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PSIR Optional by Amit Pratap Singh | ForumIAS |

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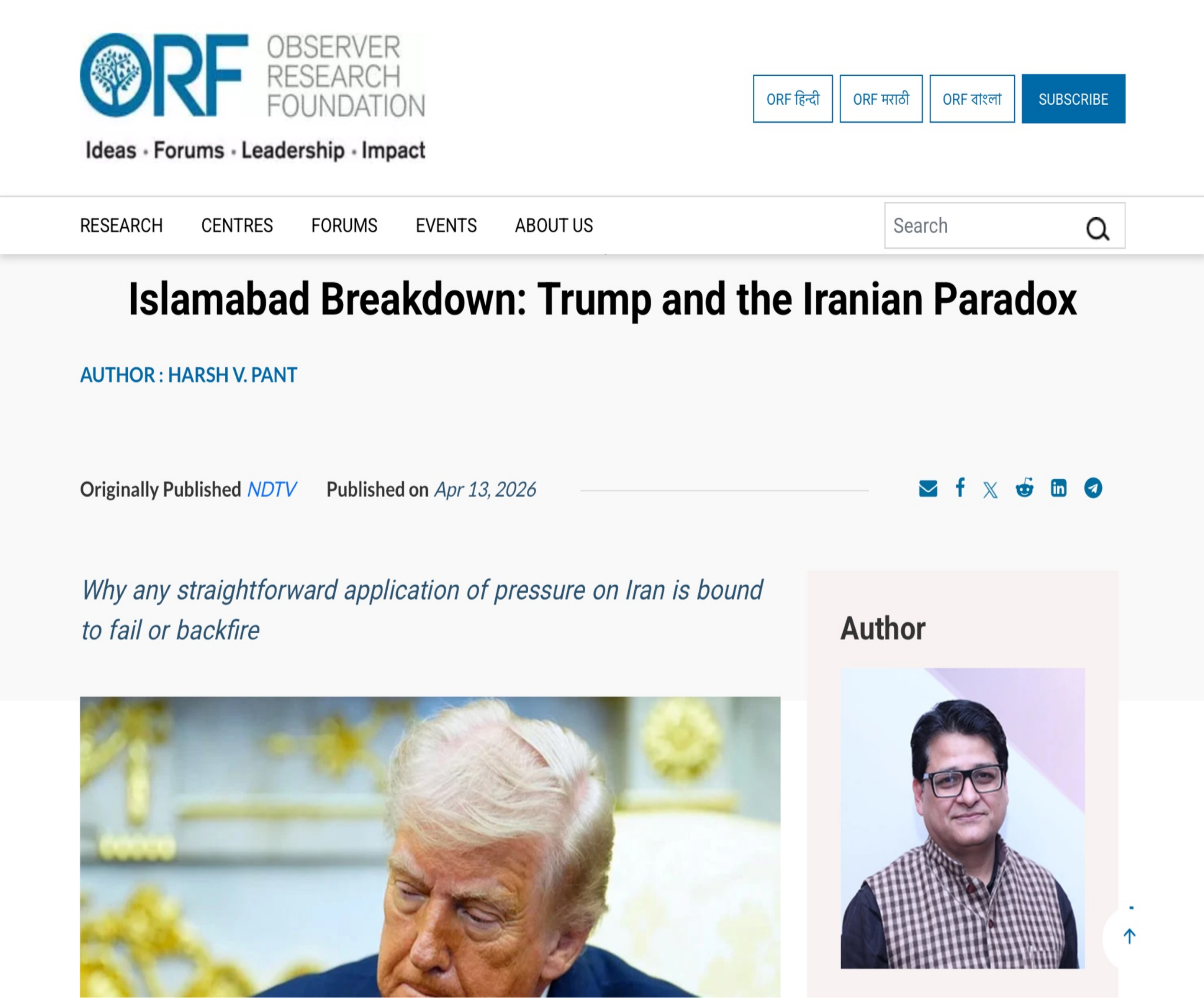
Article - 1 : Islamabad breakdown- Trump & the Iranian Paradox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Islamabad Breakdown: Trump and the Iranian Paradox

AUTHOR : HARSH V. PANT

Originally Published *NDTV* Published on *Apr 13, 2026*

Why any straightforward application of pressure on Iran is bound to fail or backfire

Author

Context This article explains why the collapse of US-Iran talks in Islamabad was not an accident, but the result of deep mistrust, rigid positions and a wider geopolitical clash between the two sides.

Facts

- The core dispute was the US demand for zero-enrichment & control over Iran's nuclear capacity.
- Iran demanded not just de-escalation, but sanctions relief, frozen assets, compensation and a wider ceasefire.
- The failure followed the same pattern seen in the Oman-mediated talks of 2025 and early 2026.

Analytical Crux

Islamabad breakdown was not a simple diplomatic failure but a result of deeper structural conflict between the US and Iran. The nuclear issue is not merely technical: for Washington it is about permanent denial, while for Tehran it is about sovereignty and dignity. The strait of Hormuz also shows how geography gives Iran bargaining power even when it is under pressure. The author suggests that coercion without reciprocity narrows the space for diplomacy and increases the danger of escalation. Unless both sides rethink their basic assumptions, such talks will continue to fail.

Verbatim Quotes

"The strait becomes not just a logistical concern but a bargaining chip embedded within a larger geopolitical contest."

"The US-Iran conflict is not simply a dispute over policy specifics; it is a manifestation of deeper geopolitical and ideological divides."
— Harsh V. Pant

Article - 2: The fallout of the crisis in West Asia on India's economy

The fallout of the crisis in West Asia on India's economy

While the Russia-Ukraine war shows no sign of abatement, another major crisis in West Asia has hit the global economy. This war has disrupted production, storage, and transport of various energy products including crude oil, natural gas and fertilizers, and has led to supply disruptions and increase in sectoral prices. There is a serious, although partial, blockade of the Strait of Hormuz thereby restricting the passage of crude oil, gas and other petroleum products as well as other goods. Even if matters get resolved in the near future, it may take considerable time for the normalisation of the supply chain. However, even the temporary ceasefire that has been agreed to has brought down the Brent crude oil price from $109.3 per barrel as on April 7 and 8, to about $95.

India has been diversifying its sources of imported crude oil, gas and fertilizers. At present, India is importing crude oil from 41 source countries. In fact, India's dependence on imported crude has been increasing in recent years and it is presently close to 90%.

The relevant crude price index for India is the Indian crude basket comprising Sweet grade (Brent) and Sour grade (Oman and Dubai average), which remains linked to the global crude oil price (average of Brent, WTI and Dubai). Considering the average of March 2026, the Indian crude basket was about 19% higher than the global crude price. The rise in the price of the Indian crude basket in March 2026 was over 64.5% that of February 2026 on average, even though the price increase for end-users were moderated.

With the temporary ceasefire, the Indian basket has come down to $120.28 per barrel on April 9, 2026 from the peak of $157 per barrel on March 23, 2026 – that is by a margin of $37/bbl.

C. Rangarajan

Former Chairman, Prime Minister's Economic Advisory Council and Former Governor, Reserve Bank of India

D. K. Srivastava

Former Director, Madras School of Economics

Multiple stressors

The impact on the Indian economy will come through several channels. First is supply disruptions. Supply bottlenecks will affect production processes primarily in energy intensive sectors. However, any disruptions in these sectors would cascade into other sections of the economy, with the affected industries likely being textiles, paints, chemicals, fertilizers, cement and tyres among others. The non-availability of fertilizers and other chemicals particularly would affect the agricultural output in the Kharif season which will start from June.

Secondly, logistics. Storage and transport are highly energy intensive. Increased logistics costs will lead to the increase in the prices of all final products through cascading.

Third, Indian exports will take a hit from both demand and supply sides. The demand side will be affected not only due to disruptions in West Asia but also due to a slowdown in other countries, including the U.S. and Europe. The share of India's merchandise exports to West Asian countries was 16.4% of total merchandise exports in 2024-25. The depreciation of the rupee, that is already underway, may partially help Indian exporters.

Fourth, exchange rate and remittances will be affected. The Indian rupee has been depreciating in recent months. The rate of depreciation has accelerated after the start of the West Asian crisis. As global crude prices, and the prices of fertilizers and other energy products also increase, there would be an additional demand for the dollar and other hard currencies; the exchange rate will be under pressure. Moreover, India receives a considerable number of remittances from Indians employed in the Gulf countries. These remittances are bound to go down, adding further pressure on the exchange rate. However, any improvement in the overall environment may lift the rupee.

In fact, the sharp decline in the value of the rupee has been caused mainly by the substantial capital outflows triggered by uncertainty and fear. When the war ends, the value of the rupee will also rise. The net Foreign Portfolio Investment (FPI) outflows in March 2026 amounted to $13.6 billion, which is huge.

Fifth, is the current account deficit. The fall in the volume of Indian exports is expected to be accompanied by an increase in the value of Indian imports leading to an increase in the current account deficit, if the war continues. Sixth is rising inflation. Cost push inflation would affect relative prices in sectors that are directly affected such as petroleum products, fertilizers etc. However, if liquidity also increases, there would be pressure on overall inflation. The country needs to avoid any large liquidity increases.

And finally is the fiscal deficit problem. The Government of India may have to provide additional subsidies to Oil Marketing Companies (OMCs) as it insists on keeping retail prices at present levels. While to some extent, the reduction in excise duty on petrol and diesel would reduce losses for the OMCs, it would be a direct revenue loss to the Indian government. If real GDP growth goes down and profit margins fall for major producers, there will be an adverse impact on the government's tax revenues. State finances will also be affected due to lower economic activity. Their share in tax devolution would be adversely affected if the Central government's tax revenues go down. States may also face pressure to reduce sales tax/VAT on petroleum products. In fact, the government must rethink the reduction in excise duty on petroleum products. The present move is due to the ongoing State elections. After that, the retail prices should go up, if the war resumes. In that situation, the higher price may constrain demand which is desirable.

Myriad policy responses

As per information shared by the Central Board of Indirect Taxes and Customs (CBIC) chairman on March 27, the fortnightly loss on account of lower excise duties on petrol and diesel will be ₹7,000 crore whereas there would be a gain of ₹1,500 crore per fortnight on account of export tax on Aviation Turbine Fuel. This implies a net loss of ₹5,500 crore per fortnight, translating into an annual loss in tax revenue of about ₹1,32,000 crore for the government, should the crisis continue for the full year.

In all likelihood, food, fertilizers and petroleum subsidies would be higher than their budget estimates for 2026-27. As already mentioned, retail prices must be allowed to go up so long as crude prices remain high.

Although it is difficult to estimate the quantitative impact of the current crisis, some impacts were given by the RBI in its October 2025 Monetary Policy Report. In their estimates, for every 10% increase in the price of the Indian crude basket from a baseline of $70 per barrel, that is an increase of $7 per barrel, real GDP growth may fall by around 15 basis points. Further, assuming full pass-through to domestic product prices, inflation would be higher by 30 basis points.

As on April 9, 2026, the price of the Indian crude basket at $120.28 per barrel has exceeded the baseline by about $50 per barrel. If this margin of increase becomes applicable for the whole year, real GDP growth may fall from baseline estimates by 1 percentage point and inflation may increase by more than 2 percentage points. While these effects would be lower if the crisis gets resolved quickly, much depends upon when true peace will dawn.

Views expressed are personal.

The non-availability of fertilizers and other chemicals would affect the agricultural output in the Kharif season which will start from June

Context This article explains how the West Asia crisis can hurt India's economy through oil prices, supply chains, exports, inflation, exchange rate pressure and fiscal stress.

Facts

- India's dependence on imported crude oil is around 90%.
- West Asia accounted for 16.4% of India's exports in 2024-25.
- Lower excise duties could cost government around ₹ 1,32,000 crore in a full year if the crisis continues.
- According to RBI, India's growth may fall by 1 percentage point & inflation may rise by more than 2 percentage points.

Analytical Crux

West Asia crisis is not only an oil shock; it is a full macro-economic stress test for India. Because India depends heavily on imported energy, a prolonged crisis will hit production, logistics, exports, the rupee, inflation & government finances at the same time. External shocks can quickly become domestic inflation and fiscal problems if prices are artificially suppressed for too long. In short, India's economic vulnerability lies not only in oil imports but in the chain reaction that follows them.

Verbatim Quotes

"The country needs to avoid any large liquidity increases."

"The impact on the Indian economy will come through several channels."

"While these effects would be lower if the crisis gets resolved quickly, much depends on when true peace will dawn."

– C. Rangarajan and D.K. Srivastava

Article - 3 :Deep Sea Mining & ocean commons- equity, governance


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Deep Sea Mining and Ocean Commons: Economics, Equity, and the Governance

AUTHOR : PRIYA NORONHA

Expert Speak | Young Voices

Published on *Apr 13, 2026*

DSM could reshape metal markets and geopolitics, but high costs, regulatory uncertainty, and ESG risks limit investment and delay its viability

Author

No image available

Context This article examines deep- sea mining not just a source of critical minerals, but as a major question of ocean governance, ecological risk, equity and India's strategic choices.

Facts

- The Clarion - Clipperton zone contains 21 billion tonnes of polymetallic nodules, with an estimated value of \$ 8-16 trillion.
- India has pioneer investor status under UNCLOS since 1978 and holds exploration contracts over 75,000 Km^2 & 380 million tonnes of nodules.
- India's Deep Ocean Mission has an outlay of ₹ 4077 crore.
- France and Portugal have banned DSM.

Analytical Crux

Deep-Sea Mining is not just a mineral question; it is a question of global commons governance, justice and ecological responsibility. Rising clean energy demand gives DSM strategic importance, but weak legal clarity, uncertain economics & serious environmental risks make it a risky shortcut. For India, the smarter path is not to rush into extraction, but to strengthen science, regulation and its voice in ISA rule-making. The one who controls the rules of ocean resources, will shape who gets the benefits. In short, India's real strength in DSM will come less from mining first and more from shaping fair governance first.

Verbatim Quotes

"India will have to balance technological ambition with ecological caution."

"India's influence over DSM will not be determined by whether it eventually extracts from the seabed, but by how actively it helps write the rules that govern it."

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