EDITORIAL HIGHLIGHTS

17-11-2026

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GS 2: INTERNATIONAL RELATIONS
THE HINDU PAGE: 06

Clear the path

India should use multilateral fora to advance bilateral cooperation

While maintaining its hard stance on cross-border terrorism, India has an opportunity to recognise that many of its other interests still merit sustained cooperation with Pakistan as the latter's climate minister Musadik Masood Malik prepares to attend the Shanghai Cooperation Organisation (SCO) Civilisational Dialogue Forum in New Delhi. India's official position since the Pahalgam attack and the ensuing confrontations along the border is that terrorism and bilateral talks cannot coexist. A month later, Prime Minister Narendra Modi signalled that India's relations with Pakistan would remain subordinate to its demands on cross-border terrorism by extending the condition to trade and water. South Asia is already one of the least economically integrated regions worldwide, with intra-regional trade at around 5%, and, as Chatham House has inferred, strained ties between India and its neighbours have created diplomatic vacuums that Beijing has taken advantage of through trilateral and regional groupings. Now, by inviting all SCO members to the national capital and participating in meetings ahead of the August 2027 Islamabad Summit, New Delhi has shown some maturity as a convening power. Islamabad is also being pragmatic in keeping channels open during its SCO chairmanship by participating in an initiative championed by Mr. Modi.

The pursuit of regionwide water security remains particularly fluid, with India seemingly overlooking the fact that it is upstream of Pakistan and Bangladesh and downstream of China. After India stopped sharing routine hydrological data of the Indus river and approved the Chenab-Beas link tunnel project, Mr. Malik fanned the flames saying Pakistan would "cut off those hands" seeking to restrict its share of the water. Yet China has now restricted the same data vis-à-vis the Brahmaputra while it builds the Medog mega-dam in Tibet. India has also protested the proposed Padma Barrage in Bangladesh, which has been increasing its alignment with China, echoing India building the Farakka Barrage over East Pakistan's objections in 1961. Climate change is rendering cooperation more essential to manage the integrity of contested geographies, the willingness of border populations to engage, and the potential to generate hydroelectric power. Suspending ties may communicate political resolve but will not diminish terrorists' capabilities in the region or improve India's security. It has already compromised India's ambitions to regional leadership, which require the ability to keep engaging even with difficult neighbours. India should go beyond using multilateral fora to assert its national position and start identifying areas where bilateral cooperation serves its interests, including with Pakistan.

GS 3: ECONOMY
THE HINDU PAGE: 06

Taxes, policy uncertainty and lost investor confidence



Shashi Tharoor

Member of Parliament (Congress party) from Thiruvananthauram, and Sahitya Akademi Award-winning author of 29 books, including *Why I Am a Hindu* and, most recently, *The Sage Who Reimagined Hinduism: The Life, Lessons and Legacy of Sree Narayana Guru*. His forthcoming book is *The Fight for Indian Liberalism* (January 2027)

The sudden infusion of ₹15,000 crore into India's equity markets after the U.S. midterm election results should not be allowed to obscure a more fundamental policy question: has India's investment policy environment become increasingly difficult for global capital to navigate? And is this hurting our economy?

A recent table doing the rounds on social media shows that, over the last two years, investors in South Korea's KOSPI Index gained 160%, Pakistan's KSE-100 grew 107%, Taiwan's TAIEX gained 105%, Japan's Nikkei-225 increased 70%; even the struggling economies of Europe gave their investors 30% (Germany's DAX) and 26% (UK's FTSE100), but India's Nifty 50 returned minus 14%. This weakness in Indian equities is the cumulative outcome of taxation, regulatory uncertainty, liquidity constraints, the cost of capital, corporate earnings pressures and, yes, the volatile priorities of international investors.

Let's face it: What matters to an investor is not simply how high India's tax rates are, but the predictability, consistency and overall competitiveness of the investment environment. The recent trajectory of India's equity markets raises serious questions about all three.

Take the history of taxation on listed equity shares in India: before October 2004, long-term capital gains (LTCG) on listed shares were generally taxed at 20% with indexation, or 10% without indexation, whichever resulted in a lower tax liability. Short-term capital (STCG) gains did not enjoy a special concessional rate and were added to the investor's taxable income. Securities Transaction Tax (STT) did not exist. In October 2004, the Finance Act introduced a fundamental change. LTCG on listed equity shares became exempt under Section 10(38), while STCG were taxed at a concessional rate of 10% under Section 111A, subject to the prescribed conditions. The exemption on LTCG was introduced alongside STT. The rationale was straightforward: rather than relying entirely on the assessment and collection of LTCG tax, the government could collect a small transaction-based levy immediately through the stock exchanges. The arrangement offered a measure of simplicity, brought in revenue right away, improved compliance and reduced the scope for disputes over capital-gains assessment. It also incentivised participation in the formal equity market.

But in 2018, the exemption on LTCG was withdrawn by the Modi government, which reintroduced LTCG taxation at 10% but still left STT untouched. This raised the obvious question: if STT had originally been introduced in lieu of LTCG, why was the transaction tax retained when capital-gains taxation was restored? Worse still, in July 2024, the government increased the LTCG tax rate on specified listed equity investments from 10% to 12.5% and the STCG tax rate from 15% to 20%. The 2026 Union Budget introduced another increase in STT, this time affecting futures and options transactions. The cumulative message to investors is difficult to ignore. Over the years, the tax burden on equity-market participation has increased, even as the government continues to depend on the capital market to mobilise resources, support investment and encourage household financial savings. The simultaneous imposition of capital-gains taxation and transaction tax therefore raises legitimate concerns about the cumulative burden, particularly during periods of market weakness. A tax regime that seeks to deepen equity participation must consider not only the revenue it generates but also the cost it imposes on participation, liquidity and capital formation.

Even seemingly unrelated policy developments can add to a broader perception of uncertainty. The retrospective tax controversy associated with the 2018 Flipkart-Walmart transaction also raised concerns about the predictability of India's tax regime. The demand for LTCG tax in connection with a transaction that had already taken place created apprehension among foreign investors. They value certainty and consistency highly. They may be willing to accept market risk, but they are less comfortable with the possibility that the rules governing their investments could change unexpectedly. The cumulative effect of taxation, regulatory uncertainty and changing policy signals can influence the perception of India as an investment destination.

For global capital, predictability is often as important as profitability. Frequent changes in regulatory or pricing frameworks generate concerns about the consistency of the policy environment. Some interventions may be necessary to protect consumers or address genuine market failures, but when policy signals appear unpredictable, or when investors are unable to anticipate the direction of future regulation, they won't invest.

As a capital-deficit economy, India faces structural constraints in attracting large amounts of capital at a low cost, compared to mature markets in the U.S. and Europe. Foreign investors may prefer markets where they can obtain better risk-adjusted returns or access industries with stronger growth prospects. Because the competition for global investment is a race between ecosystems, technologies, and policy environments, India cannot rely solely on its population, consumption base, or long-term growth potential. It must also offer a competitive environment in which capital can be deployed efficiently and generate sustainable returns. When investors ask if India's much-touted GDP growth story translates into earnings growth and sustainable wealth creation, the answer is largely negative. Our undoubted potential is not the same as realised investment returns. The government must therefore reconsider whether its taxation and regulatory policies are aligned with the broader objective of deepening capital markets and attracting long-term investment.

Global capital is mobile, and investors compare opportunities worldwide based on expected returns, risk, and policy credibility. No market enjoys an unconditional claim on global capital. Regulatory and taxation changes, transaction costs, liquidity conditions, currency depreciation, the cost of capital, slowing corporate earnings, valuation premiums and the limited presence of Indian enterprises in some of the promising emerging technology industries (including AI) – all influence the relative attractiveness of an investment destination. Confidence is built through stable institutions, transparent decision-making, and predictable rules. To prevent capital from moving away, which would harm business financing and India's economic development, the government must strike a balance between legitimate revenue needs and a competitive framework that ensures stable regulations and sustainable returns.

India cannot afford to assume that global capital will continue to arrive simply because its economy is growing. If investors perceive India as an expensive, uncertain or less competitive market, capital will seek alternatives. The consequences will extend beyond stock prices to the cost of financing businesses and the broader prospects of economic development. While domestic investors may continue investing through Systematic Investment Plans (SIPs), persistent market underperformance can affect their confidence and expectations gradually. Domestic inflows cannot indefinitely compensate for weak earnings, expensive valuations or sustained foreign capital outflows.

Ultimately, the most important asset of a financial market is investor confidence. And confidence, once weakened by a series of inconsistent or costly policy decisions, cannot be restored by optimism alone. It requires a sustained commitment to predictability, competitive taxation, credible regulation and the creation of an environment in which investors can reasonably expect the rules of the game to remain stable. It's time for the government to wake up and smell the proverbial coffee.

Investor confidence, once weakened by a series of inconsistent or costly policy decisions, cannot be restored by optimism alone

GS 2 & 3: GOVERNANCE & CYBER SECURITY
THE HINDU PAGE: 08

How does India address service outages?

Does Indian law require Microsoft to have reported the recent outage that affected customers' ability to access its productivity suite? What rules apply in such situations and what are their shortcomings in the present form? How are cloud companies accountable in other countries? What are Indian customers' options?

EXPLAINER

N.V. Geetha

The story so far:

From November 12 to 13, an as-yet unspecified problem with Microsoft infrastructure affected customers' ability to access its productivity suite Microsoft 365 worldwide, including its Outlook email service. Microsoft apologised during the outage and attributed the incident to a fault in an upgrade of its network capacity, although more precise details are still expected. In India, among consequences in various sectors, IndiGo and Akasa Air alerted passengers of disruptions to their email support while Air India rerouted its email. The incident raises larger questions about whether companies providing services on which lakhs of people depend are required to account for such failures in India.



Locked out: Microsoft attributed the global outage this week to a fault in an upgrade of its network capacity and apologised, but the incident raises questions on accountability of service providers. AFP

Does Indian law require Microsoft to have reported the outage?

Three sets of rules apply and each one has a gap.

First, the directions issued by the Indian Computer Emergency Response Team (CERT-In) on April 28, 2022, under the Information Technology Act, 2000, require companies to report cyber incidents within six hours. The directions cover attacks and intrusions but not outages caused by technical faults. Still, CERT-In can call for information under Section 70B(6) of the IT Act to seek an explanation from Microsoft.

The second is the Reserve Bank of India's directions on managing risks in outsourcing, issued on November 28, 2025. They carry forward rules on outsourced IT services that first took effect on October 1, 2023. A bank buying cloud services must assess its dependence on the supplier and have an exit strategy. If the arrangement fails, the RBI can hold the bank responsible and the bank can seek an explanation from Microsoft under its agreement.

The third is the Digital Personal Data Protection Act, 2023. The Act defines a personal data breach to include an accidental "loss of access to personal data". Under Rules set to come into effect in May 2027, data breaches must be reported to the Data Protection Board and to each affected person. Failure to report could attract a penalty of up to ₹200 crore. The onus is on the organisation that collected the data, and the organisation is Microsoft's customer, even though the data sits on Microsoft's servers.

While Indian law does not require a minimum threshold of harm to report a breach, it is unclear whether a temporary outage constitutes a "loss of access" and thus a breach. If yes, a company must report the outage; if not, the company need not report, even if customers complained throughout the day. Europe's regulators count even a temporary loss of access as a breach to be logged, but only demand a report if people are put at risk.

How are cloud companies accountable in different countries?

The European Union and the U.K. have placed the biggest tech vendors directly under financial regulators' watch. The EU's financial supervisors named 19 such companies under its Digital Operational Resilience Act on November 18, 2025, which includes Microsoft and Tata Consultancy Services. Thus, an Indian company already reports to European supervisors.

As of July 13, 2026, the United Kingdom had placed Microsoft and three other companies under the Bank of England.

Both schemes only cover services sold to financial firms.

Europe has a broader law, called NIS2, that covers cloud companies across all sectors. Under the October 2024 Rules, a cloud service suffers a "significant incident" if it is completely unavailable for more than 30 minutes. A partial failure also counts if it lasts more than an hour and affects over 5% or over 1 million of the service's users in the EU, whichever is smaller. The company should inform the national authority within 24 hours and file a detailed notification within 72 hours.

The threshold here is how long the service was down, so the Microsoft outage would have counted.

On October 7, Singapore passed a digital infrastructure law. It needs large data centres and cloud firms to have a licence and to report any service interruptions to the regulator. South Korea acted after a fire at a data centre in October 2022 knocked out messaging app KakaoTalk. Since July 2023, large platforms and data centres there have been required to submit disaster management plans to the government.

In each of these countries, the reporting obligation depends on the outage duration and the number of people affected. Under CERT-In's directions in India, it depends on whether an attack occurred.

What are Indian customers' options?

A customer's recourse is in their agreement with Microsoft. If the service level is not met, the customer may be entitled to a credit, which is a discount on a future bill.

Four paths are open to India. First, CERT-In could add major service disruptions, whatever their cause, to the incidents to be reported to it. Second, the government could also put the largest digital service providers under a direct regulator. Third, the Data Protection Board might clarify before May 2027 whether outages are breaches and who should report them.

Fourth, authorities could outsource such services to Indian vendors. In December 2025, the Union government had told the Lok Sabha that 12.68 lakh official email accounts had shifted to a platform run by Chennai-based company Zoho. This means less reliance on a foreign company. But if a technical fault brought down an Indian supplier's email service, that company would have no duty to report it to CERT-In.

Whichever path India chooses, a clear rule on who must report a major outage, and to whom, would serve users of foreign and Indian services alike.

(N.V. Geetha is former Senior Technical Director, National Informatics Centre. She writes about technology and data-driven stories.)

THE GIST

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GS 2: INTERNATIONAL RELATIONS
INDIAN EXPRESS PAGE: 10

Summits in Asia frame India's stakes, challenges

PRIME MINISTER Narendra Modi is in Manila this week to participate in intergovernmental forums — ASEAN-India Summit and East Asia Summit — that bring together nations of a region in flux. China has been doubling down on military and economic coercion and its grey-zone tactics. At the same time, traditional US security guarantees in Asia can no longer be taken for granted due to the "America First" doctrine and its military entanglements in Eastern Europe and West Asia. Two further developments frame the break from the past. One is the deepening "no-limits partnership" between Xi Jinping and Vladimir Putin. The other is the Trump administration's seemingly accommodating approach to Beijing and Moscow, which will culminate in a first-of-its-kind trilateral summit in Shenzhen. These shifts sharpen the challenges New Delhi faces going into a diplomacy-packed week, particularly given its stated commitment, in the Prime Minister's departure statement, to "a peaceful, prosperous and resilient Indo-Pacific".

For India, two meetings stand out as central to Asia's economic and security architecture, and to its own role in it. The first is ASEAN. India has made considerable inroads, sustaining defence, intelligence and naval cooperation with key members, but the full potential remains untapped. Bilateral trade of $128.37 billion in 2025-26 is modest given the size of the two economies, and it pales next to ASEAN-China trade, which surpassed $1 trillion in 2025. Deeper engagement could indeed help India balance China, strengthen maritime security and diversify supply chains. The second meeting is that of the Quad, a grouping whose relevance for India has been persistently questioned. But even without a leaders' summit in more than two years, ministerial consultations have continued, as has cooperation on maritime, technological, climate and cybersecurity issues. Just as important, the Quad gives New Delhi a platform to initiate a reboot of ties with Washington and deepen those with Japan and Australia, both of which share its concern about an expansionist China.

The agenda of the Trump-Xi-Putin trilateral is unclear and its outcome even less predictable, if it yields anything at all. The three leaders have differing priorities, and the Trump administration's room to offer concessions may be limited by the risk of domestic backlash, even as the Republican Party reels from its drubbing in the midterm elections. India's objective in Manila, therefore, should be to go beyond "the West and the rest" paradigm and to push for a stable order from which it can benefit. Forging strong partnerships — and more importantly, bolstering national capabilities — is the most sure-footed way to navigate a world that is being reshaped by great-power rivalries.

GS 1: MODERN INDIAN HISTORY & SOCIETY

INDIAN EXPRESS PAGE: 10

Babasaheb and Bapu are now friends, and for all of us, that is a reason for hope



DESHKAAL

BY YOGENDRA YADAV

MK GANDHI and B R Ambedkar were not friends. The two were, at once, too close in their time and cause and too far apart in their social and political location to be friends. But Babasaheb and Bapu are now friends. At least for those who care for the future of our republic. And possibly, of our earth.

This friendship has not been easy in the making. In his recent book *Arguments with Gandhi*, Ramachandra Guha traces the history of "The Life and Afterlife of the Gandhi-Ambedkar Debate". The afterlife of their debate passed through two difficult phases. The first three decades were marked by the omnipresence and deification of Gandhi while Ambedkar was erased and diminished. In 1982, as a postgraduate student of Political Science at JNU, I did a course on Modern Indian Political Thought that did not even mention Ambedkar, nor Lohia or Periyar for that matter.

His birth centenary in 1989, around the same time as the rise of the BAMCEF and the collapse of the Soviet Union, signalled a resurrection of Ambedkar both in the world of ideas and politics. Gradually, Ambedkar was the new icon, and Gandhi was suspect. While Babasaheb's images went up in millions of homes, the political race to appropriate him often led to another kind of deification. This prepared the ground for the vilification of Gandhi, simultaneously as the enemy of Hindus and as the wily defender of the Hindu caste order.

Both these phases ruled out a friendship. Yet, a recalibration of their respective statuses had prepared the ground for a dialogue of equals. And, away from the political limelight, saplings of friendship were being planted.

Lohiaites served as the first bridge between Gandhi and Ambekar. Rammanohar Lohia's call of "*jati todo*" resonated with Ambedkar's *Annihilation of Caste*. At the same time, as a self-proclaimed *kujaat* (outcaste) Gandhian, who believed in satyagraha against all forms of injustice, Lohia offered resources for the ideological fusion of the Gandian and Ambedkarite streams. It did not happen in Lohia's lifetime. Ambedkar passed away just before their proposed meeting. But some offshoots of Lohiaite politics like the Samata Sangathan, Socialist Front of Maharashtra, Samajwadi Jan Parishad and Sarvodaya Karnataka Paksha prepared the political ground for this unity.

Yet this friendship faced a huge obstacle — Gandhi's perceived position on caste. Guha registers the contradictory nature of the reception of Gandhi's views on the caste question: "Ambedkar saw Gandhi as a hesitant reformer, not willing to go fast and far enough to frontally challenge the structure of the caste system. On the other hand, conservative Hindus saw Gandhi as a dangerous radical, out to destroy their faith by undermining its core beliefs and essential underpinnings." In the afterlife of Gandhi, the conservative Hindu fear has turned into an underground whisper campaign led by the RSS. But suspicion of Gandhi as the defender of the caste order had gained ground in the anti-caste political and intellectual circles.

> The life of the Gandhi-Ambedkar debate was controlled by these two strong-willed persons. But its afterlife belongs to us. We can write and rewrite it

Over the years, several reassessments of Gandhi's views on caste have opened up a fresh conversation. It took someone from the weaver community, D R Nagaraj, to use Gandhi and Ambedkar as warp and weft in order to drape radical politics in new clothes. His iconic essay, "Self-Purification versus Self-Respect: On the Roots of the Dalit Movement" (*The Flaming Feet*, 1993), offered the stunning thesis that both Gandhi and Ambedkar had transformed each other. Ambedkar pushed Gandhi beyond his critique of untouchability as a moral failing to confront the caste system, while Gandhi made Ambedkar appreciate the need for moral and spiritual regeneration. A little-noticed essay by Mark Lindley ("How Gandhi Came to Believe Caste Must be Dismantled by Intermarriage", 1997) brought to light the radical Gandhi of the 1940s. Around that time, Raosaheb Kasbe had begun an Ambedkarite reappraisal of Gandhi in several Marathi writings, which culminated in his *Gandhi: Parajit Rajnitigya Aur Vijayi Mahatma* (2020).

Nishikant Kolge's book *Gandhi Against Caste* (2018) was a landmark in this respect. He offered the first meticulous chronological outline of the five phases in the evolution of Gandhi's views on caste, from an early defence of varna and caste to a radical position against caste injustice. For him, Gandhi was a gradualist in his approach, largely due to the strategic necessity of keeping conservative Hindus with him in the freedom struggle. This led Kolge to defend Gandhi against critics like Arundhati Roy, whose reading of Gandhi's text overlooks the context of his actions. In a similar vein, Kolge has also defended Ambedkar against criticism for his "anti-tribal" remarks.

Shashi Bhushan Upadhyaya nuances this reading in his recent book *Gandhi and the Caste Question in Colonial India* (2025). Instead of a simple story of evolution and radicalisation, Upadhyaya offers an analytical narrative of three separate strands in Gandhi's position on the "caste" question: Untouchability, to which his opposition was absolute and non-negotiable; *jati*, on which he remained ambivalent; and *varna*, to which he was positively inclined, though for varying and conflicting reasons. For him, Gandhi's defence of *varna* and ambivalence on *jati* was not simply a political strategy. He recognises a deeper moral and intellectual reason in Gandhi's quest for a community in opposition to the Western model of atomised individuals.

This scholarship does not and need not resolve the deep differences between Gandhi and Ambedkar. But it removes the stumbling block of antagonism. The life of the Gandhi-Ambedkar debate was controlled by these two strong-willed persons. But its afterlife belongs to us. We can write and rewrite it. We can remain stuck in the past and keep fighting over the specifics of a bygone era. Or, to borrow a phrase from Kannada writer Devanoor Mahadeva, we can "drink the spirit" of their ideas and practices.

That is what the street protest of the youth has already done. The images of Babasaheb and Bapu on the stage and the slogans of "Jai Bhim" along with Gandhi's quotes on placards during the July *kranti* have already signalled a new future. Babasaheb and Bapu (and hopefully Bhagat Singh) are now friends.

The writer is member, Swaraj India and national convenor, Bharat Jodo Abhiyaan

GS 3: ECONOMY (FOOD INFLATION)
INDIAN EXPRESS PAGE: 13

• ECONOMY

Why food inflation could be a major worry in 2027

India last experienced high food inflation in 2023-24 owing to an El Niño. The key to avoid a repeat would be timely supply-side management



HARISH DAMODARAN

INDIA EXPERIENCED an episode of high food inflation last during July 2023 to December 2024, when it averaged over 8.5% year-on-year. That was courtesy of a "strong" El Niño, which formed around June 2023 and ended by April 2024.

The current El Niño, officially confirmed from June 2026, has already developed into a "very strong" event. Most global weather agencies project it to persist in a "strong-to-very strong" form through January-March, before turning "moderate-to-weak" towards April-May 2027.

The effects have been felt in rainfall for the country as a whole during this south-west monsoon season (June-September), being 12.6% below its "normal" long period average. The northeast monsoon season from October has also registered 33.6% below-normal precipitation as of November 16. The southern states, Maharashtra, Gujarat's Saurashtra and Kutch regions, Rajasthan, western Madhya Pradesh, Bihar and the Northeast have borne the brunt of dry weather.

The impact on food inflation is being seen too. The annual increase in the official consumer food price index crossed 5.3% in June, rising to 5.5% in July, 6% in August, 7.7% in September and a 23-month high of 8.9% in October (*see chart*).

Going by the last food inflation episode — and the present El Niño being of much greater intensity than 2023-24, even tracking to be the strongest on record — one may expect a repeat, extending through 2027.

The redeeming factor

Unlike 2023-24, however, stocks of cereals in government godowns are 3.3 times the required minimum buffer levels. Rice stocks alone, at 55.5 million tonnes (mt) on October 1, were an all-time high for this date, while the 46.3 mt of wheat were the highest in five years (*see table*).

Government agencies are, in addition, holding some 3.8 mt of pulses. That includes 1.6 mt of *chana* (chickpea), 1 mt of *arhar/tur* (pigeon pea) and 1.2 mt of other pulses – mainly *moong* (green gram), *masoor* (red lentil) and *urad* (black gram).

Adequate foodgrain stocks for now would enable the government to undertake market intervention operations to cool prices in the event of El Niño-induced crop failures. That leeway was less during 2023-24.

The better stocks position has been largely thanks to the back-to-back bumper harvests of 2024-25 and 2025-26. This was the case globally as well. According to the U.S. Department of Agriculture, world production of rice, wheat and corn/maize hit record highs of 545.7 mt, 844 mt and 1,334.7 mt respectively. So did that of soyabean (429.3 mt), rapeseed (96 mt), palm oil (82.1 mt) and sugar (186.1 mt).

The comfortable carryover stocks probably explain why global food prices haven't really soared this time, notwithstanding the twin shocks from the Iran war and El Niño. The latest reading of the Food and Agriculture Organization's (FAO) benchmark Food Price Index (having a base value of 100 for 2014-2016), at 133.9 points for October 2026, is still some way from the 155-160 peaks scaled during March-June 2022, just after Russia's full-scale invasion of Ukraine.

The downside

That respite may not last too long though. To begin with, the *khartif* (monsoon) season crop hasn't been too great.

Proof of it is the modal or most-quoted prices of maize in Karnataka's Vijayapura wholesale markets ruling at Rs 3,139 per quintal, as against Rs 1,700 a year ago. The same goes for soyabean in Madhya Pradesh's Dewas (Rs 7,000 versus Rs 4,200), cotton in Haryana's Sirsa (Rs 9,060 versus Rs 7,500), *bajra* or pearl millet in Rajasthan's Bhusawar Bair (Rs 2,600 versus Rs 1,950) and *arhar/tur* in Maharashtra's Latur (Rs 10,200 versus Rs 6,700) *mandis*.

Second, sowing of *rabi* (winter-spring) crops has been poor, with the cumulative area reported as on November 13 being 15.3% down for wheat, 21.6% for *chana* and 8.4% for rapeseed-mustard, compared to the coverage of last year's corresponding period.

This is clearly due to the lack of soil moisture, and relatively low water levels in major reservoirs as well as ponds and underground aquifers, from subpar rains. Moreover, since El Niño is known to also raise the risks of warmer and shorter-than-usual winters in India, that can hurt crop yields on top of acreages.

Not surprisingly, all this is playing out at the retail price level too. As per the Department of Consumer Affairs' (DoCA) data, the all-India modal price of *arhar/tur* dal has gone up from Rs 110 to Rs 140 per kg over the last one year, while similarly so for *chana* (Rs 85 to Rs 100) and *urad* (Rs 110 to Rs 130) *dal*; sugar (Rs 45 to Rs 60); groundnut (Rs 200 to Rs 214), mustard (Rs 198 to Rs 209), soyabean (Rs 143 to Rs 165), sunflower (Rs 165 to Rs 192) and palm (Rs 132 to Rs 159) oil; and onion (Rs 25 to Rs 50).

In the last one year, the Gujarat Cooperative Milk Marketing Federation (Amul) and Mother Dairy have also hiked the retail prices of pouched toned (3% fat) and full-cream (6% fat) milk in the National Capital Region from Rs 58 and Rs 70 to Rs 62 and Rs 76 per litre, respectively.

The prospects

The FAO's October 2026 index of 199.2 points for vegetable oils and 121.3 points for sugar are the highest since their levels of June 2022 and November 2024 respectively.

As stocks from the previous record harvests come down — and countries such as Indonesia and Brazil divert a growing share of their palm oil, sugar and corn production towards biodiesel and ethanol for blending in petroleum fuels — global food commodity prices could further harden in the coming months.

That, together with a strengthening El Niño and its more long-drawn effects, can present a significant economic and political challenge to the Narendra Modi government in 2027.

Take pulses, where the DoCA has made it mandatory for wholesalers, stockists, big chain retailers, millers and importers to declare the stocks held by them every Friday. Tamil Nadu has even imposed limits on how much *arhar/tur* and *urad* these entities can stock with effect from November 13.

These come amid field reports of the standing *arhar* crop in Karnataka (due for harvesting in November-end/early-December) and Maharashtra (from early to mid-January) being 40-50% of last year's size, and the poor progress of *chana* plantings.

Under the circumstances, the government may have no option other than slashing import duties on all pulses (already 0% now on *arhar* and *urad*, 10% on *chana* and *masoor*, and 30% on yellow peas) and vegetable oils (11% on crude palm and soyabean, and 5.5% on sunflower). It might have to also consider extending the existing duty-free import window for raw sugar and cotton beyond December 31.

Challenge ahead

As stocks from the previous record harvests come down, global food commodity prices could further harden in the coming months.

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Together with a strengthening El Niño and its more long-drawn effects, that can present a significant economic and political challenge to the Narendra Modi government in 2027.

Consumer Food Price Index Inflation



NOTE: INFLATION RATES PRIOR TO JANUARY 2026 ARE FROM OLD 2012 BASE YEAR INDEX; THE RATES FROM JANUARY 2026 ARE FROM INDEX WITH 2024-100 BASE.
SOURCE: MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION.

Central Pool Stocks on Oct 1

(lakh tonnes)

	Wheat	Rice**	Total
2021	468.52	347.51	816.03
2022	227.46	283.9	511.36
2023	239.95	314.57	554.52
2024	237.83	386.83	624.66
2025	320.33	449.38	769.71
2026	463.16	554.7	1,017.86
Norm*	**205.2**	**102.5**	**307.7**

*MINIMUM REQUIRED OPERATIONAL STOCK PLUS STRATEGIC RESERVE FOR OCTOBER 1;
**INCLUDES RICE EQUIVALENT OF UN-MILLED PADDY.