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GS 3: INDIAN ECONOMY

THE HINDU PAGE: 1

Centre doubles the import duty on gold, silver; move is criticised as retrograde

T.C.A. Sharad Raghavan
NEW DELHI

The Centre has doubled the effective tax paid on the import of gold and silver to a total of 18.4% from the previous 9.2%.

The changes, which came into effect on Wednesday, were made through two separate notifications issued late on Tuesday night.

According to sources in the government, the decision was taken against the backdrop of the impact of the West Asia crisis on India's current account deficit (CAD). The CAD is the margin by which a country's total imports of goods, services, and transfers exceeds its exports.

However, industry players and experts said this "retrograde" and "blunt" decision will not only encourage a shift to smuggling but also have other negative effects on employment.

The Finance Ministry has not yet released an official statement on the duty hikes or its justifications.

Customs duty up to 10%
Previously, the basic customs duty on gold and silver stood at 5%, with a 1% Agriculture Infrastructure and Development Cess (AIDC), and a 3% Integrated Goods and Services Tax (IGST) rate on the total assessable value of the imports, which includes the cost, insurance, and freight price, and the applicable basic customs duties, taking the effective import tax to about 9.2%.

Now, the customs duty has been hiked to 10%, and the AIDC has become 5%, taking the effective tax rate, including the IGST, to about 18.4%. The decision comes soon after Prime Minister Narendra Modi's exhortations to the public to reduce gold purchases for at least a year, among other actions, to help protect India's foreign exchange reserves and the rupee exchange rate.

"The current geopolitical situation has created significant volatility in glo-

Bullion burden

The decision comes soon after Prime Minister Modi's austerity appeal to the public to reduce gold purchases

| Tax | Earlier | Now |
|---|--------------|---------------|
| Basic customs duty | 5% | 10% |
| Agriculture Infrastructure and Development Cess | 1% | 5% |
| Integrated Goods and Services Tax* | 3% | 3% |
| Total | ~9.2% | ~18.4% |



Note: IGST is applicable on the assessable value of the gold, which includes the Cost, Insurance, and Freight (CIF) value and the basic customs duty.

bal crude oil markets and international shipping routes," a government source explained. "As a large importer of crude oil, India remains vulnerable to elevated energy prices and supply-side disruptions, which can increase the import bill, exert pressure on inflation, and the CAD."

They further said that the government was prioritising India's foreign exchange resources towards essential imports such as crude oil, fertilizers, industrial raw materials, defence requirements, critical technologies, and capital goods.

"In contrast, precious metals, while culturally and financially significant, are predominantly consumption and investment driven in nature," they said. "Such imports involve substantial outflow of foreign exchange."

Industry players, economists, and investment advisors have said that the decision is not likely to impact Indians' demand for gold, and would instead increase smuggling.

"Our consistent position is that hiking import duties rarely curbs gold imports – it merely inflates prices," the Gem & Jewellery Export Promotion Council said in a statement. "Despite gold prices doubling recently, imports have not declined proportionally. Such measures often fuel smuggling and escalate export costs."

This sentiment was echoed by Sachin Sawrikar, founder and managing partner at Artha Bharat Investment Managers, who

termed the import duty hike as a "blunt instrument that history tells us rarely achieves its intended purpose".

The GJEPC also said that the most severe impact of this policy will be felt by MSME manufacturers, who are the "backbone" of the industry, accounting for 80% of GJEPC's membership and who are currently facing a critical liquidity crunch.

According to industry insiders, the decision to hike the import duties on precious metals will see imports fall by about 15-20%.

According to data with the Ministry of Commerce and Industry, India imported \$71.9 billion of just gold in 2025-26, up 24% from the previous year.

Lack of transparency

In a note, the think-tank Global Trade Research Initiative (GTRI) pointed out that the notifications issued by the government continue to be very difficult to understand, which defeats the objective of transparent taxation the government is trying to achieve.

Determining the actual applicable duty now requires going through multiple layers of amendments, corrections and tariff changes issued over several decades, the note added.

"Such drafting defeats the objective of transparent taxation and runs contrary to India's stated goal of improving ease of doing business and simplifying customs procedures," GTRI said.

GS 2: INDIAN POLITY

THE HINDU PAGE: 2

Protection to religion not just for 'essential practices', says Centre

The Hindu Bureau
NEW DELHI

The Constitution presumes that every religious practice is protected unless it violates public order, morality, and health, the Centre told the Supreme Court on Wednesday.

Appearing before a nine-judge Bench headed by Chief Justice of India Surya Kant in the Sabarimala review hearing, Solicitor General Tushar Mehta said the protection afforded to religion was not restricted to "essential religious practices" alone, but had a wider ambit.

Mr. Mehta, who opened the rejoinder in the constitutional reference hearing, said the burden was on the challenger to show that a religious practice breached public order, morality, and health.

He further submitted that fundamental rights in the Constitution have been interpreted expansively by the court in the past. Only Article 25 (right to religion and freedom of conscience) and Article 26 (freedom of denominations or any section thereof to manage their own religious affairs) were given restrictive meanings by the court. "Articles 25 and 26 were the only fundamental rights the court gave restricted meanings, saying the rights would be protected to the extent of 'essential religious practices' only," Mr. Mehta submitted.

He pointed out that the phrase 'essential religious practices' is absent in the



text of the Constitution, arguing that it was sheer judicial creativity at work.

Interconnected rights

Mr. Mehta added that Articles 25 and 26 are interconnected, not isolated silos, submitting that an individual's freedom of conscience and the right of a denomination to manage its own affairs are interconnected. Article 26 is only a manifestation of the individual right in a collective form, he said.

"Fundamental rights are not islands," he said.

The full day hearing also saw the Supreme Court observe that people need not go to a temple to be religious. A small lamp lit in a hut was an equally poignant expression of faith, Chief Justice Kant said.

Justice B.V. Nagarathna added Hinduism was a way of life, and did not depend on ritualistic practices or frequent visits to temples.

Legal scholar and former director of the National Judicial Academy, Mohan Gopal, submitted that what Justice Nagarathna referred to was called 'autotheism' or the individual freedom of conscience to explore one's own inner conscience.

GS 2: INDIAN POLITY

THE HINDU PAGE: 4

CBI Director Praveen Sood gets another one-year extension

Tenure to extend for a year beyond May 24; Centre's decision comes after panel meeting on Tuesday; Rahul accuses govt. of 'institutional capture'

The Hindu Bureau
NEW DELHI

The Central Bureau of Investigation (CBI) Director, Praveen Sood, has been given another one-year extension, as approved on Wednesday by the Appointments Committee of the Cabinet (ACC) based on the recommendations of the Selection Committee.

The ACC order stated that Mr. Sood's tenure has been extended for a year beyond May 24, 2026. The 1986-batch Indian Police Service (IPS) officer was earlier granted one-year extension in May 2025 after completion of his two-year term as CBI chief.

On Tuesday, a high-powered committee chaired by Prime Minister Narendra Modi met to decide on the appointment of the next CBI Director. During the meeting, Leader of Opposition in Lok Sabha Rahul Gandhi submitted a dissent note, accusing the government of "institu-



Praveen Sood was earlier granted one-year extension in May 2025 after completion of his two-year term as CBI chief. PTI

“institutional capture” of the agency to target political opponents, journalists, and critics.

Mr. Gandhi shared his dissent note on his X handle. “Your government has repeatedly misused the CBI, intended to be India's premier investigative agency, to target political opponents, journalists, and critics. It is to prevent such institutional capture that the Leader of Opposition is included in the Selection Committee. Regrettably, you have continued to deny me any meaningful role

in the process,” he said.

He said despite repeated written requests, he was not provided with the self-appraisal or 360-degree reports of eligible candidates.

“Instead, I was expected to examine the appraisal records of 69 candidates for the first time during the Committee meeting. The 360-degree reports were denied to me outright. A detailed review of these records is crucial to assess each candidate's history and performance,” said Mr. Gandhi.

GS2: INTERNATIONAL RELATIONS

THE HINDU PAGE: 8

The Xi-Trump summit — shadow boxing on Iran

An American President stuck in an unwinnable and unpopular war, undertakes a risky trip to Beijing to seek Chinese intervention for a desperately needed off-ramp. The hosts feign sympathy and help, albeit in a layered, unhurried manner. They are subtle and discreet in proposing a hefty quid pro quo. Over the next few months, things are sorted out: the White House disengages from a sticky mess, quietly letting the “vanquished” opponent prevail. Long sceptical and often hostile, Washington becomes a reluctant believer in China’s “peaceful rise”.

The 1972 summit

Is this a likely pre-script for Donald Trump’s visit to Beijing that begins today? It may turn out to be. But it does sum up the first United States-China bilateral Summit in February 1972, when a Vietnam-mauled President Richard Nixon met Chairman Mao. As the post-visit Shanghai Communiqué panned out, the U.S. recognised the long-reviled Communist People’s Republic as the sole China, gave it a P5 status, and threw Taiwan under the bus. Subsequent western capital and technology surge propelled China’s phenomenal economic and geostrategic take-off.

In return, China abandoned Hanoi, enabling the U.S. to extricate itself from a haemorrhaging war. Vietnam, too, emerged as a victorious and unified nation. So, while other stakeholders benefited, China hit a jackpot.

Half a century later, history may be tantalisingly close to repeating itself in Beijing on the first such visit by an American President since 2017 for a summit. It would have a comprehensive agenda, from bilateral (trade/tariff, economic, tech-transfer, and Taiwan) to various global issues.

The U.S.-Iran war is likely to figure prominently in Beijing because an early face-saving exit from the West Asian imbroglio is currently Mr. Trump’s top priority. The Iran war



Mahesh Sachdev

Retired Indian Ambassador with an interest in West Asia and oil matters

Beijing summit tests diplomacy over Iran and global geopolitical order

has had huge economic and geostrategic costs, including to his legacy.

Waging a clever asymmetric strategy, Iran has converted a military debacle into a strategic win with a chokehold on the Strait of Hormuz, staunching crude supplies and causing economic pain globally. Its refusal to capitulate to Mr. Trump’s conditions has denied him an off-ramp, denting his approval at home as he faces an uphill battle in the upcoming Congressional midterm election.

China as Iran’s anchor

China is Iran’s largest economic partner, buying over 80% of its oil exports, estimated at up to \$45 billion in 2025. The additional non-oil bilateral trade is estimated to be over \$9 billion and is suspected to include many of the crucially needed Chinese war materials. Pakistan, an ‘ironclad’ friend, keeps China informed about the U.S.-Iran negotiations. The Iranian Foreign Minister, Abbas Araghchi, visited Beijing on May 6 for bilateral discussions, without the traditional joint communiqué. These factors make China the most prominent foreign determinant for Iran, with Beijing the go-to destination with a key to the Iranian imbroglio. Thus, despite Mr. Trump’s assertion to the contrary, he may need Chinese President Xi Jinping’s help to cobble a modus vivendi with Iran.

Against this backdrop, observers discern several competing tendencies during the last week: the Trump team was keen to finalise the negotiation road map with Iran before the Beijing Summit to keep China out.

However, Iran delivered an uncompromising response after 10 days, which was rejected by Mr. Trump. The U.S. “Operation Freedom” to jump-start the Strait of Hormuz navigation was a non-starter. The Trump administration has officially “terminated” the Iran war to avoid running afoul of the War Powers Act. Suspended negotiations, problematic military option,

escalating oil prices, and the incoming Hajj have created a perfect maelstrom for Mr. Trump’s Beijing foray. Two tendencies afford an insight into the ever-inscrutable and minimalistic Chinese mindset on this issue.

Following Mr. Araghchi’s visit to China, Tehran’s position has hardened perceptibly on contentious issues such as Hormuz, nuclear enrichment, missiles and the proxies. Apart from highlighting its mistrust of Mr. Trump, Tehran has also upped its demands on reparations, security guarantees, defreezing assets, closing the American military bases in the region and a ceasefire in Lebanon and Yemen. Simultaneously, China and Russia have raised the ante by threatening to veto even the toned-down U.S.-backed draft UN Security Council (UNSC) resolution on the Hormuz blockade.

A possible strategy

While the Summit scenario is still evolving, Beijing’s nod-and-wink to Iranian defiance indicates a hardball strategy for the Trump-Xi summit. China seems to perceive that prolonged or deepened Gulf tensions would enable it to extract more American concessions on bilateral issues in return for sorting out Iranian obduracy. It may ask Mr. Trump to yield on tariffs and sanctions, technology denial and Taiwan. Citing the Iranian trust deficit, Beijing may cynically carve a role for itself either as a mediator-guarantor or through a UNSC Resolution. The proposed unwinding could be phased over the next few months.

It remains to be seen if Mr. Trump, a self-styled consummate transactional dealmaker, has a counterstrategy of his own for a potential grand bargain: Chinese help for an Iranian off-ramp in return for minimal concessions. Otherwise, he may sell out like Henry Kissinger, who sheepishly admitted later, “I think if we drink enough mao tai [a potent Chinese liquor], we can solve anything.”

GS 3: INDIAN ECONOMY

INDIAN EXPRESS PAGE: 15

'OMAN, NIGERIA, U.S. EMERGE AS KEY SUPPLIERS'

Behind India's LNG import basket recast amid Qatar, UAE supply loss

Sukalp Sharma
New Delhi, May 13

THE WEST Asia war has upended the regular flow of liquefied natural gas (LNG) to India from its major suppliers like Qatar and the United Arab Emirates (UAE), leading to a scramble for LNG cargoes from alternate geographies and a recasting of New Delhi's natural gas import basket.

Supplies from Qatar and UAE pass through the Strait of Hormuz, which has been blocked since the start of the US-Iran war.

After faltering in March, the country's LNG imports rebounded a bit, as importers turned to suppliers that don't depend on the strait to secure emergency spot cargoes.

As a result, while not one LNG cargo reached Indian shores in March from the country's largest supplier Qatar and another major supplier, the UAE, the likes of Oman, Nigeria, Angola, and the United States stepped in to partially bridge the gap.

India depends on LNG imports to meet about half of its natural gas requirement. And about 60% of those imports came through the Strait of Hormuz, primarily from Qatar, and also the UAE.

The two Gulf countries are major LNG exporters at the global level as well.

Recovery in LNG imports in April

LNG imports in April recovered to 1.95 million tonnes



LNG imports in April recovered to 1.95 million tonnes, after falling to 1.67 million tonnes in March.

REUTERS

(mt), after falling to 1.67 mt in March, according to data from commodity market analytics firm Kpler.

The country's 2025 average monthly LNG imports stood at 2.08 mt, not significantly higher than the volumes imported in April.

On a year-on-year basis, April LNG imports were down 9.3% from 2.15 mt in the year-ago period, which reflects that the supply shock was not fully offset and market conditions remained tight, according to Sonal Ranjan, LNG and natural gas analyst at Kpler. The month-over-month growth in imports over March was likely due to higher gas use in a few sectors, particularly fertilisers.

Following the disruption in LNG supplies, the government had initially reduced gas allocation to the fertiliser sector to 70% of average consumption

over the previous six months. It was part of a larger effort to manage natural gas supplies in order to prioritise the most critical sectors.

But by early April, the allocation to the fertilisers sector was hiked to about 95%, and earlier in May, it was hiked further to about 98%. This has been done to ensure uninterrupted urea production ahead of the crucial Kharif season.

Reshuffle in LNG import basket

"After the Hormuz disruption, Oman, Nigeria and the US have emerged as the key LNG suppliers in both March and April. They accounted for almost 69% of the total LNG imports in India. Oman of course remained the largest supplier out of the three, contributing to 30-31% of the total imports, supported by its ad-

vantage of shorter-delivery route to India's west coast terminals," Ranjan told *The Indian Express*.

In 2025, the average monthly LNG import volumes from Qatar stood at 0.95 mt, followed by imports from the UAE at 0.27 mt.

In March-April, the Strait of Hormuz closure meant that just 0.06 mt came from Qatar and 0.13 from the UAE during the two months. These would have been cargoes that had transited the strait before the West Asia war started with the US and Israel attacking Iran on February 28.

Supplies from Oman, which was the fourth largest supplier of LNG to India in 2025 with an average monthly flow of 0.18 mt, jumped to 1.2 mt in March-April, or 0.6 mt a month on average.

While Oman is located in West Asia, it has a sizable coastline facing the Arabian Sea and the Gulf of Oman, and doesn't depend on the strait for the transit of its cargoes.

Imports from the US, India's third-largest LNG supplier in 2025, rose to 0.31 mt a month on average in March-April.

The average monthly LNG imports from the US in 2025 were at 0.24 mt.

Average monthly imports from Nigeria and Angola jumped to 0.41 mt and 0.24 mt in March-April, respectively; the monthly average of imports from the two suppliers in 2025 was 0.14 mt apiece.

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GS 2: INTERNATIONAL RELATIONS

INDIAN EXPRESS PAGE:

● TRUMP-XI SUMMIT KICKS OFF

Iran war, trade & AI could top agenda, and why China has the upper hand

Anil Sasi
New Delhi, May 13

IN NOVEMBER last year, when President Donald Trump announced that he had accepted an invitation to visit China in April, the meeting's agenda appeared straightforward enough.

Trade tensions between the world's two biggest economies were spiralling into a full-blown tariff war, while Taiwan was the lingering flashpoint.

Delayed by a month from its original schedule, the summit that started on Wednesday now risks being consumed by a more compelling crisis: the war in Iran.

While it is unclear where the West Asia conflict will go from here, even as an uneasy ceasefire continues to hold, two things are now evident: a resolu-

tion to the Iran war is ostensibly not that easy and China's role will be crucial in whichever direction this conflict is headed. If Iran has to be brought back to the negotiating table in any constructive form, there seems to be a growing realisation in Washington DC that China is likely to play some kind of a role.

Significance

When Beijing officially confirmed the date of the state visit earlier this week, it marked the first visit to China from a sitting US president since Trump's 2017 visit during his last term. This summit would be Trump's seventh in-person meeting with President Xi Jinping.

Trump is taking a big business delegation of over a dozen American CEOs with him, with Apple's Tim Cook, Boeing chief



This summit would be Trump's seventh in-person meeting with President Xi Jinping. REUTERS

Kelly Ortberg and Tesla's Elon Musk part of his business entourage. The one conspicuous absence was Nvidia's Jensen Huang, who did not figure on an initial list of executives provided by the White House earlier this week. Reuters, however, reported Wednesday

the delegation are being read as harbingers of what the administration in Washington DC is pivoting towards in terms of its business priorities with China. "Trump visiting China and meeting with Xi Jinping this week surrounded by businessmen instead of China hawks is incredibly helpful in yielding positive outcomes from discussions," according to Brian Tycango, analyst at Baltimore-based Stansberry Research.

The choice of the people on

the delegation are being read as harbingers of what the administration in Washington DC is pivoting towards in terms of its business priorities with China.

Trump's visit will include bilateral talks, a state banquet, and a visit to the Temple of Heaven during the course of the visit spanning May 13-15. Later this year, a reciprocal visit to Washington could be on the cards for President Xi, and signal if the relationship is likely to endure.

Apart from Iran and the agenda for the business delega-

tion, there are other key issues that could be on the table: the likely direction of global trade and competition in advanced technologies such as AI. An investment deal is being seen as a possible wild card entry to the list. According to experts, Beijing could possibly indicate its willingness to buy Boeing aircraft and American soybeans.

China, which has been keen to position itself as a stabilising power, was conciliatory ahead of the meeting. "President Xi and President Trump — looking back at their past meetings, one message stands out: the steady development of China-US relations brings certainty and stability to the world," Mao Ning, Spokesperson of Ministry of Foreign Affairs of China said in a post on X ahead of the meeting.

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Rising tensions across the Taiwan Strait does seem partly fuelled by the Trump administration's mixed signals when it comes to its Taipei policy. Last December, the US had an-

ounced an \$11 billion arms deal with Taiwan, triggering protest from the Chinese government.

Trump, however, has since downplayed the US willingness to defend Taiwan. "He considers it to be a part of China," Trump said of Xi, adding that "(it's) up to him, what he's going to be doing (on Taiwan)."

In the Iran conflict, China's

now wading in as a mediator alongside Pakistan. Iranian Foreign Minister Abbas Araghchi's visit to Beijing last week seemed to signal the clout China wields in West Asia. "I hope the Chinese tell him what he needs to be told," US Secretary of State Marco Rubio said when questioned on Beijing's role. "And that is that what you are doing in the Strait is causing you to be globally isolated. You're the bad guy in this." Beijing does seem to have an upper hand going into this summit than when it was originally announced, as reports. India's policymakers believe any bilateral deal that is cut, especially involving concessional tariffs, could be read as the baseline scenario for the revised trade deal that is under negotiation between US and India.

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