War pushes tanker insurance costs up to $7.5 mn/voyage

SAURAV ANAND
New Delhi, June 4

WAR-RISK INSURANCE PREMIUMS for tankers transiting the Strait of Hormuz have surged by more than 1,000%, pushing additional insurance costs for a typical Very Large Crude Carrier (VLCC) to as much as $7.5 million per voyage, even as intermittent ceasefires have failed to restore confidence among shipowners, charterers and insurers.

The sharp escalation in insurance costs has emerged as one of the biggest barriers to the resumption of normal commercial traffic through one of the world's most critical energy chokepoints, forcing shipowners to demand higher freight rates, reroute vessels and reassess deployments in the Gulf region.

Prior to the conflict, war-risk premiums typically ranged between 0.1% and 0.3% of vessel value. Following attacks on commercial vessels, premiums jumped to 2.5-5%, significantly increasing voyage costs and disrupting tanker economics across global energy markets.

According to a report by S&P Global Energy, a VLCC valued at $100-150 million now faces additional war-risk insurance costs of $2.5-7.5 million per voyage, while additional war risk premiums (AWRP) for Medium Range product tankers have reached $80,000-120,000 for a seven-day transit period. Although premiums eased to 0.8%-1.5% by late March as limited transits resumed, they remain well above pre-conflict levels.

The report said vessel rerouting and freight inflation have become defining features of the market since the onset of the conflict.

With the Strait effectively disrupted, crude oil and refined product exports have increasingly shifted to ports outside the waterway, including Fujairah, Sohar, Mina Al Fahal and Duqm in the Gulf of Oman, as well as Yanbu, Rabigh and Jazan on the Red Sea. The combination of trapped vessels, route diversions and lower cargo volumes has pushed many tanker owners to ballast vessels towards the Atlantic Basin in search of alternative employment.

The impact was immediately reflected in freight markets.

At the height of the disruption, VLCC spot earnings surged above $300,000 per day, while Suezmax, Aframax and product tanker segments also recorded record earnings as exports from key Gulf producers, including Saudi Arabia, the UAE and Iraq slowed sharply. The disruption quickly spread beyond the region, affecting Atlantic Basin routes, including US Gulf-China crude movements.

Although freight rates had eased to around $99,000 per day by mid-April, the report noted that normalisation remains distant as shipping companies continue to face uncertainty over security conditions and insurance availability.

The market's concerns are compounded by the scale of vessel congestion in the region. According to Commodities at Sea (CAS) modelling cited in the report, clearing the backlog of vessels could take weeks even after unrestricted transit resumes. At a 50% traffic recovery rate, equivalent to around 68 vessel exits per day, laden vessels could clear the Gulf in roughly two weeks. However, if traffic remains at only 10% of normal levels, or around 14 vessel exits daily, the clearance process could extend to eight to nine weeks.

The report said repeated short-lived ceasefires and temporary transit corridors have created a "stop-start" pattern that has severely undermined market confidence. Even if a formal peace framework emerges, shipowners, charterers and insurers are expected to adopt a cautious wait-and-watch approach before fully returning to the route, suggesting that freight markets and energy trade flows may remain disrupted well beyond the cessation of hostilities.

COSTLY AFFAIR

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- Premiums jumped to 2.5-5%, increasing voyage costs and disrupting tanker economics after attacks on vessels

A VLCC valued at $100-150 mn now faces additional war-risk insurance costs of $2.5-7.5 mn per voyage

Monsoon hits Kerala after three-day delay

SANDIP DAS
New Delhi, June 4

THE SOUTHWEST MONSOON has arrived in Kerala, the India Meteorological Department (IMD) on Thursday said, after a delay of three days from the normal onset date of June 1.

It had previously forecast the June-September monsoon, which accounts for around 75% of the country's annual precipitation, will arrive early on May 26, but this failed to materialise.

An IMD official said that there has been delays of five days from its earlier forecast of onset over Kerala, with a deviation of +/- 4 days.

"Conditions are favourable for further advance of south-west monsoon into some more parts of central Arabian Sea, Goa, parts of Maharashtra and Andhra Pradesh, Karnataka, Tamil Nadu, Bay of Bengal, and northeastern states during next 2-3 days," according to a statement from the weather department.

Over the past two days, there have been several factors such as an increase in convective cloudiness over southeast Arabian sea and widespread rainfall with isolated heavy rainfall over Kerala which 'satisfied conditions' for declaring onset of monsoon, the department said.

"The monsoon will continue its progression until June 8, during which it will advance into Karnataka, parts of Tamil Nadu, Andhra Pradesh and northeastern states.

"A weak low-pressure is likely to develop off the coast of Karnataka, which might help the monsoon to advance into Goa and south Konkan region of Maharashtra around June 8," Akshay Deoras, senior research scientist at the Department of Meteorology, University of Reading, the UK, told *FE*.

PM Surya Ghar crosses 4-million homes mark

SAURAV ANAND
New Delhi, June 4

PM SURYA GHAR: MUFT BIJLI YOJANA has crossed the 4-million beneficiary household mark within two years of launch and is on track to reach 7.5 million households by December 2026, marking one of the fastest expansions of residential rooftop solar anywhere in the world.

Union New and Renewable Energy Minister Pralhad Joshi on Thursday said the scheme is witnessing unprecedented growth, with more than 6.5 million applications currently in the pipeline and rooftop solar installations rising from around 7,000 per month before the scheme to over 300,000 installations a month now.

"PM Surya Ghar: Muft Bijli Yojana has already crossed 4 million beneficiary households within two years and I am hopeful that by the end of 2026, we will cross 7.5 million households," Joshi said at an event marking two years of the flagship programme.

The minister said the pace of implementation has accelerated dramatically, with the time taken to add 1,00,000 households falling from 118 days earlier to less than eight days now.

More than ₹22,750 crore in subsidies has already been disbursed under the scheme, including ₹2,743 crore in May 2026 alone. According to the ministry, over 1.7 million households have achieved zero electricity bills through rooftop solar installations.

Launched on February 13, 2024, with an outlay of ₹75,021 crore, PM Surya Ghar has become the world's largest domestic rooftop solar programme.

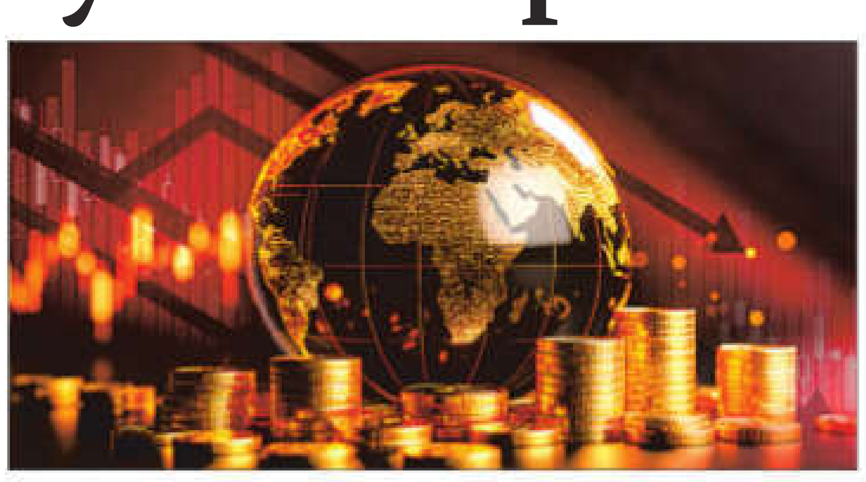
More than 10 million households have registered on the national portal, while over 3.3 million rooftop systems had been installed by May 2026, creating more than 12 GW of rooftop solar capacity.

May emerged as the strongest month since the scheme's launch, recording a historic 3,16,000 rooftop solar installations in a single month and 15,000 household additions in just one day.

FDI equity flows up 18% in FY26

FE BUREAU
New Delhi, June 4

THE FOREIGN DIRECT Investment (FDI) equity inflows into the country increased 18% year-on-year to $58.8 billion in 2025-26 with major boost provided by investors in computer software and hardware sectors, an analysis by the Department for Promotion of Industry and Internal Trade (DPIIT) said.



Overall FDI last year – which included reinvested earnings and other capital – was up 17% year-on-year to $94.5 billion.

In the January-March quarter, the FDI equity investments grew 17.5% year-on-year to $10.9 billion. The net investment by Foreign Portfolio Investors (FPIs) was in the negative. They pulled out $15.5 billion from India in 2025-26.

Most of the withdrawal by FPIs was in the January-March quarter. Till April-December, the outflows stood at $2.9 billion and in the last quarter of the year they withdrew $12.5 billion.

The biggest magnet for FDI was computer hardware sector that saw investments jump 78.4% to $13.9 billion. The second-biggest recipient of FDI, the services sector, saw a growth of 7.0% to $10.0 billion.

Despite trade tensions, the FDI from the US saw a biggest jump of 104.7% to $11.1 billion in 2025-26.

Mumbai to witness 24 high tide spells of above 4.5 m in Jun-Sep

PRESS TRUST OF INDIA
Mumbai, June 4

MUMBAI WILL WITNESS 24 high tides above 4.5 metres during this year's monsoon season, including a six-day spell from June 14 to 19, civic officials said on Thursday.

In a release, the Brihanmumbai Municipal Corporation said 24 high tide periods comprise six each in June and July, five in August and seven in September.

"The first spell of high tides will occur from June 14 to 19, with wave heights ranging from 4.64 metres to 4.87 metres. The highest tide of the season is expected on July 16, when waves are forecast to reach 4.89 metres," the release said. Citizens must avoid venturing near beaches and the seashore during high-tide periods. **PTI**