

**The Hindu Important News Articles & Editorial For UPSC  
CSE**

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The Union Finance Ministry has received parliamentary approval for a gross additional expenditure of ₹2.81 lakh crore for the financial year 2025-26. However, the effective net cash outgo is ₹2.01 lakh crore, after accounting for ₹80,000 crore in additional receipts. The highlight of this grant is the allocation of ₹57,381 crore toward a newly conceived Economic Stabilisation Fund, intended to insulate the domestic economy from "global headwinds" such as high oil prices (hitting \$100/barrel) and supply chain disruptions caused by the West Asia conflict.

# Centre sets aside ₹57,381 crore to address 'global headwinds'

Lok Sabha clears grant with around ₹2 lakh crore cash outgo; the 'Economic Stabilisation Fund' from supplementary grants will provide fiscal space amid global uncertainties, including 'unanticipated supply chain disruptions', say Finance Minister

**T.C.A. Sharad Raghavan**  
NEW DELHI

**A**mid the \$100-per-barrel oil shock and fears of energy shortage and supply chain disruptions arising out the West Asia conflict, the Centre has allocated ₹57,381 crore for an Economic Stabilisation Fund that would provide it fiscal space to address global headwinds, including "the recent crisis or unanticipated supply chain disruptions", Finance Minister Nirmala Sitharaman said in the Lok Sabha on Friday.

She was replying to the debate on the Second Supplementary Demand for Grants the government placed before Parliament.

The Lok Sabha on Friday passed the Centre's demand for a net cash outgo of ₹2.01 lakh crore, includ-

## Emergency response

The Lok Sabha on Friday passed the Centre's Second Supplementary Demand for Grants

- Approval sought for gross additional expenditure of around **₹2.81 lakh crore**
- Savings and receipts aggregates to around **₹80,000 crore**
- Around **₹2.01 lakh crore** net cash outgo for additional expenditures

**I want to highlight the point that the proposed Economic Stabilisation Fund will provide fiscal headroom to allow India to respond to the global headwinds**

**NIRMALA SITHARAMAN**  
Union Finance Minister



ing the ₹57,381-crore allocation. Ms. Sitharaman said the Centre would meet its fiscal deficit target for 2025-26 even after taking these fresh allocations into consideration. The Centre had sought approval for spending around ₹2.81 lakh crore extra in the current fiscal. With ad-

ditional receipts of around ₹80,000 crore estimated in the supplementary, the net additional cash spending will be ₹2.01 lakh crore.

### 'Strong framework'

The Minister said policy initiatives undertaken post COVID-19 "made sure that the economy recovered

well" and helped the government strengthen the macroeconomic framework.

This has enabled the country to absorb economic shocks without deviating from the fiscal consolidation roadmap, she said.

"But I want to highlight the point that the proposed Economic Stabilisation Fund will provide fiscal headroom to allow India to respond to the global headwinds, such as the recent crisis, unanticipated supply chain disruptions, unexpected shocks to sub-sectors in the Indian economy and any other event that may have significant fiscal implications," Ms. Sitharaman said.

She added that the extra expenditure would not entail the Centre's fiscal deficit target being missed.

In her Budget speech on

February 1, Ms. Sitharaman had stated that the government was targeting a fiscal deficit target of 4.4% of India's GDP.

"I wish to reiterate that with all these extras that we are coming up with, whether it is technical supplementaries or cash supplementaries, I don't want any Member of Parliament to wonder if I will be able to reach the fiscal deficit number that I have said while placing the Budget," Ms. Sitharaman said on Friday.

"The commitment given to this House, inclusive of the second supplementary demand for grants, will be within the fiscal deficit target that had been presented in this Parliament on February 1, 2026," she added.

**'SLIGHT CONCERN'**

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## Key Highlights of the Analysis

### 1. The Economic Stabilisation Fund (ESF)

**Purpose:** To provide the government with "fiscal headroom" to respond to unanticipated crises (e.g., energy shocks, food security, or sub-sectoral stress).

**Total Outlay:** While the supplementary grant provides ₹57,381 crore, the total fund size is targeted at ₹1 lakh crore, with the balance coming from savings across various ministries.

**Strategic Rationale:** By creating a dedicated buffer, the government avoids emergency borrowing that could spike interest rates or disrupt the fiscal deficit roadmap.

## 2. Fiscal Deficit and Consolidation

**Target Adherence:** Despite the extra spending, the Finance Minister reiterated that the fiscal deficit target for 2025-26 remains at 4.4% of GDP.

**Revised Estimates (RE):** The government has managed this by reducing total expenditure estimates in the RE to ₹49.65 lakh crore (down from the original Budget Estimate of ₹50.65 lakh crore), largely due to "Just-in-Time" fund releases and savings in other departments.

## 3. Major Allocations in the Supplementary Grant

Sector/Scheme	Amount Allocated	Significance
Defence Services	₹41,430 crore	Bolstering national security amid regional tensions.
MGNREGA (Rural Jobs)	₹30,000 crore	Clearing pending dues and supporting rural demand.
Fertiliser Subsidy	₹19,230 crore	Ensuring affordable inputs for farmers despite global price hikes.
Food Subsidy (PMGKY)	₹23,641 crore	Maintaining the social safety net for vulnerable populations.

## Static Section

### I. Supplementary Demand for Grants (Article 115)

**Definition:** These are presented when the amount authorized by the Appropriation Act for a specific service is found to be insufficient for the current financial year.

**Procedure:** They are passed by Parliament in the same manner as the Annual Budget. No money can be withdrawn from the Consolidated Fund of India without such legal authorization.

### II. Fiscal Deficit and FRBM Act

**Fiscal Deficit:** The difference between the government's total expenditure and its total receipts (excluding borrowings).

**Consolidation Path:** The government aims to bring the fiscal deficit below 4.5% of GDP by 2025-26. The current target of 4.4% is a critical milestone in this journey.

### III. Contingency Fund of India (Article 267)

The Supplementary Demands also included ₹902 crore to recoup advances taken from this fund. This is a "departmental" fund placed at the disposal of the President to meet unforeseen expenditure pending parliamentary approval.

### Conclusion

The creation of the Economic Stabilisation Fund signifies a shift toward proactive fiscal management rather than reactive fire-fighting. By locking in funds while maintaining the 4.4% deficit target, the government is signaling "fiscal prudence with a safety net." For India, which is highly sensitive to crude oil prices and global supply chains, this buffer is essential to ensure that a "Viksit Bharat" remains on track despite a turbulent global geopolitical landscape.

### UPSC Mains Exam Practice Question

**Ques:** Supplementary Demand for Grants is an important instrument of fiscal management in India. Explain its purpose and examine how it helps the government address unforeseen economic challenges. **(150 Words)**



The call for BRICS intervention was made during high-level telephonic conversations between Iranian Foreign Minister Abbas Araghchi and India's EAM S. Jaishankar, as well as a direct dialogue between PM Narendra Modi and Iranian President Masoud Pezeshkian. Amidst a conflict that began on February 28, 2026, involving direct military strikes between Iran and a U.S.-Israel axis, Tehran is seeking a collective "condemnation of military aggression" from the bloc it joined in 2024.

### Key Highlights of the News Analysis

#### 1. The "Awkward" Position for India

**Chairmanship Dynamics:** As the host of the 18th BRICS Summit later this year (2026), India is tasked with forging a consensus among members who are often on opposing sides of the conflict.

**Diplomatic Balancing:** While other founding members like Brazil, Russia, China, and South Africa have individually condemned the strikes on Iran, India has maintained a "balanced" stance, focusing on dialogue and the safety of Indian nationals (approx. 10 million in West Asia).

**Strategic Interests:** India's priority remains the Strait of Hormuz, where it has successfully negotiated the safe passage of LPG tankers amidst the turmoil.

#### 2. Internal Rifts in BRICS+

**Member Contradictions:** The current conflict pits newer members against each other. Iran has targeted U.S. military assets in the UAE and Saudi Arabia, both of whom are also BRICS members.

**Consensus Challenges:** Decisions in BRICS are made by consensus. The fact that members like the UAE and Iran are on opposing ends of the security spectrum makes a unified "Joint Statement" on the war highly improbable.

#### 3. Iran's Strategic Rationale

**Multilateral Legitimacy:** By invoking BRICS, Iran aims to move the narrative away from a "Western-led" security order.

**Economic Leverage:** Tehran views BRICS as a tool to bypass the Petro-Dollar system, especially as the group now controls over 40% of global crude oil.

### Iran calls on BRICS to play positive role in global security

**Suhasini Haidar**  
NEW DELHI

Iran has urged India, the BRICS Chair, to ensure that the grouping plays a role in supporting "global stability and security", as Iranian Foreign Minister Abbas Araghchi spoke to External Affairs Minister S. Jaishankar late on Thursday night.

The call between the two Ministers, the fourth conversation between them since the war began on February 28, came shortly after Prime Minister Narendra Modi spoke to Iranian President Masoud Pezeshkian to request Iran's support for Indian ships to pass safely through the Hormuz Strait.

Mr. Araghchi's stress on BRICS is significant as India is expected to host the Summit this year, where both Iran and the United Arab Emirates will be invited. Thus far, the grouping has made no statement on the war that enters its third week on Saturday. On Friday, Mr. Jaishankar posted a short note saying he had "another conversation" with Mr. Araghchi, and had discussed "bilateral matters as also BRICS-related issues."

"Mr. Araghchi stressed the necessity for regional and international bodies and organizations to condemn the military aggression against Iran," said an Iranian Ministry of Foreign Affairs readout of the conversation released by the *Mehr News Agency*. "Highlighting the importance and position of BRICS as a forum for developing multilateral cooperation, Mr. Araghchi deemed it essential for the institution to play a constructive role at the current juncture in supporting regional and global stability."

The request from Tehran for a BRICS statement to "condemn the military aggression against Iran" could prove awkward as India has thus far not criticised the U.S.-Israel strikes.

### Static Section

#### I. The BRICS Evolution

2024-25 Expansion: BRICS expanded to include Iran, Egypt, Ethiopia, Saudi Arabia, and the UAE (Jan 2024), followed by Indonesia (Jan 2025).

Current Strength: 11 full members and 10 partner countries (including Malaysia, Vietnam, and Nigeria).

Significance: Represents ~40% of global GDP and ~49% of the world's population.

## II. Strategic Importance of the Strait of Hormuz

It is the world's most important oil transit chokepoint.

For India, a significant portion of energy imports passes through this narrow waterway. Any closure by Iran's IRGC directly impacts India's Energy Security.

## III. India's Policy of "Strategic Autonomy"

India avoids joining military alliances or taking sides in conflicts that involve its key partners (the U.S./Israel on one side and Iran on the other).

It uses forums like BRICS and SCO to engage with the Global South while maintaining "comprehensive global strategic partnerships" with the West.

## Conclusion

Iran's plea is a litmus test for the relevance of BRICS as a security actor. While the bloc has historically focused on economic cooperation and "de-dollarization," it is now being pulled into active geopolitical mediation. For India, the challenge is to prevent the 2026 Summit from being overshadowed by the West Asia crisis, ensuring that the theme of "Building for Resilience, Innovation, Cooperation and Sustainability" remains the core focus.

## UPSC Prelims Exam Practice Question

**Ques: Which of the following countries became members of \*\*BRICS during the 2024 expansion?**

1. Iran
2. Saudi Arabia
3. United Arab Emirates
4. Ethiopia

**Select the correct answer:**

- A. 1 and 2 only
- B. 1, 2 and 3 only
- C. 1, 2, 3 and 4
- D. 2 and 4 only

**Ans: C)**

## UPSC Mains Exam Practice Question

**Ques:** India's policy of strategic autonomy is increasingly tested by conflicts involving its major partners. Analyse this statement in the context of the ongoing West Asian crisis. **(150 Words)**



**Classes**  
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## Page 05 : Prelims Exam

The 11th edition of Exercise LAMITIYE is currently being held at the Seychelles Defence Academy from March 9 to 20, 2026. The term 'Lamitiye' translates to "Friendship" in Creole, the native language of Seychelles. This biennial event serves as a cornerstone of the long-standing defense relationship between India and the archipelago nation, focusing on mutual trust and operational synergy.



### India and Seychelles carry out joint military exercise

The ongoing 11th edition of the India-Seychelles Joint Military Exercise LAMITIYE-2026, being conducted at the Seychelles Defence Academy from March 10 to 22, witnessed professional exchanges and joint training aimed at strengthening defence cooperation between the two countries. The exercise marks the first tri-services edition, bringing together personnel from the Indian Army, Navy and Air Force alongside the Seychelles Defence Forces. The training focuses on enhancing interoperability in sub-conventional operations in semi-urban environments, particularly within the framework of United Nations peacekeeping missions.

#### Key Highlights of LAMITIYE-2026

**Tri-Services Debut:** For the first time since its inception in 2001, the exercise involves the Indian Army, Navy, and Air Force simultaneously.

**Participants: Indian Army:** Represented primarily by the ASSAM Regiment.

**Indian Navy:** Deployment of the frontline frigate INS Trikand.

**Indian Air Force:** Participation of the C-130J Super Hercules transport aircraft.

**Operational Focus:** The core theme is Sub-conventional Operations in Semi-Urban environments, which is highly relevant for United Nations Peacekeeping Operations (UNPKO).

**Tactical Training:** Activities include Field Training Exercises (FTX), combat discussions, and specialized drills such as:

VBSS (Visit, Board, Search, and Seizure) for maritime security.

Cordon and Search operations in built-up areas.

Hostage Rescue and hijacked bus scenarios.

Use of Artificial Intelligence and New Generation Equipment in disaster management and combat.

## Strategic Significance for India

**SAGAR Vision:** The exercise aligns with Prime Minister Modi's vision of Security and Growth for All in the Region (SAGAR) and the MAHASAGAR initiative.

**Western Indian Ocean Reach:** Seychelles is strategically located near vital Sea Lines of Communication (SLOCs). Strengthening ties here helps India monitor maritime trade routes and counter piracy.

**Countering Influence:** Amidst growing geopolitical competition in the Indian Ocean, such exercises reinforce India's status as the preferred security partner for Small Island Developing States (SIDS).

**Capacity Building:** India has historically supported Seychelles through the gifting of patrol vessels (like PS Topaz and PS Constant) and Dornier aircraft. LAMITIYE builds the human capital required to operate such assets effectively.

## India-Seychelles Relations

### Diplomatic History

**Established:** 1976 (immediately after Seychelles' independence).

**Colonial Links:** Seychelles was once governed from the Bombay Presidency during the British era.

### Security & Defense Cooperation

**Maritime Domain Awareness:** India helped Seychelles set up the Coastal Surveillance Radar System (CSRS).

**Colombo Security Conclave (CSC):** Seychelles is a full member of this regional security group (which includes India, Sri Lanka, Maldives, Mauritius, and Bangladesh).

**Assumption Island:** An agreement exists between the two nations to develop a naval facility on this island to enhance surveillance capabilities.

### Bilateral Frameworks

**Blue Economy:** A protocol signed in 2015 focuses on sustainable ocean resource management.

**ISA:** Seychelles is a founding member of the International Solar Alliance.

**SESEL Vision (2026):** A joint vision for Sustainability, Economic Growth, and Security through Enhanced Linkages.

### Conclusion

Exercise LAMITIYE-2026 transcends mere tactical training; it is a diplomatic instrument that projects India's commitment to regional stability. By upgrading the exercise to a Tri-Services level, India has signaled its intent to provide a holistic security umbrella in the Western Indian Ocean. This exercise is a classic example of "Defense Diplomacy" and serves as a vital case study for India's neighborhood-first and maritime security policies.

### UPSC Prelims Exam Practice Question

**Ques:** The concept of SAGAR primarily relates to:

- A. India's space cooperation with ASEAN countries
- B. India's maritime security and cooperation strategy in the Indian Ocean Region
- C. India's nuclear doctrine
- D. India's cyber security policy

**Ans:** B)



The debate over menstrual leave in India has evolved into a complex intersection of biological reality, economic pragmatism, and constitutional rights. A Supreme Court Bench led by CJI Surya Kant recently disposed of a petition seeking directions to the Centre and States to frame a model policy for menstrual leave. The Court emphasized that while menstruation-related pain is a reality, a mandatory legal requirement could inadvertently become a "barrier" to women's employment, potentially reinforcing gender stereotypes.

## Paid menstrual leave may hurt women's careers: SC

CJI distinguishes between creating a legally enforceable statutory right and a spontaneous act or policy from employers towards their women employees; court encourages voluntary initiatives

**Krishnadas Rajagopal**  
NEW DELHI

**T**he Supreme Court on Friday expressed apprehensions that a law making paid leave during menstrual pain compulsory may damage the careers of young women and deprive them of equal opportunities.

"The moment you introduce this as a law and make it a compulsory condition, you may not be able to assess the amount of damage you may do to their career. Nobody may give them big responsibilities. In judicial services, people may not assign trials to them," Chief Justice of India Surya Kant, heading a Bench comprising Justice Joyimalya Bagchi, voiced doubts.

The court, at the same time, encouraged "voluntary" initiatives in this regard by States like Odisha, Karnataka, and Kerala,

We see from the rights' regime, but look at it also from the business model. Will an employer be happy with the competing claims from the other gender?

**JUSTICE JOYMALYA BAGCHI**  
Judge, Supreme Court



which give leave to students in State-run universities and institutions up to 60 days annually for menstrual pain, and private entities.

Chief Justice Kant distinguished between creating a legally enforceable statutory right and a spontaneous act or policy from employers towards their women employees.

### Plea seeks directions

The court was hearing a petition filed by advocate Shailendra Mani Tripathi seeking a direction to the government to enact a uniform law for paid men-

strual pain leave to working women and students in consonance with their fundamental right to dignity under Article 21 of the Constitution. Mr. Tripathi said a judicial order was necessary to fill up this legal vacuum in the Maternity Benefit Act, 1961.

Mr. Tripathi said various private entities and NLIU Bhopal and MNLU Aurangabad had implemented menstrual leave policies. Punjab University has also approved and granted menstrual leave to the students.

Justice Bagchi said the court was in principle in

complete agreement with the petitioner's cause, and the "cause for affirmative action was recognised". But it had to keep an eye on the "practical reality of the job market". "We see from the rights' regime, but look at it also from the business model. Will an employer be happy with the competing claims from the other gender?" Justice Bagchi asked.

Mr. Tripathi's petition had stressed the fact that India had signed and ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), which recognises the need for non-discriminatory practices and for treating women with dignity.

"Countries like the United Kingdom, Wales, China, Japan, Taiwan, Indonesia, South Korea and Zambia have different policies or laws on the grant of menstrual leave," the petition had said.

### Key Highlights of the Supreme Court's Observations

**Concerns over Hiring Bias:** The Court expressed fear that a compulsory law might discourage private employers from hiring women, as they might perceive the additional paid leave as a "liability" or "burden."

**Voluntary vs. Mandatory:** The CJI distinguished between spontaneous act/policy (voluntary) and legally enforceable rights (statutory). It lauded voluntary initiatives by states and private entities but cautioned against a rigid national law.

**Impact on Career Growth:** The Court noted that such a mandate might lead to women being denied "big responsibilities" or "long trials" (in the case of judicial services) based on the assumption of their monthly absence.

**Policy Domain:** The Court reiterated that this is a policy decision falling under the executive's domain, directing the Ministry of Women and Child Development to consult stakeholders and consider a "model policy."

## Related Constitutional and Legal Provisions

### 1. Constitutional Provisions

**Article 14:** Guarantees Equality before the law. The debate centers on whether "equal" treatment means "identical" treatment or "substantive equality" (acknowledging biological differences).

**Article 15(3):** Empowers the State to make special provisions for women and children. This provides the constitutional basis for affirmative actions like maternity and menstrual benefits.

**Article 21:** Right to Life and Personal Liberty. The Supreme Court in *Dr. Jaya Thakur v. Union of India* (2026) recently recognized menstrual hygiene as a fundamental facet of Article 21.

**Article 42 (DPSP):** Directs the State to ensure just and humane conditions of work and for maternity relief.

### 2. Legal Framework: Maternity Benefit Act, 1961

The Act (amended in 2017) provides for 26 weeks of paid maternity leave for the first two children.

The current petition argued that the Act has a "legal vacuum" regarding the very first stage of the reproductive cycle—menstruation.

### 3. Existing State-Level Initiatives

State	Policy
<b>Bihar (1992)</b>	First state to provide 2 days of paid menstrual leave per month for government employees.
<b>Kerala (2023)</b>	Introduced menstrual leave for students in all state-run universities and vocational training.
<b>Karnataka (2025)</b>	Approved a policy for 1 day of paid leave per month for women in both public and private sectors.
<b>Odisha</b>	Provides leaves to students and government employees for menstrual pain.

## Analysis: The Double-Edged Sword of Menstrual Leave

### Arguments in Favor (The 'Affirmative Action' View)

**Substantive Equality:** Acknowledging that women face a unique physiological challenge that men do not, thereby leveling the playing field.

**Health and Dignity:** Conditions like Dysmenorrhea or Endometriosis can be debilitating; forcing women to work through severe pain violates the right to a dignified life.

**Breaking Taboos:** A formal policy helps in destigmatizing menstruation in the workplace.

### Arguments Against (The 'Practical Reality' View)

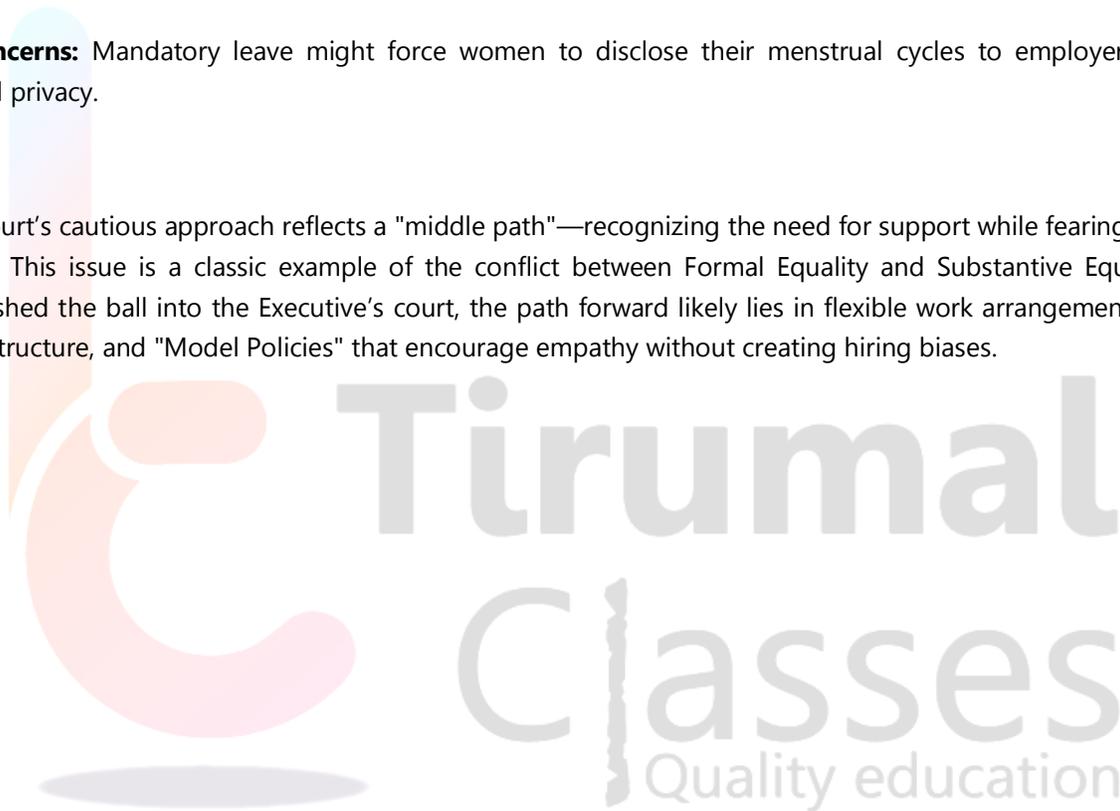
**Economic Disincentive:** In a competitive job market, an additional 12 days of paid leave per year may make women "more expensive" to hire than men.

**The Glass Ceiling:** It might reinforce the "weakness" stereotype, leading to fewer women being promoted to leadership roles.

**Privacy Concerns:** Mandatory leave might force women to disclose their menstrual cycles to employers, infringing on personal privacy.

### Conclusion

The Supreme Court's cautious approach reflects a "middle path"—recognizing the need for support while fearing the backlash of rigid legislation. This issue is a classic example of the conflict between Formal Equality and Substantive Equality. While the judiciary has pushed the ball into the Executive's court, the path forward likely lies in flexible work arrangements (WFH), better workplace infrastructure, and "Model Policies" that encourage empathy without creating hiring biases.



### UPSC Prelims Exam Practice Question

**Ques:** Which of the following constitutional provisions relate to equality and dignity of women in the workplace?

1. Article 14 of the Constitution of India
2. Article 21 of the Constitution of India
3. Article 42 of the Constitution of India

**Select the correct answer:**

- A. 1 only
- B. 1 and 2 only
- C. 1, 2 and 3
- D. 2 and 3 only

**Ans: C)**

### UPSC Mains Exam Practice Question

**Ques:** Discuss the constitutional and policy dimensions of menstrual leave in India. Should it be a mandatory legal right or a voluntary workplace policy? **(250 Words)**



India's retail inflation hit a 10-month high of 3.2% in February 2026. While this remains within the RBI's target range, the shift from a "low-inflation" environment to a "rising-trend" environment—driven by food and precious metals—signals the end of favorable base effects and the onset of new supply-side risks.

## Key Inflation Drivers in February 2026

### 1. Food and Beverages (Weight: 36.75%)

Despite a reduced weight in the new CPI series, food remains the primary volatility driver.

**The "TOP" Divergence:** A massive spike in Tomatoes (>45%) was partially offset by a contraction in Onions (-28%) and Potatoes (-18%).

**Specific Categories:** Meat, oils, and fruits/nuts saw quickening price levels.

### 2. Precious Metals (Safe-Haven Demand)

Global geopolitical uncertainty has turned gold and silver into inflation hotspots.

**Gold Jewellery:** Inflation rose to 48.2%.

**Silver Jewellery:** Massive inflation exceeding 160% for two consecutive months.

### 3. Energy and Input Costs

Rising oil prices and shortages in LPG/LNG are increasing industrial input costs, which are beginning to pass through to the end consumer.

## Emerging Risks to Price Stability

**El Niño Factor:** Climate scientists predict an El Niño effect mid-monsoon, which typically leads to deficient rainfall, lower agricultural output, and higher food prices.

### Geopolitical Conflict (West Asia):

**Fertilizer Crisis:** Natural gas supply constraints directly hit fertilizer production, creating a lag-effect increase in food prices.

**Energy Volatility:** Sustained conflict keeps crude oil and gas prices elevated.

**The "Base Effect" Exhaustion:** The low inflation figures of 2025 were statistically aided by high prices in 2024. That advantage has now dissipated.

## Static Section: Understanding CPI and Monetary Policy

### 1. What is CPI?

## Price pressures

India must find sources of sustainable energy to curb inflation

The new series of the Consumer Price Index (CPI), the second data release of which was issued on Thursday, does not yet have enough historical data for robust comparisons, but does include enough information to provide clues about the future. Retail inflation in India quickened to a 10-month high of 3.2% in February 2026, largely driven by food inflation and precious metal prices. This rise is something that the government should take note of early, avoiding any complacency that might have crept in due to the low inflation levels of the last year or so. Food has a lower weight in the new series as compared to the old one, but is nevertheless a major driver of inflation with a 36.75% weight in the overall CPI. Inflation in food and beverages rose to 3.35% in February from 2.1% in the previous month, driven by quickening price levels in the meat, oils, and fruits and nuts categories. Notably, inflation in tomato prices stood at more than 45%. Thankfully, this was accompanied by a contraction in prices of the two other staples – onions and potatoes – by 28% and 18%, respectively. A large part of the low inflation last year was due to a statistical base effect that is now gone. Looking ahead, there are various factors that could result in rapidly rising food inflation. The first is that climate scientists are predicting the return of the El Niño effect in the middle of the monsoon this year. A weak monsoon will naturally raise food prices. The second impact will depend on how long the conflict in West Asia continues. Sustained natural gas supply constraints will hurt fertilizer production, affecting food output and, eventually, prices.

The other factor that has driven inflation up, and which will likely remain a major driver in the near future, is the price of gold and silver. Gold jewellery saw inflation rise to 48.2% in February from an already-blistering 46.8% in January. Inflation in silver jewellery stood at more than 160% in both January and February. With global uncertainty and anxiety skyrocketing, the demand for safe-haven precious metals is not going to let up any time soon. Rising oil prices and LPG and LNG shortages are already raising input prices for industry, which will eventually be passed on to consumers. The Reserve Bank of India's Monetary Policy Committee has a tough job in its next meeting in April. Inflation is being driven by supply constraints, so trying to reduce demand by raising interest rates will not only have a minimal impact on inflation but could also further hurt growth when fuel constraints are already impacting it. The onus lies with the government and its efforts to expedite alternative sources of fuel.

The Consumer Price Index measures the average change over time in the prices paid by urban and rural consumers for a market basket of consumer goods and services. It is the nominal anchor for the RBI's monetary policy.

## 2. The Dilemma of the Monetary Policy Committee (MPC)

The MPC typically uses **Repo Rate** hikes to curb inflation by reducing demand. However:

**Demand-Pull vs. Cost-Push:** Current inflation is Supply-Driven (Cost-Push).

**The Risk:** Raising interest rates to solve supply-side shortages (like tomato prices or LNG) can be counterproductive. It may fail to lower prices while simultaneously stifling economic growth by making credit expensive.

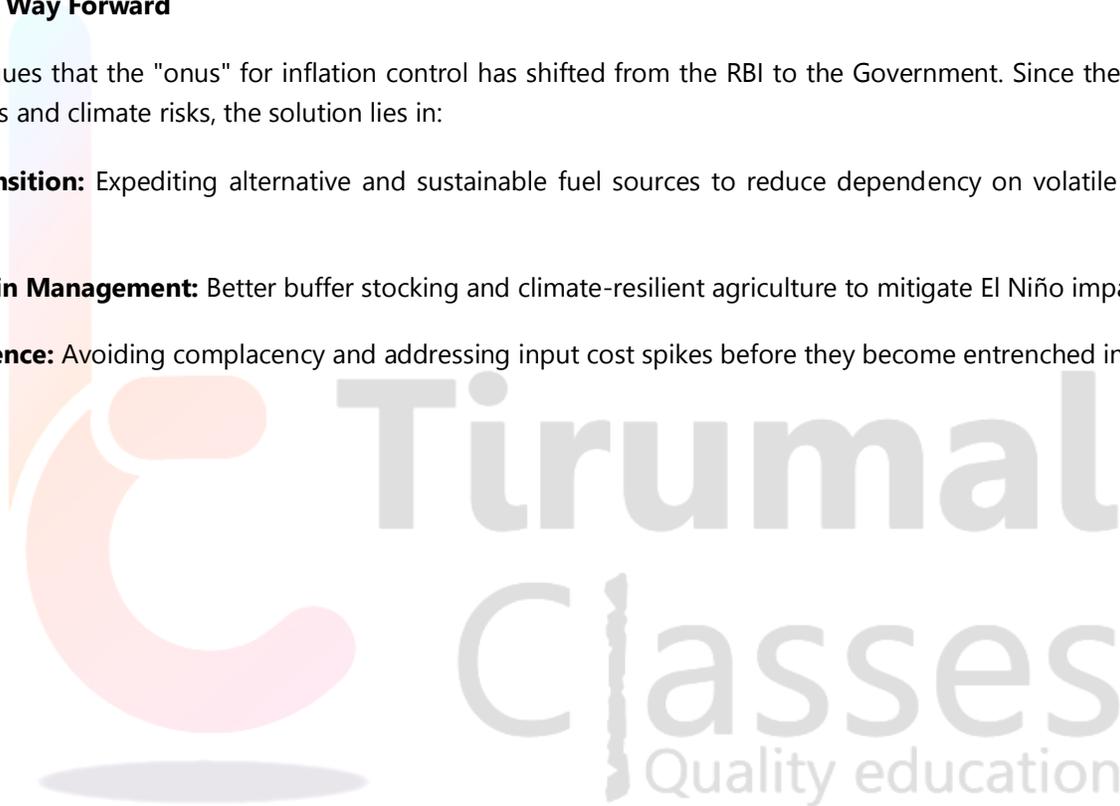
## Conclusion and Way Forward

The editorial argues that the "onus" for inflation control has shifted from the RBI to the Government. Since the root causes are energy shortages and climate risks, the solution lies in:

**Energy Transition:** Expediting alternative and sustainable fuel sources to reduce dependency on volatile West Asian gas and oil.

**Supply Chain Management:** Better buffer stocking and climate-resilient agriculture to mitigate El Niño impacts.

**Fiscal Prudence:** Avoiding complacency and addressing input cost spikes before they become entrenched in the economy.



### UPSC Prelims Exam Practice Question

**Ques:** Which of the following situations are likely to cause Cost-Push Inflation?

1. Rise in global crude oil prices.
2. Supply disruptions due to geopolitical conflict.
3. Increased consumer demand due to easy credit.

**Select the correct answer:**

- A. 1 only
- B. 1 and 2 only
- C. 2 and 3 only
- D. 1, 2 and 3

**Ans: B)**

### UPSC Mains Exam Practice Question

**Ques:** Rising inflation driven by supply-side factors poses a challenge for monetary policy. Explain why interest rate hikes may not always be effective in controlling such inflation. **(250 Words)**



## The India-Canada turnaround is about deliverables

**W**hen the Prime Minister of Canada, Mark Carney, visited India (February 27-March 2, 2026), the bilateral relationship saw a remarkable turnaround, especially in the backdrop of the no-nonsense style ties had taken under his predecessor, Justin Trudeau.

Mr. Carney's visit focused on deliverables and avoided getting bogged down by past issues. The visit also marked the culmination of bilateral efforts to put the relationship back on track, initiated by Prime Minister Narendra Modi's visit to Kananaskis (Canada) in June 2025 and, also the bilateral meeting in Johannesburg in November 2025. Canada has shown particular pragmatism in tiding over domestic politics to curate its relationship with India carefully, skirting some of the legacy issues.

### Spotlight on economic issues

Coming on the back of significant geopolitical churn, the focus on economic issues was unmissable. Canada has faced pressure from its southern neighbour, the United States, which is among its largest trade partners, due to supply chains concentrated toward Washington. U.S. President Donald Trump's tariff policy, together with unending wars in Europe, West Asia, as well as the broader Levant region, have shaken global powers with economic momentum and purpose. India and Canada perhaps fall in the same spectrum of countries which want to avoid war and focus on deliverables for their countries.

However, with global supply chains deeply interconnected, it is virtually impossible for countries to avoid some of the fallout from conflicts and realignments. India and Canada see diversification in trade, energy, investment, and security as essential.



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The Canadian Prime Minister's visit has strengthened India-Canada ties, with a focus on India's needs

The Carney visit resulted in at least eight agreements and contracts, spread over a slew of important sectors. At the top was, of course, the Comprehensive Economic Partnership Agreement (CEPA), for which the terms of agreement have been signed, marking the road map and structure of negotiations.

There was another memorandum of understanding (MoU) under the Australia-Canada-India Technology and Innovation Partnership on cooperation in technology and innovation, designed to support long-term partnership in these areas and enhance Ottawa's engagements with key Indo-Pacific countries.

### The focus areas

There were other agreements on augmenting research partnership, cultural exchange, and collaboration in the areas of food and nutrition. Perhaps two of the most significant agreements were the commercial contract between India's Department of Atomic Energy and Canada's Cameco for the supply of uranium ore concentrates, as well as the MoU on critical minerals cooperation.

These areas of cooperation are aligned with the current needs of India, but also a future road map in which technology and critical minerals are indispensable. First, there is a global rush to secure critical mineral supply chains, vital for technology and everyday life in the modern age. Second, supply chains for critical minerals are concentrated in the hands of a few countries, most notably China.

After China showed its ability to leverage critical mineral supply chains – most recently against the U.S. in the face of tariffs imposed by the Trump administration – other nations have

recognised the need to secure their own supply chains that could be affected in times of crises. As such, the bilateral commitments on critical minerals between India and Canada are in sync with the U.S.-led Pax Silica coalition, strengthening strategic cooperation in AI and semiconductors, and which includes India among other 10-odd countries.

### Energy at forefront

Among the sectors that India and Canada sought to strengthen, it was energy that took centre stage. Conventional and renewable energy are critical – Canada as a resource-rich nation, and India facing growing demand. For India, growth has to be a function of the usage of clean energy, given its sustainable development goals and zero-emission targets. The fastest way in which India can ensure energy sustainability and predictability is to reduce its reliance on external imports of energy and gradually increase homegrown production of energy. Arguably, the most efficient way to achieve this is by expanding the role of nuclear energy in India's energy mix. India's passing the Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Bill, 2025 was seen as a step toward that goal. If the U.S. could be a source country for nuclear reactors, the long-term agreement with Canada for the supply of uranium ore concentrates can add predictability to fuel supply.

Overall, India's dependence on external actors for its energy sources has left it vulnerable in the new era of unending wars. Thus, the uranium deal with Canada is most apt for India in order to reduce external risks, help meet its development goals and also reach its target of achieving 100 GW nuclear power capacity by 2047.

### GS Paper II : International Relations

**UPSC Mains Exam Practice Question:** India-Canada relations have experienced phases of tension and cooperation. Analyse the factors driving the recent strategic rapprochement between the two countries. (150 Words)

### Context :

The bilateral visit marks a departure from the "no-nonsense" and often icy ties seen under the previous Trudeau administration. Initiated by groundwork laid in Kananaskis (June 2025) and Johannesburg (November 2025), the new roadmap prioritizes economic synergy and energy security over domestic political friction, reflecting a shared desire to navigate global geopolitical churn.

### Key Drivers of the Strategic Turnaround

#### 1. Geopolitical Realignment

## Daily News Analysis

The "Trump Factor": U.S. tariff policies and supply chain concentration toward Washington have pushed Canada to diversify its trade partners.

Global Conflicts: Ongoing wars in Europe and West Asia have forced "middle powers" like India and Canada to focus on domestic economic momentum and stable supply chains.

Countering Monopoly: Both nations seek to reduce reliance on China, particularly in the wake of Beijing's leveraging of critical mineral supplies against the U.S.

### 2. Major Deliverables & Agreements

The visit yielded eight key contracts and MoUs, most notably:

CEPA (Comprehensive Economic Partnership Agreement): Signing of the terms of agreement, setting a formal roadmap for negotiations.

Trilateral Tech Partnership: An MoU under the Australia-Canada-India framework to boost innovation in the Indo-Pacific.

Critical Minerals: Cooperation aligned with the U.S.-led "Pax Silica" coalition, focusing on semiconductors and AI.

### The Energy Core: Uranium and Nuclear Power

Energy security emerged as the centerpiece of the visit, bridging Canada's resource wealth with India's surging demand.

The Uranium Deal: A commercial contract with Cameco for uranium ore concentrates provides India with long-term fuel predictability.

Strategic Goal: This supports India's target of achieving 100 GW of nuclear power capacity by 2047.

Legislative Synergy: The deal complements India's SHANTI Bill, 2025 (Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India), aimed at expanding the domestic nuclear mix.

### India-Canada Relations & Global Frameworks

#### 1. The Nuclear Context

Historical Baggage: India-Canada nuclear ties were severed after India's 1974 nuclear test (SMILE), as Canada had supplied the CIRUS reactor.

The 2010 Breakthrough: The Civil Nuclear Cooperation Agreement (2010) ended the hiatus, but the 2026 Carney-Modi deal represents the first high-scale commercial implementation of that trust.

#### 2. Pax Silica & Critical Minerals

Pax Silica: A strategic coalition (including the US, India, and others) aimed at securing the semiconductor supply chain and reducing vulnerability to Chinese "chip diplomacy."

Critical Minerals: Minerals like Lithium, Cobalt, and Rare Earth Elements (REEs) are essential for green energy (EV batteries) and defense tech. Canada is a top global producer of these minerals.

### Conclusion

The India-Canada "turnaround" is rooted in functional cooperation. By decoupling diplomatic legacy issues from economic imperatives, both nations have recognized that in an era of "unending wars" and trade protectionism, diversifying partners is a matter of national survival. For India, Canada is no longer just a "diaspora concern" but a vital pillar for Nuclear Energy and Tech Sovereignty.

