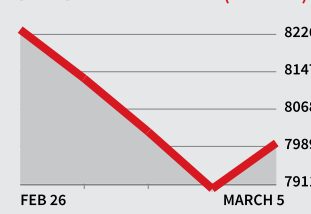


**SENSEX** 80015.90 (+899.71)

**IN FOCUS**



	LATEST	CHANGE
Nifty 50	24765.90	+285.40
P/E Ratio (Sensex)	21.97	+0.25
US Dollar (in ₹)	91.60	-0.55
Gold Std 10 gm (in ₹)	159943.00	-1954
Silver 1 kg (in ₹)	264212.00	-7135

## CHALLENGING PHASE.

The war in the Gulf poses serious energy challenges to India, says Arvind Panagariya, Chairman, Finance Commission **p3**



## TIGHTER MARKET.

Platinum to remain in deficit for 4th straight year, though the shortfall may shrink by 75% **p8**

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### QUICKLY.

#### FALLING FERTILITY

AP mulls incentives to raise birth rate



**Hyderabad:** The Andhra Pradesh government proposes to provide financial incentives to encourage couples to have more than one child as part of its new population management policy. The initiative is a first-of-its-kind effort by a State government to proactively address the falling fertility levels. **p9**

#### DE-ESCLATION HOPES

Sensex up 900 points on Iran's N-programme offer

**Mumbai:** Equity benchmarks staged a sharp recovery on Thursday, snapping a three-session losing streak, after reports that Iran had conditionally offered to abandon its nuclear programme raised hopes of de-escalation of the US/Israel-Iran conflict. The BSE Sensex surged 899.71 points, to close at 80,015.90, while the Nifty 50 gained 285.40 points, to settle at 24,765.90. **p6**

# Enough LNG stocks now, but India will ration gas if disruption persists

**AFTERSHOCK.** Fertilizer industry and city gas distribution to get full supplies; govt monitoring LPG situation too

**Rishi Ranjan Kala**  
New Delhi

India is currently "comfortable" with stocks of natural gas and the arrangements being made to procure LNG from Australia and Canada. However, if required, the government will "re-prioritise" allocation, with the fertilizer industry and city gas distribution (CGD) companies getting uninterrupted supplies.

The shutting down of liquefied natural gas (LNG) production by QatarEnergy has threatened 60 million standard cubic meters per day (MSCMD) of India's cumulative consumption of 195 MSCMD. India imports half its requirement of natural gas, of which 40-42 per cent comes from Qatar.

#### IN TALKS WITH IEA, OPEC

Top government sources said that India is in touch with the International Energy Agency (IEA) and the OPEC on the West Asian scenario. It is also talking to the US, Australia and Canada for LNG supplies.



**EXPLORING OPTIONS.** A view of the IndianOil LNG terminal at Ennore in Chennai. India is also talking to the US, Australia and Canada for LNG supplies

"We are in a comfortable position currently on LNG and LPG. We are in touch with traders, such as Sonatrach Petroleum (Algeria), ADNOC, Trafigura and Vitol, as well as national oil companies (NoC) to purchase LNG and LPG," said one of the sources.

#### PRIORITISING SUPPLIES

On rationing of LNG supplies, another source said the situation is "comfortable" at present but supplies can be

"re-prioritised" if the Strait of Hormuz bottleneck persists. Meanwhile, GAIL announced that supplies from Qatar had come to a halt and it is assessing the need to curtail supplies to select customers. This comes after GAIL's long-term supplier Petronet LNG issued a force majeure.

"GAIL is currently assessing the situation with respect to any supply curtailment that may need to be imposed on its downstream

customers. Notwithstanding the above, LNG supplies to GAIL from other sources/suppliers are currently unaffected. At this stage, the potential impact of the ongoing force majeure situation cannot be quantified," the PSU said in a BSE filing.

#### COOKING GAS

On LPG as well, the government is constantly reviewing the supply scenario. India imports more than half the LPG it consumes, with West Asia accounting for as much as 90 per cent of the total imports — most of which pass through the Strait of Hormuz.

"LPG from the US started coming to India from January. We are also buying from Norway. Besides, we have enough refining capacity, and with the crude supplies, refiners can produce more LPG. So, that is also an option," explained a top source.

Sumit Ritolia, Kpler's Lead Research Analyst for Refining and Modelling, said that refineries can be pushed to maximise LPG yields, but refinery configurations and operational constraints

mean production cannot be ramped up meaningfully to compensate imports.

#### MARINE INSURANCE

Top government sources also said that India is talking to the US on its proposed mechanism for providing marine insurance for oil tankers and other product vessels crossing the 34 km-long world's most critical energy choke point.

"The Oil Secretary is in touch with US authorities on the matter of marine insurance. The discussions focused on issues such as insurance cover and the corpus amount to be created for the insurance," said one of the sources.

In a March 3 statement, the US International Development Finance Corporation said it is ready to mobilise its Political Risk Insurance and Guaranty products to stabilise international commerce and support American and allied businesses operating in the West Asia during this period of conflict with the Iranian regime.

More reports **p2**

## Services exports closing in on slowing goods shipments

**Sourashis Banerjee**  
Chennai

With services exports growing briskly and merchandise export growth stagnating, the two are now converging.

India's merchandise exports grew at a compound annual growth rate (CAGR) of 1.2 per cent between FY22 and FY25. The slowdown is evident in FY26 as well. In contrast, services exports climbed sharply at a CAGR of 16 per cent in the period.

Services exports stand at \$348.4 billion in FY26 (April 2025-January 2026) as against merchandise exports of \$366.3 billion, and the gap between the two is narrowing. Merchandise exports have been pulled down by a fall in petroleum product shipments, while growth in services has been led by telecom and IT services.

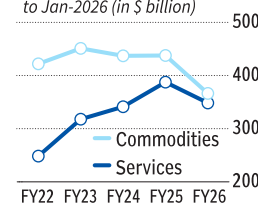
Services exports are driven largely by the technology and consulting sectors. Telecom, computer and information services exports grew from \$152.3 billion in FY23 to \$183.3 billion in FY25, a 9.7 per cent CAGR.

#### FUEL EXPORTS DOWN

In contrast, merchandise exports have been weighed down by a fall in petroleum shipments. Export of petroleum crude and related

### Services and commodities exports converge

Total exports from April-2021 to Jan-2026 (in \$ billion)



Source: RBI \*FY26 data are till Jan-end

products dropped from \$97.5 billion in FY23 to \$63.4 billion in FY25, a steep decline of 19.4 per cent in CAGR.

According to experts, the trend reflects India's deep talent pool in technology and business services.

Madan Sabnavis, Chief Economist at Bank of Baroda, said, "Demand for petrol products depends on growth in economies and the pace at which countries are turning to renewables. This, coupled with lower crude prices, accounts for the export performance."

However, exports of other merchandise are growing. Electronics shipments surged from \$23.6 billion in FY23 to \$38.6 billion in FY25, and much of this has been driven by smartphone exports, particularly iPhones.

### INSIDE.

#### West Asia-bound cargoes stuck at Kandla, JN ports

**Avinash Nair**  
Ahmedabad

The movement of rice export consignments, LPG imports and bulk cargo, such as sulphur and gypsum, have been disrupted at the west coast ports — Deendayal Port in Gujarat and Jawaharlal Nehru Port in Maharashtra.

The escalating conflict in West Asia and the heightened security concerns across the Persian Gulf have delayed vessels, forced suspension of export gate-in activities, and left thousands of containers stranded at terminals.

Some 20,000 West Asia-bound boxes are stuck at the two ports, with a number of sailings postponed. **Read more p2**

#### Estee Lauder fully acquires Forest Essentials

**Meenakshi Verma Ambwani**  
New Delhi

In a strategic move, Estee Lauder Companies Inc on Thursday said it is set to acquire the remaining stake in Ayurveda luxury beauty brand Forest Essentials.

The transaction to acquire the remaining 51 per cent stake is expected to close in H2 of calendar 2026. It had first acquired a minority stake in Forest Essentials in 2008 and increased it to 49 per cent in 2020. In a statement, Estee Lauder Companies Inc announced on Thursday that "it has entered into a pact, subject to regulatory approvals, to acquire the remaining interest in Forest Essentials". **Details p3**

#### Military force alone cannot fix issues, says Modi

**Our Bureau**  
New Delhi

Prime Minister Narendra Modi on Thursday called for dialogue and diplomacy to resolve conflicts in West Asia and Ukraine.

He said no issue can be settled solely through military force as India and Finland sought to deepen cooperation in technology, defence and sustainability during talks with Finnish President Alexander Stubb.

"India and Finland believe in the rule of law, dialogue and diplomacy. We are in agreement that no issue can be resolved solely through military conflict," he said, referring to the tensions in West Asia and the war in Ukraine. **Read more p3**

#### A prolonged war will hurt India: Raghuram Rajan

**Vanitha Srinivasan**  
Chennai

A prolonged West Asia war could hurt India through higher oil prices, supply disruptions and weaker remittances, warned former RBI Governor Raghuram Rajan.

In an interview to *businessline*, he said: "I am hoping it's a short war lasting a week or so, when probably nothing serious will happen. We also have petroleum reserves, and so on, that can be released if need be. Obviously, it is a serious disruption, especially if other oilfields are shut... I am also worried about our citizens living in those areas. If those economies get more troubled, remittance is going to be hit." **Interview p10**

## Costlier credit signals end of repo rate cut transmission to lending, deposit rates

**K Ram Kumar**  
Mumbai

The transmission of repo rate cuts to lending and deposit rates may be over, as interest rates on fresh loans went up even as interest rates on fresh deposits barely came down, going by RBI data for January.

This development comes as deposit growth (at 12.42 per cent year-on-year) lagged credit expansion (14.40 per cent) as on January 31.

That the transmission of the repo rate cuts into lending rates may have concluded can be gauged from the fact that the weighted average lending rate (WALR) on fresh rupee loans of scheduled commercial banks (SCBs) rose 39 bps to 8.67 per cent in January from 8.28 per cent in December 2025. The WALR had declined by



The weighted average lending rate on fresh rupee loans of banks rose 39 bps to 8.67% in January 2026 from 8.28% in December 2025

43 bps in December from 8.71 per cent in November.

#### REPO RATE

The Reserve Bank of India's rate-setting Monetary Policy Committee cumulatively reduced the repo rate by 125 basis points (bps) during the February-December 2025 period from 6.50 per cent to 5.25 per cent.

Madan Sabnavis, Chief Economist, Bank of Baroda, observed that banks may be upping the spreads on fresh loans linked to external benchmarks such as the repo rate, resulting in an increase

in the WALR of these loans. External benchmark-linked loans, such as retail and MSME loans, account for almost 60 per cent of banks' overall loans.

He said: "There's a limit to which banks can keep lowering the interest rates... Yield of the 10-year benchmark Government Security is fairly intransigent in the 6.65-6.70 per cent range. And the fact that banks are now no longer able to pass on repo rate cuts as they're losing deposits itself shows that the transmission is over."

The one-year median mar-

ginal cost of funds-based lending rate (MCLR) of SCBs increased to 8.45 per cent in February (back to the December level) from 8.40 per cent in January, per RBI data on lending and deposit rates. The weighted average domestic term deposit rate on fresh rupee term deposits of SCBs just about nudged down to 5.66 per cent in January (5.67 per cent in December).

V Rama Chandra Reddy, Head of Treasury, Karur Vysya Bank, said: "I think, the lending rates have bottomed out... Banks are either increasing spreads on fresh floating rate loans or giving more fixed rate loans."

Sabnavis said that banks are raising short-term bulk deposits to offset the relatively slower growth in retail deposits (compared to loan growth). And this explains why the deposit rates are sticky.

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