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WHY THE INDIA-US TRADE DEAL ISN'T DONE YET

Recently, US Trade Representative Jamieson Greer said that India-US trade talks are in their "final phase," but signing is "not imminent" as both sides work to resolve "sticking points."

This came as a surprise — India and the US had already agreed to a framework agreement in February 2026, and Commerce Ministry officials had maintained a deal was essentially reached, with India believed to be holding out for better tariff rates.

Mixed Signals: The Russia Sanctions Law

- In September 2026, President Donald Trump signed the **Lindsey O. Graham Sanctioning Russia and Iran Act of 2026** into law.
- It allows for tariffs of up to 100% on major buyers of Russian energy — a category that includes India.
- Unlike the earlier US tariff mechanism under the International Emergency Economic Powers Act (which was struck down by the US Supreme Court), these new tariffs cannot be legally challenged.
- In February, the US had agreed to remove an additional 25% tariff on Indian imports, in recognition of India's commitment to stop purchasing Russian oil.
- In return, India committed to negotiate robust bilateral digital trade rules addressing discriminatory digital trade barriers.
- The new Russia sanctions law now threatens to undo that earlier concession — sending conflicting signals to India.

The Section 301 Investigation

Separately, India awaits a decision on a US investigation under **Section 301** of Trade Act 1974.

- This probe is meant to determine whether India has "excess industrial capacity" that is harming American companies.
- Indian exporters report that this uncertainty is changing order patterns — US buyers are no longer placing bulk orders and are instead diversifying their import sources.
- This could mean lower export orders for Indian businesses until a deal is finalised.

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- **India's Position**

- Top US trade partners currently sit in a **10–15% tariff bracket**, and India has sought better rates than ASEAN countries and China.
- India countered the "excess capacity" claim, stating India's manufacturing serves both domestic and global needs without structural overcapacity.
- India shares G20 concerns about **trade-distorting support** leading to dumping, but addresses this through evidence-based WTO measures — anti-dumping and countervailing duties — rather than unilateral tariffs.

US Criticism of India's Domestic Investment Rules

- In an investment climate report released last month, the US State Department flagged specific Indian regulatory concerns:
 - India's **Foreign Exchange Management Act (FEMA)** restricts concurrent FDI and FPI.
 - This creates what the report calls a "redundant and uniquely burdensome restriction that blocks independent funds within the same investment group from participating in IPOs.
 - The effective tax rate paid by foreign banks is 4.63 percentage points higher than domestic banks, at 38.22%.
 - The State Department warned this higher effective tax burden may ultimately affect the relative attractiveness of India as a market for foreign lenders, potentially influencing their capital allocation, pricing, and scale of local operations.

Conclusion

The delay isn't really about tariff percentages — it's about how much economic sovereignty India is willing to trade for market access. Between the Russia sanctions law, a pending Section 301 probe, a one-sided purchase commitment, and demands for "economic security alignment," India faces leverage on multiple fronts simultaneously. Until these threads are untangled, a signed deal will likely remain, as Greer put it, not imminent.

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HOW MEDICINES ARE PRICED IN INDIA, AND WHY THE SUPREME COURT IS TROUBLED

The Supreme Court described the markup between a medicine's price to retailers and its printed MRP as "carnage," calling it akin to "broad daylight dacoity with patients." A bench of Justices Vikram Nath and Sandeep Mehta, hearing petitions on medicine pricing, asked the Centre why the 16% retailer margin under the **Drugs (Prices Control) Order (DPCO), 2013** should not apply to all essential medicines.

The triggering example: An essential cancer drug supplied to retailers for ₹2,700 carries an MRP of nearly ₹27,000 — ten times the supply price. The bench remarked: "If this is not extortion, then what is it? It is very surprising that the authorities who are supposed to take a decision on this are absolutely silent."

The petitions seek regulation of drug prices, generic prescriptions, medical devices, and stricter enforcement of price controls to prevent disproportionate profit margins across the drug supply chain.

The Legal Framework

- **Essential Commodities Act, 1955** gives the Centre power over essential goods, including medicines.
 - **Section 3(1):** Allows regulation of production, supply, and distribution "for maintaining or increasing supplies... or for securing their equitable distribution and availability at fair price."
 - **Section 3(2)(c):** Allows issuing orders to control commodity prices.

Scheduled vs Non-Scheduled Medicines

- **Scheduled formulations:** Listed in Schedule I of the DPCO, based on the National List of Essential Medicines (NLEM) prepared by the Ministry of Health and Family Welfare. These are subject to government **price controls**.
- **Non-scheduled formulations:** Medicines not on this list — **not** subject to price ceilings.

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How Ceiling Prices Are Calculated?

- A ceiling price is the highest price at which a scheduled formulation can be sold, before taxes. The NPPA calculates it through a specific method:
 - It identifies every version (brand and generic) of a formulation sharing the same active ingredient.
 - It excludes versions accounting for less than 1% of total market sales, measured via Moving Annual Turnover (MAT) — a product's sales popularity over the previous year, sourced from market research firms.
 - For each remaining version, it takes the Price to Retailer (PTR) — what the manufacturer/distributor charges the chemist or hospital pharmacy.
 - It **averages these PTRs, then adds a 16% retailer margin.**
 - The result is the ceiling price — the MRP cannot legally exceed this, apart from local taxes or GST.
- **Example:** If three versions hold $\geq 1\%$ market share with PTRs of ₹8, ₹10, and ₹12, the average is ₹10. Adding the 16% margin gives a ceiling price of ₹11.60.

Annual Revision: Ceiling prices are revised every April 1, based on the Wholesale Price Index.

The Constitutional Argument

- The PILs invoke Article 21 — **the right to life**, which includes the right to health — as the constitutional basis for regulating medicine pricing.
- One petition argues that allowing manufacturers to freely set the initial MRP gives them arbitrary, unrestricted power to set any MRP, regardless of the actual cost of manufacturing the medicine.

Conclusion

The Supreme Court's blunt language captures a system where regulation exists on paper but bites only a fifth of the market. A 16% margin cap means little when 80% of drugs can launch at any price a company chooses, and even "controlled" medicines can be marked up far beyond legal limits in hospital pharmacies. Fixing this requires closing the launch-price loophole, not just capping future hikes.

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SUPER EL NIÑO - PREPARING INDIA FOR AN ECOLOGICAL AND SOCIOECONOMIC CRISIS

- The World Meteorological Organisation (WMO), the National Oceanic and Atmospheric Administration (NOAA) and other global scientific institutions have expressed high confidence in the possibility of a **Super El Niño in 2026–27**.
- El Niño is associated with the **weakening** of the **Walker circulation**, which can influence the Indian summer monsoon, agriculture, marine ecosystems and livelihoods.
- As the situation calls for **proactive preparation**, India's preparedness should therefore **integrate** climate adaptation, ecosystem-based disaster risk reduction and livelihood resilience.

Super El Niño - An Emerging Global Threat:

- **High probability:** Forecasts indicate a 97% probability of El Niño continuing into spring 2027, with NOAA assigning over 80% probability to it becoming a strong or very strong event.
- **Exceptional intensity:** Sea surface temperature anomalies could exceed 2°C in the key Pacific monitoring region, potentially reaching 4°C.
- **Global consequences:** Such an intense event, superimposed on long-term global warming, could intensify **extreme weather** and cause significant economic losses worldwide.

Implications for India's Climate and Agriculture:

- **Disruption of the Indian Monsoon:**
 - **El Niño** involves abnormal warming of the central and eastern equatorial Pacific Ocean, which alters atmospheric circulation and weakens the Indian summer monsoon.
 - Historically, strong El Niño events have coincided with severe droughts in India, including those of 1972, 2002 and 2009.

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- The 2026 event could aggravate existing rainfall deficits, particularly as the southwest monsoon has already performed below its long-period average.
- **Threat to agricultural productivity:**
 - Inadequate rainfall has already affected rice, pulses, cotton and maize production in several regions.
 - **Low reservoir levels** pose additional challenges for irrigation during the rabi season.
 - The combined effects of drought, heat stress and water scarcity could threaten agricultural productivity and rural livelihoods.

India's Preparedness - Key Challenges:

- **Inadequate ecological data:** Despite decades of experience with El Niño, India lacks systematic, long-term data on its effects on terrestrial and marine ecosystems.
- **Limited understanding of vulnerabilities:** The impacts on farmers, pastoralists, fishing communities and ecosystem-dependent livelihoods remain insufficiently documented.
- **Institutional fragmentation:** Limited coordination among government agencies, researchers and conservation organisations restricts comprehensive monitoring.
- **Insufficient field research:** Large-scale remote sensing cannot fully capture local ecological changes and their socioeconomic consequences. On-site observations are essential.

Conclusion:

- The potential Super El Niño presents India with an ecological and socioeconomic challenge that could be aggravated by climate change.
- A shift from reactive disaster management to **proactive, evidence-based** preparedness is essential.
- A proposed **Super El Niño Abhiyan**, combining scientific research, administrative coordination and community participation, could help strengthen India's ecological resilience and protect vulnerable livelihoods.

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KEY FACTS ABOUT HIMALAYAN TAHR



- It is a large, **wild, goatlike mammal** that lives on the **mountain slopes** and in the **forests of the Himalayas**.
- Scientific Name: *Hemitragus jemlahicus*.
- **Habitat and Distribution:**
 - It is found in **southern Tibet, northern India, western Bhutan, and Nepal**.
 - In the Himalayas, they are **mostly found on slopes between 2,500 and 5,000 meters high**.
 - In India, they are found in the states of **Jammu and Kashmir, Himachal Pradesh, Uttarakhand, and Sikkim**.
- **Features:**
 - They are shorter in height than they are long.
 - They have a **small head**, small **pointed ears**, and large eyes.
 - They are **sexually dimorphic**, with **females being smaller** in weight and in size and having **smaller horns**.
 - The **horns curve backward**, which helps prevent injuries when males fight during mating season.
 - The exterior of a tahr is well adapted to the harsh climate of the Himalayas.
 - They are **double coated with a dense, reddish to dark brown woolly coat**, and a **thick undercoat**.
 - Their **coats are thin with the end of winter and become lighter in color**.
 - As a member of the **ungulate group of mammals**, the Himalayan tahr has an **even number of toes**. They can **grip both smooth and rough surfaces**.
 - They are **gregarious** They live in all-male and all-female herds that usually include up to 80 members.
- **Conservation Status:**
 - IUCN Red List: **Near Threatened**.

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KEDARNATH WILDLIFE SANCTUARY (KWS):

- The KWS, famously known as the **Kedarnath Musk Deer Sanctuary**, is located in the Rudraprayag and Chamoli districts of Uttarakhand.
- The area falls under the **West Himalayan Zone** in the **Palaearctic realm**.
- It was named after the famous **Hindu temple of Kedarnath**, which lies outside the northern border of the sanctuary.
- Its alternate name comes from its primary purpose of protecting the **endangered Himalayan musk deer**.
- It is the **largest protected area** in the **western Himalayas**.
- It lies in the **upper catchment** of the **Alaknanda and Mandakini Rivers**.
- It is bordered by **Kedarnath (6940 m)**, **Mandani (6193 m)**, and **Chaukhamba (7068 m)** peaks in the north.

Vegetation:

- It is covered with **temperate forests**.
- The higher and **upper regions** possess the **sub-alpine and alpine coniferous forests**.
- **At high altitude**, **lush green meadows** envelope the entire region.

Flora: **Oak, rhododendrons, Chir Pine** and **Alpine meadows** along with several **Himalayan flowering plants**.

Fauna:

- Some of the mammals are **Musk deer, Himalayan Thar, Himalayan Black bear, Snow Leopard**, etc.
- The birds found here are, **Nepal Tree-creeper, Little Pied Flycatcher, Koklass Pheasant, Grey-checked Warbler, Himalayan Monal and Kalij Pheasant**.

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RELIEF SCHEME



- The **RELIEF (Resilience & Logistics Intervention for Export Facilitation)** scheme was launched by the **Ministry of Commerce & Industry**.
- It is a time-bound and targeted measure aimed at **mitigating the impact of rising logistics costs**, higher insurance premiums, and war-related risks affecting export consignments moving to or through the Gulf region.
- It was launched under the **Export Promotion Mission (EPM)**.
- The scheme comprises **three key components**:
 - **Enhanced insurance coverage**: Exporters with existing ECGC insurance **will receive up to 100% risk coverage** for eligible consignments shipped between February 14 and March 15, 2026, without additional cost.
 - **Support for upcoming shipments**: Exporters planning shipments between March 16 and June 15, 2026, can avail up to **95% risk coverage with government support**, helping sustain trade flows.
 - **Relief for MSMEs**: Small exporters without ECGC cover during the disruption period will be eligible for **partial reimbursement of up to 50%** of increased freight and insurance costs, subject to a **ceiling of ₹50 lakh per exporter**.

Geographical Coverage: The scheme will cover shipments destined for countries including United Arab Emirates, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain, Iraq, Iran, Israel and Yemen.

Implementing Agency: The Export Credit Guarantee Corporation of India has been designated as the nodal implementing agency responsible for verification, claim processing, disbursement, and monitoring.