

# NEET leak left students, families traumatised: SC

Top court says paper leak points to 'ad-hocism' and lack of 'institutional memory and framework' within the National Testing Agency; PM is 'personally monitoring' the situation, govt. informs court

**Krishnadas Rajagopal**

NEW DELHI

Students and entire families have been traumatised by the National Eligibility-cum-Entrance Test-Undergraduate (NEET-UG) paper leak case, the Supreme Court said on Friday. The court observed that years of hard work and emotional investment had gone waste even as the Union government said Prime Minister Narendra Modi was "personally monitoring" the situation.

A Bench headed by Justice P.S. Narasimha asked why the National Testing Agency (NTA), which holds the NEET-UG exam, repeats its mistakes when the Union Public Service Commission had so far made none.

The court zeroed in on



The real problem will not stop till there is actual accountability. Not in terms of so and so will be liable, it will be effective when we know which individual shoulders the responsibility. Unless you identify the specific duty-bearers, it will be difficult

SUPREME COURT



"ad-hocism" in the NTA, and lack of "institutional memory and framework". The court directed the Ministry of Human Resource and Development to file an affidavit explaining measures it intends to take to tackle the lack of "physical and intellectual wherewithal" within the NTA.

The NTA maintained that the cancellation of NEET-UG 2026 and the

transfer of the investigation to the Central Bureau of Investigation (CBI) themselves reflected the seriousness with which examination integrity was treated by both the NTA and the Centre.

"It is actually traumatic when something like this happens. Traumatic, not just for students, but for their families too. There is investment of so many

years of emotion and study involved, and gone," Justice Narasimha said.

But the court also struck an optimistic tone, saying the situation was "not beyond us".

"We have some of the best officers heading these institutions. But they get transferred and take their experience and know-how with them. The knowledge is not percolated to the next group of people... It is not the individual who should have the memory, the institution must retain its memories," Justice Narasimha observed.

The cancellation of NEET-UG 2026 had left around 23 lakh candidates facing uncertainty over their academic future.

CONTINUED ON

» PAGE 8

# NEET leak left students, families traumatised: SC

The court asked the Ministry to specify the steps taken to retain specialised personnel, preserve institutional memory, and ensure plurality of expertise in the conduct of NEET. “The endeavour is to ensure that the NTA has the physical and intellectual wherewithal to ensure no incidents like in the NEET-UG 2024 and 2026 exams occur again,” Justice Narasimha said.

Further, the court highlighted the need for accountability in the face of such severe mishaps which affect lakhs of students. “The real problem will not stop till there is actual accountability. Not in terms of so and so will be liable, it will be effective when we know which individual shoulders the responsibility. Unless you identify the specific duty-bearers, it will be difficult,” Justice Narasimha observed.

In its affidavit, the NTA said it was all set to conduct the NEET-UG in the Computer-Based Test (CBT) mode from next year instead of the pen-and-paper mode after consulting the Centre. “The transition will be implemented from the next examination cycle in consultation with the Ministry of Health and Family Welfare [the client Ministry for NEET-UG] – thereby bringing all major NTA examinations onto the CBT platform,” it said.

The agency also said that it has introduced multiple sets of question papers, with one set retained as a back-up. A designated senior officer will oversee the entire printing process, and the use of electronic devices has now been prohibited. All CCTV recordings would also be preserved.

The NTA said the transportation of question papers is now being carried out through the India Post (a government entity), with chain-of-custody protocols. The papers would be escorted by the Central Armed Police Force (CAPF) from the printing press to nodal hubs, after which the India Post would then transport the papers to district custodians, and the district police would take them to examination centres.

The NTA informed the court that the re-examination scheduled for June 21 would be conducted under a strengthened standard operating procedure (SOP) framework incorporating multi-layer authentication, enhanced surveillance and inter-agency coordination. The Chairman of the High Powered Steering Committee on NTA Reforms, Dr. K. Radhakrishnan, said a comprehensive “clean-up” of the systemic issues haunting the conduct of NEET-UG was under way.

The court has scheduled the next hearing on the matter for the second week of July.

---

# Delhi HC refuses to lift ban on X handle of Cockroach Janta Party

**The Hindu Bureau**

NEW DELHI

The Delhi High Court on Friday declined immediate relief to Cockroach Janta Party (CJP) founder Abhijeet Dipke over the blocking of the party's X handle.

## 'Wider ramifications'

Justice Purushendra Kumar Kaurav said such relief can only be granted after hearing the Centre as the issue has "wider ramifications". He issued notice to the Union government and posted the case for further hearing on July 6.

The court said Mr. Dipke

can approach the review committee established under the Information Technology (Procedure and Safeguards for Blocking of Access of Information by Public) Rules, 2009, through videoconferencing as he is abroad.

"It is directed that before the next date of hearing, the review committee examine all those aspects. Decision be taken on record. Petitioner [Mr. Dipke] is granted liberty to appear virtually," the court ordered.

Seeking interim unblocking of the handle, senior advocate Akhil Sibal,

appearing for Mr. Dipke, submitted that the CJP account was "pure satire" and if there were some objectionable posts, only those could be blocked instead.

Solicitor General Tushar Mehta argued that allowing the unblocking of the CJP's handle at this stage would amount to allowing Mr. Dipke's plea.

Justice Kaurav noted that the Union government's blocking order had not been placed on record, and it would consider the petitioner's request after the Centre files a response to his plea.

# Vinesh Phogat can take part in Asian Games selection trials, says SC

**Krishnadas Rajagopal**

NEW DELHI

The Supreme Court on Friday allowed wrestler Vinesh Phogat to participate in the Asian Games 2026 selection trials to be held on Saturday.

A Bench headed by Justice P.S. Narasimha said Ms. Phogat needs a chance as she has made the country proud multiple times in the past in the wrestling ring. The court passed the order in response to the petition filed by the Wrestling Federation of India (WFI) challenging the Delhi High Court order giving nod to her participation in the Asian Games trials.

The WFI argued that she had missed trials and her whereabouts had not been known. Ms. Phogat had responded that she had become a mother and was al-



Vinesh Phogat

so engaged in her duties as an MLA in Haryana.

Senior advocate Madhavi Divan, for Ms. Phogat, said her new motherhood should not be viewed against her.

## **'Country first'**

She said Ms. Phogat was only seeking an opportunity to participate in the selection trials. She agreed with the court that the "country came first before anything or anybody".

# SC sets 3-month deadline for High Courts to pronounce judgments after reserving orders

**The Hindu Bureau**

NEW DELHI

The Supreme Court on Friday set a three-month deadline for High Courts to pronounce judgments after reserving orders in a case. A Bench headed by Chief Justice of India Surya Kant, in its verdict issuing “binding guidelines”, said the three-month countdown would begin from

the date on which judgment is reserved. As of now, there are no specific timelines within which judges have to deliver judgments. The convention is that the judiciary ought to pronounce judgments within a reasonable time – from two to six months – after reserving judgement.

However, judges, including those in the Supreme Court and the High

Courts, have in practice reserved judgments for well over a year.

The Bench, in its judgment on Friday, directed that bail orders must be ideally pronounced the next day, and communicated to jail authorities the same day. The court also ordered that undertrials granted bail should be released the same day or the next day at the latest.

The operative part of a judgment must be announced in court in cases of *habeas corpus* matters, criminal appeals resulting in acquittal, and matters relating to demolition, the court further directed. The reasons for such orders must be uploaded within a week, and High Court websites must reflect the date on which judgement is reserved, the SC ordered.

# Truck driver transporting rice to Manipur's Ukhrul killed in ambush

A Naga police constable also injured in the incident which took place on the Imphal-Ukhrul highway; Chief Minister condemns the attack and adds that it was carried out by 'vested interest groups' to derail government's efforts on peace

**The Hindu Bureau**  
GUWAHATI

Unidentified gunmen ambushed an escorted goods vehicle in Manipur's Ukhrul district on Friday morning, killing a truck driver from West Bengal and injuring a police constable.

An official from the district administration said the trucks and vehicles of security personnel came under attack between Leingangching and TM Kasom on the National Highway 202 that connects Manipur's capital, Imphal, with the Ukhrul town, the headquarters of the Ukhrul district. The area where the incident happened is within the jurisdiction of the Litan police station and is Kuki-dominated.

**Cowardly act, says CM**  
The driver, killed on the spot, was identified as 65-year-old Nitish Das from the Hooghly district of West Bengal. His truck was



Security personnel confront protesters who were blocking a convoy of vehicles on the NH-202. SPECIAL ARRANGEMENT

transporting rice for the Food Corporation of India from Imphal to Ukhrul. The Manipur police constable, who sustained bullet injuries on one of his knees, was identified as Disingam Maringmei, a 34-year-old Naga from Sangai-prou in Imphal West district. "Personnel of the Border Security Force, Central Reserve Police Force, and the State police have been escorting trucks on the Imphal-Ukhrul highway. Shortly before the incident, local protesters blocked roads at

Shangkai to prevent the movement of the trucks," the official said. Security personnel escorting the trucks fired tear gas shells to disperse the crowd. The trucks left for Ukhrul after the road was cleared, but came under attack after six km uphill. No group has claimed responsibility so far for the ambush that took place at the very spot where two Naga men were killed on April 18.

Chief Minister of Manipur Yumnam Khemchand Singh condemned the attack. "Ambushing a goods

vehicle and taking the life of a driver, who plays a crucial role in ensuring the uninterrupted supply of essential items across the State, is one of the most cowardly acts and intends to aggravate the tense situation prevailing in the area," he said. He said the ambush seemed to have been carried out by vested interest groups with the "ill motive to derail the government's initiatives" to restore normalcy. The Chief Minister further said that a search and cordon operation was being conducted to nab the culprits.

## A region of unrest

The Litan area has been volatile since February 7, when an assault case snowballed into a conflict between the Kukis and the Nagas. Scores of houses were torched, and at least five people were killed in different incidents of violence.

The Ukhrul district unit of the Working Committee of the Kuki Civil Society Organisations defended the

road blockade at Shangkai. Condemning the May 13 killing of three church leaders in the adjoining Kangpokpi district and the abduction of 14 Kuki civilians thereafter, the organisation said the protest was a legitimate cry for justice. "Instead of addressing our genuine grievances, the CRPF and Rapid Action Force Personnel responded with brutal, excessive force against unarmed civilians, especially women," the organisation said.

The Working Committee of the Tangkhul Naga Long (TNL), the apex body of the Tangkhul community that dominates the Ukhrul district, blamed the ambush on Kuki "narcoterrorists". The organisation claimed that Kuki extremists have been extorting civilians along the NH-202 and using the stretch as their "shooting range". It said the government "must act decisively to clear the highway, neutralise the extremists and restore normalcy".

## Naga body threatens to boycott Manipur govt.

**The Hindu Bureau**  
GUWAHATI

The All Naga Students' Association, Manipur (ANSAM) has threatened to boycott the State government if it fails to secure the release of six Naga hostages in four days.

The apex Naga student organisation has also set a similar deadline for the government to find and punish the killers of three Naga civilians and three Thadou church leaders.

In a statement on Friday, the ANSAM accused Kuki extremists of taking 18 Liangmai Naga hostage after the three church leaders were ambushed and killed on May 13. It said six of these hostages, including two pastors, continue to be in captivity.

The ANSAM said it has asked the Manipur government to trace the abducted civilians and hand them over to their families within four days. "The Nagas shall be compelled to boycott the government collectively and may appeal to all (10) Naga legislators to withdraw their support (to the government)," it said.

# 90% of Indian babies are born in hospitals: NFHS-6

Survey records sharp rise in caesarean section, drop in stunting and severe wasting among young children, improvements in services such as antenatal care and nutrition for pregnant women

**Bindu Shajan Perappadan**

NEW DELHI

India made significant progress in maternal and child health, with improvements in vaccination and hospital births, and a drop in stunting and severe wasting among young children, according to the National Family Health Survey-6, for which field work was conducted in 2023 and 2024.

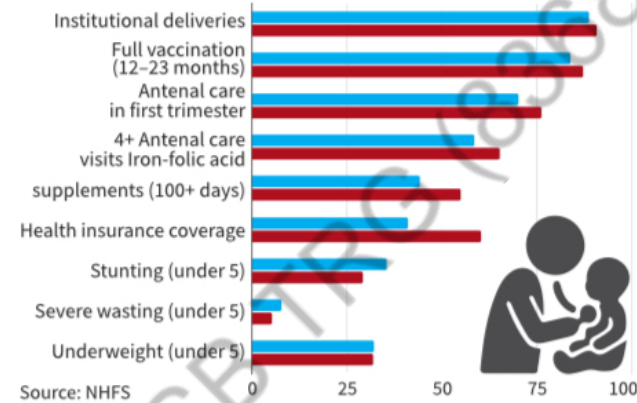
The Health Ministry released data from the survey on Friday. It showed that institutional deliveries rose from 88.6% in the previous round of the NFHS conducted between 2019 and 2021, to 90.6% this time, while 95.6% of infants under six months were being breastfed during the survey period.

The survey, which is the first to be conducted after the COVID-19 pandemic, recorded improvements in child health indicators.

Stunting among children under five years declined from 35.5% to 29.3%, severe wasting dropped from 7.7% to 5.2%, and the percentage of underweight children in this age group slipped marginally from 32.1% to 31.8%. Symptoms of acute respiratory infection among chil-

## Progress tracker

India recorded improvements in maternal and child health indicators, with higher vaccination coverage and lower malnutrition levels in NFHS-6



dren fell from 2.8% to 1.9%, while the prevalence of severe diarrhoea also dropped to 0.5%.

The survey flagged the increase in non-communicable diseases, lifestyle-related risks, and the dual burden of undernutrition and increasing obesity among adults as persistent health challenges.

India's total fertility rate held steady at 2.0 in 2023-24, just under the replacement threshold of 2.1, while the contraceptive prevalence rate rose from 66.7% to 69.1%.

The survey highlights progress in maternal health services across the

country, with 95.9% of pregnant women receiving antenatal care, including 76.2% in the first trimester, an increase from 70% in the previous survey period.

Mothers receiving at least four antenatal care visits also increased from 58.5% to 65.2%. Maternal nutrition indicators also showed improvement, with mothers consuming iron-folic acid supplements for 100 days or more during pregnancy rising from 44.1% to 54.9%, while those consuming supplements for 180 days or more rose from 26% to 37.8%.

However, it found that

caesarean section deliveries had increased sharply from 21.5% to 27.2%, with substantially higher rates in several States and in private healthcare facilities. In urban areas, the rate of caesarean sections stood at 40%, far exceeding the World Health Organization optimal threshold of 10%-15%.

Conducted by the Health Ministry along with the International Institute for Population Sciences, the survey documented progress towards universal immunisation coverage.

## Improved vaccination

Based on vaccination cards, full vaccination coverage among children aged 12-23 months rose from 83.8% to 87.1%, with 95.6% of children getting most of their vaccinations through public health facilities. Among major vaccines, rotavirus vaccination coverage rose substantially, from 36.4% to 85.4%. The coverage of the second dose of measles-containing vaccines also increased significantly from 58.6% to 71.8%.

The survey found that the use of hygienic methods of menstrual protection among women aged 15-24 years has increased from 77.6% to 79.2%.



## Vice-Admiral Kochhar takes charge as Vice-Chief of Navy

Vice-Admiral Ajay Kochhar (left), who spearheaded high-level naval combat readiness during Operation Sindoor, assumed charge as the 48th Vice-Chief of the Naval Staff on Friday, marking a significant milestone in a distinguished naval career spanning more than 37 years. Upon assuming office, the Flag Officer paid tribute to the nation's fallen heroes by laying a wreath at the National War Memorial in New Delhi. An alumnus of the National Defence Academy, Pune, and a specialist in gunnery and missile systems, Vice-Admiral Kochhar was commissioned into the Indian Navy on July 1, 1988. Over the decades, he has held several key command positions.

# IMD lowers monsoon outlook and puts off date of onset to June

**Jacob Koshy**

NEW DELHI

The India Meteorological Department (IMD) on Friday lowered its forecast for the 2026 southwest monsoon to 90% of the Long Period Average (LPA), down from the 92% it had projected in April, and acknowledged that the monsoon was unlikely to reach Kerala within the four-day window of its predicted date of May 26.

Mrutyunjay Mohapatra, Director-General, IMD, said the monsoon would now “likely arrive” in the first week of June. The only time the IMD erred in its Kerala onset forecast from 2005-2025 was in 2015.

“It happens sometimes,” Mr. Mohapatra told *The Hindu* on the onset forecast going wrong. “But if you look at it, the monsoon system has been steadily advancing. It is hardly about 100 km away from



Clouds over Shangumugham beach in Thiruvananthapuram on Thursday. NIRMAL HARINDRAN

the Kerala coast. I have said seven days, but it can cross anytime.”

The rainfall downgrade entrenches India’s principal water source firmly into “below-normal” territory that the agency indicated in April.

Friday’s warning, however, has raised the spectre of a drought. The IMD now puts the probability of a “deficient” monsoon (rain under 90% of the LPA) at 60%.

**CONTINUED ON**

» PAGE 8

# IMD lowers rain forecast, pushes onset date to June

The agency does not use the term “drought” in its lexicon, a nomenclature used by the Agriculture Ministry. Of the four broad geographical regions, only the Northeast is forecast to get a “normal” monsoon; the northwest, central India, the southern peninsula and the monsoon core zone that feeds most of the country’s rain-fed farmland are all expected to fall short. June alone is pegged at under 92% of its average.

D.S. Pai, who heads the IMD’s Regional Meteorological Centre in Chennai and who co-authored the statistical model the department uses to forecast the Kerala onset, offered a finer-grained account. The monsoon had reached the Andaman Sea on time, even slightly early, and rain was still falling there, he said. “Only thing, the wind has not strengthened.”

Issuing a deficiency warning twice before the rain has entered Kerala is something the IMD has not done since 2015. That year offers an uncomfortable rhyme: a mid-May onset prediction of May 30 overshoot to June 5, an April forecast of 93% cut to 88% in June, and a season that closed at 86%. With the 88% rain in 2014, it made the fourth back-to-back pair of deficient years in 115 years, both under a building El Niño.

Whether 2026 will follow suit depends on intra-seasonal wildcards such as a positive Indian Ocean Dipole (an irregular change in sea-surface temperature that alters wind and rain patterns but which is now absent), a favourable swing of the Madden-Julian Oscillation (an eastward moving cloud and rainfall near the equator every 30-60 days) or a timely low-pressure system – all of which could lift the total rainfall, while their absence could lower it.

The IMD reckons there is a 92% chance of El Niño conditions during the season – the main reason for the expected shortfall.

# India-U.S. interim deal will be finalised over the 'next few weeks and months': Sergio Gor

**Kallol Bhattacharjee**

NEW DELHI

Presenting an optimistic picture of trade ties between India and the United States, U.S. Ambassador to India Sergio Gor on Friday said that the two sides were expected to sign a trade deal "over the next few weeks and months". Delivering a speech at the Indian Institute of Technol-



U.S. Ambassador Sergio Gor. ANI

ogy (IIT), Mr. Gor said India was aligning with "trusted ecosystems and resilient supply chains".

"Our current interim

trade agreement is on the table for us to finalise and that will unlock prosperity for both of our countries...

Next week, we will welcome a U.S. delegation here to continue those talks. We fully expect that the trade deal will be signed over the next few weeks and months," said Mr. Gor in his first speech following the visit of U.S. Secretary of State Marco

Rubio to New Delhi earlier this week to participate in the Quad Foreign Ministers' meeting.

Mr. Gor pointed out that in a little over two decades, bilateral trade had grown from \$20 billion to \$220 billion in goods and services and described this as an outcome of "deeper, broader engagement and stronger economic integration".

# Quad's struggle to find momentum, as members pursue disparate objectives



## EXPERT EXPLAINS

MAJ GEN G G DWIVEDI (RETD)

WAR VETERAN, PROFESSOR OF STRATEGIC INTERNATIONAL RELATIONS AT LAL BAHADUR SHASTRI INSTITUTE OF MANAGEMENT

THE RECENT Quadrilateral Security Dialogue (Quad) held in New Delhi among the foreign ministers of Australia, India, Japan and the United States came as an assurance that the grouping remains relevant.

The Indo-Pacific has emerged as the world's strategic and geo-economic centre of gravity today. It hosts critical sea lanes carrying over 50% of global trade and energy flow. China's rise, its coercive mari-

time behaviour, and technological dominance have created shared concerns among the Quad partners.

While the rationale behind the Quad has been compelling, it continues to grapple with a central question — is it a strategic force multiplier or merely a mechanism for consultative dialogue?

### What is the Quad?

After the Indian Ocean tsunami of December 2004, India, Japan, Australia, and the US came together in an informal arrangement to coordinate disaster relief operations. In 2007, the Quadrilateral Security Dialogue, commonly known as the Quad, kicked off. However, it never really picked up momentum, and while it was revived in 2017, the Quad has, at best, sputtered along since.

The major reasons for this are that the four constituents don't always have the same aims, and China strenuously opposes the grouping. Chinese Foreign Minister Wang Yi even compared the Quad to sea foam, saying it will simply dissipate over time.



(From left) Australian Foreign Minister Penny Wong, External Affairs Minister S Jaishankar, Japanese Foreign Minister Toshimitsu Motegi and US Secretary of State Marco Rubio during the Quad meet.

Beijing argued that the Quad's purpose is mainly to target China. After the recent meeting on May 26, China's Foreign Ministry spokesperson Mao Ning said at a presser, "We do not support the formation of exclusive cliques or bloc confrontation. No cooperation should undermine mutual trust and cooperation among regional countries."

### What do members want from it?

For Australia, Beijing's intimidating posturing means it has to expand strategic outreach and security partnerships, but it remains heavily dependent on China economically.

India needs to balance China in view of their shared border and the security calculus. It is also strongly opposed to China's design of carving out a unipolar Asia, but Delhi remains wary of compromising its strategic autonomy.

Tokyo views Quad as an essential security imperative, given the tensions in the South China Sea due to Beijing's apparently expansionist designs.

For the US, the Quad is perceived as the pillar of its Indo-Pacific strategy and the mechanism to balance out China without military confrontation. In fact, Washington perceives the Quad as a networked security architecture that substantiates American primacy in Asia. Under Donald Trump, however, the US seems to be leaning towards a bilateral deal with Beijing.

These different priorities explain why the Quad's progress has been incremental rather than decisive. The security cooperation remains constrained, lacking a NATO-like collective defence mechanism, and there is no binding treaty obligation.

### What happened at this meeting?

The Quad Foreign Ministers meeting on May 26 attempted to break fresh ground. It focussed on maritime security, resilient supply chains, critical minerals and energy security amid geopolitical uncertainties.

Important initiatives were unveiled for enhanced maritime surveillance coordination, an energy security framework and co-

operation on critical minerals, to reduce dependence on China and the consequent vulnerabilities of supply chains.

The grouping also announced its first joint project — the development of port infrastructure in Fiji — signalling forward movement from dialogue to concrete deliverables.

### What is the way ahead?

The Quad's future lies in strategic clarity among all members. To ensure organisational depth, the Quad needs to move towards permanent institutional architecture, alongside enhanced military operability, synergised technology partnerships and strengthened maritime capacity building in the Indo-Pacific.

The real test of Quad is not whether it becomes an Asian NATO, but whether the four democracies, with varying interests, can sustain strategic cooperation in the era of great power competition.

FULL REPORT ON  
[WWW.INDIANEXPRESS.COM](http://WWW.INDIANEXPRESS.COM)

# Japan-Philippines sea border negotiations 'illegal', says China

Agence France-Presse

BEIJING

China expressed strong opposition on Friday to a decision by Japan and the Philippines to start maritime border negotiations, calling the talks "illegal" and claiming exclusive control over the waters concerned.

The two island nations announced on Thursday they would start formal talks "to delimit the maritime boundary" of an economic zone and continental shelf between them, as Philippine President Ferdinand Marcos met Japanese Prime Minister Sanae Takaichi on a visit to Tokyo.

But Beijing again assert-



Mao Ning

ed on Friday that it has an "exclusive economic zone and continental shelf" in the waters to the east of Taiwan.

"China is strongly dissatisfied with and firmly opposed to this," Foreign Ministry spokesperson Mao Ning told a regular news conference .

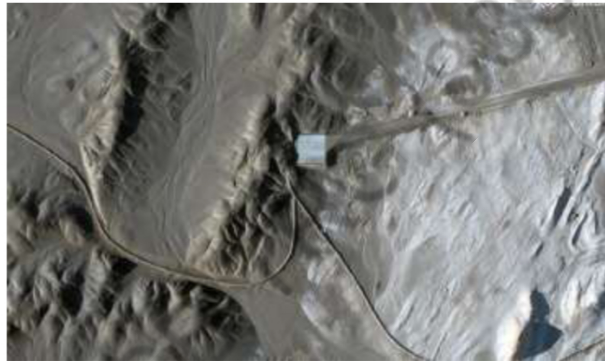
# China is building launch pads near its nuclear missile silos in remote desert

**Reuters**

In a remote Chinese desert, a vast military complex is taking shape that some security scholars say appears built to ensure no American first strike on China's nuclear arsenal could reliably knock out Beijing's ability to hit back.

China's nuclear missiles can already reach any city in the United States. Now, satellite images show Beijing is building a sprawling web of launch pads, bunkers and communications nodes near the isolated nuclear silos that hold the Chinese military's longest-range missiles.

The images reveal more than 80 pads for possible use by China's expanding



An image of a launch pad, part of two isolated desert networks linked by roads, in Xinjiang Uyghur Autonomous Region. REUTERS

fleet of mobile missile launchers and air-defence batteries. They also show facilities that may serve electronic warfare, satellite communications and command operations, according to three security analysts, who assessed the

imagery for Reuters.

The scale of the construction, which hasn't been previously reported, points to a sweeping expansion of hardened infrastructure designed to protect and operate China's land-based nuclear

forces. Taken together, the network signals a significant upgrade in Beijing's efforts to ensure second-strike capability, underscoring intensifying nuclear competition with the United States as tensions rise over issues such as Taiwan's sovereignty.

"Taken together, I think there is a real possibility that the octagonal structures and the strange towers are linked to C3 – command, control, and communications – as well as maintenance and storage activities related to China's nuclear operations at the Hami ICBM silo site," said Tong Zhao, a senior fellow in nuclear policy at the Carnegie Endowment for International Peace.

# RBI: War could pose headwinds to growth & inflation in short run

'Elevated valuations in tech sectors may undergo reassessment, raising the risk of corrections in markets'

George Mathew  
Mumbai, May 29

WITH THE monetary policy review a week away, the Reserve Bank of India on Friday said the West Asia conflict and risks such as higher energy prices, supply chain disruptions, financial market volatility, global trade uncertainty and weather disruptions could affect growth and inflation in the short term.

In a highly uncertain global environment, continuous assessment of the evolving developments is warranted to frame the appropriate policy response on an ongoing basis, the central bank said.

"Lingering geopolitical tensions and supply chain disruptions may pose near-term risks to corporate earnings and the performance of loan portfolios," the RBI said in its Annual Report for 2025-26.

However, India's growth outlook remains positive, it said. Considering various factors, and on the assumption that the adverse impact of the West Asia conflict would remain contained in the near-term, real GDP growth for 2026-27 is projected at 6.9% with risks tilted to the downside, the report said.

The RBI's Monetary Policy Committee kept the main repo rate unchanged at 5.25% in the April review.

However, the rupee remains volatile at 95 against the dollar and capital outflows continue unabated amid the US-Iran conflict. The government's decision to hike fuel prices is likely to put upward pressure on inflation.

While the ongoing geopolitical tensions are likely to exert pressure on the availability and prices of key inputs, particularly fertilisers, the government's continued efforts in ensuring adequate availability of fertiliser and other key inputs through diversified sources and buffer management are expected to mitigate these potential concerns, the RBI said.

The central bank said geopolitical risk has re-emerged as the dominant drag on global growth in 2026. "The adverse impact of outbreak of the conflict in West Asia in end-February 2026 is reflected in the forecasts of global growth and inflation," the RBI said.

With continued geopolitical tensions, inflation faces upside risks globally, the RBI said. "The surging energy prices and disruptions in key shipping routes could intensify supply-side pressures." The RBI also said elevated valuations in technology sectors may undergo reassessment, raising the risk of corrections in equity markets.

FULL REPORT ON  
WWW.INDIANEXPRESS.COM



The RBI has projected FY27 real GDP growth to be at 6.9%. REUTERS

## RBI plans 'kill switch': How it can stop scams

ENS Economic Bureau  
Mumbai, May 29

THE RESERVE BANK of India is exploring the possibility of introducing a 'kill switch' mechanism that would allow users at the receiving end of a potential digital scam to immediately stop all financial transactions from their accounts.

Besides, it has also proposed a 'switch on' and 'switch off' facility for all digital payment modes. It would help bolster consumer confidence and contribute towards con-

trolling frauds in digital payment transactions, the RBI Annual Report said.

The proposal for a 'kill switch' — being examined by the government and the RBI — envisages, among other possibilities, an emergency button integrated into payment applications of lenders that could instantly freeze all banking operations when a user suspects they are being targeted by fraudsters.

FULL REPORT ON  
WWW.INDIANEXPRESS.COM

## Bank fraud nos down; amount up 46% in FY26

ENS Economic Bureau  
Mumbai, May 29

THE AMOUNT involved in fraud cases reported by the banking sector shot up by 46% to Rs 48,021 crore during FY2026 as against Rs 32,803 crore in the previous year.

However, the number of fraud cases dipped to 10,114 from 23,722 a year ago, the Reserve Bank of India's Annual Report said.

Of this public sector banks accounted for Rs 35,709 crore in FY 26 as against Rs 23,617 crore last year and private sector Rs 11,399 crore (Rs 8,927 crore), the RBI said.

Data pertaining to FY26 includes fraud classification in 314 cases amounting to Rs 30,199 crore, pertaining to previous financial years, reported afresh during the current financial year after re-examination and ensuring compliance with the judgement of the Supreme Court, dated March 27, 2023, the RBI said.

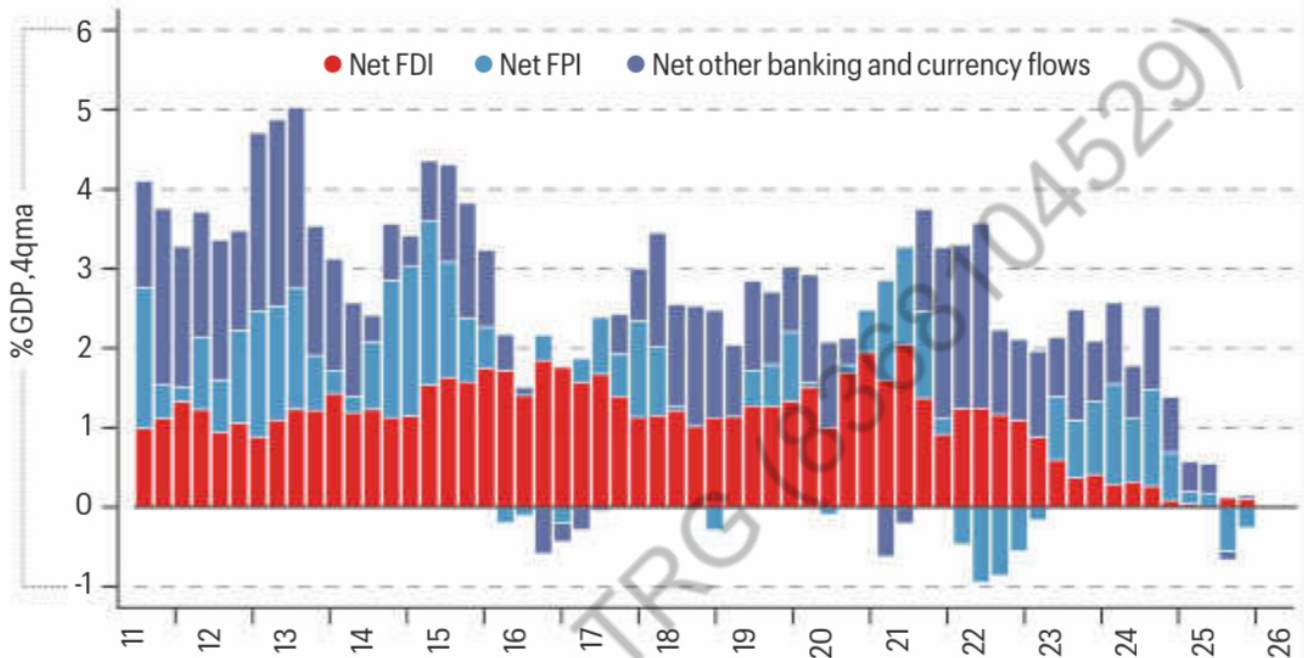
Amount involved in advances of banks shot up to Rs 40,774 crore in 8,640 fraud cases as against Rs 30,367 crore (7924 cases) in the previous financial year.

"Frauds reported in a year could have occurred several years prior to the year of reporting," the central bank said.

FULL REPORT ON  
WWW.INDIANEXPRESS.COM

# • DRYING FINANCIAL FLOWS INTO INDIA

Net financial account flows under FDI, FPI and other banking and currency categories have all dried up. And it all started well before the war in West Asia disrupted the crude oil flow. According to ANZ Research, tight global financial conditions and concentrated global growth driven by the technology supercycle led to India's current balance of payments stress.



SOURCE: RBI, MOS&PI, BLOOMBERG, MACROBOND, ANZ RESEARCH

## FPIs sell \$3.45 bn of equities in May

**Akash Mandal**

*Mumbai, May 29*

GEOPOLITICAL TENSIONS and lingering uncertainty over a possible peace agreement between the US and Iran muted investor sentiment towards emerging markets, including India, even as crude oil prices continuing to hover near the \$100-a-barrel mark.

Foreign portfolio investors (FPIs) sold Indian shares worth

around \$3.45 billion during the month of May, extending the trend of capital outflows, but the pace of share sales slowed compared to the previous two months.

According to National Securities Depository Ltd (NSDL) data, this was much lower than the \$6.47 billion and \$12.72 billion worth of Indian stocks they had dumped in the previous two months, with most of the challenges caused by the

West Asia war already largely factored into the markets by investors. Meanwhile, IT stocks gained on AI-related optimism.

The pace of the selloff by FPIs slowed down as the month progressed, with investors now increasingly getting used to the constant news flow out of West Asia, with the focus now also on corporate earnings.

**FULL REPORT ON**  
[WWW.INDIANEXPRESS.COM](http://WWW.INDIANEXPRESS.COM)

# RBI data shows why govt. is concerned about dollars flowing out

India's Balance of Payments stood at a deficit of \$30.8 bn in 2025-26, indicating that total outflows including trade and investments exceeded inflows six fold over the previous year

**T.C.A. Sharad Raghavan**  
NEW DELHI

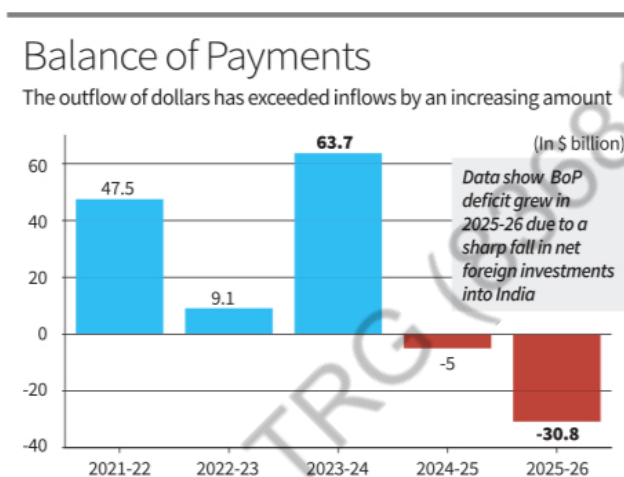
The latest data from the Reserve Bank of India (RBI) shows why the government and the central bank are so concerned about dollars flowing out of the country: the total amount of dollars flowing out of the country exceeded inflows by \$30.8 billion in 2025-26, a more than six-fold increase over 2024-25. This Balance of Payments (BoP) had been a surplus as recently as 2023-24.

The data in the RBI's annual report for 2025-26, released on Friday shows that the BoP deficit grew in 2025-26 because of a sharp fall in net foreign investments into India, which compounded a widening trade deficit. The data for 2025-26 is up to December 31. Further, the deficit in 2025-26 was entirely paid for using the RBI's foreign exchange reserves, denting them significantly.

The overall Balance of Payments is a combination of the current account and the capital account.

The current account captures India's trade in goods and services as well as some cross-border financial transactions.

The capital account largely deals with investments, both direct and



Source: RBI Annual Report 2025-26 • Note: Data for 2025-26 is provisional. Negative figures indicate a deficit and positive ones denote a surplus.

portfolio, external borrowings, external assistance, and asset transfers.

India generally runs a current account deficit (CAD) since it imports more than it exports. Over the last five years, this CAD has varied significantly, but came in at a three-year high of \$30.2 billion 2025-26. India's overall merchandise trade deficit – the amount that imports exceeded exports – stood \$251.6 billion in 2025-26, down from \$286.9 billion in the previous year.

On the other hand, the surplus on India's invisibles' trade, which includes the services trade, fell to \$221.4 billion in 2025-26 from \$263.9 in 2024-25.

In other words, the services surplus shrank more than the merchandise defi-

cit did, meaning that the overall current account saw its deficit widen.

## Capital concerns

In 2023-24, when India had a BoP surplus, this was because the surplus on the capital account was so big, it dwarfed the CAD. That is, the CAD was \$26.1 billion in 2023-24, but the capital account surplus was \$89.4 billion. As a result, the BoP surplus was \$63.7 billion.

This scenario did not play out in 2025-26. The capital account surplus that year shrank to \$72 million, down more than 99.5% over the \$16.6 billion seen in 2024-25.

The big reasons for this seems to have been Indians parking their funds abroad and payments related to trade, even though

the financial year 2025-26 included just one month of the ongoing crisis in West Asia. The 'other capital' heading, which includes delayed export receipts, advance payments for imports, and net funds held abroad, stood at a deficit of \$22.6 billion in 2025-26, up from a deficit of \$7.4 billion in the previous year.

The other factor driving the capital account deficit was the outflow of foreign portfolio investments. According to the data, foreign portfolio investors (FPIs) pulled out \$4.3 billion more in 2025-26 than they put in. This reversed the trend of the previous two years where FPI inflows exceeded outflows.

All of this data provides the backdrop for Prime Minister Narendra Modi's exhortation earlier this month for Indians to reduce their fuel consumption and gold purchases. India imports nearly 90% of its oil requirement, and does not produce any gold of its own, although its gold demand is very big.

As a result, a large part of the dollar outflows go in paying for oil and gold imports. The government earlier this month also hiked the import duty on gold and silver to 15% from the previous 6%, and also restricted the import of most kinds of silver.