

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

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The **Fourth India-Africa Forum Summit (IAFS) 2026**, scheduled for late May in New Delhi, marks a critical pivot in India's foreign policy toward the Global South. Coming more than a decade after the 2015 summit, this engagement is not merely a diplomatic routine but a strategic necessity in a rapidly changing global order.

Context and Strategic Significance

The summit arrives at a time of heightened geopolitical tension, specifically following supply chain disruptions in the Middle East. Unlike the volatile energy corridors of the Gulf, Africa offers India a relatively **stable supply chain** for critical minerals (lithium, cobalt) and food security.

- **Global South Leadership:** India aims to solidify its role as the "Voice of Global South," especially after successfully advocating for the **African Union's (AU) permanent membership in the G20** during its 2023 presidency.
- **Diplomatic Footprint:** Since 2018, India has opened **16 new missions** in Africa, bringing its total presence to 45 countries. The summit serves as an audit of this expanded reach.

Key Agenda Items for 2026

The 2026 summit focuses on moving from "soft power" to "strategic depth" through the following pillars:

- **Education and Human Capital:** Highlighting institutional successes like the **IIT Madras campus in Zanzibar** (Tanzania), which is the first-ever international IIT campus.
- **Digital Public Infrastructure (DPI):** Exporting the "India Stack" (UPI, Aadhaar) to African nations to drive financial inclusion and digital governance.
- **Defence Cooperation:** Expanding the **AFINDEX** (Africa-India Field Training Exercise) and maritime security in the Western Indian Ocean under the **SAGAR** (Security and Growth for All in the Region) vision.
- **Healthcare:** Leveraging India's "Pharmacy of the World" status to establish local manufacturing hubs for vaccines and generic medicines in Africa.

Critical Challenges: The Implementation Gap

Despite the goodwill, Indian diplomacy faces structural hurdles that analysts suggest must be addressed at the 2026 summit:

India-Africa Summit to focus on development initiatives

The upcoming summit is being held more than a decade after the third IAFS in October 2015; will provide India with an opportunity to take stock of its strategic and diplomatic footprint in Africa

Kallol Bhattacharjee
 NEW DELHI

Development initiatives, education, capacity building, expansion of diplomatic footprint, and defence cooperation are expected to be on the agenda when New Delhi hosts the Fourth India-Africa Forum Summit (IAFS) 2026 in May-end, official sources said on Tuesday. Plans for the summit will be presented by External Affairs Minister S. Jaishankar on Thursday, the Ministry of External Affairs has announced.

India has been holding consultations with partner countries in Africa as the plans for the IAFS have been under way for some time. In March, Commerce and Industry Minister Piyush Goyal met with Ministers and diplomats of the Africa Group members on the sidelines of the 14th World Trade Organisation (WTO) Ministerial Conference in Yaoundé, Cameroon where he discussed plans for expanding India's investment agenda in Africa and the upcoming summit in India.

The upcoming summit



External Affairs Minister S. Jaishankar chairing a consultative committee meeting on India-Africa ties in New Delhi on April 7. ANI

is especially significant as it is being held after more than a decade as the third IAFS was held in October 2015. The fourth IAFS has an additional dimension as it is being organised against the backdrop of supply chain disruption that has gripped the global economy following U.S.-Israel attack on Iran.

Stable supply chain
 Analysts are saying that unlike the energy disruption in the Gulf region, Africa does not have a similar supply chain shock potential for India as despite nearly 50 conflicts on the continent, supply chains of

critical items remain stable.

However, India will have to ensure that it matches its commitment to African states with implementation. "As of now, India is able to implement only 40% of what it commits to Africa. This has to improve significantly so that what India commits is fully implemented on the ground in Africa," said Ajay Dubey, Distinguished Fellow at the Chintan Research Foundation (CRF).

Mr. Dubey pointed out that Line of Credit was no longer popular in Africa where countries now expect India to come up with

Foreign Direct Investment. "For that, Indian big business has to step in. But can they avoid the western dominance of African continent while investing in critical areas? That is what we have to see," said Mr. Dubey, arguing that Indian attempts for engaging Africa in "small and medium enterprises" was not attractive to African partners anymore as they were looking for investments from the Global South leaders as well.

The summit will provide India with an opportunity to highlight some of the latest initiatives that the Government of India has undertaken like the opening of the IIT Madras campus in Zanzibar and it will also provide India to take stock of its strategic and diplomatic footprint in the vast continent.

India has already opened 16 new missions in Africa since 2018 which has pushed India's diplomatic presence to 45 countries in the continent and the summit will provide an opportunity to take stock of its diplomatic outreach among the member countries of the African Union.

Daily News Analysis

Challenge	Detail
Commitment vs. Action	India currently implements only about 40% of its commitments. Closing this "implementation gap" is vital for credibility.
Shift from LoC to FDI	The traditional Line of Credit (LoC) model is losing popularity. African nations now prefer Foreign Direct Investment (FDI) to foster industrialization.
Western & Chinese Dominance	Indian big businesses must navigate the existing dominance of Western and Chinese capital, particularly in critical infrastructure and mining.
SME Engagement	African partners are moving beyond small-scale enterprise cooperation, seeking large-scale industrial partnerships instead.

UPSC Perspective: Analysis for Mains

For a civil services aspirant, the India-Africa relationship should be viewed through the lens of South-South Cooperation.

- **Non-Prescriptive Model:** Unlike the "debt-trap" criticisms often associated with Chinese investments, India's model is demand-driven and focused on capacity building.
- **Triangular Cooperation:** India is increasingly exploring partnerships with countries like Japan (via the Asia-Africa Growth Corridor) and France to co-finance large-scale projects in Africa.
- **Strategic Convergence:** Africa's 54 votes in the UN are indispensable for India's bid for a permanent seat on the **UN Security Council (UNSC)**.

Conclusion

The Fourth India-Africa Forum Summit 2026 is a litmus test for India's "Africa Policy." While India has successfully expanded its diplomatic presence and soft power footprint, the real success of the summit will depend on its ability to transition from a provider of credit to a partner in investment. To remain the preferred partner for the African continent, New Delhi must ensure that its developmental promises translate into ground-level execution, particularly in the face of stiff competition from other global powers.

UPSC Prelims Exam Practice Question

Ques: Which of the following best describes India's "India Stack" initiative in the context of Africa?

- (a) Military cooperation framework
- (b) Digital Public Infrastructure for governance and financial inclusion
- (c) Agricultural technology transfer programme
- (d) Infrastructure financing mechanism

Ans: b)

UPSC Mains Exam Practice Question

Ques: India's aspiration to be the "Voice of Global South" depends significantly on its engagement with Africa. Critically analyse. **150 Words**)



Page 07: GS III : Science and Tech / Prelims Exam

Inherited Peripheral Neuropathies (IPN) are a group of genetic disorders affecting the peripheral nervous system, characterized by progressive muscle weakness and sensory loss. Affecting approximately 1 in 2,500 people, these conditions—such as Charcot-Marie-Tooth disease—often manifest through physical deformities like curled toes and thin calves.

While mutations in over 100 genes are linked to IPN, a persistent mystery remained: why do some mutations cause severe disease while others, involving the same genes, leave individuals healthy? New research led by the **University of Michigan Medical School** has identified the "dominant-negative" effect as the key culprit.

Peripheral neuropathy: why only some mutations cause disease

Long nerves in our limbs may be particularly sensitive to even slight interference from particular mutations; if researchers can find ways to target and block the mRNA or protein made from the mutant genes, it might be possible to treat inherited peripheral neuropathies

D.P. Kashekar

Inherited peripheral neuropathies (IPN) are cruel genetic diseases that affect around 1 in 2,500 individuals. A person affected by IPN develops high foot arches, curled toes, thin calves, and walks awkwardly or trips. Their fingers may become clawed and, because they lose sensation, they may not notice minor injuries. In some cases, the weakness of the muscles supporting the torso can lead to a curved spine. Mutations in more than 100 genes can cause IPN, including in seven of the 37 genes that code for enzymes called aminocyl-tRNA synthetases (ARS). However, only some mutations in the ARS genes result in peripheral neuropathy. Others do not.

A research team led by scientists at the University of Michigan Medical School in the U.S. has now found why this is so. The disease-causing mutations were found to have a dominant-negative property, meaning the faulty protein created by the mutations doesn't just stop working; it actively interferes with the healthy version.

The findings now offer medical researchers a way to devise therapies. The findings were published in two papers: one in 2023 in the journal *Human Molecular Genetics* and the other, this January in *Human Genetics and Genomics Advances*.

When two is less than one
Each one of us possesses two copies of every gene, one copy inherited from each parent. An ARS gene bearing a dominant-negative mutation makes a non-functional mutant protein. Additionally, the faulty protein also blocks the function of the normal protein made from the healthy copy inherited from the other parent.

As a result, ARS enzyme activity in people with one mutant copy is even less than in individuals bearing one normal gene and a second "null" mutation that produces no protein at all. This explains why people with a missing copy of the gene often remain healthy, while those with this specific neuropathy mutation become ill.

A dominant-negative effect usually involves proteins that function as dimers, i.e. two molecules of the protein have to pair up to work correctly. The neuropathy-associated protein paired with the healthy protein to create a broken duo, thus accounting for the reduced function.

Charging up
When a gene is expressed, its DNA base sequence is first copied into the base sequence of its mRNA molecules. The mRNA is loaded onto cell structures



When a gene is expressed, its DNA base sequence is first copied into the base sequence of its mRNA molecules. H.N. SHIKDER/UNSPASH

called ribosomes, which function as protein-making factories. The base sequence of the mRNA specifies the sequence in which amino acids are joined together to make the encoded protein. Twenty different amino acids are used to build all proteins.

Another RNA, called tRNA, delivers the amino acids to the ribosomes. Each tRNA attaches to a specific amino acid. tRNA molecules attached to their matching amino acids are said to be "charged". Sets of three bases in the mRNA (codons) pair with their corresponding bases in the tRNA (anti-codons).

Correct codon-anticodon pairing ensures that the correct amino acid is added in the correct sequence to the growing protein. This "charging" of the correct amino acid is done based on the tRNA's anti-codon and performed by the ARS specific to that amino acid. In humans, the amino acids alanine and asparagine are attached to their corresponding tRNAs by ARSs encoded by the AARS1 and NARS1 genes, respectively.

Playing with yeast
The dominant-negative effect of neuropathy-associated AARS1 and NARS1 mutations was uncovered using budding yeast (*Saccharomyces cerevisiae*). Genetics experiments are easier to do in yeast than in humans, other animals, or in cells derived from them.

First, the scientists engineered the yeast cells to shut off their own native Ala-ARS or Asp-ARS gene when an

antibiotic was added to the growth medium. Next, they inserted human AARS1 or NARS1 DNA sequences into the cells via two delivery vehicles in parallel. One vehicle was a chromosome-like DNA containing the normal AARS1 or NARS1 gene. The other vehicle was an extra-chromosomal DNA that carried either the healthy AARS1 or NARS1 gene or one of their mutant versions.

The mutants were neuropathy mutations as well as "null" mutations (which produce no protein and are not expected to interfere with healthy ones) from patients with IPN.

All the engineered yeast cells grew equally well in normal growth medium containing the sugar glucose. This showed that the cells were not adversely affected by the mere presence of the human DNA sequences. The differences only became evident when the researchers added the antibiotic to the medium to turn off the yeast's own ARS gene, and another sugar to express its extra-chromosomal human counterpart.

Cells containing only a human "null" mutation did not grow. This suggested

that a functional Ala-ARS or Asp-ARS gene is essential for growth. In contrast, cells with one healthy human gene and one human "null" mutant grew robustly, meaning the healthy human gene could do the job alone and that the "null" version did not get in its way.

However, cells containing one healthy human gene and one neuropathy-associated mutation failed to grow. This showed the neuropathy-associated mutations, unlike the nulls, actively interfered with the healthy version. That is, they had a dominant-negative effect.

Finding treatments
The neuropathy-associated mutant protein traps healthy protein in non-functional pairs, thus reducing functional ARS, decreasing the pool of available amino acids for building proteins, affecting protein synthesis, and ultimately causing disease.

The authors wrote in their paper that long nerves in our limbs, which must maintain protein production far from the cell's main body, may be particularly sensitive to even slight interference from these mutations. If researchers can find ways to target and block the mRNA or protein made from the dominant-negative gene, it might be possible to treat the IPNs, and the yeast strains developed in these studies could prove useful in this search.

(D.P. Kashekar is a retired scientist and an independent science writer. kashekar.dp@yahoo.co.in)

THE GIST

Mutations in more than 100 genes can cause inherited peripheral neuropathies, including in seven of the 37 genes that code for enzymes called aminocyl-tRNA synthetases (ARS).

Only some mutations in the ARS genes result in IPN and others do not.

A research team led by scientists at the University of Michigan Medical School in the U.S. has now found why this is so.



The Mechanism: When "Two is Less Than One"

The study focuses on enzymes called **aminoacyl-tRNA synthetases (ARS)**, which are essential for protein synthesis. These enzymes "charge" tRNA molecule with the correct amino acids, allowing ribosomes to build proteins accurately.

- **The Dimerization Problem:** Most ARS enzymes function as **dimers** (pairs of two protein molecules).

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- **Dominant-Negative Effect:** In certain IPN cases, the mutant gene produces a faulty protein that is not merely "broken" (inactive) but "toxic" in its behavior. It binds to the healthy protein produced by the normal gene copy, creating a non-functional pair.
- **The Result:** Instead of having 50% enzyme activity (which occurs in "null" mutations where one gene is silent), the dominant-negative mutation actively "traps" the healthy proteins, reducing functional enzyme levels well below the 50% threshold required for nerve health.

The "Humanized Yeast" Model

To prove this, researchers utilized **budding yeast** (*Saccharomyces cerevisiae*) as a biological proxy.

1. **Engineering:** Researchers replaced yeast's native ARS genes with human versions (**AARS1** and **NARS1**).
2. **Comparison:**
 - Yeast with one healthy human gene and one "null" mutation (producing no protein) grew normally.
 - Yeast with one healthy human gene and one **neuropathy mutation** failed to grow.
3. **Conclusion:** The neuropathy mutation actively prevented the healthy gene from doing its job, confirming the dominant-negative property.

Vulnerability of Long Nerves

The research highlights why the peripheral nervous system is uniquely affected. The long axons in our limbs must maintain protein production at vast distances from the cell body. These "marathon runner" cells are exceptionally sensitive to even minor disruptions in the "charging" of tRNAs, leading to the length-dependent degeneration seen in IPN (where symptoms usually start in the feet and hands).

Significance & Strategic Implications

- **Genetics & Biotechnology:** It illustrates the shift from "loss-of-function" to "gain-of-toxic-function" understanding in genetic pathology.
- **Therapeutic Potential:** By identifying that the *mutant protein* is the problem, scientists can now focus on **Gene Silencing** (using RNA interference or CRISPR) to specifically "knock out" the mutant mRNA, leaving the healthy copy to function on its own.
- **Model Organisms:** Highlights the continued importance of yeast in high-throughput genetic screening for human diseases.

Conclusion

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The discovery of the dominant-negative mechanism provides a long-awaited explanation for the erratic nature of Inherited Peripheral Neuropathies. By transforming the problem from a "lack of protein" to an "interference by protein," this research shifts the therapeutic focus toward targeted molecular "off-switches." For patients suffering from these debilitating conditions, the move from palliative care to potential gene-specific treatments represents a significant leap forward in precision medicine.

UPSC Prelims Exam Practice Question

Ques:The term "dominant-negative mutation" refers to:

- (a) A mutation that completely eliminates protein production
- (b) A mutation that enhances the function of a protein
- (c) A mutation where the defective protein interferes with the normal protein
- (d) A mutation that affects only recessive genes

Ans:c)

UPSC Mains Exam Practice Question

Ques:Recent research on Inherited Peripheral Neuropathies (IPN) highlights the role of "dominant-negative mutations. Explain the mechanism and discuss its implications for gene therapy. (150 Words)

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The Indian economy, long hailed as a global "bright spot," is currently navigating a period of significant turbulence. The recent contraction of the **Index of Eight Core Industries (ICI)** by **0.4% in March 2026**—the first such decline in 19 months—serves as a critical indicator of shifting economic tides. Driven primarily by the fallout of the conflict in West Asia and compounded by an impending "below-normal" monsoon, India's economic resilience is being tested by a "perfect storm" of external supply shocks and domestic demand risks.

Key Areas of Concern: A Sectoral Breakdown

1. The Core Sector Crisis

The ICI, which represents approximately **40% of the Index of Industrial Production (IIP)**, registered a sobering performance in March 2026.

- **Fertilizer Contraction:** The standout laggard was the fertilizer sector, which plummeted by **24.6%**. This was largely due to severe disruptions in **Natural Gas** imports from Qatar and ammonia supply corridors, both essential feedstocks for domestic production.
- **Energy Sector Vulnerability:** While domestic natural gas production grew by 6.4%, the overall energy basket remained under pressure. Coal, crude oil, and electricity sectors reported negative growth, reflecting the volatility in global energy markets and high logistics costs.
- **Construction Slowdown:** Modest growth in steel (2.2%) and cement (4.0%) suggests a cooling in infrastructure and construction activity as private firms adopt a "wait and watch" approach toward new investments.

2. The Agricultural Tightrope

The drastic fall in fertilizer production arrives at a precarious time for the primary sector:

- **El Niño Threat:** The IMD and global agencies like NOAA have predicted a **61% probability of El Niño**, forecasting a "below-normal" monsoon at **92–94% of the Long Period Average (LPA)**.
- **Rural Demand Risk:** A poor harvest directly erodes rural income, which is already stagnant. Since rural consumption is a primary driver for the FMCG and automotive sectors (specifically tractors and two-wheelers), an agricultural slump could lead to a broader economic drag.

3. Geopolitical Headwinds (The West Asia Factor)

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Lustre or bluster?

India's economic mettle will be on test as it faces headwinds

Data are now beginning to accumulate, revealing the slowdown in the Indian economy brought on by the crisis in West Asia. The latest is the Index of Eight Core Industries. The data for March, the first month since the war broke out, show that these eight key industrial sectors together contracted by 0.4% over their level in March last year. This was the worst performance in 19 months but was not unexpected. The supply constraints, fuel shortages, and general subdued economic sentiments due to the conflict were bound to take a toll on the economy, especially given India's dependence on imports. The private sector Manufacturing PMI for March also revealed a considerable slowdown, citing fewer fresh orders. Yet, the core sector data nonetheless make for a sobering read. Of the eight sectors, four contracted, one remained flat, and two witnessed sharp slowdowns. Notably, the worst performer was the fertilizer sector. This, too, was expected given the constraints on natural gas imports. While the domestic natural gas sector grew by a relatively robust 6.4%, the fertilizer sector contracted by 24.6% in March 2026. The implications of this are severe. The agriculture sector is already set for a tough year, with the India Meteorological Department predicting an El Niño-impacted below-normal monsoon this year. A poor harvest has a direct impact on rural demand, which is already far from robust. Sharp slowdowns in steel and cement production also show that construction activity has taken a hit as companies pause new investments. All of this – compounded by poor performances in the coal, crude oil, petroleum products and electricity sectors – dragged the overall index to its lowest full-year growth in 2025-26 since the COVID-19 pandemic hit the economy.

Most of the factors driving this recent slowdown are external. However, if they persist, they could turn India's economic tailwinds into substantial headwinds. The Narendra Modi government's first term was characterised by low inflation and high foreign investment. Domestic political momentum was such that voters also forgave devastating policy missteps such as demonetisation. The pandemic and the global turn away from China also worked to India's advantage in terms of foreign direct investment in the second term. Low oil prices in the beginning of the third term, leading up to the war in Iran, helped inflation stay low. Yet, signs were emerging that foreign investors, spooked by India's trade frictions with Donald Trump, were cooling off on the India story. Now the war has made it painfully clear that India is hostage to global dynamics. Inflation is rearing its head again. This, along with continued stagnation in household real incomes, means that the government will have to work that much harder to restore India's 'bright spot' sheen.

Daily News Analysis

The conflict involving major regional players has transitioned India's economic "tailwinds" into "headwinds":

- **Logistics & Freight:** Rerouting vessels via the Cape of Good Hope has increased transit times by 15–20 days and spiked freight costs by **40–50%**.
- **Import Dependency:** India remains a "hostage to global dynamics" due to its heavy reliance on the Middle East for energy and fertilizers. This dependency is now feeding into **cost-push inflation**, threatening the low-inflation environment seen in the early 2020s.

Strategic Analysis

Feature	Trend/Data (March 2026)	Significance
ICI Growth	-0.4% (Contraction)	Signals a slowdown in industrial "lead" sectors.
Manufacturing PMI	53.9 (down from 56.9)	Expansion is slowing; fresh orders are declining.
Fertilizer Output	-24.6%	Direct threat to Food Security and Kharif sowing.
Monsoon Forecast	92% of LPA (Below Normal)	Potential for high food inflation and rural distress.

Policy Implications

1. **Diversification of Energy/Input Sources:** The crisis underscores the need for "Aatmanirbharta" in the fertilizer sector and diversifying LNG sources away from single-region dependence.
2. **Fiscal Burden:** Rising global prices for fertilizers and fuel will likely swell the government's subsidy bill, potentially impacting the fiscal deficit target (currently aimed at below 4.5%).
3. **Monetary Policy Dilemma:** As inflation "rears its head," the RBI faces a tough choice between raising rates to control prices or keeping them low to spur a slowing manufacturing sector.

Conclusion

The "lustre" of India's rapid post-pandemic recovery is facing a stern reality check. While the full-year GDP growth for 2025-26 remains respectable at approximately **7.4%**, the sharp March contraction highlights a fragile underside. The government's challenge now lies in decoupling India's domestic growth from volatile global geopolitics. Restoring the "bright spot" sheen will require not just managing supply-side shocks but proactively shielding the rural economy from the dual blows of expensive inputs and a fickle monsoon.

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UPSC Prelims Exam Practice Question

Ques: With reference to the Index of Eight Core Industries (ICI), consider the following statements:

1. It comprises eight industries that together have a weight of about 40% in the Index of Industrial Production (IIP).
2. Fertilizers and electricity are included in the ICI.
3. ICI is released by the Reserve Bank of India.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans:a)

UPSC Mains Exam Practice Question

Ques: Discuss the implications of a contraction in the Index of Core Industries (ICI) on overall industrial growth and GDP. (150 Words)

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Page 09:GS III : Indian Economy / Prelims Exam

In the wake of the 2022 global inflationary surge and the subsequent 2026 West Asian energy crisis, central banks have faced a classic "trilemma": balancing inflation control, economic growth, and currency stability. This analysis utilizes the **Sacrifice Ratio**—the cost of lost economic output for every 1% reduction in inflation—to evaluate how the U.S. Federal Reserve (Fed), the Bank of England (BoE), and the Reserve Bank of India (RBI) performed under pressure.

The cost of bringing down inflation in India, U.S. and U.K.

While the Fed pulled it off at near-zero cost to the U.S. economy, Britain paid with a recession; India avoided a downturn but now faces a currency crisis

DATA POINT

Arceena Arora

Cruel oil has crossed \$120 a barrel since the conflict in West Asia began. Central banks that spent the last three years fighting the worst inflation in four decades are now starting down the barrel of another inflationary shock.

The last time central banks were faced with this dilemma was in 2022, when the world was reeling from the COVID-19 pandemic. Between 2022 and 2023, the U.S. Federal Reserve (Fed), the Bank of England (BoE), and India's Reserve Bank of India (RBI) all raised interest rates in response to inflation. By 2025, prices had broadly retreated toward targets. But how much did it cost to get there?

Economists use a concept called the sacrifice ratio which measures the loss in economic output for every percentage point of inflation tackled. In the U.S., inflation peaked at 9.1% in June 2022. In Britain, the BoE watched prices rise by 11.1% in October that same year, the country's highest reading since 1981. In India, retail inflation touched 7.8% in April 2022, breaching the 2% to 6% target band set by the RBI.

Pandemic-era supply disruptions, trillions in government stimulus, and Russia's invasion of Ukraine pushed prices up globally. **Chart 1** shows when each central bank raised interest rates between 2021 and 2025, and when they began to pull back.

How the Fed's bet paid off

When inflation surged in 2021, most economists expected the Fed would have to trigger a recession to bring it down. The Fed began raising rates in March 2022, eventually hiking it by 11 times to a peak of 5.25% to 5.50% by July 2023.

Despite these aggressive rate hikes, the U.S. economy avoided a downturn. Supply chain bottle-

necks ended faster than anticipated, energy prices fell and demand was robust. As a result, inflation was brought under control at an unusually low cost.

Economists estimated the U.S. sacrifice ratio at close to near-zero, meaning the economy gave up almost nothing in lost output for each percentage point of inflation it shed. Even though recession was avoided, the 2021-22 surge permanently raised the cost of groceries, rent, and fuel.

Britain's costly attempt

The BoE moved sooner, raising rates in December 2021, yet the country's inflation didn't budge. Britain relies heavily on imported energy, and its consumers were particularly exposed when Russia's invasion of Ukraine sent European gas prices soaring. A labour shortage pushed wages and the prices of services up.

The bank raised rates from 0.1% to a peak of 5.25% by August 2023, its fastest ever tightening cycle. The economy tipped into recession in late 2023. Britain's sacrifice ratio was hit accordingly. The economy absorbed a meaningful contraction in its output. Unemployment climbed to 5.2% in late 2025 from 3.8% in early 2024. CPI inflation was still 3.0% in February 2026, a full percentage point above the BoE's 2% target. While the Bank has been cutting rates since August 2024, the new energy shock from the West Asian conflict is expected to push inflation further, to between 3% and 3.5% in the coming months.

India's challenge

In India, the Monetary Policy Committee raised the repo rate – the rate at which the RBI lends to commercial banks – from 4% to 6.5% between May 2022 and February 2023, and held it there until early 2025. Through FY26, it cut rates by a cumulative 125 basis points. But at its April 2026 meeting, with the West Asian conflict pushing oil prices above \$120 a barrel, the RBI

paused the repo rate at 5.25% signalling that the easing cycle was on hold.

India's growth rate slowed from above 8% in 2023-24 to 6.5% in 2024-25, even as GDP didn't contract. Retail inflation fell from 5.4% in 2023-24 to 2.1% by mid-2025. The country's growth has slowed but the economy did not collapse and inflation has come down substantially. But, this outcome can at least partly be explained by the structure of India's economy. The RBI has itself acknowledged that rate changes take longer to filter through India's economy.

The numbers also reflect how inflation behaves in India. Food accounts for nearly 46% of India's consumer price basket, far higher than in the U.S. or the U.K., and food prices are driven more by seasonal patterns and government support prices than by RBI-set interest rates. When the RBI raises rates, it can dampen urban demand but it has limited power over factors that most directly affect consumers' wallets in India.

Chart 2 shows how inflation surged and retreated across all three economies between 2021 and 2025.

The rupee has also been hit hard in the conflict. It hit a record low of 95.22 per dollar on March 30, 2026, capping its steepest fiscal-year decline in over a decade. A weakening rupee makes imports more expensive. The April pause is, in part, a recognition of this bind – cutting rates further risks accelerating the rupee's slide, while hiking risks strangling a slowing economy.

All three central banks raised rates and brought inflation down, but the consequences varied sharply. The Fed absorbed the shock with minimal damage and a near-zero sacrifice ratio. Britain paid heavily in lost growth and a recession, and still missed its inflation target. India avoided a downturn, with a low sacrifice ratio, but is now facing a new front of pressure through its currency.

Cost of curbs



Data for the charts were sourced from the U.S. Bureau of Labor Statistics, the U.K. Office for National Statistics, MoSPI, the Fed, Bank of England and Reserve Bank of India

- 1** In the process of curbing inflation, the U.S.'s Fed absorbed the shock with minimal damage, Britain paid heavily in lost growth and a recession, and India's currency took a hit
- 2** India's Monetary Policy Committee raised the repo rate to 6.5% in February 2023, and held it there until early 2025

Chart 1: The interest rates set by the central banks of select countries on January 1 of each year between 2021 and 2026 (in %). Between 2022 and 2023, the Fed, BoE, and India's RBI all raised interest rates in response to inflation

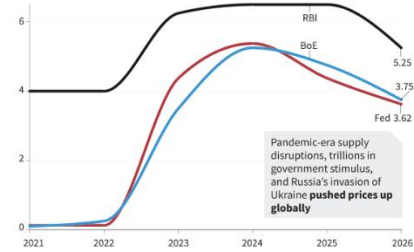
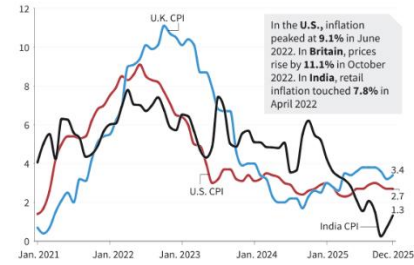


Chart 2: The chart shows inflation in the U.S., the U.K. and India between January 2021 and December 2025 (in %)



The United States: The "Immaculate Disinflation"

The U.S. achieved what many economists deemed impossible: aggressive disinflation without a recession.

- **Policy Action:** The Fed hiked rates 11 times, moving from near-zero to a peak of **5.25%–5.50%** by July 2023.
- **The Outcome:** Inflation dropped from a 9.1% peak to near-target levels by 2025 with almost **zero sacrifice ratio**.

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- **Why it worked:** Rapid resolution of supply chain bottlenecks and robust domestic demand allowed the economy to absorb higher borrowing costs. However, while the *rate* of price increases slowed, the absolute cost of living (rent, groceries) remains permanently higher.

The United Kingdom: A Pricey Recession

Unlike the U.S., the U.K. suffered a "hard landing" due to its heavy reliance on imported energy and a fractured labor market.

- **Policy Action:** The BoE was a "first mover," raising rates as early as December 2021 to a peak of **5.25%** by August 2023.
- **The Outcome:** The economy tipped into **recession in late 2023**. Unemployment rose to **5.2%** by late 2025, and yet inflation remained "sticky" at 3.0% in early 2026—still above the 2% target.
- **Why it failed to be "painless":** The U.K. was uniquely vulnerable to European gas price spikes and post-Brexit labor shortages, resulting in a high sacrifice ratio.

India: Growth Resiliency vs. Currency Volatility

India managed to avoid a technical recession, but the transmission of its monetary policy faced structural hurdles.

The Monetary Stance

The RBI raised the repo rate from 4% to 6.5% (2022–23), followed by a period of easing, before a "strategic pause" at **5.25% in April 2026** due to oil hitting **\$120/barrel**.

Structural Constraints

- **The Food Weight:** Food makes up **46% of India's CPI basket**. Since food prices are driven by monsoons and government Minimum Support Prices (MSP) rather than interest rates, the RBI's "tools" have limited impact on nearly half of the inflation index.
- **The Currency Bind:** The Rupee hit a record low of **95.22 per dollar** in March 2026. This creates a "vicious cycle": a weak rupee makes oil imports more expensive, which in turn fuels domestic inflation.

Comparative Summary

Country	Peak Inflation	Peak Rate	Economic Impact	Current Challenge (2026)
USA	9.1%	5.50%	Soft Landing (Near-zero sacrifice)	High base cost of living
UK	11.1%	5.25%	Recession	Stagflationary pressure
India	7.8%	6.50%	Slowdown (but no contraction)	Currency crisis (Rupee @ 95+)

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Conclusion

The global fight against inflation has revealed a stark divergence in economic resilience. The U.S. benefited from a flexible economy, while the U.K. highlighted the dangers of import-dependency during supply shocks. India's experience proves that while GDP growth can be shielded, a developing economy remains highly vulnerable to **imported inflation** via energy and currency markets. As oil stays above \$120, the RBI's challenge is no longer just "managing prices" but defending the Rupee without strangling domestic industrial growth.

UPSC Prelims Exam Practice Question

Ques:The "Sacrifice Ratio" is best described as:

- (a) The cost of fiscal deficit in reducing inflation
- (b) The loss of output required to reduce inflation by 1 percentage point
- (c) The trade-off between exchange rate and interest rate
- (d) The ratio of imports to exports

Ans: b)

UPSC Mains Exam Practice Question

Ques:Examine the impact of currency depreciation on inflation and economic stability in India. (150 Words)

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The recent labor unrest in Noida serves as a critical flashpoint, highlighting the growing vulnerability of India's urban informal sector. Comprising nearly **90% of the country's total employment**, this workforce operates at the intersection of labor dilution, land insecurity, and the retreat of the state from rights-based service provision. As cities evolve, the traditional bargaining power of the worker has been replaced by a fragmented struggle for basic survival.

Challenges for India's informal urban workforce

The recent workers' protest in Noida draws attention to the precariousness of India's urban centres

ECONOMIC NOTES

Tikender Singh Panwar

The recent protests of workers engaged in various industrial units in Noida point to the extreme precariousness of India's urban centres. These protests are just the tip of the iceberg and may emerge in other parts of urban India as well. Over the past few decades, the bargaining power of workers, especially in the informal sector, has steadily declined vis-à-vis the state (municipal, State, and Union institutions) and their employers. The informal workforce constitutes around 90% of India's total employment. In urban areas, according to Periodic Labour Force Survey (PLFS), regular wage or salaried employment remains low, which means that a vast majority of the

workforce operates in informal roles. What went wrong is a long story rooted in the transformation of urban production systems. Cities have shifted from hubs of industrial production to centres of social reproduction. In simple terms, formal industry has declined in city centres – seen in the closure of Mumbai's mills and Ahmedabad's textile plants. As a result, urban spaces have ceased to be centres of organised labour and have become fragmented, where the primary concern is managing precarious lives, also known as the urbanisation of social reproduction. Put simply, the focus has shifted to survival: cooking, cleaning, raising children and securing basic needs like water.

From rights to need-based services
The shift also altered basic services and the role of the state. What Washington Consensus, a term coined by John

Williamson, described became the guiding approach to development. Under this framework, the state moved away from providing rights-based services such as water, education, health and environmental protection. Instead, it adopted a need and growth-driven model focused on fiscal discipline, tax reforms, trade liberalisation and privatisation.

The precariousness of the urban worker is a unique intersection of informal labour, land tenure insecurity, and the high cost of living in cities. Around 40% of urban poor live in slums. They spend between 30% to 50% of their monthly income on rent for informal housing (slums and chawls), which often lacks basic sanitation and legal protection. Around 60% of India's urban informal settlements are located in low-lying flood prone areas or hazardous sites.

This is compounded by the

privatisation of the essential services, like the transition of water and electricity to market based user-fee models; gentrification and eviction of slums to 'world class' infrastructure and high-end real estate; the dilution of labour laws; usurping of urban commons, where nature and natural spaces were increasingly commoditised. In housing, the state has transitioned from being a direct provider to an enabler of private real estate. Public land once reserved for low-income housing began to be diverted to high end projects.

According to the RBI Bulletin 2025, due to a lack of collateral, the urban poor often bypass formal banking in favour of local money lenders, leading to chronic debt traps.

Urban intersectionality

The Kerala Urban Commission has tried to look at the urban policy from multiple perspectives, including that of working people. The 'workers council' in the city council is one of the ways of reclaiming such spaces, where informal sector workers become co-producers of urban governance and development. In the urban helix of climate change, disasters and precarious development processes, it is important to build multiple intersectionalities between organised trade unions and informal sector workers. (Tikender Singh Panwar is a member of the Kerala Urban Commission.)

THE GIST

Over the past few decades, the bargaining power of workers, especially in the informal sector, has steadily declined vis-à-vis the state and their employers.

The intersection of informal labour, land tenure insecurity and the high cost of living in cities has heightened the precariousness of urban workers.



1. The Shift: From Production to Social Reproduction

The structural nature of Indian cities has undergone a profound transformation, moving away from being centers of organized industrial labor.

- **Industrial De-urbanization:** The closure of large-scale formal units (e.g., Mumbai's mills or Ahmedabad's textiles) has pushed workers into fragmented, informal roles.
- **Social Reproduction Focus:** Urban spaces are now primarily sites for "social reproduction"—the daily labor required to sustain life (cooking, cleaning, childcare) rather than formal value-added production.
- **Fragmentation of Labor:** Without a centralized workplace, workers find it increasingly difficult to unionize, weakening their collective bargaining power against both employers and municipal authorities.

2. The "Washington Consensus" and State Retreat

The adoption of market-oriented policies has fundamentally altered the relationship between the urban poor and the state.

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- **From Rights to Needs:** The state has transitioned from a provider of **rights-based services** (guaranteed water, health, education) to a provider of **need-based services** driven by fiscal discipline and privatization.
- **Commoditization of the Commons:** Public lands and natural spaces (urban commons) are increasingly diverted to "world-class" infrastructure and high-end real estate, displacing the poor to the margins.
- **Housing Insecurity:** With the state acting as a "real estate enabler" rather than a provider, **40% of the urban poor** live in slums, often spending **30–50% of their income** on informal rent for precarious housing in flood-prone or hazardous areas.

3. The "Debt-Climate-Labor" Nexus

The precariousness of the urban worker is exacerbated by three intersecting crises:

Challenge	Impact on Informal Workers
Financial Exclusion	Lack of collateral forces workers toward local moneylenders, creating chronic debt traps (RBI Bulletin 2025).
Climate Vulnerability	60% of informal settlements are in low-lying, hazardous zones, making them the first victims of urban flooding and heatwaves.
Service Costs	Privatized "user-fee" models for water and electricity disproportionately drain the stagnant real incomes of the poor.

4. Reclaiming the Urban Space: The Kerala Model

The Kerala Urban Commission offers a potential roadmap for addressing these intersectional challenges:

- **Workers' Councils:** Integrating informal workers into city governance so they become **co-producers** of urban development rather than just subjects of it.
- **United Fronts:** Building bridges between organized trade unions and the informal sector to create a unified political voice.
- **Rights-Based Urbanism:** Moving back toward a model where housing and basic utilities are viewed as fundamental rights rather than market commodities.

Conclusion

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The "precariousness" of Noida's workers is not an isolated incident but a symptom of a systemic urban crisis. India's path to becoming a global economic power depends heavily on an urban workforce that currently lacks legal protection, financial stability, and climate resilience. Without a shift back toward inclusive governance and rights-based urban planning, the "urbanization of social reproduction" will continue to manifest as social unrest and economic instability.

UPSC Prelims Exam Practice Question

Ques: Which of the following best describes the "Washington Consensus"?

- (a) A global environmental agreement
- (b) A set of market-oriented economic reforms promoting liberalization, privatization, and fiscal discipline
- (c) A military alliance among Western nations
- (d) A UN framework for sustainable development

Ans: b)

UPSC Mains Exam Practice Question

Ques: Discuss how the retreat of the state from rights-based service provision has affected the urban poor in India.(150 Words)

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India must draw a red line on U.S. unilateral sanctions

The dust – nuclear and otherwise – has yet to settle on how the United States-Israel war against Iran will ultimately end, but its impact on India's growth projections is evident. Already reeling from U.S. tariffs, the Indian economy has seen damage pile up due to the U.S.-Israel initiation of the war, Iran's targeting of Gulf countries, and now the 'double blockade' of the Strait of Hormuz by the Islamic Revolutionary Guard Corps (IRGC) and U.S. forces – manifested in rising energy bills, higher shipping and insurance costs, supply chain disruptions, a slump in exports (down 7% in March), and mounting inflation. The rupee's fall has resulted in India slipping from being projected to fourth spot, to sixth in terms of the largest economies rankings, according to the International Monetary Fund.



Subhasini Haidar

Break sanction alignment
India is by no means the only country thus affected, but as the world's most populous nation, it is bound to feel the effects more acutely. Given the little attention that the U.S. has paid to India's economic concerns, it is surprising that the Narendra Modi government continues to pay heed to U.S. unilateral sanctions amid the war. This month, as temporary waivers on many of those sanctions come up for renewal, it is time for New Delhi to unequivocally denounce them and declare that it will no longer abide by them.

A cursory list of U.S. sanctions with which India has partially or fully complied is both illustrative and eye-opening. Since May 2019, India has not purchased any Iranian or Venezuelan oil following U.S. President Donald Trump's demand for 'zeroing out' India faced similar secondary sanctions from the U.S., during 2012-14, when the Barack Obama administration used them as leverage in Joint Comprehensive Plan of Action (JCPOA) negotiations (the Iran nuclear deal).

While India reduced its imports of Iranian oil from about 18.5 million tonnes in 2010-2011 to 11 million tonnes in 2013-2014, it never agreed to halt them altogether. In 2015, following the signing of the JCPOA, India stepped up its oil imports again and also signed a strategic connectivity trilateral agreement with Iran and Afghanistan to develop the Chabahar port, along with road and rail links connecting it to Afghanistan and Central Asia.

Early in his second term in 2025, Mr. Trump pushed India to end all its imports of Russian oil, adding a 25% penalty on top of existing 25% tariffs to enforce his demand. For three months – from November 2025 to February 2026 – India complied, halving its intake of about two million barrels per day (bpd) to one million bpd. As the U.S. has issued temporary sanctions waivers to deal with oil price hikes during the war with Iran, India has increased its intake of both Russian and Iranian oil, but will have to decide what to do once the waivers end.

Since the U.S. kidnapping of Venezuelan

President Nicolás Maduro in January 2026 and the subsequent easing of sanctions, India's intake of Venezuelan oil has also increased. Meanwhile, the U.S.'s waiver extension on India's use of Chabahar port is set to expire on April 26. Mr. Trump has also said that he intends to impose sanctions on any country conducting trade with Iran or holding Iranian funds, and will sanction all BRICS members if they seek to establish a non-dollar payment mechanism among themselves.

The result of all these on-again, off-again sanctions, waivers, extensions and exemptions is to defeat India's best efforts to diversify and broad-base its energy, food and fertilizer sourcing. India's decision not to protest the U.S. decision to go to war with Iran in the first place is presumably out of concern that the U.S. may come down even more heavily on the Indian economy.

"The sui generis 'whack-a-mole' nature of these measures only adds to their capriciousness," former Reserve Bank of India Governor Urjit Patel concludes in his book *The Great Sanctions Hack*. According to his research, the U.S. stands out as the world's main sanctioning power, having imposed 365 sanctions in the present century, with the European Union a distant second at about 123. Only 12 counter-sanctions by China, Russia and Iran are active. According to the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury, the U.S. today maintains sanctions on at least 23 countries and has more than a dozen sanction regimes on specific issues (cyber-terror, non-proliferation, and foreign interference). The United Nations Security Council, in comparison, has only about 15 active sanction regimes in all.

Compliance increases coercion

It is therefore necessary to analyse India's experience with U.S. sanctions over the past decade and draw conclusions about the pros and cons of yielding to them. There is little evidence that yielding to unilateral U.S. sanctions curbs its appetite, as India's experience since 2019 shows; it instead leads to additional demands for compliance.

Conversely, when India ignored sanctions such as Countering America's Adversaries Through Sanctions Act (CAATSA) and purchased Russian S-400 air defence systems in 2018, it faced no U.S. penalties and benefitted from the decision, as during Operation Sindoor (May 2025). The "opportunity costs" of complying must also be calculated – had India continued to buy discounted sweeter Iranian crude or Venezuelan oil from 2019-25, as it did with Russian oil (2022-25), the government could have saved billions, and built strategic energy reserves (as China has) that would have been useful today.

Had India not complied with sanctions against the Chabahar port, built rail and road infrastructure in Iran, and not curtailed its plans for the International North South Transport Corridor (INSTC) through Iran's Bandar Abbas, it

may have had connectivity in place that could have reduced its dependence on imports coming through the Strait of Hormuz today. Moreover, India's compliance with U.S. international sanctions has further weakened the rules-based international order and the UN's multilateral mandate.

Going forward, if the Indian government decides to turn course and announce a national resolve against unilateral sanctions, it will not only spur its own private sector to seek braver options but also inspire countries in the neighbourhood and the Global South to follow suit, pushing back on other coercive measures employed by big powers such as China as well.

The government has a number of avenues to pursue if it decides to do so – from building payment mechanisms such as the rupee-rial trade system with Iran, to developing national payment systems including intra-BRICS settlement arrangements, to using 'air-gapped' banking and financial institutions insulated from western pressure, as well as exponentially expanding renewable and alternative energy sources.

Unfortunately, by withdrawing its bid to host the United Nations Climate Conference of the Parties (COP33) in 2028, New Delhi may have lost an opportunity to lead discussions on such options in the wake of the war, but it must take advantage of other such forums to do so.

History as policy guide

Lessons from history are worth revisiting. In 1966, U.S. President Lyndon Johnson amended the United States' 'Food for Peace' (PL-480) law – formally the Agricultural Trade Development and Assistance Act of 1954 – under which India, then suffering from famine, received millions of tonnes of wheat. Johnson's amendments, called the "short-tether" policy, limited the U.S.'s grain shipments to monthly or bi-monthly approvals, leading to what was called a "ship to mouth" existence for India.

That the amendments followed closely on the heels of then Prime Minister Indira Gandhi's visit to Moscow – where she had called on Washington to stop bombing Vietnam to make space for peace efforts – was no coincidence, although the U.S. insisted that the changes were intended to spur agricultural reforms in India.

The move, and the subsequent international pressure for a major rupee devaluation, pushed the then neophyte Prime Minister into a corner. In a national address, Mrs Gandhi vowed that India should never again find itself in such a humiliating position, and intensified efforts toward the Green Revolution and agricultural self-sufficiency. A "New Green revolution" and energy independence can only follow if New Delhi draws a red line on U.S. sanctions in the next few weeks. These sanctions do not just harm India's economy. They also seek to bend India's foreign policy to another's will, and are a blow to its proudly-held tenets of strategic autonomy.

For India to launch a new Green Revolution in energy independence, it must first rebuff U.S. sanctions

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GS PaperII: International Relations

UPSC Mains Exam Practice Question: Examine the significance of connectivity projects such as the Chabahar Port and INSTC for India's geopolitical and economic interests. (150 Words)

Context : India's foreign policy is at a crossroads as it navigates the fallout of the U.S.-Israel war against Iran and the "double blockade" of the Strait of Hormuz. The economic repercussions are severe: the Rupee has fallen to record lows, and India has slipped to the 6th largest economy in IMF rankings (April 2026). As U.S. sanctions waivers on Iranian oil and the Chabahar Port expire on April 19 and April 26, 2026, respectively, the debate over "Strategic Autonomy" versus "Sanctions Alignment" has taken center stage.

1. The Economic Toll of Compliance

The policy of adhering to unilateral (non-UN) U.S. sanctions has historically come with significant "opportunity costs" for the Indian economy:

- **Energy Insecurity:** Compliance with President Trump's "zero-out" policy in 2019 ended India's access to discounted, high-quality Iranian and Venezuelan crude. This forced a reliance on more expensive alternatives, draining foreign exchange reserves.
- **Trade Contraction:** March 2026 saw a 7% slump in exports, exacerbated by rising shipping and insurance costs due to the West Asian conflict.
- **Infrastructure Stagnation:** Hesitation over the International North-South Transport Corridor (INSTC) and the Chabahar Port—due to sanctions fears—left India without a reliable bypass for the volatile Strait of Hormuz.

2. The Case for a "Red Line"

Advocates for a harder stance argue that yielding to unilateral sanctions only invites further coercion.

Historical Precedents

- **The S-400 Success:** India ignored U.S. CAATSA sanctions to purchase the Russian S-400 missile system in 2018. Despite threats, the U.S. issued a waiver, proving that India's strategic weight can force a compromise.
- **Operation Sindoor (May 2025):** India's ability to conduct independent security operations (destroying terror launchpads in PoK) benefited from military hardware acquired despite external pressure.
- **The 1966 "Ship-to-Mouth" Crisis:** India's shift toward the Green Revolution was born out of a refusal to be bullied by the U.S.'s "short-tether" food aid policy under Lyndon Johnson.

The "Whack-a-Mole" Sanctions Regime

The U.S. currently maintains sanctions on at least 23 countries. Former RBI Governor Urjit Patel describes this as a "capricious" system. For India, the constant cycle of seeking "waivers" creates an environment of economic uncertainty that discourages private sector investment.

3. Strategic Alternatives for India

To reclaim its economic sovereignty, India must explore mechanisms that bypass the dollar-dominated financial system:

Mechanism	Description
Rupee-Rial Trade	Reviving the barter or local currency trade system with Iran to pay for oil with Indian goods (like rice).

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Mechanism	Description
BRICS Settlement	Developing a non-dollar payment mechanism within the BRICS+ framework to avoid secondary sanctions.
Air-Gapped Banking	Using specific financial institutions that do not have exposure to the U.S. financial system to process "sanctioned" trade.
Energy Independence	Rapidly expanding renewable energy to reduce the vulnerability of the import bill to geopolitical shocks.

Conclusion

The current crisis is more than an economic challenge; it is a test of India's Strategic Autonomy. Relying on temporary U.S. waivers leaves India's growth "hostage to global dynamics." By drawing a red line against unilateral sanctions, India can protect its energy security, revitalize its connectivity projects like Chabahar, and lead the Global South in resisting coercive economic diplomacy. The lesson of the 1960s remains relevant: true independence is found in self-sufficiency and the courage to say "no" to humiliating conditions.

