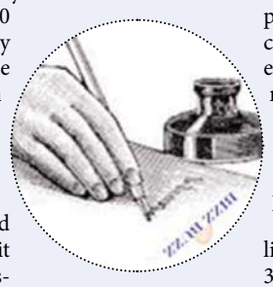
# E20 blending drives up fuel consumption, costs

ETHANOL, an alcohol produced from sugarcane and food grain-based raw materials, was introduced in India nearly 23 years ago as a bio-fuel alternative to petrol used in motor transport.

Launched in January 2003, the government's Ethanol Blending Programme initially aimed to blend five percent ethanol into petrol supplied in nine states and four Union Territories. However, until 2013-14, the actual ethanol blending remained negligible, between 0.1 percent and 1.5 percent, well below the government's initial target.

The program's trajectory got a boost after the BJP came into power. In April 2019, ethanol-blended petrol was rolled out nationwide (with a few exceptions), with blending percentages rising sharply in the last three years, to 20 percent in July last year. In the past year, Indian motorists began to complain of a sharp increase in their fuel bills, as they purchased more motor spirit for the same distance.



India currently imports nearly 88 percent crude oil from abroad. The hope was, besides other advantages, mixing ethanol would reduce the government's fuel import bill.

From its introduction in 2003 until 2014, ethanol blending was nearly negligible. In June 2018, the government notified its National Policy on Biofuels and set the goal to blend 20 percent ethanol into motor spirit by 2030. A report by Niti Aayog published three years later, claimed that India would save nearly Rs 30,000 crore in its oil import bill once E20 blending is achieved.

In July 2025, India achieved its target of 20 percent ethanol blending, five years ahead of schedule. For the 2025-2026 financial year, an average of 19.9 percent ethanol was blended into motor spirit. We calculated this using the monthly ethanol blending percentages published by the Petroleum ministry's Petroleum Planning Analysis Cell (PPAC).

In India, the price of petrol has remained the same even after blending. In the United States, which is the largest producer of ethanol in the world, ethanol-blended fuel is subsidised in comparison to unblended petrol.

On this basis, for the amount of excess fuel consumed Indians were forced to foot an additional bill of Rs 37,843 crore in the FY2025-26 alone, and Rs 88,234 crore across three fiscal years.

Since the government did not provide a clear answer on the loss of fuel efficiency from running vehicles on E20 blended fuel, The Collective used a simple calorific value conversion between ethanol and pure petrol to calculate the loss in mileage for cars and two-wheelers running on E20 petrol.

Burning a single litre of ethanol gives 33 percent less energy than burning a single litre of petrol. So, we calculated that blending 20 percent ethanol into motor spirit will give 6.7 percent less energy than pure petrol. An expert in the automobile industry who has worked on ethanol blending also validated this conversion. On this basis we calculated the projected consumption of motor spirit for the all financial years since April 2023, the starting point of our analysis, from when blending ramped up from E10 to E20.

In FY2025-26, India burned 42.6 million metric tonnes (MMT) of motor spirit which had nearly 20 percent blended petrol. If motor spirit burned was just pure petrol, Indians would have only needed 39.76 million metric tonnes. So, for FY2025-26, India burned 2.83 MMT of motor spirit in excess.

# After the midterm earthquake, what next for America?

## HISTORY OFFERS LITTLE ASSURANCE OF LASTING CHANGE; PAST VICTORIES BROUGHT GRIDLOCK, COMPROMISE AND POLITICAL REALIGNMENT

ROBERT A. STRONG



**What is the country likely to see in the next few months and the next two years? Will it be chaos, conflict and occasional compromise, like the politics that followed the midterms in 1994? Or will it be earnest and sometimes heavy-handed congressional efforts to investigate and prevent presidential wrongdoing, like those that swept through Washington after 1974? Surprising midterm elections that create new majorities on Capitol Hill look to be revolutions in the days after they occur. Years later, they often appear to be more complex – and less significant**

THERE were lots of surprises on the evening of Nov. 3 when the picture of the Democratic midterm success began to be painted on network news touch screens. The maps kept getting bluer. Eventually, it was clear that this was not an ordinary midterm cycle when the party out of power slaps the wrist of the sitting president and his administration. It was much bigger than that, something on a scale the U.S. has seen only two times in the past half-century.

One was the Newt Gingrich "revolution" in 1994 that put Republicans in control of the House of Representatives for the first time in 40 years.

The other was the election of 1974 that flooded Capitol Hill with "Watergate babies" – new members elected just after the Nixon-era scandals.

In both cases there were high hopes that big changes would take place in the aftermath of remarkable midterm elections. The actual results were more modest than the victors expected.

### 1994's wipeout election

The 1994 midterm elections gave the Republican Party a dramatic victory. The Democrats lost their majority in the Senate, and 54 seats were flipped in the House of Representatives, making Gingrich the first Republican speaker of the House since Eisenhower lived in the White House.

It was a wipeout election that had not been expected, and it changed the dynamics of Democrat Bill Clinton's presidency.

The combative Gingrich emerged as a political celebrity; partisanship intensified and gridlock became the new norm. Confrontations over spending led to controversial government shutdowns and the first modern threat to default on America's debt obligations. Because the new Republican congressional majorities appeared to overreach in their efforts to cut taxes and spending, Clinton was able to recover sufficient popularity to win a second term.

In the run-up to his bid for reelection, Clinton took the electoral rebuke of 1994 to heart and followed a centrist strategy that represented a move to the right of longtime Democratic positions on welfare, crime and immigration. He continued to oppose many Republican policy proposals but worked with Republicans to craft welfare reform legislation and new bills dealing with crime and immigration. Budget confrontation eventually gave way to compromise, and for a few years in the late 1990s the United States had a balanced budget.

Partisanship became more personal in Clinton's second term when Gingrich pushed for impeachment following the revelations of the president's affair with Monica Lewinsky.

Clinton, with a tarnished reputation, survived his Senate trial. Ironically, it was Gingrich who resigned after failing to remove the president at the ballot box or in the impeachment process. Gingrich, the biggest winner in the 1994 midterms, left office with a promised revolution largely unrealized.

### 1974's Watergate reformers

Going back even further in American political history, the midterm elections following President Richard Nixon's resignation after the Watergate scandal produced a Democratic Party victory. That victory was not a surprise; the scale of it was.

Democrats, who already had majorities in the House and Senate, won a huge margin in the congressional popular vote and brought new members to both chambers who were younger, more liberal and reform-minded. They wanted to prevent future Watergates. New laws would make the government more open, more honest and more accountable. New and more staff would allow Congress to be less reliant on executive branch information and better able to act in foreign policy and budget management. Special prosecutors would be appointed to investigate abuses of power and violations of law.

A Democrat, Jimmy Carter, would be elected president two years after the massive 1974 midterm victory, and more reform legislation would be passed.

The post-Watergate congressional agenda was long and bold – the war powers resolution, a freedom of information act, the creation of inspectors general, campaign finance reform, a presidential records act and new legislation to regulate foreign intelligence surveillance and the bribing of foreign officials.

These new laws were supposed to stop, or uncover, the kind of wrongdoing that made Nixon an imperial president. The new laws and institutions certainly made a difference – but not without creating their own problems.

All the post-Watergate presidents thought the war powers resolution was unconstitutional, objecting to its restrictions on the president's authority as commander in chief, and US military interventions overseas continued to occur. Special prosecutors conducted many investigations, but often at great expense and without adequate supervision or meaningful results.

Carter, narrowly elected president in 1976, served only one term and lost reelection to Ronald Reagan, who fully restored the Republican Party's dominance in presidential politics.

Over time, many presidents, especially Donald Trump, dismantled or ignored important elements of the post-Watergate reforms.

The large and enthusiastic congressional majorities that took power after the 1974 midterms were energetic but produced a political legacy with complicated and controversial results.

### Chaos and conflict – or compromise?

What is the country likely to see in the next few months and the next two years? Will it be chaos, conflict and occasional compromise, like the politics that followed the midterms in 1994? Or will it be earnest and sometimes heavy-handed congressional efforts to investigate and prevent presidential wrongdoing, like those that swept through Washington after 1974?

Surprising midterm elections that create new majorities on Capitol Hill look to be revolutions in the days after they occur. Years later, they often appear to be more complex – and less significant.

*(The writer is a senior fellow with the Miller Center at the University of Virginia, United States)*

# Iran war, not green transition, cuts global carbon emissions

## Global fossil fuel emissions fall 0.4%; India's climb 4.4%

GLOBAL carbon pollution dropped this year ever so slightly, but it's more because of oil shocks reverberating from the Iran war than anything the world has done to fight climate change, scientists said in a new study.

In 2026, the world emitted 42.2 billion tonne of heat-trapping carbon dioxide from the burning of fossil fuels such as coal, oil and gas. It's a 0.4 per cent decrease from last year, according to the scientists of the Global Carbon Project, which publishes its estimates in the journal Earth System Science Data Discussions.

"It's downwards which sounds good, but this is largely driven by the war in Iran, what's happened in the Strait of Hormuz," said study co-author Glen Peters, a scientist at the CICERO Center for International Climate Research in Norway. "So in a way, a little bit of good news, but for the wrong reasons." The war in Iran has effectively closed the Strait of Hormuz, a vital shipping artery for petroleum products, pushing up global prices of gasoline and oil.

They found oil emissions dropped nearly 2 per cent and natural gas fell 0.3 per cent, while coal was up 0.6 per cent.

The international team of more than 140 scientists use data from around the world to calculate the yearly emissions figure, with estimates for the last few months of the year, and then present them at the UN climate negotiations in Antalya, Turkey. Peters said they are certain that this was related to the war-triggered energy shocks because of both the timing and type of fuel emission drops.



If the overall carbon dioxide emission drop were due solely to a rise in renewables and a systemic drop in fossil fuel use, oil emissions "would slowly come up to a peak and then slowly decline afterward, whereas what we see this year is oil emissions are going up and then suddenly BANG, down 2 per cent," Peters said.

### Previous carbon pollution drops

This is the third time global carbon pollution dropped in the 21st century. The other two times were because of the global recession in 2009 and the COVID-19 pandemic in 2020.

In those past two crises, people hoped the recovery from the shocks would emphasise clean energy, Peters said, "but at the end of the day, we seem to go back to where we were before." Outside experts greeted the figures with a mix of hope and skepticism that it will last. Niklas Höhne, co-founder of Germany's NewClimate Institute, said "permanent shifts are happening" especially with skyrocketing switches to electric cars and trucks, especially in Asia. So he thinks the global peak of carbon emissions is near or here.

But Malte Mienshausen, a climate science and policy expert at the University of Melbourne in Australia, said oil producing nations and companies not affected by the blockage of the Strait of Hormuz reaped "tremendous windfall gains," and it boosts their efforts to look for oil outside the Middle East. That, he said, will dampen any short-term effects of reduced carbon emissions from the war.

### More than 1,000 tonne per second of pollution

The 42 billion tonne of carbon dioxide emitted this year comes to about 1,335 tonne of the heat-trapping gas going into the air every second. "We shouldn't lose sight of the bigger picture. The world is still pumping more than a thousand (metric tonne) of carbon dioxide into the atmosphere every second," Mohamed Adow, director of the environmental group Power Shift Africa, said in an email.

"It's very abstract to think about the magnitude of stuff we throw in the atmosphere every year, but it's a ginormous number," Peters said. "If it was black and not transparent, the sky would be dark."

And even though the amount of heat-trapping gases from fossil fuels dropped slightly, overall global carbon dioxide emissions went up 1 per cent. That's because of land use changes, such as deforestation and human-caused peat fires, that increased faster than fossil fuel burning decreased, the study said.

### China's emissions drop raises eyebrows and hope

Most of the world's biggest carbon polluting nations — China, the United States, Europe, Japan — showed about a 1 per cent drop in emissions this year, but Peters attributed it to the oil shock. India's fossil fuel pollution went up 4.4 per cent this year, the study found. China's emission drop raised eyebrows and hope for some experts. Experts have been waiting for China's ever-growing emissions to start dropping.

"China is giving us real reasons to be optimistic that its emissions may have peaked," Adow said. "It's building the world's first major electrostate, investing at extraordinary speed and scale in solar power, wind energy, electric vehicles and the infrastructure to support them. This isn't a temporary response to an oil crisis. It's a fundamental transformation of China's economy that is steadily reducing its dependence on fossil fuels."

University of Michigan environment dean Jonathan Overpeck said, "We're not phasing out fossil fuels fast enough, but some progress is better than no progress."

# Gold demand hits six-year low, illegal imports soar

## Unofficial imports jump from 3 tonnes to 50 tonnes in July-September

VINCENT FERNANDES

INDIA's love for gold is facing a major test. Record prices, pressure on household budgets and a weak monsoon have pushed gold demand toward a six-year low. Yet, as formal purchases decline, unofficial gold imports have surged by more than 1,500%, rising from just 3 tonnes to 50 tonnes in the July-September quarter.

Why families are buying less jewellery, how higher import duties encourage smuggling and unofficial transactions, and why organised jewellers face an uneven playing field? With the government seeking to curb gold imports and households still relying on gold as savings, the video explores how India's gold economy is changing.

Gold has maintained its position as one of India's top three import categories by value for well over a decade, with annual bullion expenditure consistently ranging between $30 billion and $40 billion. Unlike petroleum or electronic components, gold serves a function that sits awkwardly between consumption and capital formation. Indian households hold an estimated 25,000 tonnes of above-ground gold accumulated across generations, making the country the world's largest private holder of the metal. This stock functions as collateral, inheritance, and emergency liquidity outside the formal banking system.

The commodity's contribution to India's current account deficit (CAD) makes it a perennial target for policymakers. Gold imports typically represent 5–7% of total merchandise imports and contribute meaningfully to a trade deficit that has repeatedly breached uncomfortable thresholds. When the CAD widens, gold becomes a politically visible target precisely because it lacks the industrial justification that shields petroleum imports from similar scrutiny. Furthermore, as a gold safe haven asset deeply embedded in household wealth strategies, its demand is particularly resistant to price-based policy interventions.

India's government raised the total import tariff on gold and silver to 15% effective May 13, 2026, reversing the July 2024 reduction that had brought duties down to 6%. The stated rationale centred on moderating bullion import volumes,



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narrowing the trade deficit, and providing support for the rupee through reduced dollar outflows.

The 2026 hike creates a 9% price gap between internationally sourced and officially imported gold. For organised networks operating at scale, this margin comfortably absorbs transportation, handling, and enforcement-evasion costs while generating substantial profit. India's extensive coastline and land borders with multiple countries create enforcement challenges that customs authorities have historically been unable to fully resolve.

This finding carries significant policy implications. If duty levels were genuinely constraining demand, one would expect a moderately negative correlation, perhaps -0.5 or lower, reflecting a meaningful inverse relationship. The -0.17 figure instead indicates that gold demand in India operates according to a different set of drivers entirely. In addition, the broader gold and inflation hedge dynamic at play globally means Indian consumers are responding to macroeconomic pressures that a border tax simply cannot neutralise.

Official quarterly imports have remained within the 175 to 236 tonne range across duty regimes spanning the full 6–15% spectrum, with the exception of the 2020 COVID disruption. This consistency is remarkable given the variation in tariff levels applied over this period.

The World Gold Council's assessment is direct on this point: broader demand conditions play a substantially greater role than duty changes in determining import volumes. The primary structural drivers of Indian gold demand include:

Rupee depreciation trajectory – As the domestic currency loses purchasing power, gold's appeal as a preservation asset intensifies. Paradoxically, the macroeconomic conditions that motivate duty increases also increase the motivations for buying gold.

Agricultural income cycles – Rural India represents a substantial portion of gold demand, and strong agricultural seasons translate directly into jewellery purchases. The monsoon season outcome has historically been a more reliable predictor of second-half demand than tariff levels.

Wedding and festival calendars – Dhanteras, Akshaya Tritiya, and the main wedding season between October and December drive purchasing behaviour that is essentially calendar-fixed and price-inelastic within a wide band.

Household wealth dynamics – As Indian middle-class wealth expands, the proportion allocated to gold as a savings vehicle has remained relatively stable, meaning absolute demand tracks income growth more than price sensitivity.

The most damaging unintended consequence of India's gold import duty increases is their consistent tendency to redirect demand from official channels to informal ones. World Gold Council analysis covering 2013–2026 establishes that virtually every duty increase during this period was followed by an expansion in unofficial gold inflows, while duty reductions coincided with sharp contractions in gray market activity.