

Six Ways the West Asia Conflict Is Showing in India's Economy

From a severe manufacturing slowdown to a falling rupee and forex reserves, signs of economic stress are clearly visible

NEW DELHI

Prime Minister Narendra Modi's recent comparison of the US and Israel-initiated West Asia conflict with COVID-19 pandemic, saying "we will overcome this too", has put a spotlight on the scale of economic stress building up even as the government continues to urge calm.

Despite its reassurances that all is well, the government has not been able to respond to the on-ground realities of the ordinary Indian. As a result, the West Asia crisis is testing India's ability to handle the economic stress – on the oil shock, the fiscal hit, a possible migrant crisis, and the macroeconomic stress of it all.

Half a million day labourers have lost their jobs, say textile associations in Gujarat. All, as a result of the downstream impact of the West Asian war.

NHK World reports today that the textile industry has taken a big hit, with the South Gujarat Textile Processors Association saying that nearly half of all factories in Surat have halted operations because of the LPG shortage. "Even if this conflict stops tomorrow, it will take around six to 12 months to get back to normal," said Jitendra Vakharia, president of the association. "In the future, there will still be a shortage of raw materials and textiles. Owners will have to accept it."

Here are six ways the global crisis is impacting the Indian economy.

Manufacturing slowdown

Manufacturing sector activity in India slowed to a 45-month low in March, and a survey of private sector companies has attributed this to the impact of the conflict on costs, demand and new order levels, The Hindu has reported.

The HSBC India Manufacturing Purchasing Managers' Index fell sharply from 56.9 in February to 53.9 in March 2026. This was the lowest reading since June 2022.

"Growth in India's manufacturing industry took a step back in March as cost pressures, fierce competition, heightened market uncertainty, and the war in the Middle East all contributed to softer increases in new orders and output," the report stated. "Firms also faced an intensification of cost pressures, the steepest since August 2022."

A falling rupee

The conflict, which began on February 28 following the US-Israeli strikes on Iran, has caused the Indian rupee to fall to



a record low of 95.21 per dollar (March 31), becoming Asia's worst performer against the US dollar.

Meanwhile, India's crude oil basket has hit \$156.29 per barrel, the Reserve Bank of India has reportedly deployed more than \$10 billion to stabilise the falling currency, GDP growth is projected to erode, and inflation has been projected to rise.

The rupee has been under strain for a while. And as if that was not enough, a Bloomberg report also warned that it could weaken to 100 per US dollar or beyond if the ongoing crisis persists for another fiscal year. A report by the Japanese bank MUFG also noted that the "vulnerable" rupee will continue to fall whether or not there is a de-escalation in West Asia.

Business analyst Andy Mukherjee has written today, that "Asia's worst-performing currency over the past year weakened through a key psychological barrier of 95" vs the dollar. He writes that "the conflict in the Persian Gulf is the trigger for the unusual weakness, but the fragility [of the Rupee] is domestic". The direct impact of this is on the average Indian household reliant on fuel, groceries, travel and other commodities.

GDP and inflation

On March 31, EY Economy Watch released an economic assessment which showed that India's real Gross Domestic Product (GDP) growth for the next fiscal could erode by around 1 percentage point, while retail inflation could rise by about 1.5 percentage points from their baseline estimates if the West Asia conflict persists.

According to the government's own monthly economic review, India has warned that its growth forecast of about 7.4% for the year ending March 2027 faces "considerable

downside" risk in light of these rising energy costs and supply-chain disruptions.

Professor Deepanshu Mohan, writing for The Hindu, noted that since the conflict began, real wages have remained subdued, household liabilities have risen to roughly 41% of GDP, and private investment lags behind the state's capex-led expansion.

The Asian Development Bank and Moody's have pointed to large scale risks compounding India's "structural" problems.

Forex reserves and revenue

At the same time, foreign exchange reserves have fallen from a peak of \$728.49 billion in February to below \$700 billion, while foreign portfolio outflows of over \$8 billion have added pressure on the rupee.

Currently, India's revenue structure is more dependent on transaction-based taxes such as GST, rather than income taxes, which become volatile in an unstable global environment, where inflation risks rise and consumption slows.

The pattern is reminiscent of pandemic years, he said, when falling GST collections forced the Union government to borrow over Rs 2.69 lakh crore between 2020 and 2022 to compensate states.

Further, the conflict has also disrupted a region central to India's remittance flows, a vital and stable source of foreign exchange.

As of FY 2024-25, around 38% of India's remittances came from Gulf countries, where lakhs of Indian workers are employed in sectors sensitive to economic disruptions, financing a significant portion of the country's trade deficit.

If the situation persists, it would disrupt jobs and reduce incomes in

the region, and directly affect the money sent back home. Any further shock to the economy, thus, is bound to push the Indian middle class, the world's most indebted group, into more debt.

Oil shock

The conflict blocked India's access to shipping routes passing through the Strait of Hormuz with the government taking two weeks to even acknowledge that it was a "matter of some concern".

Disruptions to oil and gas flows have already shown up in India's import data and domestic shortages, even as the government has maintained that it has rerouted to alternative import channels.

Praising government efforts, oil and petroleum minister Hardeep Singh Puri, in a post, said that while other countries were taking drastic fuel conservation measures such as odd-even rule, four-day work weeks, school and office closures and increasing fuel prices by 20-30%, "India remains an oasis of energy security, availability and affordability".

Yet, queues have been getting longer at petrol pumps across the country, and the scarcity of Liquefied Petroleum Gas (LPG) cylinders has affected restaurants, hotels, colleges, forcing them to shut shops, use diesel burners and induction cooktops, shift to online mode, and rely on food delivery platforms.

Farmers, particularly those exporting rice and banana, mainly in Gujarat and Maharashtra, have also been affected, while the rising raw material costs, driven by high crude prices and shortages, have caused production cuts in sectors like textiles, paints, building materials and others that depend on petrochemical supply.

On the other hand, while the gov-

ernment maintains that domestic supplies are adequate, it has reintroduced kerosene under the public distribution system as an ad hoc measure, relaxing storage and licensing in the 21 "kerosene-free" states and Union territories.

The move reverses, even if temporarily, the Pradhan Mantri Ujjwala Yojana (PMUY) which was specifically designed to replace traditional, polluting cooking fuels like firewood, coal and kerosene with clean LPG.

While it cut central excise duties on petrol and diesel for domestic consumption to contain inflation, the government decided to increase the price of APM gas – from what is known as legacy fields – from USD 6.75 to USD 7 per MMBtu.

This will raise the costs of services such as CNG for vehicles, popular in taxis; piped gas for homes, fertiliser production and power generation. The government was also set to raise ATF prices, which would impact airfares, but it rolled back the decision keeping consumer interests in mind.

Migrant crisis, Covid redux?

Finally, the human impact of the war on Iran is also becoming visible, with migrant workers beginning to leave cities amid fuel shortages – reminding of the exodus seen during the Covid-19 lockdowns.

Deepal Trivedie has reported for The Wire on how many factory owners in Gujarat have asked migrant workers to pack up and leave for their hometowns. Some workers are also leaving on their own as they are unable to procure cooking gas cylinders. The impact is most visible in sectors needing industrial gas supply.

If left unaddressed, analysts have warned, the situation could lead to an exodus, posing challenges for Surat's textiles, diamond and other industries reliant on migrant labour.

The Indian Express reported that migrant workers in Mumbai, too, were returning home amid the LPG crisis. Lacking KYC documents, they relied on black-market cylinders whose prices spiked amid the crisis. With food expenses rising and savings depleting, many were left with little choice.

Whether it is the paucity of crude or gas for industries or the LPG crisis in homes, both point to rising cost-of-living pressures as the West Asia conflict continues. The question then returns to the government and its ability to absorb shocks keeping its spending and borrowing in control. However, if the pattern persists, wider economic disruptions remain a possibility.

Dalal Street Week Ahead: All eyes on 21,700 make-or-break zone as Nifty weakens further

MUMBAI

The Nifty ended lower last week, shedding 106.50 points (-0.47%) after persistent selling dragged it below short-term supports, signaling further weakness ahead. The index oscillated in a 758-point range but closed near the bottom, with India VIX cooling 4.78% amid rising global jitters from Middle East tensions and climbing crude prices.

Technical Warning Signs Flash Bearish

Structurally, Nifty has breached its recent consolidation base and trades below the 50-week and 100-week moving averages. It's now nearing a critical 21,700 support—coinciding with the 200-week MA and a major pattern level. A break below could spark an

extended correction, though a rebound remains possible on any trigger. Weekly RSI at 26.49 signals oversold conditions without bullish divergence, while MACD stays bearish below its signal line. The index hugs the lower Bollinger Band, underscoring near-term damage despite long-term resilience.

Cautious Outlook for the Week

Expect a tepid open with negative bias. Key resistances: 23,000 and 23,250. Supports: 22,480 and 22,000—a sustained drop below the latter raises odds of testing 21,700 quickly. Traders should stay defensive: protect gains, pick stocks selectively, and avoid fresh buys until stabilization near supports. Use pullbacks to exit, not enter.

Placements, Startups Soar in Agri Education

The report from the World Bank said graduate placement rates for agricultural degree courses in India rose from 41 per cent to 67 per cent between 2018 and 2023, supported by over 800 formal agreements with companies for internships and placements. About 27 per cent of agriculture graduates earn at least 20 per cent higher remuneration than peers outside the sector.

University incubators supported over 120 start-ups, while private-sector placements at Assam Agricultural University rose from 5 percent to 56 percent.

NAHEP financed 749 learning and innovation facilities between 2018 and 2024, including simulation labs, smart classrooms, language labs and e-content studios, the report said.

"Demand for agricultural higher education in India surged between 2017 and 2024, yet many programs lagged behind labour-market needs. Curricula remained theory-heavy, practical training facilities were limited, and ties with agribusiness employers were uneven," the report said.

Applications for undergraduate agricultural admissions through the Indian Council of Agricultural Research (ICAR)

entrance examination more than doubled from 236,931 to 527,114 from 2019 to 2023.

Earlier women and students from disadvantaged sections faced barriers entering high-demand fields and accessing top institutions but women achieved a 71 percent placement rate in 2024-2025 period.

Targeted scholarships helped students from Scheduled Castes/Tribes, Other Backward Classes, Economically Weaker Sections, and Persons with Disabilities access higher-ranked institutions.

NAHEP reached over 8 lakh students and faculty between 2019 and 2024, nearly half of them women.

The report outlined India's focus in near term would be to consolidate NAHEP-era reforms while closing persisting gaps in digital agriculture, climate-smart technologies, and agribusiness management and to systematically track labour-market outcomes.

"Building on sustained dialogue with ICAR and state counterparts, the World Bank is actively pursuing a follow-on engagement to deepen outcome-based curricula, strengthen bridges between short courses and degree programs, and expand university-industry partnerships," the report noted.

Singareni Implements Rs.10 Lakh Free Insurance Scheme for Natural Death

* Union Bank Decision Following Management Initiative

* Effective from April 1, 2026

SINGARENI BHAVAN

Union Bank, which has already been implementing a ₹1 crore accident insurance scheme for Singareni employees, has now decided to extend free insurance coverage for natural death as well, following the suggestions made by Singareni management.

As per the decision communicated by the bank, all employees and officers holding corporate salary accounts with Union Bank will be eligible for ₹10 lakh insurance coverage in case of death, including natural causes.

This decision was taken as a result of the initiative and guidance of Singareni Chairman and Managing Director Dr. Budhaprakash Jyoti, along with the special efforts of Director (Personnel & Finance) Sri Gowtham Potru. The bank confirmed that the scheme has come into effect from April 1, 2026.

It may be recalled that in 2024, with the initiative of the State Government, Union Bank implemented a ₹1 crore free accident insurance scheme for Singareni workers. As a continuation of that agreement, the bank has now extended insurance coverage of ₹10 lakh for natural death as well.

In general, obtaining a ₹10 lakh insurance policy from private insurance companies would cost at least ₹5,000 per year. However, due to the proactive efforts of Singareni management, employees are now receiving this benefit completely free of cost through Union Bank.

The decision has been widely welcomed by employees and stakeholders. Meanwhile, Singareni management is also taking initiatives to ensure that other banks, which are currently providing ₹1 crore accident insurance coverage, extend similar benefits for natural death as well.



Pharmexcil's Chintan Shivir Outlines India's Vision to Be the Global

Benchmark for Pharmaceutical Quality and Reliability

HYDERABAD

The Chintan Shivir on the Pharmaceutical Sector, organized by the Pharmaceutical Export Promotion Council of India (PHARM-EXCIL), with the support of the Ministry of Commerce & Industry, Government of India, concluded successfully today in Hyderabad. This event marked the continuation of the series of discussions, following successful editions in Chandigarh and Ahmedabad, and served as a platform for strengthening India's pharmaceutical export agenda.

The inaugural session, chaired by Shri Rajesh Agrawal, IAS, Commerce Secretary, Department of Commerce and Industry, Ministry of Commerce & Industry, set the tone for the day's deliberations. During his address, Shri Agrawal underscored the government's commitment to reinforcing India's position in global pharmaceutical exports through continuous policy support, regulatory alignment, and digital transformation.

"In a rapidly evolving and geopolitically dynamic global environment, India's pharmaceutical industry is uniquely positioned to strengthen its global leadership by deepening collaboration with the government and progressively reducing supply chain dependencies. Building on its strong foundation of cost competitiveness, the next phase of growth lies in elevating India's position as a trusted global benchmark for quality and reliability. By continuously strengthening the ecosystem and staying aligned with global advancements, the industry is well on track to transition towards high-value segments such as biologics and biosimilars. As India moves beyond its generic legacy, it has a significant opportunity to lead the next wave of pharmaceutical innovation, reinforcing its role as a resilient, future-ready, and globally influential healthcare power-



house. Chintan Shivirs have traditionally been convened by our Honourable Prime Minister to deliberate on India's pathway to progress and long-term national priorities. Inspired by this vision, we have adopted the same concept within the pharmaceutical industry, recognising the pivotal role the sector plays in advancing India's growth story," said Shri Rajesh Agrawal, IAS, Commerce Secretary, Department of Commerce and Industry.

Ministry of Commerce & Industry.

"Despite current challenges such as supply chain stress and the geopolitical disruptions, India's export sector remains resilient, with positive growth trends. The Pharmexcil Chintan Shivir provided a platform for focused, forward-looking dialogues, where we deliberated on the roadmap for the coming years. The event outlined a strategic vision for the pharmaceutical sector, emphasizing value creation through innovation and enhanced market access via Free Trade Agreements (FTAs). With ongoing policy support and a forward-looking approach, we are confident in achieving a successful conclusion to the financial year," said Mr. Namit Joshi, Chairman, Pharmexcil.

"Indian pharmaceutical exports reached nearly USD 28.29 billion by February this financial year, growing 5.6% compared to last year. The sector, valued at approximately USD 60 billion, is projected to reach USD

130 billion by 2030. Despite global challenges, pharmaceutical exports have maintained strong momentum, with a 5.6% growth during April-February FY26," said Mr. Raja Bhanu, Director General, Pharmexcil.

The event featured focused sessions on key areas of strategic importance, including the Impact of Artificial Intelligence and Digital Transformation on Global Harmonisation in Pharmaceutical Regulatory Affairs, where industry experts explored how AI and digital tools can streamline regulatory processes, enhance compliance, and support India's push for greater market access. Discussions also centered on the role of the Export Promotion Mission in empowering MSMEs for global markets, the effective utilisation of Free Trade Agreements (FTAs) signed by India to boost pharma exports, and the importance of the Trade Connect e-platform to explore the markets abroad. This highlighted the evolving role of the Directorate General of Foreign Trade (DGFT) in promoting exports and ensuring alignment with global standards. Furthermore, stakeholders deliberated on Strategies for Enhancing Pharmaceutical Exports, with an emphasis on improving regulatory compliance, expanding market access, and strengthening government support to elevate India's

pharmaceutical export footprint.

Hyderabad, a city that has established itself as a leading pharmaceutical hub, continues to

play a pivotal role in India's pharma sector. The city is home to a thriving ecosystem of pharmaceutical manufacturing, research, and development, hosting several of the world's largest pharmaceutical companies. With a rich legacy of pharmaceutical innovation and infrastructure, Hyderabad accounts for a significant share of India's total pharmaceutical production and exports. The city's robust regulatory frameworks, skilled workforce, and strategic location have contributed to its growing stature as a global leader in drug manufacturing, particularly in the fields of bulk drugs, biosimilars, and generics.

The Hyderabad Chintan Shivir also featured engaging discussions with senior representatives from regulatory bodies, industry leaders, and market experts, aimed at refining India's pharmaceutical export strategy. These sessions highlighted the need for continued modernization of India's regulatory frameworks, reduction of procedural bottlenecks, and bolstering innovation to tap into emerging global market opportunities.

Pharmexcil also provided an update on its flagship event, IPHEX 2026, which will showcase India's pharmaceutical manufacturing strengths, emphasizing innovation, higher-value offerings, and enhanced compliance standards. As global markets continue to shift towards complex generics and biosimilars, IPHEX 2026 will serve as a platform for exploring new business opportunities and reinforcing India's role as a reliable global pharmaceutical partner.

The Chintan Shivir in Hyderabad concluded on a high note, with stakeholders across the pharmaceutical sector agreeing that continued collaboration between the government and industry is key to achieving India's ambitious export growth goals. The event has paved the way for actionable insights and strategic roadmaps that will drive India's pharmaceutical sector towards greater global prominence in the years ahead.