



FLEXIBLE INFLATION TARGETING FRAMEWORK

RBI affirmed the success of **FIT framework** in maintaining price stability, with inflation averaging around 4% until 2019.

COMPONENT	DETAILS
Context	Post Global Financial Crisis (2008) , India faced high inflation and sluggish growth . The Urjit Patel Committee (2014) recommended adopting Inflation Targeting.
Adoption of FIT	In 2016 (Constitution of MPC); through amendments to the RBI Act 1934, following the Monetary Policy Framework Agreement with GoI in 2015.
Need for Flexibility	Unlike strict inflation targeting, FIT allows short-term deviations to handle supply-side shocks (food, fuel) and economic crises (pandemic, war).
Initial Target	4% inflation target with a $\pm 2\%$ tolerance (2%-6%) , with 94% of inflation staying within the range (inflation target to be reviewed every 5 years).
Accountability	Breach of target for 3 consecutive quarters triggers a formal report to the government.
First Review Outcome (2021)	Retained 4% target with $\pm 2\%$ band for 2021-2026.

Performance of FIT Framework

Successes:

- ❧ **Disinflation:** Average inflation from 2016–2025 was 4.9%, down from 6.8% before FIT.
- ❧ **Anchored Expectations:** Stabilized long-term inflation expectations among customers and investors.
- ❧ **Institutional Transparency:** MPC voting, and communication improved RBI's policy credibility.
- ❧ **Policy Flexibility:** Adapted to Covid-19 and global crises like the Russia-Ukraine war.
- ❧ **Accountability:** RBI formally reported to the government after breaching the upper band for 5 quarters in 2022.

Challenges:

- ❧ **Exogenous Shocks:** Global crises led to breaches despite domestic policy control.
- ❧ **Outdated CPI Base:** 2012 base year doesn't reflect current consumption patterns.
- ❧ **MPC Dissent:** Differences in voting and occasional government interference challenge consensus.

DEBATES ON FIT FRAMEWORK

- **Headline Inflation vs Core Inflation**
 - ◆ **Headline:** Includes food & fuel (over 50% of CPI), better reflects real economy.
 - ◆ **Core:** Excludes volatile food & fuel; more stable but ignores supply shocks.
- **Point Target vs Range-Only System**
 - ◆ **Point Target:** Clear, accountable anchor (4%) with tolerance band.
 - ◆ **Range-Only:** Offers flexibility, acknowledging forecasting limitations and global volatility.

Way Forward

- ❧ **Update CPI Base Year:** Reflect structural changes in consumption.
- ❧ **Strengthen Credibility:** Consistency is key for public and market trust.
- ❧ **Address Food-Energy Shocks:** Better supply-side management to complement RBI tightening.

INDIA AT THE FOREFRONT OF GLOBAL FOOD SECURITY

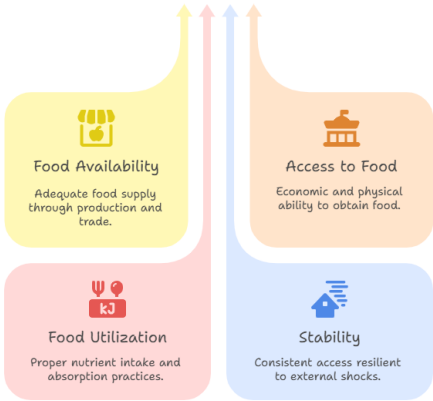
India and [WFP](#) sign a Letter of Intent for supplying fortified rice to vulnerable populations globally.

India's Role in Global Food Security

- ⌘ **Major Producer and Exporter:** Leading producer of milk, pulses, and spices. Second in food grains, fruits, vegetables, cotton, sugar, tea & farmed fish.
- ⌘ **Research (e.g. ICAR):** Sharing agri-tech, high-yield seeds with Africa and Asia under South-South Cooperation.
- ⌘ **India as Architect of Food Security:** Programs like [NFSA \(2013\)](#), [ONORC](#), [POSHAN Abhiyaan](#), [bio-fortified crops](#), and [PMGKAY](#) offer replicable solutions for other developing nations.
- ⌘ **Humanitarian Aid:** Provides emergency food aid globally (as seen during the Covid-19 pandemic).
- ⌘ **WTO Negotiations:** Champions the cause of developing nations' right to public stockholding.
- ⌘ **Climate-Smart and Sustainable Practices:** Promotes millets as climate-resilient crops ([International Year of Millets 2023](#)); other initiatives include - [Paramparagat Krishi Vikas Yojana \(organic farming\)](#), [National Mission for Sustainable Agriculture](#).

India collaborates with WFP on initiatives like **supply chain optimization, fortified rice rollout, grain ATMs (annapurti devices), jan poshan kendra, smart warehousing, and mobile storage units (Flospans)** -in line with **Vasudhaiva Kutumbakam**

Four Main Dimensions of Food Security



All four dimensions must be satisfied simultaneously for true food security.

INDIA'S FOOD SECURITY CHALLENGES	SUGGESTIONS
Decreasing Per capita Food Availability: - 510.1g/day (1991) to 507.9g/day (2021). <ul style="list-style-type: none">India ranks 2nd in global food wastage (after China).2024 Global Hunger Index: 105th/127 countries.	Improve storage, transport, and cold chain systems to reduce food waste.
Rising Vulnerability to Climate Change: Rising temperatures, erratic rainfall, and extreme weather reduce crop yields.	<ul style="list-style-type: none">Implement NICRA Scheme in vulnerable villages.Promote crop diversification and expand drip irrigation.
Nutritional Challenge: <ul style="list-style-type: none">35.5% of children under 5 are stunted.67% children and 57% women are anemic.12% undernourished (SOFI 2025).	<ul style="list-style-type: none">Fortify foods with iron, vitamin B12.Implement iron supplementation for women and children.
Public Distribution System (PDS) Issues: 28% of allocated grains fail to reach beneficiaries; ghost beneficiaries and duplicate cards persist.	<ul style="list-style-type: none">Implement blockchain/IoT for tracking.Transform fair price shops into smart shops with biometric/QR code checks.Strengthen ONORC with centralized databases and migration tracking.

INDIA - EURASIAN ECONOMIC UNION FTA NEGOTIATIONS

India and [EAEU](#) sign Terms of Reference to begin [FTA](#) negotiations, after stalled US trade talks and tariff threats.

EURASIAN ECONOMIC UNION (EAEU)

- ⌘ **Establishment:** Treaty on the Eurasian Economic Union (2015)
- ⌘ **Members:** Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia (Largest Member)
- ⌘ **HQ:** Moscow, Russia
- ⌘ **Bilateral Trade (2024):** USD 69 bn (up 7% from 2023)

The map shows the geographical location of the EAEU member states. Russia is the largest member, followed by Kazakhstan, Belarus, Armenia, and Kyrgyzstan.

EAEU Significance for India

Challenges

- ⌘ **High Trade Deficit:** With Russia (USD 58.9B in 2024-25), mainly from hydrocarbon imports.

- ⌘ **Geopolitical Sensitivity:** Risk of straining NATO/US relations.
- ⌘ **Domestic Industry:** Threats from cheap imports; safeguard needed.
- ⌘ **Low FTA Utilization:** 25% utilization in India vs 70-80% in developed countries.
- ⌘ **Sanitary and Phytosanitary Standards:** Strict EAEU regulations hinder Indian agricultural exports.
- ⌘ **Non-Tariff Barriers:** Bureaucratic delays, complex customs, regulatory issues.
- ⌘ **Dollar Dependency:** Trade still reliant on USD, limited efforts for rupee-ruble usage.

Strategic Benefits of EAEU for India



Market Access (FTA)

Access to USD 6.5 tn market; boost in exports (textiles, pharmaceuticals, electronics), MSME opportunities



Trade Diversification

Reduces reliance on US/EU markets, fostering diverse trade relationships



Energy Security

Ensures access to natural resources, with Russia supplying a significant portion of crude oil



Connectivity

Complements INSTC and Chennai-Vladivostok Corridor, reducing logistics costs

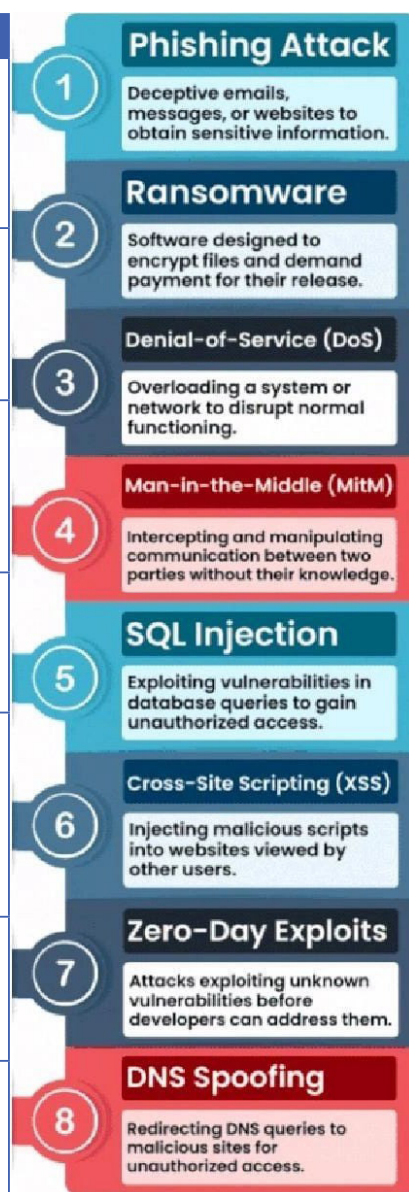
Strengthening Engagement

- ⌘ **Economic Cooperation:** Finalize 2025-2030 program with Russia, extend to all EAEU members (energy, agriculture, industry, education, and culture).
- ⌘ **Diversify Exports:** Pharmaceuticals, agriculture, and services - to reduce dependence on hydrocarbons.
- ⌘ **Local Currency Settlement Frameworks:** Increase rupee-ruble trade.
- ⌘ **Multilateral Outreach:** Engage with [BRICS](#), revive [RIC](#).
- ⌘ **Boost Connectivity:** Enhance logistics via [INSTC](#), [Northern Sea Route](#), [Chennai-Vladivostok Corridor](#).

BUILDING A RESILIENT CYBERSECURITY FRAMEWORK FOR INDIA

Parliamentary Standing Committee on Home Affairs stressed rising cyber threats and called for better awareness, safety, and security amid growing internet use.

CHALLENGES	SUGGESTIONS
Cyber-enabled Financial Frauds: In 2024, India recorded 1.91 mn cybercrime complaints, reflecting the scale of digital financial vulnerability.	Promote "Make in India" cybersecurity tools to reduce foreign dependence and support AI-based threat detection startups with funding and incubation.
Ransomware & Malware Attacks (Targeting hospitals, government databases, and critical sectors like AIIMS Delhi 2002 case)	Mandate cybersecurity audits in critical sectors and establish district-level units for localized threat management, strengthening coordination with CERT-In .
Critical Infrastructure Vulnerability (Vulnerable power grids, telecom, and nuclear plants like Kudankulam Nuclear Power Plant attack, 2019)	Strengthen critical infrastructure security with 2FA , encryption, and Zero-Trust Architecture.
Data Breaches & Privacy Risks (Personal data leaks from breaches in government and private sectors, e.g., Air India 2021)	Strengthen the enforcement of the Digital Personal Data Protection Act, 2023 .
Deepfakes & Misinformation (AI-driven deepfakes and fake news affecting social and democratic stability, e.g., deepfake videos of political leaders in 2024 election campaign)	IT Act, 2000 needs updates for AI, deepfakes, and ransomware threats. Launch cyber literacy campaigns in regional languages targeting rural communities, youth, and seniors.
Dark Web & Cyber Terrorism (Radicalization, illegal trade, and terror financing via the dark web boosting organized crime)	Increase monitoring of dark web activities , and strengthen international cooperation to tackle cyber terrorism.
Shortage of Skilled Cybersecurity Professionals: India needs 1 mn cybersecurity professionals but has less than half.	Integrate cybersecurity education in schools and universities with secure infrastructure and staff training.



CLIMATE CHANGE & WORKPLACE HEAT STRESS REPORT

Released by [WHO](#) and [WMO](#); the report highlights growing health risks of extreme heat for workers worldwide due to climate change.

Key Findings

- ⌘ **Extreme Heatwaves:** Rising temps (>40-50°C) affect **outdoor/indoor workers** globally.
- ⌘ **Productivity Drop:** 2-3% loss per °C above 20°C.
- ⌘ **Health Risks:** Heatstroke, dehydration, kidney, neurological disorders (impacts **50%** of the global population).
- ⌘ **Vulnerable Groups:** Manual workers; low-income; elderly & children in developing countries.
- ⌘ **Impact:** 2.4 bn workers face excessive heat, leading to 22.85 mn occupational injuries annually ([ILO](#)).

Recommendations

- ⌘ Develop occupational **heat-health policies**.
- ⌘ Raise **awareness** among workers, employers, and health professionals.
- ⌘ Engage stakeholders in **local strategies**.
- ⌘ Implement **affordable** and **sustainable solutions**.
- ⌘ **Align with UN SDGs 3** (Good Health), **8** (Decent Work), **10** (Reduced Inequalities).

INDIA-US 2+2 INTERSESSIONAL DIALOGUE

India and the US held the 2+2 Intersessional Dialogue to **review the 2+2 Ministerial Dialogue**, focusing on a new **10-year defense framework**, defense production, and trade and energy security.

- ⌘ Agreed to enhance cooperation under the [US-India COMPACT framework](#) and reaffirmed commitment to a stronger [Indo-Pacific](#) through the [Quad](#). **India will host the 2025 Quad Leaders Summit.**

