

# India roiled by economic shocks from criminal US-Israeli war on Iran

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30 March 2026

India is being roiled by the economic fallout from the month-long, criminal war that US imperialism and Israel, its Mideast attack dog, are waging on Iran.

The war's economic impact is already severe. In a speech to parliament last week, Prime Minister Narendra Modi compared it to the COVID-19 pandemic, which at its height caused a 24 percent contraction of India's economy and ultimately killed more than 5 million people.

The war's most immediate impact has been on India's LPG (Liquefied Petroleum Gas) supply. LPG cylinders, containing butane and propane are used for daily cooking both at home and by restaurants. Supply disruptions have led to sharp price increases, and forced street-vendors and restaurants to slash hours, limit menus, and in many cases close down entirely, slashing the incomes of tens of millions of households.

The war's impact, however, threatens to quickly go far beyond LPG, and cascade across the economy, driving up inflation, especially the cost of food and transport.

India is massively dependent on oil imports, with half or more of those imports, approximately 2.5 million barrels per day, coming from Iraq, Saudi Arabia, the United Arab Emirates and Kuwait. To date, the surge in world oil prices due to the war has not translated into large price jumps at the pumps for diesel and petrol, due to government intervention, including a rollback of excise taxes. But should the war continue in the weeks and months ahead—and everything suggests it will—the BJP government, which is in the midst of a years-long austerity drive, will move to impose the full burden of the price rises and any temporary debts it has incurred in cushioning their impact onto the backs of India's workers and toilers.

India is the largest importer of nitrogen fertilizers from the Persian Gulf region, which accounts for 45 percent or more of the world's urea exports and 30 percent of global exports of ammonia, a vital component of urea and other nitrogen-based fertilizers. At least 75 percent of India's urea imports and 80 percent of its ammonia imports typically come from the Gulf States.

Fertilizer shortages will raise farm input costs and reduce crop yields, both of which will squeeze farmers' incomes and drive up food prices—this in a country where hundreds of millions already suffer from hunger and food insecurity.

## India's complicity in the criminal assault on Iran

While India's workers and toilers are paying an ever mounting price for the illegal, unprovoked US-Israeli assault on Iran, India's Hindu supremacist BJP government and the Indian ruling class as a whole have made clear that they stand with Washington and Tel Aviv.

On the war's eve, when it was obvious to all that a US-Israeli attack was imminent, Modi made a two-day visit to Israel to solidarize himself

with the far-right Netanyahu regime and its genocidal assault on the Gaza Palestinians and to announce an enhanced Indo-Israeli "Strategic Partnership for Peace, Innovation & Prosperity."

New Delhi has remained conspicuously silent on all the war crimes committed by the US and Israel—beginning with the launching of an unprovoked war of aggression, the "supreme international war crime" according to the 1946 Nuremberg judgement, for which the Nazi leaders were hanged.

Although Tehran is ostensibly an Indian ally, Modi and the BJP government have failed to condemn the decapitation strikes with which the US and Israel launched their war, killing senior Iranian leaders, including Ayatollah Khamenei, who in addition to being Iran's head of state was a religious leader revered by millions of Shia Muslims. Nor did India utter a word of protest against the torpedoing of the IRIS Dena, in which more than 150 Iranian sailors returning from an Indian-hosted naval exercise were killed. The defenceless vessel was sunk by a US nuclear attack-submarine, off the coast of Sri Lanka, more than 1,000 miles from Iran's shores.

New Delhi, however, has repeatedly condemned the measures that Iran has taken to defend itself. The BJP government has joined with the imperialist powers in denouncing Tehran for effectively shutting the Strait of Hormuz and launching retaliatory strikes against the Gulf States that house US military bases being used to threaten and attack Iran.

On Monday March 23, Modi spoke for the first time in parliament about the Iran war and the looming economic disaster it represents for India. He termed the situation in West Asia "deeply concerning," and urged the "country" and all the members of the parliament to rally behind the Modi government so it could speak as a "united and unanimous voice on the issue."

In his address, India's Hindu supremacist prime minister again attacked Iran, the victim of aggression and like India an historically oppressed country. In words clearly directed against Tehran, he deplored the disruption of shipping through the Strait of Hormuz, while breathing not a word about the unprovoked US-Israeli assault, launched under the cover of negotiations, and the ongoing criminal bombardment of Iran. India, he declared, has "opposed attacks on civilians, energy, and transport-related infrastructure. Attacks on commercial ships and obstruction in international waterways like the Strait of Hormuz are unacceptable."

Even the big business Congress Party, the leader of the opposition INDIA alliance, felt obliged to note that Modi uttered "not a single word" in "condemnation of the continued US-Israeli air assaults on Iran ... with the objective of regime change and state collapse." The Congress Party forged and staunchly supports India's reactionary, anti-China "global strategic partnership" with US imperialism. Yet it fears the war and its economic fallout will further destabilize the region, and fuel opposition, above all within the Indian working class, among whom there is mass latent anti-imperialist sentiment.

Modi's remarks were entirely in keeping with the pro-US war stance

India took at the United Nations, where it co-sponsored a Security Council resolution that suppressed even cursory mention of the US and Israeli illegal attack against Iran, while depicting Iran as the aggressor for defending itself.

The day after his speech on the war in India's parliament, Modi spoke by phone with the war criminal and would-be dictator US President Donald Trump. According to a post Modi made on X, they discussed the "entire" world's need that "the Strait of Hormuz remains open, secure and accessible." Before and since this discussion, Trump has made clear that he is deploying massive new US military forces to the Persian Gulf region and intends in the coming days to dramatically escalate the war to "reopen" the Straits, including through a land invasion and the seizure of Iranian territory at the cost of thousands, potentially tens and even hundreds of thousands of lives.

Asked about the Trump-Modi discussion, White House Press Secretary Karoline Leavitt beamed, "President Trump has a great relationship with Prime Minister Modi, and this was a productive conversation."

Later last week, Indian External Affairs Minister S. Jaishankar signaled New Delhi is discussing with the European imperialist powers and Japan coordinated action to ensure the "security" of the Straits. Jaishankar conferred with his French counterpart and the representatives of other imperialist powers while attending as a special invitee a G7 foreign ministers hosted by France. Britain and France have already deployed extensive military assets to the region and have joined "defensive operations," countering Iranian attacks on states facilitating the US war on Iran.

During Jaishankar's visit, Admiral Nicolas Vaujour, the Chief of Staff for the French Navy, told Reuters he had held talks recently with various naval counterparts, including from Britain, Germany, Italy, India and Japan, to "share our analyses and coordinate our actions in response to the situation" in West Asia.

### **Imperialist war and intensified exploitation of the working class**

In pursuit of its own predatory great power ambitions, the Indian bourgeoisie has aligned itself ever more closely with American imperialism over the past quarter century, while massively expanding military expenditures. Through the development of a vast network of bilateral, trilateral and quadrilateral military-security ties with the US and its principal Asia-Pacific allies, Japan and Australia, India has been transformed during Modi's 12-year rule into a veritable frontline state in Washington's military-strategic offensive with China. As a corollary to this, New Delhi has also developed extensive military-security and economic ties with Israel.

With the war on Iran, the utterly reactionary character of the Indo-US alliance and the costs it will impose on the people of India, the region and the world are being spelled out.

The LPG shortage is affecting hundreds of millions of urban households, and especially small footpath food stalls and mobile restaurants selling just a few items of prepared food. The price of an LPG cylinder for these "commercial establishments" has shot up steeply to around Rs. 2,000-3,000 (\$21 to \$31) per cylinder from the previous Rs. 1,600-1700 (\$17-18). Because of this sudden shock, these small establishments have been compelled to cut their operations, shorten their already meager menus or shut down completely due to supply shortages. Meanwhile, already impoverished food delivery workers have seen their incomes cut by two thirds, as restaurants have had to cut back on their opening hours.

Most urban households, comprising both relatively better-off middle

class and low-earning working class families, use LPG cylinders for day-to-day cooking, whereas the overwhelming majority of the nearly billion people living in rural areas still rely upon dried cow dung patties and firewood, onerously collected by women and children.

Across India, long queues have formed outside LPG gas agencies. Deliveries that once took a few days are now delayed for over a week in many areas. Panic buying has spread, while black-market networks are selling cylinders at sharply inflated prices.

Indian media reports indicate that the government is scrambling to secure alternative supplies. Imports from countries like Argentina, and the United States are being ramped up to compensate for the disruption of Gulf routes. At the same time, India is even considering renewed purchases of Iranian supplies under US-issued temporary sanction waivers.

Prime Minister Narendra Modi has sought to downplay the situation, insisting that supplies remain adequate and that the economy is stable. However, these assurances stand in stark contrast to conditions on the ground, where shortages, delays and rising prices are already widespread. They are also belied by the government's own actions.

Just ten days after the February 28 US-Israeli assault on Iran, the Modi government invoked the Essential Services Maintenance Act (ESMA). ESMA has usually been invoked by both national and state governments to suppress strikes by workers in what are termed as "essential services." These include healthcare, sanitation, water supply, and defence, communication, transport, and government food distribution.

Under ESMA, the government has ordered petroleum refiners to increase LPG output, imposed controls on distribution, and prioritized domestic consumers over commercial users. In some areas, restrictions such as longer intervals between cylinder bookings have been introduced, effectively rationing supply.

At the same time, reports indicate that black markets are flourishing. Investigations have exposed illegal refilling operations and profiteering networks exploiting the shortage to sell cylinders at prices far above official rates. The burden of the crisis is falling overwhelmingly on poorer working-class families. These households, already struggling with rising living costs, are being forced to cut consumption or switch to inferior fuels.

This is not an aberration, but an inevitable outcome of a system in which essential goods are distributed according to profit rather than social need.

The Stalinist parliamentary parties—the Communist Party of India (Marxist), the Communist Party of India (CPI), and the Communist Party of India (Marxist-Leninist) Liberation—have condemned the imperialist war on Iran. But their opposition is from the standpoint that it is damaging to India's "national interest." It is linked to their efforts to derail the mounting opposition to the far-right Modi government, by subordinating it to the Congress Party-led INDIA alliance, which is no less committed to "pro-investor policies" and the Indo-US alliance than the BJP.

India's workers and toilers must be armed with a genuine socialist internationalist perspective to oppose the Iran war, the growing danger of world war, and the reactionary Indo-US strategic alliance. The fight against war must be rooted in the working class and aimed at its mobilization in India and globally as an independent political force, rallying all the oppressed behind it, in revolutionary opposition to capitalism, the root cause of war.



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