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U.S. SECRETARY OF STATE'S VISIT COMES AMID TENSION IN TIES OVER VISA RESTRICTIONS, TARIFF THREATS

Eve of visit, Rubio links pause on Russia sanctions to India-US deal

'Trying to finalise a trade deal with India right now... we are very close'

Ravi Dutta Mishra
New Delhi, October 19

DAYS AFTER the US signed a diesel purchase deal with Russia and announced a pause on the Lindsey O Graham Sanctioning Russia and Iran Act of 2026, United States Secretary of State Marco Rubio on Monday said the decision to waive Russia oil sanctions also took into account the India-US trade deal, which is close to conclusion.

Rubio's comments come



US Secretary of State Marco Rubio at Registan Square in Samarkand, Uzbekistan on Monday. AP

ahead of his scheduled visit to Mumbai on Tuesday, where he will be holding talks with External Affairs Minister S Jaishankar.

"We have had to waive sanctions over the past few months,

looking at the global supplies, looking at global prices, and the impact it was having on other countries. I know diesel prices are high in the United States,

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Energy, trade, tech on table at meeting with Jaishankar today

Shubhajit Roy
Mumbai, October 19

US SECRETARY of State Marco Rubio's visit to India comes amid the tension in relations between the two countries over visa restrictions and tariff threats.

His meeting with External Affairs Minister S Jaishankar in Mumbai on Tuesday afternoon is being seen as an attempt to repair ties. Indian officials said the two sides are expected to discuss "energy, trade and investment, defence, critical and

emerging technologies".

With Prime Minister Narendra Modi expected to travel to the US for the G20 leaders summit in December, the meeting will also lay the groundwork for his visit.

The choice of venue is being seen as an outreach to India's business elite, which is based in Mumbai. Returning to India after less than five months, Rubio will not be going to Delhi. He will, instead, head to Jamnagar on Wednesday.

According to the Ministry of »CONTINUED ON PAGE 2

1. India–US Trade Deal: Russian Oil, Tariffs and Trade Tensions

GS Paper II: International Relations

GS Paper III: Indian Economy and Energy Security

Context: On 19 October 2026, US Secretary of State Marco Rubio said India–US trade negotiations were close to completion, amid disputes over tariffs, intellectual property rights and India's Russian oil purchases.

1. Recent Developments

1. **Trade deal:** Rubio described negotiations as "very close" to finalisation, with market access, energy and investment among the key issues.
2. **Graham Act:** The Lindsey O. Graham Sanctioning Russia and Iran Act, signed into law on 18 September 2026, authorised tariffs of up to 100% on goods from major purchasers of Russian oil and gas.
3. **US waiver:** On 16 October, President Donald Trump waived key provisions of the Act, easing immediate tariff pressure on India.

4. **Energy considerations:** The reported US–Russia diesel-purchase agreement highlighted the complexities of Washington’s energy and sanctions policy.

2. US Trade Measures Affecting India

1. **Special 301 Report, 2026:** India remained on the US Priority Watch List over concerns about intellectual property protection and enforcement. The listing does not automatically impose tariffs.
2. **Section 301 investigation:** The US has investigated alleged unfair trade practices, including structural excess capacity and forced-labour-related import restrictions.
3. **Additional tariff:** A 10% tariff was reported under the forced-labour-related investigation announced in July 2026, with exemptions for certain products.
4. **Key distinction:** Special 301 concerns intellectual property rights, whereas Section 301 addresses trade practices and potential retaliatory measures.

3. Why Russian Oil Matters to India

1. **Import dependence:** India imports more than 85% of its crude oil requirements.
2. **Russian supplies:** Russia became a major supplier after the Russia–Ukraine war, at times accounting for nearly half of India’s crude oil imports in 2026.
3. **Economic impact:** Replacing Russian crude rapidly could increase import costs, inflation and pressure on the current account.
4. **Strategic autonomy:** India seeks affordable energy while maintaining relations with both Russia and the US.

4. Implications for India

1. **Exports:** Higher US tariffs could reduce the competitiveness of Indian goods in the American market.
2. **Inflation:** Rising oil prices increase transportation, manufacturing and production costs.
3. **Investment uncertainty:** Trade disputes and sanctions risks can delay investment and disrupt supply chains.
4. **Geopolitical balancing:** India must protect its energy interests while deepening cooperation with Washington in defence, technology and trade.

5. Way Forward

1. **Conclude a balanced trade agreement:** Secure predictable tariffs and improved market access.
2. **Diversify energy supplies:** Reduce dependence on geopolitical hotspots without compromising affordability.
3. **Resolve trade disputes:** Address intellectual property and trade-practice concerns through evidence-based negotiations.

4. **Strengthen export competitiveness:** Improve manufacturing, logistics and market diversification.
5. **Preserve strategic autonomy:** Base energy and trade decisions on India's long-term economic and security interests.

Conclusion: India should use the diplomatic opening to secure a stable trade agreement while safeguarding energy security, export competitiveness and strategic autonomy.

What India must do when energy gets weaponised

Powers such as the US and China have leveraged energy, trade, and critical minerals. India needs a diversified, and increasingly domestic, energy system

It is telling that US secretary of State Marco Rubio's visit to India includes a stop at the Jamnagar oil refinery. This visit's significance extends well beyond bilateral energy cooperation. Over the past few years, the US has increasingly weaponised energy and trade, while China has leveraged its dominance over critical minerals, electric vehicle components and manufacturing exports to exercise strategic influence over global supply chains. Energy, trade and technology have become tools of geopolitical power. For India, energy security can no longer be defined simply by assured access to imported oil and gas. It must encompass control over critical technologies, resilient supply chains, and domestic industrial capabilities. Otherwise, the transition to clean energy risks replacing one form of strategic dependence with another.

The war in West Asia is the latest reminder of what reliance on fossil fuel imports can cost. India imports close to 88% of its crude oil requirements, while around half of its natural gas consumption comes from imports. Even before the current disruption, India's fossil fuel import bill stood at over \$180 billion. As things stand, despite crude imports falling 18%, India's crude oil import bill has risen 26%

year-on-year in the first quarter of FY 2026-27. India's energy transition must, therefore, be treated as fundamental to its energy security. The objective must be to build an energy system that is affordable, reliable, diversified, secure and increasingly domestic.

India has already made enormous strides towards this goal. In June 2025, the country crossed 50% of installed electricity capacity from non-fossil sources, five years ahead of its Paris commitment. India's current non-fossil capacity has passed 300 GW, including about 168 GW of solar and 58 GW of wind. This has made India the third-largest global leader in installed renewable capacity.

The next phase requires India to build a power system that can carry a far larger, more industrial, and more electrified economy. India's electricity demand is projected to grow at about 6.4% a year through 2030, among the fastest rates anywhere, adding more than 570 TWh of annual consumption. Data centres and AI are creating new and rapidly growing electricity demand. In this context, the 500 GW non-fossil target for 2030 should not constrain our ambition. The question now is how much reliable clean electricity the economy will actually need, at what hour, and in which region. Answering that requires planning transmission ahead of generation and modernising and digitalising distribution networks that, in many states, are still under real financial strain.

No single technology holds the answer to India's future energy security. We must develop a portfolio of technologies to meet this challenge. Solar and wind will remain fundamen-

tal, but for India to become energy secure, it will also need hydro, nuclear, clean hydrogen, pumped storage, battery energy storage systems and flexible generation. Energy efficiency must be an equally important part of this equation, as it is one of the least-cost measures available for strengthening energy security.

Nuclear power is likely to matter more than in the past because firm, low-carbon power will be needed alongside rapidly expanding variable renewable generation. Small modular reactors (SMRs) could eventually supply captive industrial power, not just the grid. The recently enacted SHANTI

Act provides a framework for wider private participation in the nuclear sector. This is part of a broader shift that India now needs across clean-energy technologies, where the private sector plays a much larger role. Companies must increasingly lead in R&D, technology adoption, manufacturing scale and global market development. Additionally, industry, startups, universities, and research institutions need stronger links so technologies move faster from laboratory research to demonstration and then commercial scale.

Clean hydrogen and its derivatives need to be deployed where they can create genuine demand and directly reduce fossil fuel imports. The focus should be on steel, refineries, fertilisers, shipping, and selected industrial clusters where direct electrification is difficult. At the same time, India should aim to become one of the world's most competitive producers and exporters of clean hydrogen and green ammonia.

Storage will be fundamental to integrating large amounts of renewable



No single technology holds the answer to India's future energy security. We must develop a portfolio of technologies to meet this challenge. SHUTTERSTOCK

generation and providing the flexibility needed for a reliable power system. Battery Energy Storage Systems must be deployed close to renewable projects, but also at substations, industrial clusters and load centres where they can reduce congestion and improve grid reliability. Pumped storage projects can also provide the longer-duration balancing that a high-renewables system will require.

India must also build domestic capabilities to manufacture clean technologies at scale. If we do not manufacture battery cells, grid equipment, and electrolyzers while also developing a skilled labour force for the new energy system, we will remain import-dependent. That does not mean chasing self-sufficiency in everything, as some imports will remain necessary and pretending otherwise would be expensive if not impractical. The sensible path is to build strong domestic value chains where feasible and to lock in dependable, diversified international partnerships where they are not. There is also a case for taking technological bets beyond what has already been proven elsewhere. The more promising opportunities lie in areas where no country has an unassailable lead yet, including advanced battery chemistries, long-duration storage, advanced nuclear technologies, next-generation electrolyzers and AI applications to energy systems.

However, manufacturing alone will not be sufficient, as critical minerals

are the upstream vulnerability. A battery gigafactory is only as secure as the mineral and processing supply chains behind it. China controls between 70% and 90% of global refining capacity for critical minerals such as lithium, cobalt, nickel, and rare earths, which are integral to clean tech manufacturing. Escaping one chokepoint only to create another would simply substitute one strategic vulnerability for another. To address this risk, India must develop midstream mineral processing capabilities, secure access to mineral resources through strategic partnerships with resource-rich countries, build strategic stockpiles while simultaneously developing domestic exploration and recycling.

India has already shown that it can deploy clean energy at enormous scale. The real test now is whether we can turn that scale into technological capability, industrial strength and greater energy independence. If we do, the energy transition can fundamentally change India's strategic position from a country managing the vulnerabilities of imported energy to one that increasingly controls the technologies and systems on which its energy future depends.

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2. What India Must Do When Energy Gets Weaponised

GS Paper III: Indian Economy, Energy Security and Infrastructure

Context: Energy supplies, trade restrictions and control over critical minerals are increasingly used as instruments of geopolitical pressure, highlighting India's need to build a resilient and self-reliant energy system.

1. How Is Energy Being Weaponised?

1. **Supply as leverage:** Restricting oil and gas exports or threatening supply disruptions to pressure other countries.
2. **Sanctions and trade restrictions:** Limiting energy purchases to influence the economic and foreign-policy choices of importing nations.
3. **Price shocks:** Conflicts and supply disruptions raise energy prices, inflation and import bills.
4. **Critical-mineral dominance:** Control over mineral processing can influence global battery, electric vehicle and renewable-energy industries.
5. **Technology dependence:** Reliance on foreign suppliers for solar equipment, batteries and electrolyzers creates new strategic vulnerabilities.

2. Why Is India Vulnerable?

1. **Import dependence:** India imports close to 88% of its crude oil requirements and around half of its natural gas consumption.
2. **Economic pressure:** Higher energy prices increase inflation, the import bill and current account pressures.
3. **Geopolitical exposure:** Conflicts in West Asia and disruptions along strategic maritime routes threaten energy supplies.
4. **Concentrated supply chains:** Dependence on a few countries for critical minerals and clean-energy technologies increases vulnerability.
5. **Rising demand:** Industrialisation, urbanisation and digital infrastructure require reliable and affordable energy.

3. India's Energy Transition: Progress and Challenges

1. **Renewable-energy expansion:** India crossed 50% of installed electricity capacity from non-fossil sources in June 2025, ahead of its 2030 Paris Agreement commitment.
2. **Capacity target:** India aims to achieve 500 GW of non-fossil electricity capacity by 2030.
3. **Growing demand:** Rising electricity consumption requires additional generation, storage and transmission capacity.
4. **Intermittency:** Solar and wind power require storage and flexible backup generation.
5. **Infrastructure constraints:** Grid limitations, financially stressed distribution companies and investment needs slow the transition.

6. **New dependencies:** Imported clean-energy equipment and processed minerals may replace fossil-fuel dependence with technological dependence.

4. Critical Minerals: An Emerging Strategic Challenge

1. **Supply concentration:** China dominates the processing of several critical minerals, including rare earths, lithium, cobalt and nickel.
2. **Industrial risks:** Supply disruptions can affect batteries, electric vehicles, renewable-energy equipment and advanced manufacturing.
3. **Domestic capacity:** India needs stronger mineral exploration, processing, refining, recycling and manufacturing.
4. **International partnerships:** Cooperation with resource-rich countries can diversify supplies and reduce dependence on individual suppliers.

5. Way Forward

1. **Diversify energy sources:** Expand solar, wind and nuclear power while diversifying oil and gas suppliers.
2. **Modernise infrastructure:** Strengthen electricity grids and expand battery and pumped-storage systems.
3. **Build domestic manufacturing:** Develop capabilities in batteries, solar equipment, electrolyzers and other strategic technologies.
4. **Secure critical minerals:** Promote domestic exploration, recycling, strategic stockpiles and international partnerships.
5. **Invest in innovation:** Advance battery technology, green hydrogen, small modular reactors and energy-management systems.
6. **Improve efficiency:** Reduce energy wastage in industries, buildings and transport.

Conclusion

India must reduce energy dependence, strengthen domestic capabilities and diversify supply chains to protect its economic and strategic autonomy.

• THE ORANGUTAN WAS HOUSED AT GREENS ZOOLOGICAL RESCUE AND REHABILITATION CENTRE, A VANTARA ENTITY, ON THE ORDER OF AN SC-APPOINTED HIGH-POWERED COMMITTEE

Rescued 2 yrs ago from tiny cage in Dombivli house, orangutan returns to Indonesia

Nikhil Ghanekar
New Delhi, October 19

IN THE likely first repatriation of a wild animal from India to its country of origin, a male Sumatran orangutan that was rescued in 2024 from an apartment's bathroom during a raid in Dombivli, Thane district, returned to Indonesia on Monday morning.

The primate was housed at Greens Zoological Rescue and Rehabilitation Centre (GZSRC), a Vantara entity, since March 2025 on the order of a Supreme Court-appointed high-powered committee (HPC), headed by retired Supreme Court judge Justice Deepak Verma.

The Thane Forest Division in November 2024 found the animal locked in a cramped cage inside an apartment at Palava Complex, Dombivli, along with other illegally trafficked wildlife. It was transported from Jamnagar to Ahmedabad and then flown to Kualanamu Airport, Medan, in North Sumatra in a chartered flight. A team of Wildlife Crime Control Bureau (WCCB) officials from its western region office and a small team of officials from the Indonesian government and veterinary staff from Vantara were among those onboard the flight, it has been learnt.

The WCCB Regional Deputy Director Yogesh Warkad, supervised the repatriation in his capacity as India's Assistant Management Authority implementing the CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) treaty on wildlife trade. He travelled to Indonesia and oversaw the primate's handover at a rehabilitation centre in North Sumatra.

Live animals smuggled into India on airplanes are often deported back on the return leg of those flights. However, repatriation of an animal seized deep inside a country's territory involves coordinating with the likely country of export or origin. It requires compliance with the CITES treaty, which means procuring import permits, an export license from the Commerce Ministry, health certificates and quarantine protocols.

"The orangutan was repatriated from Gujarat and arrived at Kualanamu Airport, Medan. Officials from the Consulate General of India in Medan attended the reception ceremony organised by Indonesia's Ministry of Forestry at the airport," a press release issued by the Indian Embassy in Indonesia stated.

The return happened in the backdrop of a protracted repatriation process. It had initially begun in November 2024 but was paused in March 2025 at an advanced stage. A Supreme Court-appointed high-powered committee ordered the transfer of the animal from Gorewada Zoo, Nagpur, where it was housed post-seizure, to GZSRC for "proper rehabilitation" as it said a local zoo was not suitable for the task, as per official records.

Under CITES, which regulates cross-border trade in animals and plants, orangutans are listed under Appendix I, restricting their trade strictly to purposes such as research, transfers between recognised zoos, and breeding projects. The international treaty encourages repatriation if it is feasible. India's Wildlife Protection Act also mandates the same after consultation with the likely country of origin or export.

Indonesia's Minister of Forestry Raja Juli Antoni said the next critical step was to ensure rehabilitation of the animal in a suitable environment. The male orangutan will undergo rehabilitation at the Sumatran Rescue Alliance facility in Bukit Mas, Langkat Regency, North Sumatra, managed by the Centre for Orangutan Protection and Orangutan Information Project. The alliance supports repatriation of orangutans confiscated from the global illegal wildlife trade.

"The rewilding process takes multiple years depending on their age. For this orangutan, it will be at least 1-2 years of forest school at the rehabilitation centre with subsequent transfer to the release station in either Aceh (Jantho) or Jambi (Bukit Tiga Puluh) for additional forest school at the site for 2 years," said Sinan Serhadli, Development and Strategic Advisor at the Yayasan Sumatera Lestari — Orangutan Information Centre, a Medan-based non-profit organisation that works to conserve Sumatran and Tapanuli Orangutans.



The orangutan was flown from Ahmedabad to Medan, in North Sumatra. [indianexpress.com](https://www.indianexpress.com)

3. Rescued Orangutan Returns to Indonesia After Two Years

Subject: Environment and Biodiversity

Context: An orangutan rescued from illegal captivity in Dombivli, Maharashtra, was repatriated to Indonesia, highlighting concerns over wildlife trafficking and primate conservation.

1. Taxonomy and Characteristics

1. **Scientific genus:** *Pongo*
2. **Order:** Primates
3. **Family:** Hominidae (great apes)
4. **Distinctive features:** Highly intelligent, capable of tool use and adapted to life in trees.
5. **Diet:** Primarily fruits; also consumes leaves, bark and insects.
6. **Ecological role:** Seed dispersal, contributing to tropical forest regeneration.

2. Distribution and Species

1. **Bornean orangutan (*Pongo pygmaeus*):** Borneo — Indonesia and Malaysia.
2. **Sumatran orangutan (*Pongo abelii*):** Sumatra, Indonesia.
3. **Tapanuli orangutan (*Pongo tapanuliensis*):** Batang Toru forest, North Sumatra, Indonesia.

Orangutans are naturally found only on the islands of **Borneo and Sumatra** in Southeast Asia. Borneo is shared by Indonesia, Malaysia and Brunei.

3. Conservation Status

1. **IUCN Red List:** All three species are classified as Critically Endangered.
2. **CITES:** Appendix I — international commercial trade is generally prohibited.
3. **Major threats:** Deforestation, agricultural expansion, habitat fragmentation, hunting and illegal wildlife trade.
4. **Conservation priority:** Forest protection, habitat connectivity and enforcement against wildlife trafficking.

Can there be inflation without growth in the supply of money?

The impact of changes in money availability on an economy's general price level is clearer than the role of interest rate shifts



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Discussions on inflation in India centre around causes that lead to an increase in prices of specific commodities such as food or crude oil. Even Consumer Price Index (CPI) data is issued with food inflation marked apart from headline inflation. Of late, regulators and analysts have been talking about inflation excluding precious metals. While this is useful, it does not constitute an explanation of the behaviour of the general price level. It is true that an increase in crude prices may lead to a cost-push rise in the prices of several commodities, but the overall increase in the general price level cannot be explained by these factors.

Take the situation of a household. Suppose food prices increase; given the fixed nominal income of the household, if its demand for food is inelastic, higher food prices will leave the household with less income to spend on other commodities. This means that demand for other commodities will go down, pushing down their prices, thus mostly not affecting the general price level. The key assumption is that the nominal income of the household (its budget constraint) does not change. The same analogy holds good at the national level without committing any fallacy of composition. For the general price level to increase, nominal income must increase and this can happen only with an increase in money supply or liquidity.

Several decades ago, strangely, while addressing an Indian audience, Milton Friedman said, "It is true that [an] upward push in wages produced inflation, not because it was necessarily inflationary, but because it happened to be the mechanism which forced an increase in the stock of money." Thus, while individual prices can trigger inflation in the short-run, it is an adjustment in liquidity at the macro level that sustains inflation in the medium- and long-run.

This is not a throwback to the days of the Quantity Theory of money. The limitations of that theory are many. But the main point is that without an expansion in liquidity or money, no sustained increase in general price level is possible. This is where policy comes in.

In the last few decades, the policy focus has moved towards the interest rate: i.e., the price rather than quantity (money). But it needs to be noted that in equilibrium, both price and quantity are determined. In fact, post 2008-09, the term 'quantitative easing' has become part of the vernacular of central banks. Rate-change decisions are concomitant with decisions on the quantum of money or liquidity. Indeed, US Fed policy announcements are always accompanied by instructions to the Open Market Desk at the Federal Reserve Bank of New York to undertake open market operations (OMO). For example, the 17 September 2026 statement of the Federal Open Market

Committee instructs the Open Market Desk to 'Undertake open market operations as necessary to maintain the federal funds rate in a target range of 3-3/4 to 4 percent.' Even before this, during his first Jackson Hole speech on 28 August 2026, Fed chair Kevin Warsh said, "Money matters... It's not fashionable these days, but my view is that money has something important to do with monetary policy. We should pay attention to money created by the central bank and money that comes from the banking and financial systems. It's true that financial innovations and other factors alter the mechanics that link the monetary base, the velocity of money and the broader economy. But that is scarcely a reason to ignore the ultimate effects of money on financial conditions and prices."

This brings us to the question: Which is a better signal—price or quantity? This is partly an empirical issue. The quantity (money) impacts the price level more plausibly than the rate. Almost all macro models have a price equation in which money supply is an independent variable, which is found to be statistically significant with a theoretically appropriate positive sign.

A simple estimated 'price equation' for India with money supply and output on annual time series data from 1994-2024 is as follows: $CPI\ Inflation = 2.98 + 26.86 * (M3\ Growth) - 4.61 * (Output\ growth) + 4.35 * Dummy + 0.51 * AR(1)$, where M3 growth is found to be significant at 5% while output growth is insignificant (but with a negative sign).

[Note that M3 or 'broad money' includes not just currency in circulation, but also demand and time deposits with banks as well as other deposits with RBI; dummy used for the 2008 crisis and covid shock; and AR1 is a 'first-order autoregressive' term; what's notable here is the large M3 coefficient].

However, for various price specifications with policy rates and its variants, we could not find any interest rate being significant. In other words, the direct transmission of a rate change on prices appears to be unclear, while transmission from quantity to prices appears plausible. The usual explanation of how a rise in policy rate influences the economy runs as follows: "For its successful application, therefore, the theory underlying the discount-rate policy required, firstly, that the discount rate of the central bank should have a prompt and decisive influence on money rates and credit conditions within its area of operation, particularly when it was desired to raise money rates and contract credit, and secondly, that there should be a

substantial measure of elasticity in the economic structure in order that prices, wages, rents, production and trade might respond to changes in money rates and credit conditions." (M.H. de Kock, *Central Banking*, Page 179)

There is also fussiness beyond the impact on borrowing. Let us say that a rise in the policy rate leads other rates in the market to rise. The transmission mechanism up to this point is clear. Beyond that, does it affect the supply or demand of commodities? The old Cambridge version of the Quantity Theory of money argued that if the money held increases over the desired level, the excess leads to additional spending, causing prices to increase. Thus, the explanation of transmission via quantity is far clearer than through the rate.

On the impact of interest rate changes, there is no clarity on which rate is relevant. While Keynes emphasized the long-term rate, R.G. Hawtrey argued in favour of the short-term rate (bank rate). Keynes's explanation is that as investment changes, income changes through the multiplier process. Hawtrey argued that short-term rates affect the cost of holding inventory and thus the quantity held, which affects the supply of goods and services. In a unified market, both rates change in the same direction. In fact, any attempt to make short and long rates move in opposite directions (often called 'operation twist') will fail, as the US Fed found out. The transmission mechanism beyond change in all interest rates needs more clarity.

Three broad conclusions emerge from our analysis:

First, it is important to look at interest rate spreads. Watching the call money rate alone is not enough. In fact, it is the shortest money rate. Bond yields not only in the US but even in India have been sending strong signals recently. The policy rate is a good signal. But its transmission must be seen across a spectrum of interest rates.

Second, changes in the policy rate must be followed by appropriate changes in durable liquidity such as reserve money and money supply.

Third, it appears as if rate changes are decided by the Monetary Policy Committee and liquidity decisions are taken by the RBI administration. But actually, these two, as mentioned earlier, are concomitant decisions. The desired interest-rate changes can happen only after liquidity decisions, even though there may be occasions when liquidity changes may be directed at other objectives like exchange-rate stability.

4. Can There Be Inflation Without Growth in the Money Supply?

GS Paper III: Economy — Inflation and Monetary Policy

Context: Inflation is commonly linked to an increase in money supply, but rising production costs, supply shortages and changes in spending can also push prices upward.

1. How Does Inflation Occur?

1. **Demand-pull inflation:** Demand for goods and services rises faster than their supply, pushing prices up.
2. **Cost-push inflation:** Higher fuel, food, transport or raw-material costs increase the prices of goods and services.
3. **Supply shocks:** Wars, crop failures and supply-chain disruptions can raise prices even without an increase in money supply.
4. **Reduced production:** If fewer goods are available but spending remains unchanged, prices may rise.
5. **Faster circulation of money:** Even when the amount of money remains unchanged, people spending it more frequently can increase demand and put pressure on prices.

2. Can Inflation Rise Without an Increase in Money Supply?

1. **Yes.** A shortage of essential goods can increase their prices without any expansion in money supply.
2. If fuel prices rise, transportation and production become costlier, affecting prices across the economy.
3. If the supply of goods falls while overall spending remains stable, more money competes for fewer goods.
4. However, a rise in the price of one commodity does not automatically mean that the general price level is rising persistently.

3. Role of Money Supply and the RBI

1. **Money supply:** The amount of money available in an economy influences spending and demand.
2. **Reserve Bank of India (RBI):** Uses monetary policy to maintain price stability while supporting economic growth.

3. **Repo rate:** Raising the policy rate generally makes borrowing costlier, moderating demand and inflationary pressure.
4. **Liquidity management:** The RBI manages the availability of money in the banking system through monetary instruments.
5. **Government measures:** Improving food supply, easing transport bottlenecks and addressing shortages can help control supply-driven inflation.

Conclusion

Inflation can occur without money supply growth, particularly when supply falls or production costs rise. Controlling it requires appropriate monetary policy alongside measures to strengthen supply and reduce bottlenecks.

Separation of powers and CJI's refusal

Why did the Opposition seek a meeting with the CJI? What allegations did it raise against the CEC? Why did the CJI refuse the request? What remedies did Rahul Gandhi seek from the Supreme Court? How does separation of powers apply to the case? What does judicial propriety require of judges?

EXPLAINER

Krishnadas Rajagopal

The story so far:

Chief Justice of India Surya Kant declined a request made by Opposition leaders for an audience to discuss allegations against Chief Election Commissioner (CEC) Gyanesh Kumar's conduct during the Special Intensive Revision (SIR) process, alongside detentions of peaceful protesters and the lockdown of arterial Delhi.

The refusal was anchored in the ethos of maintaining a neutral distance from the political thicket. The CJI's letter emphasised that the judiciary cannot blur constitutional lines.

"A short while ago, the One-Nation-One-Election Joint Parliamentary Committee (JPC) had proposed to meet the judges of the Supreme Court. The leaders of the Bar had questioned how parliamentarians could meet judges when the Bill on simultaneous elections was itself under consideration. The law, which may emanate from the Bill, could one day, down the line, come up before the court in challenge. So, in principle, I don't see how the Chief Justice was wrong in applying the same standard about meeting Mr. Rahul Gandhi as was applied in the instance of the JPC. It is a matter of propriety," senior advocate C.U. Singh said.

Why did the Opposition approach the CJI?

On October 10, the Leaders of the Opposition in the Rajya Sabha and Lok Sabha, Mallikarjun Kharge and Rahul Gandhi, respectively, wrote to CJI Kant. It marked a rare and historic instance of the Opposition directly engaging the highest judicial office of the country to complain against another constitutional authority, the CEC.

The brief request, submitted on a joint letterhead, stated that the two leaders wished to submit a memorandum to the Chief Justice concerning the CEC and the Election Commission of India. Sent hours after the brutal police crackdown on citizens demanding the resignation of CEC Gyanesh Kumar, the representation said the arbitrary arrest of students, closure of Metro stations, cancellation of trains, and barricading of arterial roads created an "atmosphere of siege in the city of Delhi".

Mr. Gandhi followed up with a second, detailed representation to CJI Kant on October 11. He underscored the Supreme Court's role as the guardian of the Constitution and the fundamental right of every citizen to vote. Writing in his capacity as the Leader of the Opposition in the Lok Sabha on behalf of crores of voters anxious about the integrity of the electoral rolls, Mr. Gandhi pointed out that he was also a member of the Selection Committee constituted under Section 7 of the Chief Election Commissioner and Other Election Commissioners (Appointment, Conditions of Service and Term of Office) Act, 2023. He underscored that he had recorded a formal note of dissent on the procedure followed for selecting CEC Kumar during a committee meeting on February 17, 2025.

The representation accused the CEC of an arbitrary and unilateral exercise of power during the SIR. He asked the CJI to treat the representation as a letter petition in the public interest.



GETTY IMAGES

He urged the CJI to direct a complete disclosure of SIR records with the Election Commission and the setting of an independent committee headed by a retired Supreme Court judge to review decisions and audit voter deletions made during SIR to safeguard free and fair elections. He sought an interim suspension of the SIR process itself.

How did the CJI respond?

On October 12, the Chief Justice responded to the October 10 request for a meeting, while omitting any direct reference to Mr. Gandhi's subsequent October 11 representation.

Addressing both Mr. Kharge and Mr. Gandhi and declining their request for an appointment on October 12 between 4 pm and 5 pm to submit a memorandum, the CJI noted that the issues regarding the CEC, the arbitrary arrests, Metro closure and train cancellations, etc., were already sub judice before the court.

The CJI said that, "therefore, convening a meeting to discuss pending cases would wholly contravene the principle of Separation of Powers, an intrinsic facet of the basic structure doctrine of the Constitution of India, and would be incompatible with the established ethics and judicial propriety".

The two-page response also reminded the leaders that the constitutional framework did not vest the Supreme Court with administrative powers to "deal with the issues highlighted in your letter". But the CJI said the Supreme Court was duty-bound on the judicial side to consider the gravamen of issues affecting the citizens of India.

The top judge reiterated in his reply to the Opposition leaders the court's commitment to preserve and protect the fundamental rights of every citizen of India.

Chief Justice Kant said citizens were "entitled to seek enforcement of such rights at all hours through the procedure known in law".

Chief Justice Kant advised the two leaders in his response that it would be "more appropriate on your part to invoke the judicial powers of the Supreme Court of India, instead of submitting a

memorandum on the administrative side".

The CJI said that petitions raising parallel issues were listed for hearing on October 13. He said the leader, acting on legal advice, could file their petition on October 12. The CJI observed that the leaders could file their petition on October 12 based on legal advice, assuring that "any such petition shall be heard at the earliest possible opportunity, in accordance with law". A writ petition was subsequently filed by Mr. Gandhi alongside 12 other Opposition leaders, which was successfully registered, numbered, and is primed for a judicial hearing.

What does the law say?

At the heart of the CJI's response lie three factors – the doctrine of separation of powers, sub judice rules and judicial propriety, and the Bangalore Principles.

As Chief Justice Kant's response said, the separation of powers, which divides governance among the three distinct organs of the legislature, the executive, and the judiciary, was an unalterable part of the basic structure of the Constitution. The court functions as an impartial arbiter with a clear mandate to adjudicate disputes impartially, apply laws, and review executive or legislative actions only through established judicial proceedings. The judiciary did not hold executive or administrative oversight to unilaterally intervene in government policy or governance demands.

A parallel out-of-court meeting between the Chief Justice, who also happens to lead the Bench hearing the CEC-related cases and Opposition leaders, belies fair play and bypasses procedural fairness. Entertaining political factions on a one-to-one basis outside the courtroom compromises judicial impartiality and creates an impression of bias. Disputes must be settled in the open court, transparently, in proceedings in which opposing parties get an equal say in accordance with the principles of natural justice.

The Bangalore Principles of Judicial Conduct puts in place ethical benchmarks for judges, which include that they must

avoid any act of impropriety which would compromise the public's perception of judicial neutrality.

When has judicial propriety come under scrutiny?

Prime Minister Narendra Modi's 2024 visit to the residence of then Chief Justice of India, Justice Dhananjay Chandrachud, to perform pooja during Ganesh Chaturthi drew public criticism over perceptions of the executive and judiciary cosy up. Historical precedents of serving judges expressing admiration for political figures include Justice P.N. Bhagwati sending a congratulatory letter to Indira Gandhi upon her return to power, and Justice M.R. Shah reportedly describing Prime Minister Modi as a "model and a hero". Similarly, former Supreme Court judge Arun Mishra had sparked controversy by publicly describing Prime Minister Modi as a "versatile genius" and an "internationally acclaimed visionary who can think global and act locally".

On a separate occasion, Prime Minister Modi visited the Supreme Court premises at the invitation of then-CJI Ranjan Gogoi on the sidelines of a BIMSTEC conference. Justice Gogoi was nominated to the Rajya Sabha following his retirement.

Incidentally, Justice Gogoi was one of the four senior Supreme Court judges who held the unprecedented January 2018 press conference, spotlighting concerns over executive influence in case allocations under then Chief Justice Dipak Misra.

History shows that political friction with the judiciary carries 'unsettling' consequences. Following the landmark *Kesavananda Bharati* judgment, which established the basic structure doctrine limiting Parliament's amending powers, Indira Gandhi's government superseded Justices J.M. Shelat, K.S. Hegde and A.N. Grover to appoint Justice A.N. Ray as Chief Justice of India. The move triggered the immediate resignation of the three superseded judges.

Decades later, the imperative to insulate judicial appointments from executive overreach had culminated in the Collegium system and the adoption of the Bangalore Principles.

THE GIST

▼ The CJI refused to meet Opposition leaders Rahul Gandhi and Mallikarjun Kharge over allegations against the CEC during the SIR, citing separation of powers and judicial propriety

▼ He advised them to seek judicial remedies, noting that the issues were already before the court and that the Supreme Court could hear petitions to enforce citizens' fundamental rights

▼ Past controversies involving judges and political leaders show concerns over judicial neutrality and the need to insulate the judiciary from executive influence

5. Separation of Powers and the CJI's Refusal

Source: The Hindu

GS Paper II: Constitution, Separation of Powers and Judicial Independence

Context: Chief Justice of India (CJI) Surya Kant declined a meeting requested by Opposition leaders Rahul Gandhi and Mallikarjun Kharge concerning allegations against the Chief Election Commissioner (CEC), emphasising constitutional boundaries and judicial propriety.

1. Background

1. Opposition leaders sought to raise concerns about the CEC's conduct during the Special Intensive Revision (SIR) of electoral rolls and related developments.
2. The CJI declined an informal meeting, advising them to pursue appropriate judicial remedies through established legal procedures.

2. Constitutional Provisions

1. **Article 50:** Directs the State to separate the judiciary from the executive in public services.
2. **Article 32:** Guarantees the right to approach the Supreme Court for enforcement of Fundamental Rights.
3. **Article 226:** Empowers High Courts to issue writs for Fundamental Rights and other legal purposes.
4. **Article 121 and Article 211:** Restrict discussion of the conduct of Supreme Court and High Court judges in legislatures, except in proceedings for their removal.
5. **Basic Structure Doctrine:** Separation of powers and judicial independence are essential features of the Constitution's basic structure.

3. Separation of Powers: Meaning and Indian Model

1. **Meaning:** Distribution of governmental functions among the legislature, executive and judiciary to prevent concentration of power.
2. **Legislature:** Makes laws and holds the executive accountable.
3. **Executive:** Implements laws and administers public policy.
4. **Judiciary:** Interprets laws, adjudicates disputes and protects constitutional rights.
5. **Indian model:** Functional separation with checks and balances, rather than a rigid separation of all powers.

4. Landmark Supreme Court Judgments

1. **Kesavananda Bharati v. State of Kerala (1973):** Established the Basic Structure Doctrine, limiting Parliament's power to amend the Constitution in a way that destroys its basic structure.
2. **Indira Nehru Gandhi v. Raj Narain (1975):** Reinforced free and fair elections and the principle that electoral disputes cannot be insulated entirely from judicial scrutiny.
3. **Minerva Mills v. Union of India (1980):** Reaffirmed limited amending power and the importance of constitutional balance.
4. **Supreme Court Advocates-on-Record Association v. Union of India (2015):** Struck down the National Judicial Appointments Commission (NJAC) framework, reaffirming judicial independence as part of the basic structure.

5. Significance of Judicial Propriety

1. **Impartiality:** Judges must avoid conduct that creates a reasonable perception of political bias.
2. **Due process:** Disputes should be resolved through formal proceedings, evidence and reasoned judicial decisions.
3. **Institutional independence:** Courts must remain independent while ensuring that public authorities are subject to law.
4. **Public confidence:** Judicial restraint and transparent procedures strengthen trust in constitutional institutions.

6. Way Forward

1. Resolve disputes through appropriate judicial forums and established constitutional procedures.
2. Preserve judicial neutrality while ensuring effective scrutiny of unlawful state action.
3. Strengthen transparency and accountability in electoral processes.
4. Maintain institutional independence through mutual respect for constitutional roles.

Conclusion

Separation of powers requires independent institutions, mutual accountability and constitutional restraint. Judicial independence must coexist with effective legal scrutiny and public confidence in democracy.

Agitation is easy. Governance is hard

Parliament and Assemblies should be politicians' playgrounds for vigorous debate; bureaucracy must speak through committed, qualitative executive action; and the judiciary must deliver honest judgments within the confines of courts. Governance ultimately exists to solve citizens' everyday problems. Those in power, whether ruling or opposing, should not turn the streets into a theatre for political sentiment. But when institutions fail through incompetence, corruption, ideological rigidity or indifference, democracy cannot demand silence. Citizens have the right and sometimes the moral duty to take to the streets, question power and demand accountability



PRASHANT TEWARI

It is easy to agitate. It is even easier to become a folk hero by positioning oneself against the establishment. Across the world, particularly in India, taking to the streets has often been portrayed as the ultimate expression of courage and public

service. But opposing power and exercising power responsibly are fundamentally different. Raising slogans against a government may require courage; governing a country requires competence, patience, integrity, institutional discipline and accountability.

Hitting the streets may be the easiest route to political visibility. Winning an election is considerably harder. Qualifying a competitive examination to become a civil servant requires years of preparation. Becoming a judge requires legal knowledge, professional experience, and a willingness to make decisions that affect millions. Yet the real test begins after one acquires authority. Power becomes meaningful only when exercised in the public interest.

The question, therefore, is not whether people have the right to protest. They unquestionably do. The question is what happens when legitimate grievances become instruments of political mobilisation and agitation becomes a substitute for governance. Genuine protest can strengthen democracy, but prolonged mobilisation, when driven primarily by political objectives, can also weaken institutions while claiming to defend them.

India has witnessed major movements, from the anti-corruption campaign associated with Anna Hazare to farmers' protests, student movements, reservation agitations and demonstrations around citizenship, caste, minority rights and electoral issues. Many contained genuine grievances and attracted sincere citizens. It would be unfair to portray every participant as politically motivated, but equally naive to assume that every movement remains insulated from political interests, ideological networks or organised mobilisation.

The career of RTI activist Arvind Kejriwal is a notable example. He emerged as a prominent face of the anti-corruption movement led by Anna Hazare, alongside figures such as Kiran Bedi and Prashant Bhushan. The movement challenged the then Congress-led government and demanded a stronger Lokpal mechanism. Kejriwal eventually concluded that changing the system required entering electoral politics. The Aam Aadmi Party was formed, contested elections and eventually formed governments. There was nothing inherently wrong with that transition; democracy requires citizens and activists to enter politics.

But once an activist acquires power, the standard of accountability changes. It is one thing to accuse a government of corruption from a protest platform and quite another to run a government, control an administration and deliver public services. Once an activist becomes a Chief Minister, citizens are entitled to ask whether schools function, hospitals deliver, roads are maintained, municipalities work, and bureaucracy responds.

The same principle applies to every political leader, including Narendra Modi. His bureaucratically driven government cannot indefinitely blame previous governments for every institutional failure. After more than a decade in national office, responsibility for reform increasingly rests with the present government. Electoral success must ultimately translate into institutional transformation. Citizens care less about who created a problem than about who can solve it. Unfortunately, Narendra Modi, despite running two successive majority gov-



Court's Prakash Singh judgment sought structural changes to reduce political interference and improve professional policing, yet implementation has remained uneven. Successive governments at the Centre and in the states have had opportunities to strengthen policing, while political control over administration remains an enduring issue. Police institutions have also faced persistent concerns over corruption, caste influences and political interference. Practically, nothing has changed over the period of several decades; in fact, except for seminars, conferences and discussions, policing has become a nightmare in the country. Icons like Prakash Singh, Ajit Doval, Kiran Bedi, Nageswara Rao, KPS Gill, have graced the Indian police force for a long time, but the outcome from the perspective of the common man remains a big zero.

The judiciary presents a similar paradox. Eminent figures such as liberal leftist Justice Rohinton F. Nariman, Justice Deepak Gupta and Justice Madan B. Lokur have contributed substantially to public debates on constitutional governance, judicial independence and institutional accountability. Senior lawyers such as Kapil Sibal and P Chidambaram have also been vocal participants in debates concerning the judiciary and constitutional institutions. Their interventions are part of a healthy democratic conversation. But the larger question remains: how much impact has this discourse made on a system in which many of them were integral participants? When will the ordinary citizen experience justice that is faster, simpler, corruption-free, and less expensive?

India has discussed judicial reform for generations while millions of cases remain pending. The citizen does not experience the judiciary through constitutional seminars or television debates. He experiences it through adjournments, legal costs, procedural complexity, rampant corruption and uncertainty.

The same contradiction exists in bureaucracy. Former civil servants such as G. K. Pillai and Vappala Balachandran have contributed to public discussions on governance, administration and national security. Public intellectuals such as Yogendra Yadav and Harsh Mander have remained influential voices on democracy and social policy. Their criticism deserves engagement rather than dismissal, but intellectual criticism becomes most valuable when accompanied by practical institutional alternatives. One must explore and seek the reforms they brought into the system that have benefited the citizen.

the world?

Political leaders such as Rahul Gandhi, Mallikarjun Kharge, Mamata Banerjee, Arvind Kejriwal and Sanjay Raut have repeatedly challenged the Modi government. That is their democratic right. But criticism must be replaced by an alternative governing model. Those who aspire to exercise power must explain not merely what is wrong, but what they would change and how. All these critics were in power for a long period of time, there is nothing tangible on the table that they can showcase to make a case for themselves to be in power again.

India therefore does not need protests; it needs more responsible protests. It does not need less dissent; it needs more constructive dissent. The citizen ultimately wants a police station that registers a complaint, a municipality that works, a road that is repaired, a bureaucrat who responds and a court that delivers justice without corruption and within a reasonable period.

The opposition cannot permanently remain in the politics of protest. The government cannot permanently remain in the politics of defence. Bureaucrats cannot hide behind procedure, judges cannot ignore systemic delay, and intellectuals cannot substitute commentary for institutional solutions.

Governments will change through elections. Institutions must survive those changes. The objective must therefore be institutional reform, not institutional destruction. In the age of social media, Gen Z can play a decisive role by peacefully channelling its energy toward municipal services, police stations, schools, colleges, hospitals, and courts. With smartphones, citizens can document failures in governance and bring them into public view without bias or vested interests. Such citizen-led pressure groups have the potential to demand seamless, quality governance while remaining constructive and democratic.

Repeatedly hitting the streets, however, can disrupt governance, inconvenience ordinary citizens and create a negative perception of the country. The challenge is therefore to transform public anger into informed civic pressure, evidence-based accountability and practical solutions rather than endless confrontation.

It is easy to become a hero by opposing power. The difficult art is to acquire power and then use it responsibly in the service of the citizen. "A society does not collapse overnight. It decays when professionals abandon their duties, institutions abandon their responsibilities, and political leaders abandon

6. Agitation Is Easy, Governance Is Hard

GS Paper II: Governance, Civil Services and Accountability

Context: Democratic protests can expose institutional failures and demand accountability, but lasting change requires competent administration, institutional reforms and effective public service delivery.

1. Protest and Governance: The Central Argument

1. **Protest as a democratic instrument:** Peaceful agitation enables citizens to express grievances and hold those in power accountable.
2. **Governance as the real test:** Political mobilisation must translate into better public services, institutional integrity and measurable outcomes.
3. **Accountability after gaining power:** Leaders who criticise administrative failures must demonstrate their ability to address them when entrusted with power.
4. **Institutional change over political slogans:** Sustainable reform requires professional administration, policy continuity and effective implementation.

2. Persistent Governance Deficits

1. **Police reforms:** Political interference, inadequate accountability and uneven implementation weaken public trust.
2. **Judicial delays:** Case backlogs, procedural complexity and high litigation costs impede access to justice.
3. **Bureaucratic inefficiency:** Administrative inertia, corruption and weak grievance redressal reduce service-delivery quality.
4. **Weak implementation:** Announcements and political promises do not always translate into improvements in schools, hospitals, roads and municipal services.
5. **Electoral accountability gap:** Electoral victories do not automatically guarantee competent administration or institutional transformation.

3. Role of Citizens and Political Leadership

1. **Constructive dissent:** Citizens must retain the right to protest when institutions fail or public grievances remain unresolved.
2. **Responsible leadership:** Political parties should convert public demands into implementable policies rather than rely indefinitely on agitation.
3. **Institutional accountability:** Governments must remain answerable for outcomes, service quality and the use of public resources.
4. **Citizen participation:** Public consultation, social audits and local grievance mechanisms can strengthen democratic oversight.

4. Way Forward

1. **Professionalise institutions:** Strengthen police autonomy with accountability, judicial capacity and merit-based administration.
2. **Measure governance outcomes:** Evaluate performance through service-delivery indicators, implementation quality and citizen satisfaction.
3. **Ensure time-bound grievance redressal:** Make public services accessible, transparent and responsive.
4. **Strengthen local governance:** Empower municipalities and local bodies to address everyday civic problems.
5. **Protect peaceful dissent:** Preserve democratic protest while resolving grievances through institutional and constitutional mechanisms.

Conclusion

Democracy requires both the freedom to protest and the capacity to govern. Its success lies in converting public demands into accountable institutions, effective services and tangible improvements in citizens' lives.