States, had told The Indian Express that he has been receiving constant threats, and is worried about his family in India.

"I do not want anything to happen to my family because this is a choice I made, not them," Dipke had told this paper.

The satirical account was launched in response to a remark by Chief Justice of India (CJI) Surya Kant about those who "attack the system".

Pulling up a lawyer who had filed a petition seeking directions to the Delhi High Court over the designation of a Senior

Advocate, a status he himself was aspiring to, the CJI had said: "There are already parasites of society who attack the system, and you want to join hands with them? There are youngsters like cockroaches, who don't get any employment or have any place in (the) profession..."

The remarks triggered an uproar, following which the CJI said it was "totally baseless" to suggest that he had criticised the youth. "What I had specifically criticised were those who have entered professions like the Bar (legal profession) with the aid of fake and bogus degrees. Similar persons have sneaked into the media, social media, and other noble professions as well, and hence, they are like parasites. It is totally baseless to suggest that I criticised the youth of our nation. Not only am I proud of our present and future human resource, but every youth of India inspires me," he had said.

Dipke had criticised the CJI's remark in a post on X. The next day, he had announced a platform for all "cockroaches" and shared a link to an online "membership form", which had sparked a social media trend.

Live-in rules, polygamy ban: Assam introduces UCC Bill

Sukrita Baruah

Guwahati, May 25

LESS THAN two weeks after the second Himanta Biswa Sarma-led NDA government took oath in Assam, it has introduced a Uniform Civil Code Bill for the state, following the templates of those in Uttarakhand and Gujarat, including compulsory registration of live-in relationships and penal provisions for non-compliance.

The 154-page Bill introduced Monday drew criticism from opposition parties Congress, Rajiv Dal and TMC, which demanded wider consultations before it was tabled. It will come up for discussion and consideration later this week.

The Bill states that its aim is to “govern and regulate the laws relating to marriage and divorce, succession, live-in relationships, and for matters connected therewith or incidental thereto”. It states that the proposed legislation will extend to the whole of Assam and “applies to residents of Assam who reside outside the territories to which the code extends.” However, it exempts Scheduled Tribes, whose population in Assam stood at 12.44% in the 2011 Census.

Over the last few years, the NDA government has enacted multiple legislations relating to marriage, including the Assam Prohibition of Polygamy Act 2025 and the Compulsory Registration of Muslim Marriages



Assam CM Himanta Biswa Sarma meets Bhutan PM Tshering Tobgay on Monday. A minister said the visit is expected to open new avenues of goodwill between Assam and Bhutan. PTI

and Divorces Act 2024. The UCC Bill seeks to build on these by setting out conditions for marriage, including that the man must be at least 21 years old and the woman 18. It also requires that neither party has a spouse living at the time of marriage, and that neither is party to a marriage that has not yet been dissolved or annulled by a decree of divorce. It also requires that “neither party has given consent to the marriage by force, coercion, deception or fraud”; and that the parties are not “within the degrees of prohibited relationship”. The Bill lists 37 such ‘prohibited relationships’ — including first cousins.

The draft law seeks to mandate the registration of all marriages, where at least one of the parties is a resident of the state, with an appointed sub-registrar within 60 days of the marriage. Similarly, it seeks to mandate the

registration of all divorces within 60 days of the decree.

The most extensive part of the Bill relates to succession. A note by the Assam government highlights the provisions for devolution of the estate of a person who dies intestate — or without a legal will — saying that it “creates a uniform, gender-equal order of preference for intestate inheritance among Class-1 heirs, which equitably includes the spouse, children, and parents of the deceased.”

Like in Uttarakhand and Gujarat, a critical part of the Bill relates to live-in relationships, requiring their registration within the state with an appointed sub-registrar. It even extends to “any resident(s) of Assam staying in a live-in relationship outside the territory of the state to the Sub-Registrar within whose jurisdiction such resident(s) ordinarily resides.”

The proposed legislation says such a relationship will not be registered if the partners are “within the degrees of prohibited relationship”, if either person is married or already in another live-in relationship, if either is a minor, or if “the consent of one of the partners was obtained by force, coercion, undue influence, misrepresentation or fraud as to any material fact or circumstance concerning the other partner, including her/his identity”.

It proposes penalising those who stay in such a relationship for more than a month without submitting a statement to the sub-registrar, with imprisonment upon conviction for up to three months or a fine of up to Rs 10,000, or both. It proposes a greater penalty of up to six months’ imprisonment and a fine of up to Rs 25,000 if the sub-registrar receives “a complaint or information” on an unregistered relationship, sends the couple a notice to submit a statement of their relationship, and they fail to do so.

It also seeks to require the submission of a “statement of termination in the prescribed format and in the prescribed manner to the Sub-Registrar” at the end of such a relationship, and enables a woman “deserted” by her live-in partner to claim maintenance. It says “any child of a live-in relationship shall be a legitimate child of the couple.”

JAPAN'S MOTEGI, AUSTRALIA'S WONG REACH DELHI; FMs WILL ALSO MEET PM MODI

Energy, maritime security in focus, Quad meets today

Shubhajit Roy

New Delhi, May 25

THE FOREIGN ministers of the Quad grouping will meet on Tuesday and are expected to discuss critical minerals, maritime and energy security, sources told *The Indian Express*.

External Affairs Minister S Jaishankar will host Foreign Minister of Australia Penny Wong, Foreign Minister of Japan Toshimitsu Motegi and United States Secretary of State Marco Rubio for the meeting at Hyderabad House.

The Quad foreign ministers will also call on Prime Minister Narendra Modi.

Sources said the war in West Asia has impacted maritime security and energy security – that will be one of the challenges and concerns which will be discussed during the meeting.

Besides, the four maritime democracies are concerned at the impact of the closure of Strait of Hormuz, and how that will impact freedom of navigation across the chokepoints in the world, including in the Indo-Pacific. So, in that context, the ministers are expected to re-commit to a free and open Indo-

E. EXPLAINED

Clear signal of US commitment

US-CHINA engagement, led by President Donald Trump, has led to some concerns that Quad is not a priority. Rubio's attendance at the Quad foreign ministers' meeting is aimed at sending signals about US commitment. Ultimately, proof of the commitment will be on the outcomes and deliverables.

Pacific – at a time when China is observing the chokehold on the Strait of Hormuz and its impact.

This concern is significant since much of the movement of critical minerals and semiconductors are carried through maritime traffic and their disruption can cause supply-chain challenges in the world's race in the AI industry.

These issues are expected to be discussed by the ministers, who had last met in July 2025 in Washington DC – when Rubio

had hosted the Quad foreign ministers as his first diplomatic engagement after assuming office in January last year. Both meetings were held in the US, hosted by Rubio.

The US Secretary of State is in India for a bilateral visit, and went on a sightseeing trip on Monday to Agra and Jaipur. He held bilateral talks with Jaishankar on Sunday.

Japanese Foreign Minister Motegi Toshimitsu and Australian Foreign Minister Penny Wong arrived in Delhi on Monday. While meeting Motegi, Jaishankar said, "India and Japan have a special strategic and global partnership and that signals that our ties have a larger implication, larger importance and larger impact." He also mentioned the upcoming Quad meeting and said they will discuss how to advance a free and open Indo-Pacific.

In the talks, the two sides deliberated on bilateral cooperation, global and regional issues, especially the West Asia crisis and its impact on energy supply chains.

Jaishankar suggested that both India and Japan are impacted by the conflict as both

are energy importing and trading nations and have maritime interests.

Wong, who reached Delhi in the evening, said, "In these uncertain times, the Quad is a vital partnership – four nations working together to shape a peaceful, stable and prosperous future for the Indo-Pacific region. Together, Australia, India, Japan and the United States are delivering concrete outcomes on shared interests including maritime security, critical minerals supply, infrastructure development and disaster relief."

She will meet Jaishankar for the bilateral meeting on Tuesday evening, and said, "Australia and India's partnership has never been more consequential."

She added: "As Comprehensive Strategic Partners, Australia and India are deepening cooperation in trade and investment, defence and maritime security, climate and energy transition, strategic technology, and education and skills; with an enduring social connection at the heart of our partnership."

This meet will also pave the way for Quad leaders' summit later this year.

TRUMP SAYS TALKS WITH TEHRAN PROCEEDING 'NICELY', URGES MORE ARAB STATES JOIN THE ABRAHAM ACCORDS

'Unbreakable': Xi hails ties with Pakistan, praises Iran peace efforts

Reuters
Beijing, May 25

PRESIDENT XI Jinping hailed China's "unbreakable" friendship with Pakistan on Monday as he met Prime Minister Shehbaz Sharif in Beijing, seeking to deepen their "all-weather" partnership.

Xi welcomed the Pakistani leader as an "old friend" at Beijing's Great Hall of the People and said the two countries had "understood, trusted and supported each other" over decades.

Pakistan is among an exclusive group of countries which China regards as an "all-weather strategic partner", spanning close economic, trade and security cooperation.

But Islamist militant attacks on Chinese nationals and projects in southwest Pakistan where China has big infrastructure investments have irked Beijing, while Islamabad's warmer ties with Washington have complicated the relationship.

"No matter how the international situation changes, China always prioritises the development of China-Pakistan relations in its neighbourhood diplomacy," Xi said.

China called for enhancing cooperation in agriculture, industry, artificial intelligence and talent cultivation with Pakistan, Chinese state broadcaster said.

Iran's top envoys in Qatar to discuss deal to end war

Hormuz might open 30 days after hostilities end, reports Nikkei

Reuters
Washington, Dubai, May 25

IRAN'S TOP negotiator and its foreign minister were in Doha for talks with Qatar's prime minister on a potential deal with the US to end the three-month-old war, an official briefed on the visit said on Monday, after Washington and Tehran played down hopes for an imminent breakthrough.

The Nikkei newspaper reported on Monday that the US and Iran are discussing a plan to open the Strait of Hormuz about 30 days after the two countries reach a deal to end hostilities. Iran would proceed to clear mines from the strait during a 30-day window following an agreement, after which ships from all countries would be able to navigate freely and safely, and Iran would stop collecting transit fees, Nikkei reported.

US Secretary of State Marco Rubio told reporters in New Delhi earlier that the US would give diplomacy every chance to



A woman holds an Iranian flag near a billboard depicting US President Donald Trump and the Strait of Hormuz, in Tehran on Monday. REUTERS

succeed before considering whether to deal with Iran in "another way."

There was a "pretty solid thing on the table in terms of their ability to open up the strait (of Hormuz), get the strait open, enter into a very real, significant, time-limited negotiation on the nuclear matter, and hopefully we can pull it off," Rubio said.

In a lengthy post on Truth Social on Monday, US President Donald Trump said talks with Iran were going "nicely", but warned of fresh attacks if they failed. "It will only be a Great Deal for all, or no Deal at all," he wrote.

Iran's President: Restore internet

Tehran: Iran's President Masoud Pezeshkian has issued an order to reopen international internet access, Iranian state media said on Monday, citing an official. The report cited the head of public relations at Iran's Communications Ministry.

Most Iranians have been unable to access the worldwide web for 87 days according to the internet observatory NetBlocks, with only a few citizens having access to expensive and advanced VPNs that circumvent the restrictions. REUTERS

Introducing a new angle, Trump said on Monday that he asked Saudi Arabia, Qatar, Pakistan, Turkey, Egypt and Jordan to join the Abraham Accords en masse to normalize relations with Israel as he tries to negotiate with Iran.

Pakistan rejected the proposal. None of the other countries has so far publicly reacted to Trump's demand.

Trump said he spoke on Saturday to leaders of those countries, as well as the United Arab Emirates and Bahrain, which have already signed the accords, a set of agreements to normalize relations with Israel.

Amid war worries, more than 1.5 mn pilgrims reach S Arabia for Haj

Associated Press
Saudi Arabia, May 25

THE ANNUAL Haj pilgrimage, one of the Five Pillars of Islam, officially began Monday.

More than 1.5 million pilgrims have arrived in Saudi Arabia from outside the country, Saleh bin Saad Al-Murabba, commander of the Haj passport forces, said on Friday.

The faithful have been pouring into the country for the Haj against the backdrop of a tenuous ceasefire in the Iran war and related regional tensions and uncertainty.

Egyptian pilgrim Samya Abdull Moneim said she was grateful to God that she made it to the Haj, which is required once in a lifetime of every Muslim who can afford it and is physically able to make it.

"I am in a state of blessing and happiness," she said in Mecca on Sunday. "It's an indescribable feeling, truly. I mean, thank God, I am in a blessing."

This Haj "is, in effect, a hard reset for me," Youssef Chouhoud, a political scientist at Christopher Newport University in Virginia, said Monday from the tent city of Mina.

"I pray that I emerge on the other side of this journey with a new sense of purpose and the discipline to see it through."



SAPTARSHI BASAK

"WE HAVE absolutely no fuel oil, absolutely no diesel." Readers might assume this declaration came from an energy minister in an Asian nation crippled by supply disruptions caused by the conflict in Iran. But Cuba — a regime change target of the US since Fidel Castro took over in 1959 — does not depend on the Strait of Hormuz at all for its oil imports. Civilians have been enduring blackouts lasting up to 22 hours a day, while doctors are sometimes forced to manually pump ventilators to keep newborns alive. For more than four months, the country has received virtually no fuel because Venezuelan shipments have dried up

Cuba and the quiet cruelty of US sanctions

entirely since January, when the US abducted Nicolás Maduro. Mexican shipments, too, have been suspended due to the threat of US tariffs. The US president has since said he hopes to have the "honour" of "taking Cuba" and doing "whatever I want" with it, expressing a rather naked imperial appetite, even as White House documents harp on about national security.

The damage caused by a sanctions-induced crisis is indirect, diffuse, and slow. Critical shortages of electricity, medicines, food, and fuel are not just consequences; human hardship is the very means to achieve the larger goal of regime change. The US has long used sanctions for its compellence strategies in the name of international governance, and, ironically, human rights. A recent *Lancet* study finds that unilateral sanctions imposed by the US and the

EU since 1970 are associated with 38 million deaths across the world.

One of the most notorious cases is Iraq. Joy Gordon's *Invisible War* (2010) documents how the US blocked humanitarian goods from reaching Iraq — objecting to imports of antibiotics and vaccines while accusing the Iraqi government of failing to procure medicines. Other cases include Iran, North Korea, and, of course, Cuba. They are indeed repressive dictatorships that treat their own citizens miserably to consolidate power. But it is also true that

Sanctions don't achieve intended goals, they increase repression, and they harm the wrong people

much of their economic isolation stems from their refusal to buckle to the Western order. Which brings us to the other common aspect of sanctions: They do not work.

Iran, North Korea and Cuba have their regimes intact because sanctions have had the opposite effect. Robert Pape explains in 'Why Economic Sanctions Do Not Work' (1997) that they increase government repression and reduce the likelihood of bottom-up regime change. Defeating Maduro in Venezuela was ultimately a US military operation; sanctions did not weaken his power. In Iran, too, the Americans and the Israelis had to resort to military force, and three months into the ongoing conflict, Tehran is far from capitulating.

Not only do sanctions frequently fail to achieve regime change, but their costs are passed down by the targeted entities —

which often have state backing — to the people. Matthias Neuenkirch and Florian Neumeier argue that US sanctions "indeed are affecting the wrong people" and that it is the people of the sanctioned state that bear the burden, "an outcome that appears especially unfair given that the regimes against which sanctions are directed typically lack democratic legitimation".

So, sanctions don't achieve intended goals, they increase repression, and they harm the wrong people. What is more remarkable than how consistently sanctions fail in the stated goal is how consistently they succeed in the unstated one: Making ordinary life in the target country unbearable. That is Cuba's reality right now.

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Equity markets rally 1.4%, rupee rises to 95.23/\$ as oil prices ease

Akash Mandal

Mumbai, May 25

INDIAN EQUITY markets rallied sharply on Monday, with benchmark indices surging around 1.4%, while the rupee extended its winning streak for a third consecutive session against the US dollar.

Investor sentiment improved significantly amid growing optimism over a potential peace agreement between Iran and the US, easing concerns surrounding geopolitical tensions in West Asia.

The drop in oil prices below \$100 per barrel gave a boost to market confidence, particularly for import-dependent economies like India, where lower crude costs can help ease inflationary pressures and improve fiscal stability.

The NSE's Nifty 50 ended the session at 24,031.70, up 312.40 points or 1.3% from its previous close. The BSE's Sensex closed 1,073.61 points or 1.4% higher at 76,488.96.

The gains were broad-based, with over 66% of the stocks trading on the NSE ending higher, with almost all sectoral indices also gaining. These gains were led by banking, financial services, and automobile stocks.

Other global markets, led by Nikkei of Japan which rose 2.87%, also gained ground.

The rupee ended at 95.23 against the dollar on Monday and has now gained over 1.5% since hitting a record low of 96.96, aided by hopes of peace in West Asia and reported heavy intervention from the Reserve Bank of India (RBI).

However, the rupee is still

• Global markets gain ground as well

INDEX	% CHANGE ON MONDAY
Nikkei 225 (Japan)	2.87
CSI 300 (China)	1.58
Taiex (Taiwan)	3.26
DAX (Germany)	2.01

SOURCE: EXCHANGES

down around 5% against the greenback from its pre-war levels. The sharp fall from the pre-war levels has arguably left the currency undervalued both nominally and in terms of the real effective exchange rate (REER), RBI Governor Sanjay Malhotra told *Mint* in an interview.

The REER is a mechanism to compare the weighted average value of a currency against a basket of global currencies. Malhotra's comment also boosted sentiment in the forex market.

"The rupee traded strongly, gaining around 0.45%, as improving sentiment around the US-Iran conflict supported risk assets and eased pressure on crude oil prices. Reports suggesting progress towards a possible peace framework and reopening of the Strait of Hormuz helped strengthen the rupee and other emerging market currencies," said Jateen Trivedi, VP Research Analyst, Commodity and Currency, LKP Securities.

Crisil: Corporate margins in FY27 may fall by 200 bps due to crisis

Mumbai: The prolonged supply-chain disruptions triggered by the ongoing West Asia conflict are expected to significantly dent corporate profitability this fiscal year, according to a report from rating agency Crisil.

Operating profitability of Indian firms could decline by nearly 200 basis points from the pre-conflict estimate of 12%, with some sectors seeing a more pronounced impact, it said.

The protracted conflict has been goading domestic companies to realign supply chains, navigate pricing issues, manage higher fuel and freight costs and contend with a depreciating rupee, the rating firm said in a report.

The decline in profitability reflects the mounting pressure from higher logistics costs, delayed shipments and volatile commodity prices.

"For companies, managing costs and profitability will be a bigger challenge than achieving topline growth. Of the 34 sectors stress-tested, 22 would see operating profitability being culled more than 10% due to higher inventory costs and inability to fully pass on the burden to consumers immediately," said Subodh Rai, Managing Director, Crisil Ratings. ENS

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