Nepal disaster toll rises to 579; nearly 2,000 missing

More than 4,500 people, including 85 Indians, rescued; people from more than 30 countries are among those missing; Nepal govt. allows foreign experts to join search after diplomatic pressure

Hopes alive: People wait for a helicopter to arrive at the Nepal Army's rescue centre in Nuwakot on Friday, hoping their family members would be among those returning. PRABHAT KHANAL

‘No contact with 320 Indians, 400 stranded’

Kallol Bhattacherjee
NEW DELHI

At least 320 Indians were unreachable while 400 others were stranded on the Chinese side after the flash floods, the External Affairs Ministry said on Friday, adding that India stands ready to extend help to Kathmandu to deal with the situation.

FULL REPORT ON
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Sanjeev Satgainya
KATHMANDU

The death toll in the Nepal flash floods touched 579 on Friday, even as the search for nearly 2,000 missing people continued for the third day.

The Nepal Police said more than 4,500 people had been rescued. Of the 183 Indian tourists reported missing, 85 had been rescued while 98 remained unaccounted for, the Nepal Tourism Board said.

Indians account for the highest number of missing foreign nationals.

People from more than 30 countries are among those reported missing, the Board said. They include 65 from the U.S., 61 from Ukraine, 51 from Malaysia, 35 from Australia, and 33 from the U.K.

Meanwhile, the Nepal government has reversed its earlier decision not to seek assistance from international search and rescue teams. Sources said the government decided to seek help from foreign experts in limited areas following intense diplomatic pressure from countries whose citizens remained unaccounted for.

Prime Minister Balendra Shah, in a social media post, said the government was continuously coordinating with India, China and international partners on the assistance and supplies needed for rescue and relief work.

Amid questions over how flooding on such a massive scale could have occurred in the Bhotekoshi river in Rasuwa district when no rain was recorded, scientists are working to piece together the chain of events.

Nepalese authorities have said the disaster may have originated in the Lhende Khola on the Nepali side. The Lhende Khola is a transboundary, high-altitude river that originates in Gyirong County in Tibet and flows south into Nepal, where it joins the Bhotekoshi and Trishuli rivers.

Scientists believe an ice-and-rock collapse may have sent debris into the Lhende valley, temporarily blocking the river before a massive surge of water and debris swept downstream into the Bhotekoshi and Trishuli rivers.

Nepal’s Department of Hydrology and Meteorology, drawing on satellite imagery shared by the Chinese side, has reached a similar preliminary conclusion. According to an official, the imagery pointed to a combination of an ice avalanche, permafrost movement and a rockslide.

“The avalanche originated on the Nepali side, but very close to the boundary, and caused the flood that crossed the Nepal-China border, causing extensive damage on both sides,” said Binod Parajuli, a senior divisional hydrologist at the department’s Flood Forecasting Division.

He said there was still a risk of further flooding, although it was unlikely to be on the same scale, and urged people living in the area to exercise caution.

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Fresh glacial lakes form at source of Nepal's avalanche

Jacob Koshy
NEW DELHI

Two more glacial lakes have formed in Nepal, near the apparent source of the ice-rock avalanche that triggered flooding in Nepal's Bhote Koshi-Trishuli river system on Wednesday.

While the formation of the lakes is known, information on the potential water outflow is unavailable, said Krishna Vatsa, Member and Head of the National Disaster Management Authority (NDMA). "One is 19.80 hectares and the other is 7.28 hectares. We don't have any estimates of the volume but there are moraines [piles of debris deposited by a moving glacier]," he told *The Hindu*. "These are lakes that have formed in Nepal and we don't have direct knowledge of what's happening there. We need to keep monitoring," he added.

At least one of these lakes appears similar to the one independently confirmed by Suhora Technologies, a Noida-based space-data analytics firm, which also said it had identified a "newly formed water body" at the source of the ice-rock avalanche.

"Analysis of high-resolution optical satellite imagery acquired on August 27 shows a lake spanning approximately 20.25 hectares in the high-altitude Lhende Khola region, near the Nepal-Tibet border," the company said in a statement on Friday.

While the formation of lakes is known, details on potential water outflow is unavailable

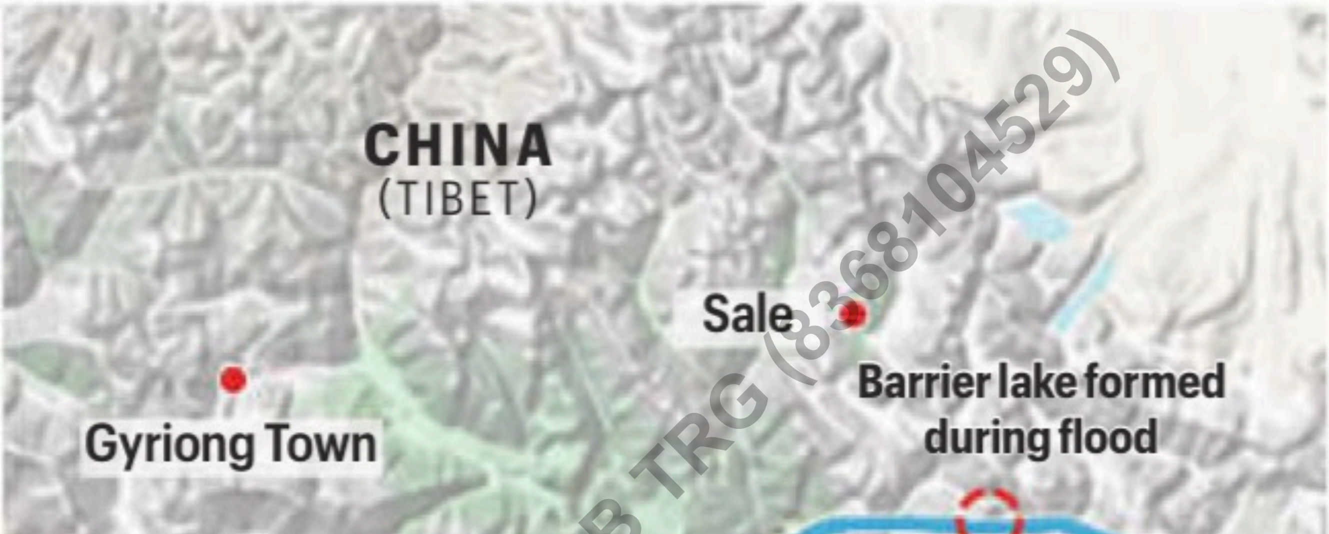
Suhora said the lake's formation is an important feature to monitor following the August 26 avalanche and subsequent flash flooding downstream. While a newly formed water body in the vicinity of an avalanche or debris-flow source could indicate water accumulation associated with the event, its presence by itself does not mean that another glacial-lake outburst flood is imminent.

The company said it would continue monitoring the lake's extent and stability using satellite imagery. The assessment remains preliminary, and further observations and ground-based investigation will be needed to establish the lake's origin, depth, stability, and potential downstream risk, it added.

'No escape'

NDMA officials said that India had a monitoring network of both ground and satellite measurements that "were being improved". However, there are still limitations. "We can give early warning 30 to 45 minutes in advance and that can save lives but when billions of litres of water gush, there is no escape," an official said.

New Barrier Lake Formed



'Threatening slogans': IIT Delhi Director warns protesters of disciplinary action

Ashna Butani
NEW DELHI

IIT Delhi Director Rangan Banerjee on Friday threatened disciplinary action against student protesters for "disrupting the peaceful functioning of the campus, including residential areas, classes, academic and other activities".

The protesting students said they held a peaceful march on campus on the intervening night of Thursday and Friday. SPECIAL ARRANGEMENT

In an e-mail to all students, the Director said the institute has been engaging with their representatives in good faith. "Unfortunately, the situation escalated on the night of Thursday... from 10.30 p.m. to 12.30 a.m., a group of protesters extended their agitation into the campus residential zones," it stated.

Mr. Banerjee said they resorted to "unsavoury, humiliating and threatening language in their slogans". This, he said, compromised the "safety, privacy, and peace of faculty members and their families, including young children and elderly dependents".

The students have been protesting against "systemic issues", which they claim led to the deaths by suicide of eight students over the past 30 months, including a 31-year-old MSc student on August 22. They have sought an impartial probe, resignations of two officials for "insensitive remarks" over the incident, and *ex gratia* of ₹1 crore for the deceased's family.

'Subjected to profiling'

On the intervening night of Thursday and Friday, the protesters took out a march on campus, which they claimed was peaceful. They also alleged that they were being profiled on Friday night, with unknown persons recording their videos without consent.

(Those in distress can contact Tele MANAS at 14416 to seek help)

CAMPUS ON EDGE
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Centre to replace 2 lakh buses, trucks in Delhi-NCR in a year

Union govt. to advance deadline to replace old, polluting vehicles with BS-VI or e-vehicles under PARIVARTAN scheme; tax waivers, incentives on offer to accelerate shift to cleaner transport

Jagriti Chandra
NEW DELHI

The Union government aims to replace more than 2 lakh trucks and buses in Delhi and the National Capital Region (NCR) with BS-VI or electric vehicles within a year under the PARIVARTAN scheme, bringing forward the two-year implementation timeline approved by the Cabinet, V. Umashankar, the Road Transport and Highways Secretary, said on Friday.

The PARIVARTAN (Programme for Accelerated Renewal and Incentivization of Vehicle Assets for Reducing Transport Air Pollution and Network Emissions) scheme, approved by the Cabinet on June 3 and launched on July 14, seeks to replace trucks and buses registered in Delhi and the NCR districts of Haryana, Rajasthan and Uttar Pradesh, which conform to BS-IV or older emission norms.

The scheme is being funded through the National Capital Region Planning Board under the Ministry of Housing and Urban Affairs and implemented by the Ministry of Road Transport and Highways.

Trucks, buses account for 3.1% of NCR's total fleet, but form 36% of vehicular emissions, said officials. FILE PHOTO/SHIV KUMAR PUSHPAKAR

Although trucks and buses account for just 3.1% of the total vehicle fleet in the region, they contribute 36% of vehicular PM2.5 emissions, officials said at a press briefing to explain the rationale behind the scheme. With a total outlay of ₹9,585 crore, including ₹5,041 crore in Central budgetary support, the scheme offers a package of incentives to eligible buyers of new BS-VI compliant or stricter diesel and CNG vehicles, as well as electric vehicles.

100% road-tax waiver

These include a 5% interest subvention on eligible vehicle loans for five years, a 100% road-tax waiver for 10 years and exemption from registration fees.

Eligible buyers will also get at least 8% discount on the ex-showroom price from participating vehicle manufacturers.

Buyers of BS-VI diesel or CNG vehicles will additionally receive monthly fuel vouchers ranging from ₹1,200 to ₹4,800, depending on the vehicle category, for five years, while electric vehicle buyers will be eligible for a one-time incentive ranging from ₹64,000 to ₹2.56 lakh.

The scheme has so far seen more than 1,300 beneficiaries register on the PARIVARTAN portal. Forty-two banks and non-banking financial companies have been onboarded to provide interest subvention on vehicle loans while 15 automobile manufacturers have signed MoUs to extend the mandated discounts to eligible buyers, Mr. Umashankar said.

To avail of the scheme, eligible beneficiaries must scrap their BS-III or older trucks and buses. BS-IV vehicles can be scrapped or sold outside the NCR.

Every winter, air pollution spikes in Delhi-NCR due to meteorological factors and pollution from stubble burning, firecrackers and vehicular emissions.

Unkind cuts

The scale of ECI's deletions in Telangana and Karnataka needs explanation

The Special Intensive Revision (SIR) process being conducted by the Election Commission of India (ECI) is increasingly leading to a clear case of disenfranchisement in several parts of India. Marauding on after a judgment by the Supreme Court of India allowed it to proceed, the SIR has now struck out a fifth of the names from the electoral rolls in Telangana and Karnataka – nearly 22% and 19.5% respectively – and among the highest in the country. The cuts are steepest in their capital cities – five constituencies in Bengaluru have lost more than half of their electors while nine of Hyderabad's 15 have seen deletions of more than 40%. Cuts of this kind cannot simply be a trimming of bloated rolls at the margins. If they are accurate, the ECI's own summary revision processes were yielding bloated rolls in recent elections, and doing so in the very places with high net in-migration from the rest of India. And if the deletions are to be justified, those struck off the rolls must have left the States – a move within Karnataka or Telangana would only relocate a voter's name on the same State roll, not remove it altogether. Yet, this is neither borne out by recent survey data nor by the government's own population estimates.

During the Bihar SIR, the Court asked why political parties had filed so few objections, seeking inclusion of wrongly deleted names; that question might hold true for the Southern States as well. A plausible reason could be that the voter id is useful to a citizen only once in a few years, leading to less alacrity on their part. This may explain why a process that puts the onus on electors yields cuts of this scale. Meanwhile, proving a smoking gun in the data is difficult because of the ECI's opacity. It has not published the elector-to-population ratio for any State so far during the revision even though doing so is mandatory and is the only test of under-enrolment. The Karnataka Chief Electoral Officer has not even bothered to release a gender-wise breakdown of the deletions, instead scattering the lists across several Google Drive links without the old booth numbers, making verification arduous. The outcome of such shoddiness is visible in West Bengal, where the ECI's dubious "logical discrepancy" process disenfranchised lakhs of electors, forcing them to seek redress before tribunals set up under the aegis of the Court. Months after the elections, records obtained under a Right to Information request show that barely 82,000 of the nearly 38 lakh appeals before the 19 tribunals have been decided, with more than 90% of those decisions favouring electors seeking restoration. The ECI – an institution once envied even by wealthier democracies for bringing large numbers of Indians to the polling booth – is now an obstacle to universal adult franchise.

OBC creamy layer income test issue stuck between Ministries, says House panel chief

Abhinay Lakshman
NEW DELHI

The issue concerning the two components of OBC creamy layer exclusion – income/wealth test and equivalence of posts – appears to be stuck between the Ministry of Personnel, Public Grievances and Pensions and the Ministry of Social Justice and Empowerment, said BJP MP and chief of the House panel on welfare of OBCs, Ganesh Singh.

He said ideally the Social Justice Ministry should formulate the policy based on the Supreme Court's reading of the income test in March and then bring it to the Cabinet. "That has not happened yet," Mr. Singh said.

The judgment had ruled that the Department of Personnel and Training (DoPT) was practising "hostile discrimination" in applying the income test differently to OBC candidates with parents in government service and OBC candidates with parents in jobs where the equivalence with government posts had not been established.

It noted that for the latter category, income from salaries was being included and directed the government to exclude salaries from the test, and create supernumerary posts for OBC candidates who were denied non-creamy layer status based on such an application of the test.

While the government had six months to implement the directions, the issue caused a furore among sections of OBCs after the government approached

Ganesh Singh. SANSAD TV

the Supreme Court with applications saying it was "extremely difficult" to implement the court's reading of the income test retrospectively. The government also argued that there must be cases where income from salaries must be included in applying the income test.

Under Mr. Singh's leadership, the committee has consistently pointed out that the government was incorrectly applying the income test to OBC candidates of parents in jobs without equivalence with government posts, principally by interpreting a 2004 DoPT letter.

Speaking to *The Hindu*, Mr. Singh said, "The Personnel Ministry and the Social Justice Ministry seem to be passing the job along to each other. Ideally, the Social Justice Ministry should have formed the policy on equivalence of posts and application of the income test so that it can be placed before the Cabinet. But that has not happened."

The Cabinet Minister in charge of the Personnel Ministry is Prime Minister Narendra Modi and the Social Justice Ministry is headed by Virendra Singh. The committee, under Mr. Singh, has also been pushing for the Social Justice Ministry to establish equivalence between posts.

The last time the House panel on OBC welfare was seized of the matter was in hearings related to the DoPT's implementation of the reservation policy for OBCs. In these hearings in 2025, the Ministry of Personnel had said that the issue was related to OBC candidates with parents in jobs where equivalence had not been established, and that it was the Social Justice Ministry that was responsible for establishing this equivalence, and responding to the House Committee.

However, officials told *The Hindu* that the Social Justice Ministry has yet to respond to the committee on this issue.

India, Canada re-commit to seal trade deal by end 2026

India had also expressed its readiness to begin negotiations on a Bilateral Investment Treaty "at the earliest," according to a joint statement issued by the Finance Ministers of both the countries

T.C.A. Sharad Raghavan
NEW DELHI

Finance and Corporate Affairs Minister Nirmala Sitharaman and Canadian Minister of Finance and National Revenue François-Philippe Champagne issued a joint statement reiterating the two countries' commitment to conclude the India-Canada trade deal by the end of 2026.

They also said India expressed readiness to start talks on a Bilateral Investment Treaty 'at the earliest'. The statement followed the conclusion of the inaugural India-Canada Finance Ministers' Economic and Financial Dialogue in Toronto.

Meeting point: Mr. Champagne (left) and Ms. Sitharaman at a discussion at the Canadian Club, Toronto. THE CANADIAN PRESS VIA AP

Trade, investment deals

"The Dialogue builds on the commitment made by PM Mark Carney and PM Narendra Modi during a meeting in New Delhi in March to strengthen bilateral economic and financial cooperation, including the shared commitment to conclude Canada-India Comprehensive Economic Partnership Agreement (CEPA) talks by the end of 2026," the statement said.

During the Dialogue, the Ministers discussed the mutual benefits of strengthening bilateral economic and investment ties, support financial and commercial linkages and the two PMs' shared aspiration to boost bilateral trade to ₹4.65 lakh crore by 2030 from ₹70,354 crore in 2025-26.

The Ministers also discussed ways to facilitate greater engagement between Indian and Canadian financial institutions and institutional investors and to explore commercially viable investment opportunities across sectors of mutual interest.

Bilateral deals

Ms. Sitharaman later told the press on how current global economic scenario had shown bilateral engagements are becoming increasingly significant.

She also pitched for even more from Canadian pension fund investments.

"Canadian pension fund has been very much engaged with India," she noted. "We would like more of them to be here with us because, since 2020, we put out a complete list of the national pipeline for asset monetisation in India. And that has become a very growing pipeline of investment opportunities for those seeking higher returns on investments."

India signs Javelin procurement deal with U.S., boosts defence cooperation

Saurabh Trivedi
NEW DELHI

India signed a Letter of Offer and Acceptance (LOA) with the U.S. on Friday to procure Javelin anti-tank guided missile systems through the U.S. Foreign Military Sales route, marking a significant step in the defence partnership between the two countries.

The missile system is being bought under the emergency procurement powers granted to the armed forces to augment critical operational capabilities following Operation Sindoor, defence sources said. The Indian Army is procuring Javelin missiles in limited numbers. Under the emergency framework, the armed forces can make purchases of up to ₹300 crore for each equipment category. Deliveries of contracts under the sixth tranche of emergency procurements are expected to begin by the end of 2026-27, sources said.


The Javelin is a medium-range, anti-tank guided missile designed to engage armoured vehicles and fortified positions. AFP

The U.S. Embassy in New Delhi welcomed the signing of the LOA, saying it demonstrated the growing depth of the U.S.-India Major Defence Partnership.

U.S. Ambassador to India Sergio Gor said the agreement reflected a defence partnership that was "growing deeper, more capable, and consequential". He said it demonstrated U.S. support for the Indian Army and created opportunities for the two countries to work together.

The Javelin is a medium-range, anti-tank guided missile designed to engage armoured vehicles and fortified positions.

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India signs deal with U.S. on procuring Javelin

Its fire-and-forget capability lets the operator fire the missile and move to another position without having to guide it throughout its flight.

The Javelin system is produced by the Javelin Joint Venture, comprising RTX and Lockheed Martin. Currently, the U.S. Army, U.S. Marine Corps and several international customers operate it. The U.S. Embassy said the signing would facilitate discussions on mutually beneficial co-production and create additional opportunities to strengthen the defence industrial bases of India and the U.S.

The procurement assumes significance in the backdrop of India's efforts to rapidly strengthen its anti-armour capabilities following Operation Sindoor, while simultaneously deepening defence-industrial cooperation with the U.S.

Dhaka ‘positively’ weighs joining Mecca Pact

BNP-led government says the interests of the country and its people would be given the highest priority in joining any defence agreement or alliance; Foreign Minister Khalilur Rahman says Bangladesh’s accession is not currently under discussion and that it has not received any formal proposal yet; major Opposition parties voice support

Rabiul Alam
DHAKA

Bangladesh will give positive consideration to joining the Mecca Pact, the trilateral defence agreement signed by Saudi Arabia, Turkiye and Pakistan, should its members propose bringing Dhaka into the framework, Bangladesh Foreign Minister Dr. Khalilur Rahman told Parliament on Thursday. The BNP-led government’s such consideration has also drawn support from the country’s main Opposition parties, including Bangladesh Jamaat-e-Islami and the National Citizen Party (NCP).

Responding to a supplementary question from Independent Member of Parliament Rumin Farhana during the third session of the 13th Parliament, Mr. Rahman said Bangladesh’s accession to the pact was not currently under discussion and would depend on the intentions of the agreement’s existing signatories.

“If they express interest in bringing Bangladesh into this pact, the government will certainly consider it positively,” he said.

Ms. Farhana had asked what benefits Bangladesh stood to gain from joining the pact, signed on August 7, and whether Dhaka intended to do so.

Mr. Rahman said the government viewed the agreement, struck between the three countries, as a positive development, but that the question of Bangladesh’s membership had “not yet arisen,” since no formal proposal had been extended.

Khalilur Rahman says Dhaka’s accession to the pact would depend on the intentions of the agreement’s existing signatories. AFP

“The time has not yet come to weigh the pros and cons of the pact before a proposal for Bangladesh’s inclusion is made,” he said, adding that the government would take all aspects into account if and when such a proposal materialised.

“We will certainly keep all these matters under consideration,” the Minister said.

Mr. Rahman also suggested the pact could, if expanded further, evolve into a collective self-defence mechanism for the wider Muslim world.

“This is our family. This is an internal matter of the Muslim family. Others need not be concerned about it.”

Replying to another supplementary question from Bangladesh Jamaat-e-Islami lawmaker Mir Ahmad Bin Quasem, the Foreign Minister also said Bangladesh would use its presidency of the United Nations General Assembly to serve all 193 member states rather than pursue the interests of any particular country.

Swift endorsement

The government’s such move draws swift endorsement from the key Opposition parties. Dr. Shafiqur Rahman, Leader of the Opposition in Parliament and Ameer of Bangladesh Jamaat-e-Islami, said on Thursday that any decision to join the Mecca Pact is entirely Bangladesh’s own affair.

“If Bangladesh makes a decision in the interests and for the needs of the country and its people, there is no reason for anyone else to feel suffocated by it,” he added.

The National Citizen Party (NCP) went further, welcoming the possibility of Bangladesh’s entry outright. In a press release on Wednesday, the party said the pact could open avenues for political and military coordination and cooperation in defence technology, strengthening Bangladesh’s security, trade and strategic ties with key countries in the Muslim world.

The party cautioned, however, that any decision to join a collective defence framework should rest on a comprehensive assessment of the country’s long-term national interests, security and strategic capabilities, rather than on political considerations or immediate diplomatic calculations.

The Mecca Joint Defence Agreement was signed in the Saudi city by Crown Prince Mohammed bin Salman, Turkish President Recep Tayyip Erdogan and Pakistan Prime Minister Shehbaz Sharif, establishing a mutual-defence clause under which an attack on any one signatory would be treated as an attack on all three.

U.S. ISSUES ADDITIONAL TARGETED IRAN-RELATED MEASURES

Iran urges other nations to reject new US sanctions

Tehran brands US sanctions as 'crime against humanity'

Reuters
Dubai, August 28

IRAN CONDEMNED the United States' new economic sanctions on Friday as "state terrorism" and said other countries were legally obliged not to implement them, while the US Treasury Department announced additional targeted Iran-related measures.

The Iranian foreign ministry's statement came as mediators stepped up efforts to reopen the Strait of Hormuz.

President Donald Trump's administration Monday warned countries to cut their business ties with Iran or face secondary sanctions as part of what it billed as an "economic D-Day," though the Treasury Department stopped short of actually imposing penalties.

Trump reiterated Thursday the US was not talking with Iran, while the White House said Washington's economic campaign would continue until Tehran decided to "come to the table in a meaningful way".

Iran's Foreign Ministry said in a statement Friday all countries were obligated under international law to refrain from implementing U.S. sanctions against Tehran, adding that participation in them amounted to complicity in imposing one state's unlawful will on independent states. It branded the new US measures a "crime against humanity" that put the health and livelihood of millions of civilians at serious risk, and called on other nations and UN bodies to uphold the rule of law.

Ships in the Strait of Hormuz near beach of Bandar Abbas, on Friday. A

Later on Friday, a US official told *Reuters* the Trump administration plans to impose limits on Egypt's Banque Misr for doing business with Tehran by revoking US financial access to its branches in the UAE.

The official said the proposed rule, if finalised, would withdraw Banque Misr UAE's correspondent banking access to US financial institutions. Treasury officials separately issued sanctions targeting one entity based in Hong Kong and one person linked to Iran's Bank Melli, according to a notice posted on department's website.

With the US focused on its economic pressure campaign, others have sought to revive diplomatic efforts to end the war.

Qatari PM Sheikh Mohammed bin Abdulrahman Al Thani said he had stressed du ing talks with Iranian leaders i Tehran the importance of r turning to pre-war status of ope shipping through the Strait.

Iranian Foreign Minist Abbas Araghchi on Friday d scribed the talks with Al Thani "creative", and he renewed h appeal to the US to stop puttir military and economic pressu on his country and to resume n gotiations. "Putting diploma back on track isn't impossible. hinges on US understanding one simple fact: pressure doesr work," Araghchi said on X.

Mohsen Rezaei, secretary Iran's Supreme National Secu ity Council, said on Thursda Iran was preparing a list of co ditions for reopening the strai

In the past Iran's conditio have included an end to the U blockade on Iranian ports, con pensation and removal of san tions. It remained uncle whether Iran intended to amer demands in a way that might l acceptable to Washington.

DIPLOMACY

PM visit to Uzbekistan, Kyrgyz Republic: Why Central Asia matters for India

Shubhajit Roy
New Delhi, August 28

PRIME MINISTER Narendra Modi is headed to Central Asia over the weekend. He will be in Uzbekistan from August 29 to 30 on a bilateral visit and in the Kyrgyz Republic for the 26th Shanghai Cooperation Organisation (SCO) Summit from August 31 to September 1.

While several Indian Prime Ministers, right from Jawaharlal Nehru, have visited Central Asia, India began its focused engagement with these five countries — Kazakhstan, the Kyrgyz Republic, Uzbekistan, Tajikistan and Turkmenistan — only in 2012 when it framed the "Connect Central Asia" policy. The policy got a fillip when Modi became the first Indian Prime Minister to travel to all five Central Asian countries in July 2015. Modi's visit marks a continuation of this outreach.

What central Asia offers

Central Asia has always been seen as Russia's backyard. It has a 20-30% Russian population and the language is also commonly spoken.

The fact that Chinese President Xi Jinping chose to visit Central Asia in September 2022 and visited four of the five Central Asian countries — his first overseas trip after two years of disruption due to the Covid-19 pandemic — speaks volumes about the strategic importance of this region. The region is considered to be extremely rich in mineral and natural resources.

KAZAKHSTAN has one of the world's biggest reserves of uranium. It has other minerals too: coal, lead, zinc, gold and iron ore.

THE KYRGYZ REPUBLIC has gold and hydro-power.

TURKMENISTAN has one of the world's largest reserves of natural gas.

TAJIKISTAN also has huge hydro-power potential and Uzbekistan has gold, uranium and natural gas.

Understandably, the world wants to enter this region to tap into the vast potential it offers.

Battle for strategic space

For India, engagement with the Central Asian countries is important for a variety of reasons — security cooperation in the wake of the Taliban takeover of Afghanistan, countering China's influence, connectivity plans including the International North South Transit Corridor, energy needs (Kazakhstan has uranium reserves and Turkmenistan is part of the proposed Turkmenistan-Afghanistan-Pakistan-Iran gas pipeline), old cultural links and potential for trade.

India considers Central Asia its extended neighbourhood, and its outreach is aimed at security, political and economic benefits. Another sign of its outreach came in January 2022, when New Delhi invited Central Asian leaders for the Republic Day celebration.

China has also made major investments in the region with its Belt and Road initiative. India doesn't want the post-Soviet space to be captured by the Chinese, and the PM's engagement is a key mechanism in Delhi's toolkit.

The challenges

While the economic benefits for India are clear from the vast reserves of mineral resources it can tap, the lack of overland transport access to Central Asia — Pakistan blocks India's access — remains a major challenge.

This is one of the major reasons for India's engagement with Central Asia. It wants to integrate the International North-South Corridor with the Chabahar port in Iran to access this resource-rich region.

The Central Asian region is widely seen as the northern boundary of the Islamic world, and with the Taliban's ascent in the region, the threat of radicalism and possible regrouping of the Islamic State poses a serious security challenge for these countries as well.

But the complication of the Russia-Ukraine conflict may also cause some local churn in these Central Asian countries. Reports suggest that some Russians — who have the money and the skills, but cannot move to the West — are moving to these Central Asian countries for the time being. While the region may benefit from the inflow of talent and funding into their local economies, this may create some tension within the countries.

Civilisational, cultural links

There has been a deep cultural and civilisational connect between India and Uzbekistan for centuries. The only Buddhist monastery known in Central Asia is in Kara Tepa, Termez, Uzbekistan. This was an important centre in the Kushana era, when the Buddhist influence had spread further to Central Asia. There are close to 3,000 shared words in Hindi and Uzbek. There are similarities in cuisine, like *ghee-sariyok*, *samosa-samsa*, *naan-non* and *pulao-pilaf*.

India is also among the top 10 trading partners of Uzbekistan. The bilateral trade in 2025-26 stood close to $1 billion.

SCO leaders' summit

PM Modi will visit Bishkek, Kyrgyz Republic, to participate in the 26th meeting of the Shanghai Cooperation Organization Council of Heads of State (SCO CHS), scheduled on August 31 and September 1.

The SCO comprises 10 member states, including India, Belarus, China, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Tajikistan and Uzbekistan, 15 Dialogue Partners (Azerbaijan, Armenia, Bahrain, Egypt, Cambodia, Qatar, Kuwait, Laos, the Maldives, Myanmar, Nepal, UAE, Saudi Arabia, Türkiye, and Sri Lanka), and two Observers (Mongolia and Afghanistan).

India has been a member of the SCO since 2017.

This year also marks the 3rd edition of the SCO+ format meeting. Apart from SCO Member states, Azerbaijan, Armenia, Vietnam, Laos, Mongolia, Togo, Turkey, Egypt, Turkmenistan, along with multi-nation bodies like the UN and the Collective Security Treaty Organization are expected to attend the SCO+ Meeting.

Problem with ethanol blending isn't sugar — it's reliance on grains; the way forward

HARISH DAMODARAN

INDIA'S ETHANOL blended petrol (EBP) programme was initiated primarily to benefit the sugar industry. For mills confronting stagnant sugar consumption demand amid rising production, ethanol created an additional revenue stream to enable them to make timely payments to cane farmers.

Till 2017-18, all ethanol supplied to oil marketing companies (OMC) came from "C-heavy" molasses — a thick, dark brown final byproduct of cane-juice processing, containing sucrose that mills cannot further economically recover as sugar after three rounds of boiling and crystallisation. From the 2018-19 supply year, mills started producing ethanol from the intermediate-stage "B-heavy" molasses and also directly from whole sugarcane juice syrup. With less sucrose getting crystallised and recovered as sugar, mills could use more of it for fermenting into ethanol. They were incentivised to do so by the Narendra Modi government paying more for ethanol made from B-heavy molasses and direct cane juice/syrup than from the normal C-heavy route. The result: Between 2013-14 and 2018-19, ethanol supplies to OMCs rose from 38 crore to 190 crore litres. So did the all-India average ethanol blending in petrol, from 1.6 per cent to 4.9 per cent.

The real change, however, happened when cereal grains began being used as ethanol feedstock. The process here involved first milling the grains into flour, extracting starch and breaking it down to simple sugars, followed by fermentation, distillation and dehydration to 99.9 per cent pure alcohol or ethanol suitable for blending with petrol.

Initially, the sugar mills themselves installed multi-feedstock distilleries to run on molasses and juice/syrup during the crushing period (November-April) and on grains in the off-season (May-October), when cane wasn't available. Over time, though, exclusively grain-based ethanol distilleries sprang up across the country. These used either maize or rice, which included surplus and old/ broken/damaged grains sourced from the Food Corporation of India (FCI) as well as the open market.

• ETHANOL SUPPLY BY FEEDSTOCK

(in Crore Litres)

Supply Year	C-Heavy Molasses	B-Heavy Molasses	Cane Juice	Maize	Surplus FCI Rice	Damaged Foodgrain	Total
2013-14	38	0	0	0	0	0	38
2014-15	67	0	0	0	0	0	67
2015-16	111	0	0	0	0	0	111
2016-17	67	0	0	0	0	0	67
2017-18	151	0	0	0	0	0	151
2018-19	146	33	1	0	0	10	190
2019-20	74	68	15	0	0	16	173
2020-21	39	183	39	0	2	39	302
2021-22	11	265	85	0	49	24	434
2022-23	6	235	128	32	74	32	507
2023-24	58	149	64	286	0	116	673
2024-25	17	139	165	498	140	80	1039
2025-26*	12	110	166	479	233	48	1048

*Allocated quantities. Supply years are Dec-Nov till 2021-22, Dec-Oct for 2022-23 and Nov-Oct from 2023-24.

In 2023-24, the total ethanol supply of 673 crore litres helped achieve an average 14.6 per cent blending level in petrol. Moreover, grain-based feedstock contributed 402 crore litres or 59.7 per cent. From being an alternative, off-season feedstock for distilleries attached to sugar mills, grains thus emerged as the mainstay of the EBP programme — a case of the tail wagging the dog.

For the current supply year ending October 2026, the OMCs have allocated about 1,048.3 crore litres of ethanol among various distilleries. Out of this quantity, just sufficient to meet a 20 per cent national blending target — E20 petrol — as much as 759.8 crore or 72.5 per cent is from grains and only the balance 288.5 crore (27.5 per cent) from sugarcane-based feedstock. Given the high sugar prices today and September-ending stocks projected at a 17-year-low, it is unlikely that the government will allow any ethanol production from direct cane juice or B-heavy molasses in the coming 2026-27 supply year.

Mills would be forced to recover the maximum possible sugar from cane juice, limiting the scope for making ethanol only from the non-crystallisable sucrose in C-heavy molasses. It will ensure no "diversion" of sugar through the B-heavy and cane juice routes. Such diversion amounted to 2.2 million tonnes (mt) in 2020-21 and 3.6 mt, 4.3 mt, 2.4 mt, 3.5 mt and 3 mt in the subsequent five sugar years (October-September). The 3 mt constituted roughly a tenth of India's estimated gross sugar output of 30.9 mt in 2025-26.

Simply put, we are heading into a scenario where the EBP programme will be almost exclusively fuelled by grains — the opposite of what it was till 2017-18. The accompanying table shows that even in 2021-22, the year when the average blending ratio crossed 10 per cent, sugarcane-based feedstock supplied over 83 per cent of ethanol.

From there, we have now moved to the tail not merely wagging, but taking full control over the dog. While E10 petrol has become E20, the government has already notified standards for E22, E25, E27 and E30 fuel blends. The push for it is basically coming from the distillers, who have set up an aggregate ethanol production capacity of nearly 2,000 crore litres, as against 421 crore in 2014 and the present annual offtake of 1,050 crore litres by OMCs.

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It raises the question: Is there enough feedstock to fuel these ambitious targets? In 2026-27, it's not just sugarcane; even maize availability may present challenges, as El Niño gathers strength and with its effects expected to last through the first half of next year. That leaves only rice — more so, the stocks lying in FCI godowns.

For 2025-26, the Modi government allocated 5.2 mt of surplus FCI rice to ethanol distilleries, which was raised to 7.2 mt in July. At 450-460 litres of ethanol production from every tonne of rice, the 7.2 mt would give 325-330 crore litres. With no sugar diversion and a possible tightening of maize supplies too, the only way to sustain even E20 that requires 1,050 crore litres of ethanol would be to earmark further quantities of FCI rice.

That would be very difficult to justify, not least because rice is a water-guzzling crop. Worse, FCI rice is being sold to ethanol distilleries at Rs 23.2 per kg, with the auction reserve price set even lower at Rs 21/kg for rice with 100 per cent broken grains. For comparison, the all-India modal or most-quoted retail market price for normal rice is Rs 40/kg and Rs 30/kg for broken rice, as per the latest Department of Consumer Affairs data.

Recall the EBP programme's original purpose: It was intended to help sugarcane growers by improving the liquidity of mills. The programme, likewise, provided an additional demand source for maize farmers whose produce was hitherto going mostly for poultry and livestock feed manufacturing. With ethanol, wholesale market prices of maize in India went up from Rs 13.8-17.8 per kg in 2021 to a Rs 22.1-24.5 range in 2024.

There are two things the government could do.

1 First, discourage ethanol supplies from standalone grain-based distilleries, especially those significantly reliant on FCI rice. That party must end. Distillers should explore alternative, less water-consuming crops such as bajra and jowar. Their grains contain 58-62 per cent recoverable starch and can give 380-400 litres of ethanol from every tonne, the same as maize. Let millet farmers benefit from higher realisations like maize growers have.

2 Second, stop setting blending targets and trying to achieve them ahead of time. The EBP programme was successful even with 10-15 per cent blending and there's no need for posthaste. The government's chief economic adviser, V Anantha Nageswaran, in an article for this newspaper, has even suggested going back to E10. He's probably making a virtue out of today's reality.

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3 Import from USA which would increase trade deficit and loss of USD?

Industrial growth slows to 6.7% in July from 8.8% in June

T.C.A. Sharad Raghavan
NEW DELHI

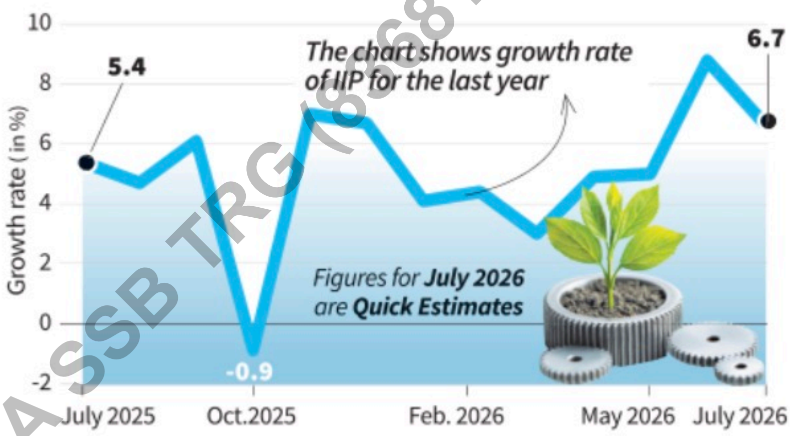
India's industrial growth in July 2026 stood at 6.7%, slower than the 8.8% seen in June. July's performance of the Index of Industrial Production (IIP) was, however, the second-best growth the index has seen since December last year, and was buoyed by the manufacturing and electricity and gas supply sectors.

The IIP data released by the Ministry of Statistics and Programme Implementation also saw June's IIP growth rate upgraded from the provisional 7.3% announced last month to 8.8%.

According to economists, the data in particular shows a divergence in India's consumption trends, with rural consumption levels exhibiting weakness.

Growth dips

India's industrial growth rate fell to **6.7% in July 2026**, the second-best growth recorded by the Index since December last year



Source: MOSPI

The manufacturing sector grew by 7.3% in July 2026, down from the 9.5% it saw in June, but faster than the 5.1% growth in July of last year. "The manufacturing sector growth was propelled by industries like engineering [electric and non-electrical] and automobiles [all kinds of transport] besides electronics and plastic and rubber products," Madan Sabnavis, chief economist at the Bank of Baroda, said.

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IIP growth slows to 6.7% in July from June's 8.8%

Industries such as beverages, wood, paper, and non-metallic minerals also supported this relatively high growth, Mr. Sabnavis said.

Rajeev Sharan, head of research at Brickwork Ratings, however, said the main 6.7% growth in the IIP might be overstating "the breadth of the recovery" as the underlying data shows a split in the way Indians are spending their money. That is, the data seems to suggest that expenditure on daily-use items is slowing while spending on durables seems to be doing well.

"The July numbers show a widening gap in household spending," Mr. Sharan said. "Consumer durables, the big-ticket items such as vehicles and appliances, grew 10.5%, while everyday goods such as food and toiletries [consumer non-durables] fell 1%." he added.

Mr. Sabnavis agreed with this assessment, and said non-consumer categories were likely to have driven the growth in manufacturing in July.

Mr. Sharan added that a similar split runs through factory output, with the motor vehicles sector up 22.2% and electrical equipment up 28.3%, while food products grew a much slower 2.6% and clothing contracted 0.6%. "This suggests discretionary and credit-linked purchases remain strong, while everyday items, more closely tied to rural incomes and real wages, remain weak," Mr. Sharan said. "Headline IIP at 6.7% therefore overstates the breadth of the recovery."

Important

The data shows that the capital goods sector, which is typically associated with asset creation, grew 16.1% in July 2026, its fourth consecutive month of double-digit growth. In fact, the sector has grown in double digits in nine out of the last 12 months, despite a high base.

The infrastructure sector grew by 6.9% in July 2026 on a high base of 11.2% in July of last year. This was, however, down from 8.8% in June 2026.

The mining sector contracted 0.9% in July 2026 on a high base of 10.7% growth in July last year.

FCNR(B) deposits push forex reserves to all-time high of $729 bn in August

Indicates greater ability of RBI to defend the rupee

Siddharth Upasani
New Delhi, August 28

THE RBI's concessional swap window for Foreign Currency Non-Resident (Bank) deposits has helped propel India's foreign exchange reserves to a record high of $729.33 billion as on August 21. The FCNR (B) window has been operational since June 8.

The previous all-time high was $728.49 billion as on February 27, just a day before the US and Israel attacked Iran, kick-starting the West Asia conflict that resulted in sharply higher global energy prices following the closure of the Strait of Hormuz.

Since almost ~~85~~ 88% per cent of India's crude oil needs are met through imports, the conflict

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FCNR(B) deposits

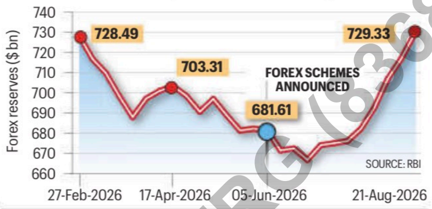
and the resultant rise in prices had pushed up the country's import bill, exerting further pressure on the rupee. The rupee was already under intense stress due to large foreign fund outflows from domestic financial markets.

According to data released by the RBI on Friday, forex reserves rose by $12.42 billion in the week ended August 21. Last week, the RBI had said that FCNR (B) deposits of $65.4 billion had come in as of August 21 since the window opened in June. At the end of May, the total amount of FCNR(B) deposits outstanding was $34.04 billion.

Under this FCNR (B) scheme, the central bank bears the full exchange rate risk of the NRI bank deposits — money is deposited in the foreign currency and not in rupees. This cushion allowed banks to offer interest rates as high as 7.4 per cent. NRIs have also poured in money into these deposits by taking advantage of the leverage offered by banks, which lets them make returns of as much as 15 per cent, by borrowing money at lower interest rates and then depositing it at the high FCNR(B) deposit rates on offer.

Building forex reserves is an important signal to foreign investors, who have been pulling money out of Indian stock markets in droves: $19 billion in 2025 and $24 billion in the first five months of 2026. This has led to the rupee tumbling sharply and nearly touching the 97-per-dollar mark in mid-May. It is currently down 8.1% from a year ago.

Forex reserves skyrocket on NRI deposits



Higher forex reserves are indicative of the RBI having greater ability to defend the rupee. A continuously weakening rupee makes it less attractive for foreign investors to put money in India as their returns take a hit once they convert their investment into their home country currency, such as the US dollar.

With net Foreign Direct Investments (FDI) also weak on account of rising overseas investments of Indian companies and foreign investors taking back profits made on past investments, India's capital flows situation has been further complicated by the rise of interest rates in developed economies.

Higher interest rates in countries such as the US makes India a less attractive destination for global investors.

To pull money, the government and the RBI announced a series of measures on June 5. This included the aforementioned concessional swap facility as well as the removal of capital gains and withholding taxes on foreign portfolio investors' investments in government securities.

While money has flowed in the last three months, the rupee has not appreciated as was the case in late 2013, when the RBI had first introduced a swap facility for FCNR(B) deposits.

On Friday, the rupee ended at 95.39 per dollar, little change from its June 4 level of 95.79.

Contrast this with 2013: from 67.6-per-dollar on September 3, 2014, the day before the incoming RBI Governor Raghuram Rajan announced the FCNR(B) swap window, the rupee rose 10.3% to 61.3-per-dollar in the first 40 days of the scheme.

Such has been the success of the FCNR(B) scheme in particular – the Ministry of Finance said in a statement earlier this week that money had flowed in faster than expected – that the RBI on August 14 said the swap window would close on August 31, one month earlier than the initially-announced deadline of September 30.

Meanwhile, the swap facilities for Overseas Foreign Currency Borrowings and External Commercial Borrowings will remain open till December 31, as announced originally.

Announced on June 5, the three concessional swap windows have seen $72.85 billion flow in from June 8 to August 21, with the FCNR(B) deposits doing much of the heavy lifting. While $4.86 billion has come in under the window for Overseas Foreign Currency Borrowings, $2.59 billion has come in as External Commercial Borrowings.

In its statement on Monday, the finance ministry said the FCNR(B) swap window had "achieved its objective ahead of schedule".