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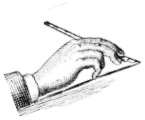

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GS 2: INTERNATIONAL RELATIONS

THE HINDU PAGE : 1

India to sign U.S. deal only after clarity on rates

- Any deal must be weighed against tariff structure and comparative advantage, says senior official
- U.S. court ruling against tariffs hadn't come when govt. said deal will be signed in March, adds official
- However, Commerce Secretary maintains India is engaged with U.S. for a mutually beneficial deal

T.C.A. Sharad Raghavan
NEW DELHI

India will sign a trade deal with the U.S. only after the country settles its "tariff architecture" and clarifies country-wise tariff rate, sources in the government have said.

"Any deal that we finalise and sign has to be seen against the tariff structure or comparative advantage that India gets in the U.S. market," a senior official in the Ministry of Commerce said. "The U.S. is working on trying to recreate a tariff architecture globally. If they are able to finalise that, at that juncture it would be right to sign the deal," the official said.

This comes against the backdrop of two trade-related investigations the U.S. is carrying out that could potentially see additional tariffs being levied on a number of countries, including India.

Meanwhile, Commerce Secretary Rajesh Agrawal said that India remains engaged with the U.S. on a trade deal.

"Pursuant to the U.S. Supreme Court judgment dated February 20, 2026 invalidating reciprocal tariffs, the reciprocal tariffs are no longer in force," Mr. Agrawal told presspersons on Monday. "The U.S. government has issued Executive Orders imposing 10% tariffs pursuant to Section 122 of the Trade Act, 1974 on certain products from all countries," he added. "India remains engaged with the U.S. side for a mutually beneficial trade agreement," he said.

India and the U.S. announced a trade deal on February 2 and a joint statement on the finalisation of a framework for the deal was released on February 7. At the time, Commerce Minister Piyush Goyal had said that the deal would be signed in March.

The U.S. Supreme Court on February 20 ruled against the validity of U.S. President Donald Trump's use of the International Emergency Economic Powers Act (IEEPA) to levy reciprocal tariffs on America's trade partners. It is after this that the U.S. imposed the 10% tariffs on all its trade partners under Section 122 of the Trade Act, 1974. These tariffs are in force for a period of 150 days from February 24.

"The U.S. deal was to be signed in March. When we said this, at that time the Supreme Court judgement on IEEPA tariffs had not come," the official explained. "Now with the Supreme Court judgement on IEEPA tariffs, the tariffs per se don't exist."

Additionally, over the course of March 11-12, the U.S. Trade Representative initiated two separate investigations into the U.S.' trade partners under Section 301 of the Trade Act, 1974. If the findings of these investigations warrant it, the U.S. can impose additional tariffs on particular countries.

Under the framework announced by the two countries, the U.S. was to impose an 18% tariff on most goods imported from India. Now, the new rate will depend on the rates the U.S. imposes on India's competitors.

"Depending on how their tariff architecture settles, that will determine where India will land," the official said. "In case all others are at 19%, 20%, 21%, 22%, then India will remain at 18%. But if others come down, then India will also come down. That is something for the U.S. also to take a call on."

On Russian oil

Mr. Agrawal also highlighted that the U.S.' removal of tariffs on India is linked to its import of Russian oil.

"On February 7, 2026, the 25% additional ad-valorem tariffs imposed by the U.S. on certain Indian exports citing India's imports of Russian oil were removed," Mr. Agrawal noted.

Following the start of the ongoing conflict in West Asia, the U.S. Treasury Department issued an order to "allow" India to import oil from Russia, a concession it later expanded to all countries.

"On petroleum, whether we are buying it at a premium [from Russia], the Petroleum Ministry would be the right forum to answer it in detail," Mr. Agrawal said.

He said, "But we do monitor the import data and we can say that we are buying Russian oil and there has been an increased buying of Russian oil in the current month because of the challenges we are facing."

Tariff travails

In 2025, U.S. imposed 25% reciprocal tariffs on India. An additional 25% linked to import of Russian oil was later imposed taking total tariffs to 50%. A timeline of events thereafter:

- **Feb. 6, 2026:** India and the U.S. issue a statement on framework on interim pact
- Additional 25% Russian oil-linked tariff removed **(Tariff on India: 25%)**
- **Feb. 20:** U.S. SC strikes down reciprocal tariffs
- **Feb. 24:** U.S. imposes 10% tariff on all countries for 150 days. **Tariff on India: 10%**
- **Mar. 11-12:** USTR launches probe which could lead to additional tariffs
- **Mar. 16:** Govt. sources say deal will only be signed after U.S. finalises tariffs on India and other countries

India's trade deficit stands at $4 billion in Feb.

NEW DELHI

India's trade balance stood at a deficit of about $4 billion in February compared with a surplus of $2.7 billion a year earlier due in large part to merchandise exports staying flat while imports of both merchandise and services grew significantly during the month. » PAGE 12

GS 2 : INTERNATIONAL RELATIONS

INDIAN EXPRESS PAGE : 10

In war on Iran, Israel knows what it wants — US does not

HUSSEIN BANAI

THE ISLAMIC Republic of Iran cannot win the current war with Israel and the United States. It only wishes to survive it. This distinction, seemingly small, is in fact the key to understanding everything Tehran has done since the start of the war on February 28, and everything it is likely to do next. Survival is not a fallback position for the Islamic Republic; it is, and has been since the republic's founding in 1979, the paramount objective around which all other decisions are organised. What looks from the outside like defiance or recklessness is, from the inside, the rational execution of a doctrine that has kept the regime in power for nearly half a century.

Ayatollah Ruhollah Khomeini built the survival imperative into the constitutional architecture of the state from the beginning. The Islamic Revolutionary Guard Corps (IRGC), established within months of the revolution, was given a mandate distinct from that of the conventional armed forces: Where the regular army was tasked with defending Iran's borders, the IRGC was charged with preserving the revolution itself. This was a deliberate and consequential choice. The Islamic Republic would always maintain a military force whose primary loyalty was to the political order, not the nation-state, and whose purpose was to guarantee that the system endured regardless of what the Iranian people, the clerical establishment, or the outside world demanded of it. Over four decades, that institutional purpose has calcified into something more than strategy. It has become the operating system of the Iranian state, absorbing protest, sanctions, proxy war, and now open military assault with the same essential response: Hold, repress, and outlast.

The succession of Mojtaba Khamenei as Supreme Leader is the clearest recent illustration of this logic. Within 10 days of his father's killing, the Assembly of Experts named the 56-year-old as the republic's third Supreme Leader. His principal qualification was his closeness to the IRGC and his capacity to maintain continuity within the hardline security establishment. His appointment was an act of institutional self-preservation conducted at speed, under fire, and in explicit defiance of American objection. US President Donald Trump had said the choice would be unacceptable. Iran chose him anyway, and in doing so demonstrated that the Islamic Republic does not organise its most important decisions around what its enemies find acceptable. The decapitation strategy assumed the body would die when the head was removed. It did not.

Israel has always understood this. For Benjamin Netanyahu, the survival doctrine of the Islamic Republic is not an abstraction; it is the organising premise of three decades of Iranian policy toward Israel, expressed through Hezbollah, Hamas, the ballistic missile programme, and the relentless pursuit of nuclear capability. Netanyahu has spent those decades arguing, with increasing urgency, that Iran's regime is an existential threat that cannot be managed or contained, only eliminated. Netanyahu's stated aim in this war is regime change: Not a degraded Iran, not a denuclearised Iran under new management, but the end of the Islamic Republic as a governing system. He addressed the Iranian people directly after the first strikes, calling on them to overthrow what he called "the regime of fear". For Israel, this war is, at its core, a war about whether the Islamic Republic can be made to cease to exist. That is a coherent position, one that at least begins from an accurate reading of what the regime is and how it operates.

> A campaign premised on regime change, and one premised on nuclear disarmament are not the same, and the gap between them is one the Islamic Republic is well-positioned to exploit

The Trump administration's position has been something quite different and considerably less coherent. The President's war aims have shifted repeatedly since the first strikes, oscillating between demands for unconditional surrender, offers of immunity to IRGC commanders willing to defect, suggestions that Trump himself would select Iran's next leader, and signals that a nuclear deal with the new Supreme Leader might yet be possible. Secretary of State Marco Rubio has acknowledged to Western counterparts that while the two allies are aligned on military objectives, there are "different nuances" on the question of regime change. That is a diplomatic understatement. Netanyahu wants the war to lay the foundation for the end of the Islamic Republic. The Trump administration, by the evidence of its own public statements, is less certain what it wants, and has shown signs of a desire to exit the conflict on terms it can describe as a victory, whether or not those terms constitute one.

This divergence is not a secondary tension within the alliance; it is the central strategic problem of the war. A campaign premised on regime change and one premised on nuclear disarmament are not the same, and the gap between them is one the Islamic Republic is well positioned to exploit. If Trump concludes that destroying Iran's nuclear and missile infrastructure is sufficient for him to declare victory and disengage, the regime survives, the IRGC remains in place, and Iran retains the institutional capacity to reconstitute its programme over time. If, on the other hand, the alliance commits to regime change without a credible plan for what follows, it risks the kind of open-ended entanglement that neither country's political circumstances can sustain.

Iran's own conduct reflects this clarity. Rather than limiting its retaliation, Tehran has widened the circle of the war, launching missiles and drones at all six Gulf Cooperation Council states, restricting traffic through the Strait of Hormuz, and driving oil prices to their highest levels in years. These are the actions of a regime deploying the leverage it has accumulated over decades, not the desperate thrashing of a system on the verge of collapse. The Islamic Republic is not trying to win the war in any conventional sense. It is trying to raise the cost of the war high enough that its enemies conclude that removal of the regime is more expensive than its continued existence. In this, its strategy and its survival doctrine are one and the same. It will not be dissolved by a military campaign whose two principals cannot agree on what they are trying to achieve.

The writer is associate professor of International Studies at the Hamilton Lugar School of Global and International Studies, Indiana University

GS 3: INDIAN ECONOMY

INDIAN EXPRESS PAGE : 14

The 'discrepancies' in India's new GDP data

While India has just updated its GDP series, 'discrepancies' (as a percentage of real GDP) are rising again. Many factors are behind this

UDIT MISRA

THE MINISTRY of Statistics and Programme Implementation last month brought out a new series of data for the country's Gross Domestic Product or GDP, which is the market value of all final (as against intermediate) goods and services produced within India's geographical boundaries in a year.

While there were many new technicalities in the new GDP series, the main change was the change in "Base Year". Before the new series, 2011-12 was being used as the base year. This meant the goods and services produced in 2011-12 and the prices at which they were sold and bought in that year formed the basis for all future analysis.

Before 2011-12, India used 2004-05 as the base year, and before that, 1999-2000. This is the eighth such revision in independent India's history.

Controversy in old GDP series

Many critics claimed that the outgoing GDP series, adopted in January 2015, overstated India's GDP growth. For instance, in the financial year 2025-26, the nominal growth of GDP is 8% and the real growth (the one after subtracting the rate of inflation) is 7.4%. Many argued that the inflation rate they faced was far more than 0.6 %. In turn, this also raised questions about the quality of India's inflation data.

There was a bigger problem undermining the credibility of India's GDP data. This is called "discrepancies", an actual subhead used by MoSPI to calculate GDP data.

The 'discrepancies'

There are two main ways to calculate India's economic output.

One is to look at everything India produces in a year and add up all the monetary "value" created in a year. This is typically captured by a measure called the Gross Value Added (GVA). The other is to add up all the money spent by different people or entities (be it individuals, governments, business houses) in the economy. This is typically called the GDP.

The two variables are connected thus: GDP = GVA + Net Indirect Taxes, which is the tax the government levies on different goods minus the subsidies it provides for the production of different goods.

In theory, the two calculations should yield the same economic output.

"But," as MoSPI states in its FAQs, "often these two numbers don't match exactly. This small difference is called the 'statistical discrepancy'. It happens because some data, especially on the spending side, is not available, or reported late."

To bridge the artificial statistical gap, MoSPI has added a sort of a dummy component called "discrepancies".

It is important to note here that the production side estimates are given primacy and the "discrepancies" are added (or subtracted) from the expenditure side estimates. But high levels of "discrepancies" can undermine the credibility of data.

Levels in the old series

Chart 1 shows the level of discrepancies as a percentage of real GDP in the outgoing series of data (with base year 2011-12). Lower the levels of discrepancies, the higher the credibility of data.

Ideally, says Pronab Sen, former Chief Statistician of India and former MoSPI secretary, this ratio should not exceed 2%.

Data challenge

Data on what India produces might be easier to capture.

•

But data on what India spends on is more complicated.

Changes in new GDP series

In India, from an accounting standpoint, there are three main creators of GDP.

■ Money spent by Indians in their individual capacity. Called Private Final Consumption Expenditure, this is the biggest contributor of India's GDP: some 60% of India's total GDP comes from such spending.

■ Money spent by businesses and firms towards creating new productive capacities. Think of money spent towards making new factories or buying new laptops for one's employees for office use. Called the Gross Fixed Capital Accumulation, it has typically accounted for almost 30% of India's GDP in a year. This also includes the money spent by governments towards creating productive assets such as roads, etc.

■ Money the government spends on its daily functioning, such as salaries, pensions, fuel, etc. This is called the Government Final Consumption Expenditure, which accounts for almost the remaining 10% of India's GDP.

There are other sub-heads too, like Net Exports, Change in Stocks, which maps the change in unsold inventory, etc. And, of course, there are "discrepancies".

Table 1 lays out "real" GDP data (both level and growth rate) for 2023-24 (or FY24).

While overall real GDP growth rate is 7.2%, the three main individual components have grown at only 5.7%. Clearly, something else is growing at a much faster rate to pull up overall real GDP growth to 7.2%.

As it turns out, the "discrepancies" have grown from zero in FY23 to over Rs 1 lakh crore in FY24. Change in stocks too have registered a 116% increase.

Why this is happening

Overall real GDP has grown by 7.1% according to the new GDP series, but the three main components that account for 98% of all the real GDP have only grown by 6.1%. "Discrepancies" have grown by 230% in FY25 (over their FY24 level); that's almost Rs 3.5 lakh crore. Discrepancies in current FY (FY26) are pegged at Rs 4.9 lakh crore.

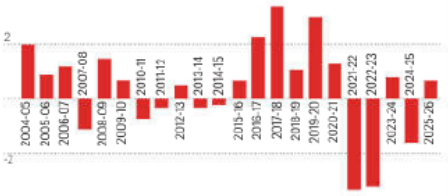
While India has just updated its GDP series, discrepancies (as a percentage of real GDP) are rising again (*see Chart 2*).

Part of the problem is that MoSPI may not have all the data to bring down discrepancies. As he was unveiling the new GDP series, MoSPI Secretary Saurabh Garg had assured that by the time the final sets of GDP data is provided for any FY, discrepancies will be brought down to a minimum.

The other bit of the problem, points out Sen, has to do with moving away from the Base Year, which is 2022-23. The discrepancies are zero when one looks at nominal GDP data in the new series. But the percentages start climbing up (*Chart 2*) when one looks at real GDP data. That's because, explains Sen, as one moves away from the base year, the quality of price information worsens. That, in turn, implies that the old problem of poor quality of deflators (the inflation rate used to arrive at real GDP) comes into picture. Garg had said that the MoSPI is now using 600-odd deflators in the new series (instead of 180 deflators) to improve the calculation of real GDP.

CHART 1- DISCREPANCY AS A % OF GDP

Higher levels of discrepancies had undermined the credibility of GDP data based on the old series (base year 2011-12)



Positive Discrepancies imply that consumption was weaker than the level suggested by production estimates. Negative discrepancies suggest that consumption was stronger than what production estimated suggested.

CHART: UDIT MISRA; SOURCE: CMIE

CHART 2- NEW GDP SERIES

Discrepancies as a % of real GDP rising

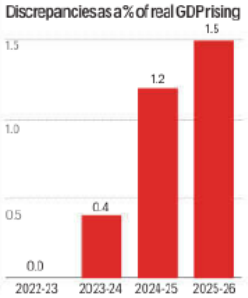


TABLE 1- GROWTH STORY IN RECENT YEARS

Category	FY23 (₹Crore)	FY24 (₹Crore)	Growth FY24 (%)	FY25 (₹Crore)	Growth over FY24 (%)
Real GDP	2,61,17,627	2,80,00,767	7.2	2,99,88,619	7.1
Private Final Consumption Expenditure (PFCE)	1,49,22,828	1,57,85,257	5.8	1,66,99,851	5.8
Gross Fixed Capital Formation (GFCF)	84,53,506	90,66,633	7.3	96,47,792	6.4
Government Final Consumption Expenditure (GFCE)	28,90,910	29,07,652	0.6	30,95,570	6.5
Total (PFCE + GFCE + GFCF)	2,62,67,245	2,77,59,541	**5.7**	2,94,43,213	**6.1**

SOURCE: MOSPI; INDIANEXPRESS RESEARCH

GS 3: SCIENCE AND TECHNOLOGY

INDIAN EXPRESS PAGE : 14

• SCIENCE

As NavIC loses atomic clock, India's own GPS remains a challenge

Anonna Dutt
New Delhi, March 16

EVER SINCE its inception, India's regional navigation system has been plagued by problems affecting its positioning data. The Indian Space Research Organisation (ISRO) last week said that the atomic clock of one of five satellites that were still providing this data had stopped working.

"IRNSS-1F satellite launched in March 2016 has completed its design mission life of 10 years... On 13th March 2026, procured on-board Atomic clock stopped functioning," it said. The space agency added that the satellite will continue to provide one-way broadcast messaging services.

Atomic clocks are key for satellites being able to provide positioning data used for applications such as navigation of vehicles, mapping and surveying, and even planning large constructions with accuracy.

A GPS for India

The Indian Regional Navigation Satellite System (IRNSS), operationally called Navigation with Indian Constellation (NavIC), was planned to be a seven-satellite system to provide positioning data over the Indian subcontinent and 1500 km around it; a regional system similar to the American GPS.

NavIC was planned to provide positioning data over the Indian subcontinent. X/ISRO

With all its satellites functioning and placed directly above the region, NavIC was designed to provide location accuracy of around 10 metres over the Indian landmass and surrounding countries. This ensures better availability of signals even in difficult geographical locations compared with GPS, whose signals are received in India at an angle that makes it difficult to access in certain areas like valleys and forests.

However, NavIC has been running into troubles since its successful 2023 launch.

NavIC's track record

The constellation had five satellites that could provide positioning data: IRNSS-1B, 1C, 1F, 1I, and NVS-01. Atomic clocks on board some of the initial satellites started failing early on, with replacement satellites planned to keep the system running. Now, the atomic clock on board the IRNSS-1F has also been lost.

Besides the failing atomic clocks, some of the initial satellites are also aging out. IRNSS-1A was launched into orbit in 2013, and 1B and 1C followed in 2014. 1A is almost defunct, and the other two are also past their 10-year mission lives.

The last of the first-generation IRNSS satellites was 1I — a replacement for the failed 1H launch — which was launched in 2018. IRNSS-1H, launched in 2017 to replace 1A, failed to reach orbit due to operational issues.

NVS-02, the second of the new-generation satellites meant for NavIC (after NVS-01), was successfully placed in a highly elliptical transfer orbit in ISRO's 100th launch in January 2025. But it failed to move to its final orbit due to an electrical failure.

Another criticism ISRO faced over NavIC is the delay in developing the user segment. A 2018 report by the Comptroller and Auditor General of India pointed out delays in developing technology to that end.

Now, NavIC data is in use for aviation, shipping, and railways. Several new cell phones have chipsets that can use this data.

Advancements in new satellites

The most important change to the new-generation NavIC satellite was an indigenously developed atomic clock developed by ISRO. The newer generation satellites also have a longer mission life: 12 years.

Importantly, they send signals in a third frequency, L1, besides the two (L5 and S) in existing satellites. As GPS commonly uses L1, this improves interoperability with other positioning systems. L1 also helps in using NavIC data in wearable devices.

Mapping alternatives

- There are four satellite systems that provide global navigation data: the US's GPS, the Russian GLONASS, the European Galileo, and the Chinese Beidou.
- Japan has a four-satellite system called Quasi-Zenith Satellite System that can augment GPS signals over the country.

GS 3: INDIAN ECONOMY

INDIAN EXPRESS PAGE: 15

AMID HORMUZ CLOSURE, DISCOUNTS AT FOUR-MONTH LOW

Russian Urals crude delivered price for India at record high

Sukalp Sharma
New Delhi, March 16

A crude oil tanker sails in Nakhodka Bay near the port city of Nakhodka, Russia. REUTERS FILE

WITH THE US issuing a universal sanctions waiver on Russian oil purchases amid the oil supply constraints due to the West Asia conflict, the price of Russia's flagship crude grade Urals hit a record high for deliveries at India's west coast. The discount on this oil relative to international benchmark Brent crude has contracted to the lowest in four months.

According to oil price assessment data by global service provider Argus Media, the delivered-at-port price for Urals crude on India's west coast was $98.93 a barrel on Friday, the highest since India stepped up imports of Moscow's crude in 2022 after Russia's invasion of Ukraine. This price is for month-ahead deliveries, and includes shipping costs.

The discount to dated Brent was down at just $4.8 per barrel, the lowest since November 12. Discounts on Russian oil had widened significantly from November following US sanctions on Russian oil majors Rosneft and Lukoil, which had reduced the appetite for their oil.

Till a few days back, millions of barrels of Russian crude were languishing on the high seas with few willing buyers. Now, they are in high demand with the disruption in vessel movement through the Strait of Hormuz — the narrow waterway that connects the Persian Gulf with the Gulf of Oman — and accounts for one-fifth of global oil and liquefied natural gas (LNG) flows. Around 2.5–2.7 million bpd of India's crude imports — accounting for around half of the country's total oil imports — have transited the Strait of Hormuz in recent months; the longer-term average is around 40%. This oil is mainly from Iraq, Saudi Arabia, the UAE, and Kuwait.

According to trade sources, Indian refiners are estimated to have bought over 40 million barrels of Russian crude — predominantly Urals — so far this month, leading to a jump in prices.

Washington had earlier granted a one-month waiver exclusively to India for buying US-sanctioned Russian crude already in tankers on sea.

The initial allowed Indian refiners to buy Russian crude loaded on tankers before March 5, for deliveries up to April 4, without risking attracting secondary sanctions. The universal waiver issued last week allowed for deliveries up to April 12.

In the first 11 days of the month, India imported 1.5 million barrels per day (bpd) of Russian oil, up around 50% from February levels, as per ship tracking data from commodity market analytics firm Kpler. These volumes are expected to rise further as the regular West Asian oil volumes through the Strait remain highly constrained.

Around 130 million barrels of Russian crude was estimated to be on ships on water as of early March. Some of those volumes would have already been gobbled up by India and China, the biggest buyers of seaborne Russian crude. Additional volumes are likely to have come on water over the past couple of weeks as well. With the US now keen on getting the global supply gap bridged partly by Russian oil, the offtake of Moscow's crude is expected to accelerate further.

Along with higher sales in volume terms, the spurt in global oil prices — particularly Russia's own crude grades — is also helping Russia boost its oil revenue, making Moscow a direct beneficiary of the war in West Asia. According to a recent *Financial Times* report, Moscow is estimated to have earned around $150 million a day in extra oil revenue since the effective closure of the Strait of Hormuz.

All this means that Russia could rake in billions of dollars more due to the West Asia conflict. And the longer the West Asian oil flows remain heavily constricted, the better it would be for Moscow, whose Budget deficit has been expanding due to high expenditure on the Ukraine war even as the Russian economy is slowing down.

India had, in recent months, cut down significantly on its oil imports from its largest oil supplier Russia amid trade negotiations with the US, as Washington made it a pre-requisite for scrapping its 25% additional penal tariff on New Delhi. In February, India had imported just over 1 million bpd of Russian crude, almost half of the 2025 peak of over 2 million bpd. Loadings of Russian crude for Indian ports, which averaged 1.7 million bpd last year, was just 0.7 million bpd in February. India is the world's third-largest consumer of crude oil and depends on imports to meet over 88% of its oil requirement.

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