

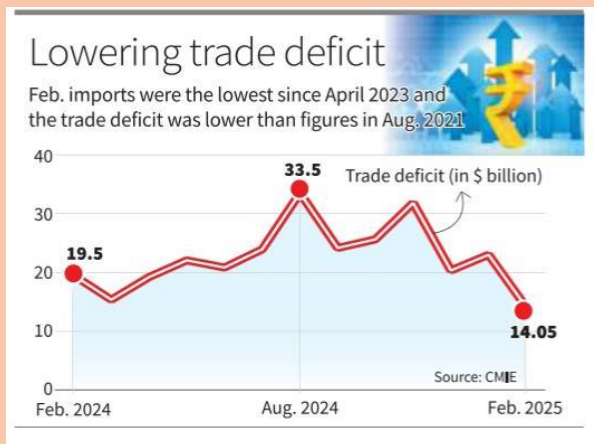
PRAGNYA BHARATHI: Detailed News Analysis (DNA)

Topic : India's Goods Trade Deficit Hits 42-Month Low Amid Drop in Gold and Crude Imports

Relevance : GS Paper 3 Economy and Trade

Source : The Hindu

Context :

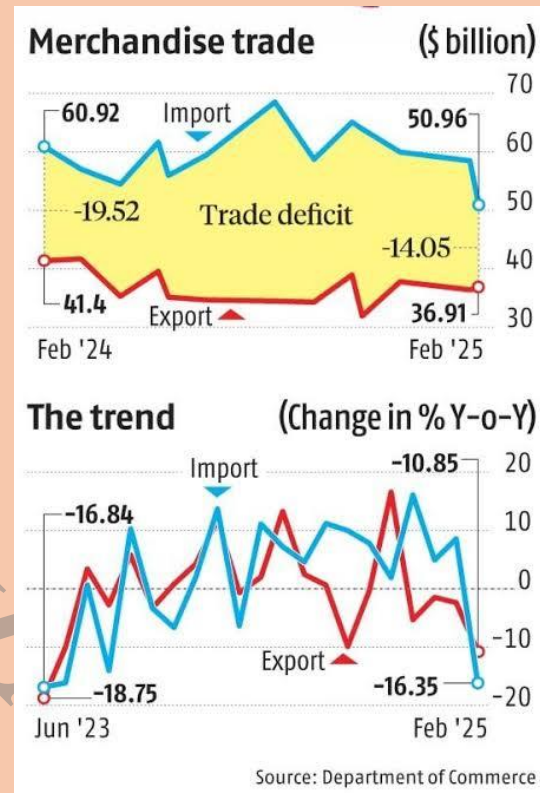


India's goods trade deficit has fallen to a 42-month low of \$14.05 billion in February 2025, as per data from the Ministry of Commerce and Industries. This significant decline is mainly attributed to reduced imports of gold, silver, and crude oil. In comparison, the deficit stood at \$22.9 billion in January 2025 and \$19.5 billion in February 2024.

Key Factors Behind the Decline in Trade Deficit

One of the major contributing factors to the reduced deficit is the substantial drop in imports of gold and silver. In February 2025, these imports were valued at \$2.7 billion, marking the lowest level since June 2024, when imports were recorded at \$2.5 billion. A similar trend was observed in crude oil and petroleum imports, valued at \$11.89 billion — the

lowest since July 2023, when they stood at \$11.81 billion.



The contraction in imports can be attributed to a combination of factors, including lower global commodity prices and reduced domestic demand. As crude oil prices remained subdued, India, a major importer of petroleum, saw a considerable drop in its import bill. Additionally, government measures to curb gold imports, including higher duties, played a significant role in reducing the inflow of precious metals.

• Trade Deficit Trends:

- February 2025: \$14.05 billion (42-month low).
- January 2025: \$22.9 billion.

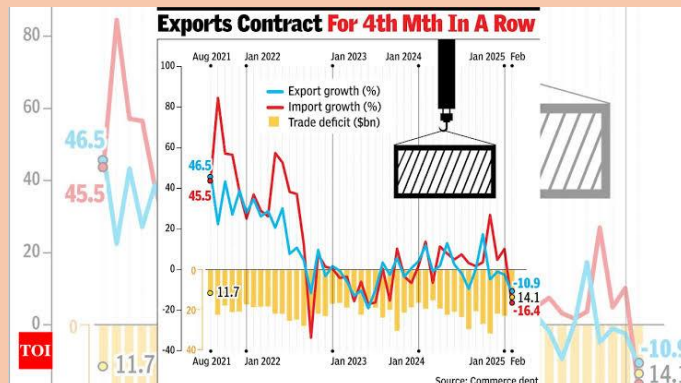
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- February 2024: \$19.5 billion.
- **Lower Gold and Silver Imports:**
 - February 2025: \$2.7 billion (lowest since June 2024 - \$2.5 billion).
 - Reasons for decline:
 - Higher import duties on gold.
 - Decreased domestic demand.
- **Reduced Crude Oil and Petroleum Imports:**
 - February 2025: \$11.89 billion (lowest since July 2023 - \$11.81 billion).
 - Reasons for decline:
 - Lower global crude prices.
 - Reduced domestic consumption.

Export and Import Performance

India's exports of goods in February 2025 were valued at \$36.9 billion, while imports dipped to a 22-month low of \$50.9 billion. On a year-on-year basis, exports contracted by 10.84%. The dip in exports can partly be attributed to the base year effect, as pointed out by Aditi Nayar, chief economist at ICRA, noting the influence of the leap month in the previous year.

Meanwhile, imports showed an even steeper decline, shrinking by 16.3% compared to the same period last year. This substantial contraction in imports also contributed to the lower trade deficit. The data indicates a significant deviation from the average monthly trade deficit of over \$23 billion during the first 10 months of FY2025, highlighting a notable improvement in the country's trade balance.

**Economic Implications and Outlook**

The narrowing trade deficit could positively impact India's current account balance and support the stability of the Indian rupee. The reduction in import bills, particularly for crude oil and gold, will help ease pressure on foreign exchange reserves and minimize external vulnerabilities.

However, the decline in exports remains a cause for concern, as it reflects global economic uncertainties and weaker demand from major trading partners. Policymakers might need to focus on diversifying export markets and enhancing competitiveness to sustain export growth in the coming months.

Economic Implications :

- **Positive Impact:**
 - Improved current account balance.
 - Strengthened rupee stability.
 - Lower pressure on foreign exchange reserves.
- **Challenges:**
 - Decline in exports indicates global economic slowdown.
 - Risk of reduced external demand.

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Economists caution that while the reduced trade deficit is encouraging, a sustained revival of both exports and imports is essential to ensure balanced economic growth. The continued focus on boosting domestic production and reducing dependency on imports will remain key areas of attention for the government.

billion monthly average during the first 10 months of FY2025.

- Caution against over-reliance on low imports for deficit reduction.

India's goods trade deficit hitting a 42-month low is a positive development, primarily driven by lower gold, silver, and crude oil imports. However, the contraction in exports signals a need for cautious optimism, as global economic headwinds and lower demand continue to pose challenges. As the country navigates through these economic dynamics, maintaining a balanced approach between import substitution and export promotion will be crucial.

India's goods trade deficit at 42-month low following dip in gold, crude imports

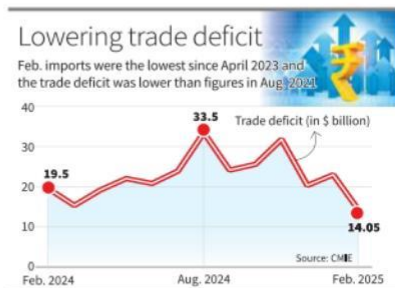
Ashokamithran T.
MUMBAI

India's goods trade deficit was down to a 42-month low of \$14.05 billion as imports of gold, silver and crude dipped in February, show data from the Commerce and Industries Ministry. The difference between import and export of goods was \$22.9 billion in January. In February 2024, the merchandise trade deficit stood at \$19.5 billion.

India's gold and silver imports were at \$2.7 billion, which was the lowest since June 2024, when the value was \$2.5 billion.

As for crude and petroleum, imports were at \$11.89 billion, which was the lowest since July 2023, when the value was at \$11.81 billion.

India exported goods worth \$36.9 billion in February 2025. Imports, ho-



wever, slipped to a 22-month low of \$50.9 billion.

On a year-on-year basis, exports dipped 10.84% in February 2025.

"A portion of the YoY decline in merchandise exports can be attributed to the base year effect related to the leap month," Aditi Nayar, chief economist at the credit rating agency ICRA, wrote in a state-

ment. Imports however shrunk 16.3% in the reporting month as against the corresponding period last year.

"The trade deficit was significantly lower than the average of over \$23 billion during the first 10 months of FY2025," Ms. Nayar said.

CONTINUED ON
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- **Government Focus:**

- Diversifying export markets.
- Enhancing competitiveness.
- Promoting domestic production to reduce import dependency.

- **Expert Opinion:**

- Aditi Nayar (ICRA): Trade deficit significantly lower than the \$23

Prelims Practice Question

Q. Consider the following statements regarding India's goods trade deficit in February 2025:

1. India's goods trade deficit in February 2025 was at a 42-month low of \$14.05 billion.
2. The reduction in trade deficit was primarily driven by increased exports of crude oil and gold.
3. Imports of gold and silver in February 2025 were the lowest since June 2024.
4. The trade deficit in February 2025 was significantly lower than the average monthly deficit during the first 10 months of FY2025.

Which of the above statements are correct?

- a) 1 and 2 only
- b) 1, 3, and 4 only
- c) 2 and 4 only
- d) 1 and 4 only

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Answer:

Correct Answer: b) 1, 3, and 4 only

Explanation:

1. **Statement 1 is Correct:** India's goods trade deficit in February 2025 was indeed at a 42-month low of \$14.05 billion.
2. **Statement 2 is Incorrect:** The reduction in the trade deficit was primarily driven by a decline in imports of gold, silver, and crude oil, not an increase in exports.
3. **Statement 3 is Correct:** Gold and silver imports in February 2025 were valued at \$2.7 billion, the lowest since June 2024 (\$2.5 billion).
4. **Statement 4 is Correct:** The trade deficit in February 2025 was significantly lower than the average monthly deficit of over \$23 billion during the first 10 months of FY2025.

Therefore, the correct answer is **b) 1, 3, and 4 only**.

Mains Model Question

Q. The reduction in India's trade deficit to a 42-month low in February 2025 is a positive economic indicator. However, the decline in exports raises concerns about global demand and economic stability. Discuss the factors contributing to the reduced trade deficit and the challenges posed by declining exports. Also, suggest measures to sustain a favorable trade balance.

India's goods trade deficit at 42-month low

"Given this, we now expect the current account to witness a surplus of around \$5 billion in Q4 of FY2025, equivalent to around 0.5% of the GDP, in the ongoing quarter," the ICRA chief economist added.

India exported services worth \$35.03 billion and imported services worth \$16.55 billion in February 2025. These numbers were \$28.33 billion and \$15.23 billion, respectively, in February 2024.

The trade data assumes significance at a time when India's currency is depreciating and uncertainties persist from U.S. trade policy. (With inputs from Reuters)

India's trade deficit fell to a 42-month low of \$14.05 billion in February 2025, primarily due to a sharp decline in imports of gold, silver, and crude oil. This significant reduction from \$22.9 billion in January 2025 is a positive sign for the economy, as it alleviates pressure on the current account deficit and foreign exchange reserves. The key factors contributing to the reduced deficit include subdued global crude prices, lower domestic demand for petroleum products, and government measures such as higher import duties on gold to curb non-essential imports.

However, despite the favorable trade balance, there are growing concerns regarding the decline in exports, which fell by 10.84% year-on-year in February 2025. The decline is partly attributed to the base year effect related to the leap month in the previous year. Additionally, sluggish global demand and economic uncertainties in major trading partner countries have negatively impacted India's export performance. This scenario poses a risk to economic

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stability, as a persistent decline in exports could offset the gains made through reduced imports.

To sustain a favorable trade balance, India must focus on diversifying its export markets and enhancing the competitiveness of domestic industries. Strengthening trade relations with emerging economies and fostering innovation in key export sectors like pharmaceuticals, textiles, and information technology can help counter global demand fluctuations. Moreover, promoting value-added manufacturing and reducing dependency on commodity exports would make Indian products more resilient to global economic shocks.

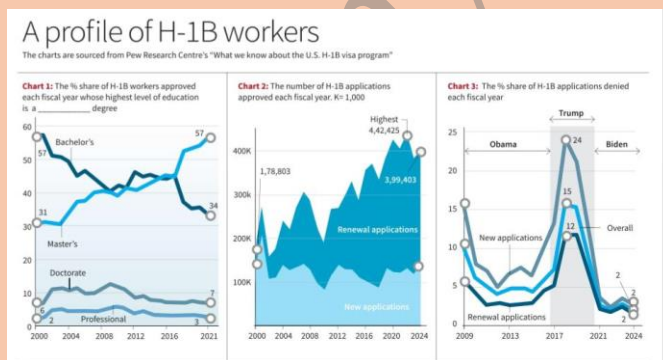
While the reduction in the trade deficit is encouraging, addressing the challenges posed by declining exports is essential to ensure sustainable economic growth and long-term trade stability.

Topic : Transformation of H-1B Visa Landscape

Relevance : GS Paper 2 Polity and International Relations

Source : The Hindu

Context :



The H-1B visa program, which allows U.S. employers to hire foreign workers in specialty occupations, has seen significant changes over the past two decades. According to data from the Pew Research Survey, the educational qualifications of H-1B workers have shifted drastically. In the early 2000s, 57% of approved applicants held a bachelor's degree, while only 31% had a master's degree. However, by 2021, this trend had reversed, with 57% holding a master's degree and only 34% holding a bachelor's degree. This shift highlights that a four-year degree has become increasingly insufficient for securing a visa, reflecting the rising demand for advanced qualifications.

Another noticeable change is the increase in H-1B visa renewals. In the 2000s, around 10% of approvals were renewals, but this figure rose to one-third by the 2020s. This indicates that it has become progressively difficult for new applicants to obtain the visa, as existing visa holders continue to renew. Additionally, the denial rate for H-1B applications has fluctuated significantly under different U.S. administrations. It peaked at 15% during Donald Trump's first term, dropped to 5-10% under Barack Obama, and reached a record low of around 2% under Joe Biden.

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DATA POINT

The Hindu Data Team

The landscape of H-1B visa approvals has undergone a dramatic transformation over the past two decades, according to data collated by the Pew Research Survey.

At the start of the millennium, 57% of approved H-1B workers had a bachelor's degree, while only 31% had a master's degree. By 2021, these numbers had flipped – only 34% held a bachelor's degree and 57% had a master's degree (**Chart 1**). This means that a four-year degree has become less sufficient for securing a visa.

In the 2000s, about 10% of approved H-1B applications were renewals, while most were new. By the 2020s, renewals had grown to one-third of all approvals (**Chart 2**). So, it has become increasingly tough for new applicants to secure a H-1B visa.

The denial rate for H-1B applications dropped to a record low of around 2% under former President Joe Biden, down from a peak of 15% during Donald Trump's first term. Under Barack Obama, it had fluctuated between 5% and 10% (**Chart 3**). This data gains prominence with Mr. Trump serving a second term as President, though Republicans are divided over the skilled immigration issue.

In the 2000s, Indians had accounted for 40-50% of approvals. This rose to over 70% from the mid-2010s (**Chart 4**).

In 2023, 65% of approved H-1B workers were hired for computer-related jobs. They also received a higher median annual salary than other job types, though managers had a significantly higher average salary (**Chart 5**).

In 2023, Amazon sponsored the highest number of H-1B visas (2.9% of total approvals), followed by Cognizant Technology Solutions, Infosys, Tata Consultancy, and Google (**Table 6**).

with Amazon sponsoring the most visas (2.9% of total approvals), followed by Cognizant, Infosys, Tata Consultancy Services, and Google

What Are H-1B Visas?

The H-1B visa is a non-immigrant visa that allows U.S. companies to employ foreign workers in specialized fields such as IT, engineering, finance, and healthcare. It is typically granted for three years and can be extended for an additional three years. The program is essential for filling skilled positions that require specialized knowledge.

Why Are More Indians Opting for H-1B Visas?

Indians are increasingly opting for H-1B visas due to the following reasons:

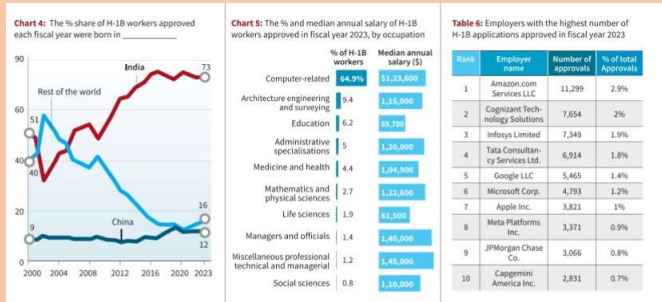
1. **IT and Tech Dominance:** A large proportion of India's skilled workforce is in IT and computer-related jobs, which dominate H-1B approvals.
2. **Higher Salaries:** H-1B visa holders in the U.S. often earn significantly higher salaries compared to similar positions in India.
3. **Career Growth and Opportunities:** The U.S. tech sector offers better career prospects and professional growth.
4. **Permanent Residency Aspirations:** Many Indian workers use the H-1B visa as a pathway to obtaining a Green Card.
5. **Demand from IT Giants:** Indian IT service companies like Infosys, TCS, and Wipro are among the top sponsors of H-1B visas.

Indians continue to dominate H-1B visa approvals, accounting for 40-50% in the 2000s and over 70% from the mid-2010s. In 2023, about 65% of H-1B workers were employed in computer-related jobs,

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Present-Day Complications of H-1B Visas

Challenges for the USA:



- Job Displacement:** There are growing concerns that H-1B workers may take away jobs from American workers, leading to political and social backlash.
- Wage Suppression:** Critics argue that companies use H-1B visas to hire foreign workers at lower wages, undercutting local salaries.
- Policy Uncertainty:** Political divides on immigration reform lead to unpredictable visa policies, creating challenges for both employers and workers.
- Fraud and Abuse:** Some companies misuse the visa program by bringing in lower-paid workers for roles that could be filled domestically.

Challenges for India:

- Brain Drain:** The continuous migration of skilled workers to the U.S. leads to a loss of talent in India.
- Family Uncertainty:** H-1B visa holders often face visa processing delays, affecting their families and long-term stability.

- Economic Dependency:** Heavy reliance on H-1B visas makes the Indian IT sector vulnerable to U.S. policy changes.
- Return Migration Issues:** Tightened visa rules and increased denial rates force some workers to return to India, facing challenges in reintegrating into the job market.

Prelims Practice Question

Q. With reference to the H-1B visa program, consider the following statements:

- The H-1B visa is a non-immigrant visa that allows U.S. companies to employ foreign workers in specialized fields.
- The majority of H-1B visa approvals in recent years have been for workers holding a bachelor's degree.
- Indian nationals constitute the largest group of H-1B visa recipients.
- The denial rate for H-1B applications reached a record low under the administration of President Joe Biden.

Which of the above statements are correct?

- 1, 2, and 3 only
- 1, 3, and 4 only
- 2 and 4 only
- 1 and 4 only

Answer:

Correct Answer: b) 1, 3, and 4 only

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Explanation:

1. **Statement 1 is Correct:** The H-1B visa is indeed a non-immigrant visa that allows U.S. employers to hire foreign workers in specialized occupations requiring specialized knowledge.
2. **Statement 2 is Incorrect:** In recent years, the majority of H-1B visa holders have a master's degree rather than a bachelor's degree. As of 2021, 57% of H-1B visa holders had a master's degree.
3. **Statement 3 is Correct:** Indian nationals make up the largest group of H-1B visa recipients, accounting for over 70% of approvals from the mid-2010s onwards.
4. **Statement 4 is Correct:** The denial rate for H-1B applications dropped to a record low of around 2% under President Joe Biden's administration.

Therefore, the correct answer is **b) 1, 3, and 4 only.**

Mains Model Question

Q. The H-1B visa program has been a critical pathway for skilled workers to the United States, particularly from India. However, evolving trends and recent challenges have sparked debates about its impact on both the U.S. and India. Discuss the significance of the H-1B visa for Indian professionals and analyze the complications faced by both countries in the present context.

MORE UNCERTAINTY OVER JOB VISA	
<ul style="list-style-type: none"> ➤ H-1B visa will be granted for only that duration for which a beneficiary will have to do the specified work ➤ Currently, visas are granted for 3 years and an extension for another three years is almost a given ➤ Shorter duration visas will make it near impossible for H-1B users to get a Green card ➤ Firms say it will be difficult for immigration officers to join the dots between qualification and work, leaving granting of visa to their discretion 	<ul style="list-style-type: none"> ➤ There will be more paperwork as detailed documentation will be required on nature of assignment at client site <p>“A series of executive orders have been coming out. Each one by itself may not be much, but they have cumulatively added up to making it much difficult and onerous for firms to use the H-1B route”</p> <p>R Chandrasekhar NASSCOM PRESIDENT</p>

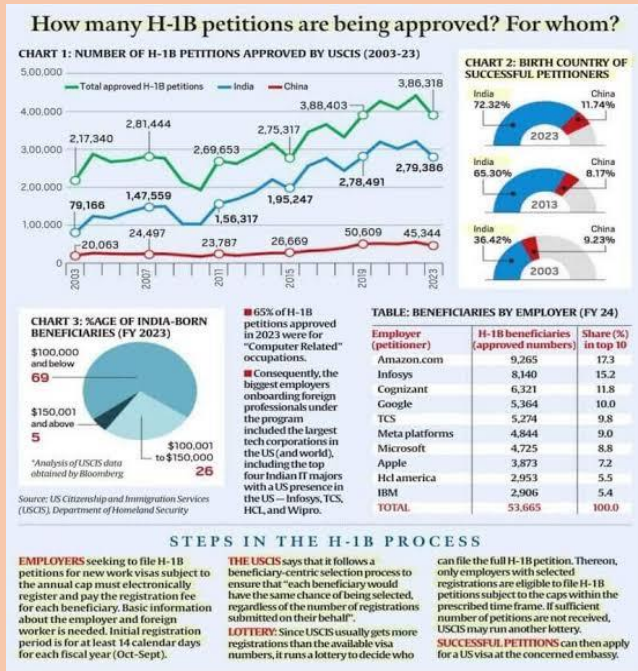
The H-1B visa program serves as a vital route for skilled foreign workers to be employed in the United States, primarily in specialized fields like information technology, engineering, and healthcare. For Indian professionals, it represents a significant opportunity for career growth, higher income, and potential permanent residency. Over the past two decades, Indian nationals have consistently formed the largest group of H-1B recipients, making up over 70% of approvals since the mid-2010s. The dominance of Indian IT giants and the preference for computer-related roles have solidified India's strong presence in the program.

However, the evolving landscape of the H-1B visa has introduced several complications for both the U.S. and India. In the United States, concerns have arisen over job displacement, wage suppression, and exploitation of the visa system by companies hiring foreign workers at lower wages. Political polarization over immigration policy has also intensified, with some factions advocating stricter visa regulations. The denial rate for H-1B applications fluctuated under different

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administrations, peaking at 15% during Donald Trump’s first term and dropping to a record low of 2% under Joe Biden.

opportunities and reducing dependency on overseas jobs are crucial for sustaining economic stability.



Topic : Strengthening India-China Relations

Relevance : GS Paper 2 International Relations

Source : Indian Express

Context :

China welcomes Modi’s comments, points to 2,000-year history of ties

Suhasini Haidar
NEW DELHI



Strengthening ties: Prime Minister Narendra Modi with Chinese President Xi Jinping in Kazan, Russia, in October 2024. ANI

China on Monday welcomed Prime Minister Narendra Modi’s statement that India and China have achieved “normalcy” on the border after his meeting with Chinese President Xi Jinping and that the two sides were restoring ties to the pre-2020 state while ensuring that “differences don’t become disputes”.

Mr. Modi’s comments, made to a U.S.-based podcaster, are by far the strongest indicator that New Delhi and Beijing are prepared to move beyond the tensions of the past five years, including the Galwan clashes in which 20 Indian soldiers were killed by PLA soldiers and incursions over the Line of Actual Control.

The comments by Mr. Modi follow months after the Indian Army chief, General Upendra Dwivedi, said the situation at the LAC was “stable but not normal” and that a “degree of stand-off” remained between the two Armies, while experts questioned whether relations can be “normalised” without completing the withdrawal

of troops. In Beijing, Chinese Ministry of Foreign Affairs spokesperson Mao Ning called Mr. Modi’s comments during the interview with podcaster Lex Fridman a “positive statement on China-India relations”.

Referring to the October 23 Modi-Xi meeting in Russia, the Chinese spokesperson said the two sides “have earnestly implemented the important consensus of the leaders of the two countries, strengthened exchanges and practical cooperation at all levels, and achieved a series of positive results”.

During the interview, Mr. Modi, who has spoken very rarely about the

stand-off with China, also said India and China had “no real history of conflict” and that the relationship should remain “just as strong in the future”.

While India and China have not fought each other historically, they have had tensions at the unresolved boundary for decades after they went to war in 1962.

Likening the two neighbours to a “family”, Mr. Modi added that there may be “occasional disagreements”, and that “even within a family, not everything is always perfect”.

Friendly exchanges
Ms. Mao said the Chinese government had “noted and appreciated” the com-

ments and also pointed to more than “2,000-year history of China-India exchanges, friendly exchanges, mutual learning, and mutual understanding”, echoing Mr. Modi’s words.

“It is the only right choice for China and India to be partners who contribute to each other’s success and to realise the ‘Dance of the Dragon and the Elephant’,” Ms. Mao continued, referring to the Chinese depiction of India as an elephant.

The warm statements follow visits to Beijing by National Security Adviser Ajit Doval and Foreign Secretary Vikram Misri, and meetings between External Affairs Minister S. Jaishankar and Chinese Foreign Minister Wang Yi in the past few months, and could suggest more bilateral exchanges this year. Mr. Modi is expected to travel to China in June to attend the SCO Summit.

Mr. Jaishankar had said earlier this month that officials were working on the resumption of travel links between the two countries, business and tourist visas, the Kailash Mansarovar pilgrimage, and the return of journalists.

For India, the heavy reliance on H-1B visas has resulted in a persistent brain drain, as highly skilled professionals migrate abroad for better prospects. The uncertainty around visa renewals and potential policy changes has also created job insecurity among Indian workers in the U.S. Additionally, the return of H-1B workers facing visa issues poses challenges for India’s domestic job market, as it struggles to accommodate their skills.

Addressing these challenges requires comprehensive bilateral engagement and reforms aimed at balancing the demand for skilled labor in the U.S. with India’s long-term goal of retaining its talent pool. Enhancing domestic employment

- China recently welcomed Prime Minister Narendra Modi’s statement acknowledging the restoration of “normalcy” at the India-China border.
- This statement followed Mr. Modi’s meeting with Chinese President Xi Jinping in Russia, where he emphasized that both sides are working to restore ties to the pre-2020 state while ensuring that differences do not escalate into disputes.

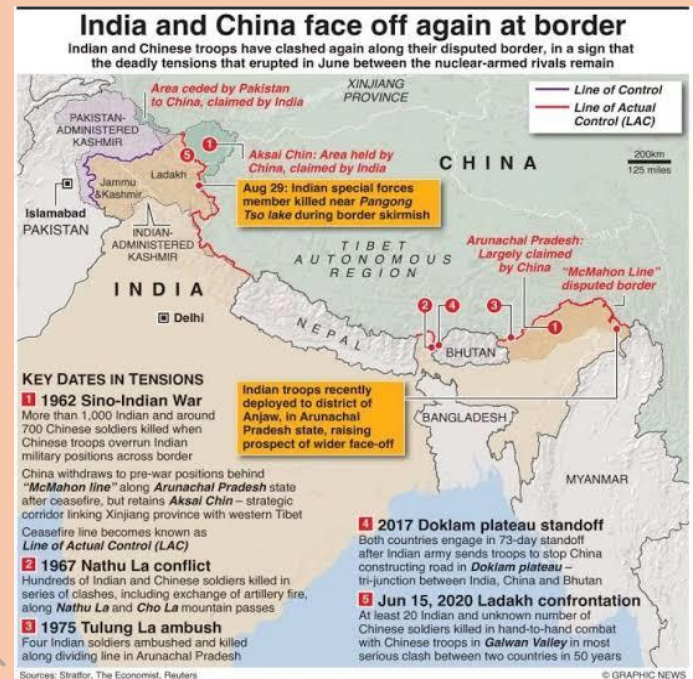
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- These remarks are seen as the strongest indication yet that both countries are willing to move past the heightened tensions of the past five years, including the Galwan Valley clashes of 2020, where 20 Indian soldiers were killed.

China's Response and Positive Diplomatic Signals

- Chinese Foreign Ministry spokesperson Mao Ning termed Mr. Modi's remarks a "positive statement" and appreciated his acknowledgment of the long-standing relationship between the two nations.
- Mao highlighted the 2,000-year history of China-India exchanges, emphasizing friendly interactions, mutual learning, and cooperation.
- She reiterated that being partners who support each other's success is the only correct path forward, symbolized through the metaphorical "Dance of the Dragon and the Elephant."
- This diplomatic warmth follows recent high-level visits from Indian officials, including National Security Adviser Ajit Doval and Foreign Secretary Vikram Misri, and meetings between External Affairs Minister S. Jaishankar and Chinese Foreign Minister Wang Yi.

Future Prospects and Bilateral Engagements



- These developments hint at a gradual thaw in relations, with more bilateral engagements expected.
- Prime Minister Modi is likely to visit China in June for the SCO Summit, marking another significant diplomatic outreach.
- Both sides are also working to resume practical cooperation and people-to-people exchanges that were disrupted during the prolonged stand-off.
- Efforts are underway to restore travel links, business and tourist visas, the Kailash Mansarovar pilgrimage, and the return of journalists to enhance mutual understanding and rebuild trust.

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Historical Context of India-China Relations and Its Significance

- o Faxian (4th-5th century): Visited India to gather Buddhist texts and documented his journey in the famous travelogue "Record of the Buddhist Kingdoms".

- India and China have shared a rich and complex relationship spanning over 2,000 years, marked by robust cultural, economic, and religious exchanges.
- The ancient Silk Road served as a vital link between the two civilizations, fostering trade in goods such as silk, spices, textiles, and precious stones.
- Buddhism played a pivotal role in strengthening ties as it traveled from India to China.
- Prominent Chinese scholars and monks, like Xuanzang and Faxian, traveled to India to study Buddhist texts and philosophies.
 - o Xuanzang (7th century): Spent 17 years in India, studying at Nalanda and other universities, and took back scriptures that greatly influenced Chinese Buddhism.

Medieval Period:

- During the medieval period, political interactions remained limited, but trade and scholarly exchanges continued.
- Maritime and overland routes remained active, facilitating economic cooperation and intellectual interactions.
- Cultural exchanges persisted, with Chinese pilgrims visiting Indian monasteries to deepen their understanding of Buddhism.

Colonial and Modern Era:

- Both nations faced Western colonialism, leading to weakened traditional ties.
- After independence, India and China emerged as major Asian powers but faced ideological and territorial differences.
- The 1962 Sino-Indian war marked a turning point, creating a deep mistrust between the two countries.
- Despite attempts to normalize relations in subsequent decades, border disputes, especially along the Line of Actual Control (LAC), continued to strain ties.
- The 2020 Galwan Valley clash marked a low point, but recent diplomatic engagements

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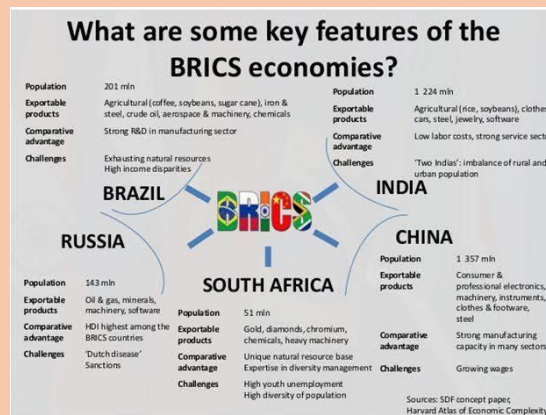
indicate a willingness to move beyond the confrontational phase.

Contemporary Significance:

- The ancient ties between India and China hold relevance today as they provide a foundation for cooperation amid ongoing challenges.
- Emphasizing a shared cultural heritage and common goals helps mitigate existing tensions and fosters collaboration.
- Both nations, as emerging global powers, have significant stakes in maintaining stability in Asia and the world.
- Strengthening bilateral ties through economic cooperation and resolving territorial disputes through dialogue is crucial for regional and global peace.

Organizations Where India and China Collaborate

India and China are members of several international and regional organizations, where they collaborate despite bilateral tensions. These platforms offer opportunities for dialogue and cooperation on shared interests.



1. BRICS (Brazil, Russia, India, China, South Africa):

- A major platform for cooperation among emerging economies.
- Both nations engage in economic collaboration, policy coordination, and financial stability initiatives.
- The New Development Bank (NDB), headquartered in Shanghai, finances infrastructure projects in member countries.
- Collaboration within BRICS helps maintain balance against Western economic dominance.

2. SCO (Shanghai Cooperation Organization):

- Originally formed as the "Shanghai Five" in 1996 and later expanded to include India and Pakistan in 2017.
- Focuses on political, economic, and security cooperation.
- Both nations work together on counterterrorism efforts, trade policies, and regional stability.

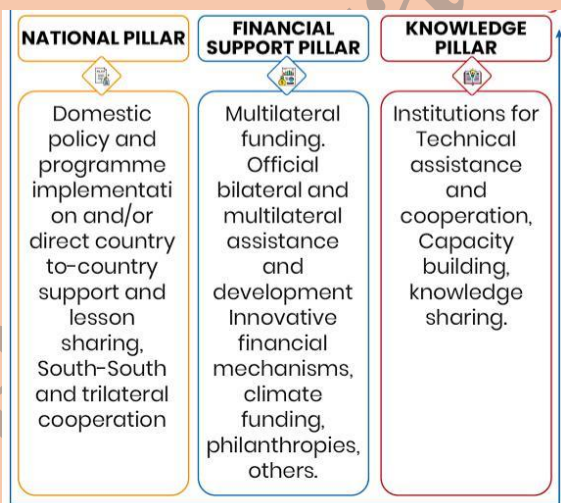
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- It serves as a critical platform for direct dialogue between Indian and Chinese leaders.



3. G20 (Group of Twenty):

- A global forum for international economic cooperation and decision-making.
- India and China often align on issues concerning the Global South, such as climate change, sustainable development, and economic inequality.
- Promoting a multipolar world order is a shared objective.



4. RIC (Russia-India-China Trilateral):

- A dialogue mechanism aimed at fostering strategic coordination among the three Eurasian powers.
- Focuses on countering Western hegemony and promoting regional cooperation.
- Offers an additional channel for India-China engagement alongside Russia’s mediation.

5. AIIB (Asian Infrastructure Investment Bank):

- China-led bank with India as a major shareholder.
- Finances infrastructure and development projects in Asia, promoting connectivity and economic development.
- Despite occasional disagreements, both nations support regional growth through the AIIB.

WORLD BANK	IMF	ADB	AIIB
1944	1944	1966	2015
188 MEMBER COUNTRIES	188 MEMBER COUNTRIES	67 MEMBERS	57 FOUNDING MEMBERS
US LARGEST SHAREHOLDER	US LARGEST SHAREHOLDER	JAPAN LARGEST SHAREHOLDER	CHINA LARGEST SHAREHOLDER
REDUCE POVERTY & SUSTAINABLE DEVELOPMENT GOAL	PROMOTE MONETARY STABILITY GOAL	REDUCE POVERTY GOAL	ADDRESS ASIA'S INFRASTRUCTURE GAP GOAL
12,000 STAFF 130 NATIONS	2,600 STAFF 147 NATIONS	3,000 STAFF 60 NATIONS	IN PLANNING
\$223 BILLION SUBSCRIBED CAPITAL	\$370 BILLION SUBSCRIBED CAPITAL	\$165 BILLION SUBSCRIBED CAPITAL	\$100 BILLION AND RISING SUBSCRIBED CAPITAL
US VETO POWER	US VETO POWER	NO VETO POWER	CHINA TO FORGO VETO
WASHINGTON	WASHINGTON	MANILA	BEIJING

6. UN and Multilateral Forums:

- As permanent members of various UN bodies and influential voices in the General Assembly, both nations advocate for reforms

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to make global governance more representative.

- India and China often coordinate on issues related to climate change, global health, and sustainable development.

Significance of Collaboration in These Organizations:

- Despite bilateral tensions, these multilateral platforms offer avenues for dialogue and cooperation.
- They provide opportunities for India and China to engage constructively on global issues while managing their differences.
- Maintaining cooperation within these frameworks helps both nations safeguard their strategic and economic interests.
- Constructive engagement through these organizations contributes to global peace and stability, reflecting the responsibility of two major powers.

Prelims Practice Question:

With reference to India-China relations, consider the following statements:

1. The ancient Silk Road played a significant role in fostering trade and cultural exchanges between India and China.
2. Both India and China are founding members of the Shanghai Cooperation Organization (SCO).
3. India and China are major shareholders in the Asian Infrastructure Investment Bank (AIIB).

4. The "Dance of the Dragon and the Elephant" metaphor represents the competitive relationship between India and China.

Which of the statements given above are correct?

- (a) 1 and 3 only
- (b) 2 and 4 only
- (c) 1, 3, and 4 only
- (d) 1, 2, and 3 only

Answer:

Correct Answer: (a) 1 and 3 only

Explanation:

1. **Statement 1 is correct:** The ancient Silk Road was a major trade route that connected India and China, facilitating cultural and economic exchanges, including the spread of Buddhism.
2. **Statement 2 is incorrect:** India is not a founding member of the SCO. It joined as a full member in 2017, while the organization was established as the "Shanghai Five" in 1996 and later expanded.
3. **Statement 3 is correct:** Both India and China are major shareholders in the Asian Infrastructure Investment Bank (AIIB), which finances infrastructure projects across Asia.
4. **Statement 4 is incorrect:** The metaphor "Dance of the Dragon and the Elephant" symbolizes cooperation and harmonious coexistence between India and China rather than competition.

PRAGNYA BHARATHI: Detailed News Analysis (DNA)**Mains Model Question:**

Discuss the significance of India-China relations in the context of their historical ties and contemporary global dynamics. How can both countries leverage their cooperation in multilateral forums to address bilateral and global challenges? (300 words)

India and China, two of the world's oldest civilizations, share a relationship that spans over 2,000 years. Historically, the Silk Road fostered economic and cultural exchanges between the two nations, with Buddhism playing a significant role in strengthening ties. Ancient scholars like Xuanzang and Faxian traveled from China to India, enriching Chinese culture with Indian philosophical and religious teachings. Despite this rich legacy, modern relations between the two countries have been shaped by territorial disputes and geopolitical rivalries, most notably the 1962 war and the 2020 Galwan Valley clash.

In the current global context, both India and China are emerging powers with significant economic and strategic interests. The recent statements by Prime Minister Narendra Modi, emphasizing the normalization of border conditions and resumption of bilateral cooperation, indicate a potential thaw in relations. China's positive response to these remarks reflects a willingness to move beyond past confrontations. However, mutual trust remains fragile, as unresolved boundary issues continue to pose challenges to long-term stability.

In multilateral forums like BRICS, SCO, G20, AIIB, and RIC, both countries have the opportunity

to set aside bilateral differences and collaborate on global challenges. As leading members of BRICS and AIIB, they work together to enhance infrastructure development and economic integration in the Global South. In the SCO and RIC frameworks, India and China cooperate on counterterrorism, regional security, and economic policies. Their collaboration in the G20 addresses global economic disparities and promotes a multipolar world order.

What India's military owes to the Russians

The total value of arms deals signed with Russia since 1963 is over \$70 billion. Here's are some examples

90%

Of Indian Army's main battle tank force is comprised of Russian T-72 and T-90S

4

Of India's 10 guided-missile destroyer warships are Russian Kashin class, built for the Soviet navy since 1960s

1

Aircraft carrier in the Indian Navy, which is a refurbished Soviet-era ship

71%

Of the Indian Air Force's 667-plane fighter ground attack fleet is Russian origin, mostly Su-30s and MiG-21s

8

Of the fleet's 15 submarines are Russian-origin Kilo class while the sole nuclear-powered sub is on lease

6

Russian-made Il-78s serve as the IAF's total aerial tanker fleet strength

By leveraging these platforms, India and China can mitigate bilateral tensions and contribute to regional peace. Strengthening economic interdependence and promoting people-to-people exchanges can also build trust. To ensure long-term stability, both countries must engage in sustained dialogue and commit to conflict resolution through diplomatic means. Balancing competition with cooperation is vital for realizing the potential of their shared future.

PRAGNYA BHARATHI: Detailed News Analysis (DNA)**Topic :** Appointment of CAG**Relevance :** GS Paper 2 Polity**Source :** Indian Express**Context :****SC to examine petition on CAG appointment process****The Hindu Bureau**
NEW DELHI

The Supreme Court on Monday decided to examine a plea challenging the sole prerogative of the Centre, acting through the President, to appoint the Comptroller and Auditor General of India.

Appearing before a Bench headed by Justice Surya Kant, advocate Prashant Bhushan said absolute control by the Centre over the appointment process of a Comptroller and Auditor General (CAG) would gravely affect the independence of a Constitutional authority, which was a watchdog over the financial expenditure and accountability of the Union and State governments and even the Panchayati Raj institutions.

The petitioner said the CAG must be appointed by the President in consulta-



tion with a non-partisan selection committee comprising the Prime Minister, the Leader of the Opposition and the Chief Justice of India.

The petitioner, Centre for Public Interest Litigation, also represented by advocate Cheryl D'Souza, referred to recent "deviations" in the CAG's work, including reports on the "pause" in Maharashtra audits, a steady decline on the Union go-

vernment, among others.

Mr. Bhushan said Article 148(1) of the Constitution equates the CAG with a Supreme Court judge. A CAG can be removed only for the same reasons and in the same manner as an apex court judge.

Issuing notice to the Union government, Justice Kant, however, asked whether a judicial intervention would amount to re-writing Article 148, which deals with the appointment of a CAG. Article 148, like in the case of Supreme Court judges, is silent about the procedure of appointment. Justice Kant also remarked that one should be able to "trust institutions".

Mr. Bhushan argued that giving exclusive control to the Executive over appointments to key Constitutional bodies would be a sure recipe for loss of independence.

the Constitution, which currently lacks specific appointment procedures.

CAG Appointment in India:

The **Comptroller and Auditor General of India (CAG)** is a **Constitutional authority** established under **Article 148 of the Indian Constitution**. The CAG acts as the guardian of public finances, auditing the accounts of the Union and State governments and other public authorities.

Appointment Process:

- The CAG is appointed by the **President of India** under **Article 148(1)**.
- The Constitution does not prescribe a specific appointment procedure or the qualifications required.
- The CAG holds office for **six years or until the age of 65**, whichever is earlier.
- Removal procedures are the same as those of a **Supreme Court judge**, as specified under **Article 124(4)**, requiring a resolution passed by both Houses of Parliament.

The Supreme Court has decided to examine a petition challenging the Central government's exclusive power to appoint the Comptroller and Auditor General of India (CAG). Advocate Prashant Bhushan argued that allowing the Executive complete control over CAG appointments compromises the independence of this Constitutional authority. The petition, filed by the Centre for Public Interest Litigation, calls for a more transparent and balanced selection process involving the Prime Minister, the Leader of the Opposition, and the Chief Justice of India. The Court questioned whether judicial intervention in the matter would amount to rewriting Article 148 of

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COMPTROLLER & AUDITOR GENERAL OF INDIA (CAG)

Appointment & Term

Article 148:

- Appointed By: The President of India (whichever is earlier)
- Tenure: 6 years or until 65 years of age
- Removal Process:
 - Some as a SC Judge
 - Requires special majority in Parliament for proven misbehavior or incapacity
- Oath: To uphold the Constitution, sovereignty, and integrity of India

Independence

Article 148:

- Secured tenure; not removable at the President's discretion
- Post-tenure ineligibility for government office
- Salary & office expenses charged to the Consolidated Fund of India (not subject to Parliamentary vote)
- No minister can represent the CAG in Parliament or be held responsible for its actions

Article 149: Service conditions prescribed by Parliament; cannot be altered to CAG's disadvantage post-appointment

Related Issues

- Delays in Audit Reports: Reduces oversight and transparency
- Focus on Post-Facto Audits: Limits proactive control
- Resource Challenges: Lack of economic expertise and staffing
- Limited Pre-Budget Role: Does not engage in decision-making

Duties & Powers

Article 149: Prescribes CAG's duties & powers

Audits:

- Consolidated Fund, Contingency Fund, & Public Account of India & States
- Government bodies, corporations, & authorities financed by public revenue

Article 150: Advises the President on the format of Union & State accounts

Article 279: Certifies net proceeds of taxes & duties

Article 151: Submits 3 audit reports annually to:

- President – Audit on appropriation, finance accounts, and public undertakings
- Governor – Reports on State accounts for State Legislatures

Role

- Acts as Parliament's Agent: Ensures public funds are used legally and efficiently
- Public Accounts Committee (PAC): Functions as its advisor
- Ensures transparency, accountability, and adherence to financial laws
- Unlike its British counterpart, serves as an Auditor-General, not a Comptroller

K Sanjay Murthy Assumed Office as the CAG in November 2024

Concerns Over the Current Appointment Process:

- Lack of Transparency:** Since the President appoints the CAG solely on the advice of the Executive, the process lacks impartiality.
- Threat to Independence:** As a Constitutional watchdog over government finances, CAG's independence is crucial to maintaining accountability.
- Comparative Practices:** In several democratic nations, the appointment process involves a committee or parliamentary scrutiny to ensure impartiality.

Significant Steps Ahead :

To maintain the CAG's independence and credibility, reforms should include:

- Establishing a **bipartisan selection committee** involving key Constitutional authorities.
- Amending **Article 148** to clearly define the selection procedure.
- Ensuring **parliamentary oversight** to balance Executive influence.

The ongoing Supreme Court case may set a precedent to enhance transparency and independence in the appointment of Constitutional authorities.

Constitutional Provisions and Relevant Cases:

- Article 148 to Article 151:** These articles cover the CAG's powers and duties, appointment, and removal.
- N. Gopalaswami Ayyangar Committee (1949):** Recommended independent functioning of the CAG, akin to the judiciary.
- In Re: CAG's Powers (1971):** The Supreme Court held that CAG's independence is crucial for transparent financial oversight.
- Centre for Public Interest Litigation v. Union of India (2025):** The ongoing case questions the Executive's control over CAG appointments.

PRAGNYA BHARATHI: Detailed News Analysis (DNA)**Prelims Practice Question:**

With reference to the appointment and functions of the Comptroller and Auditor General of India (CAG), consider the following statements:

1. The CAG is appointed by the President of India as per Article 148 of the Constitution.
2. The CAG can be removed from office in the same manner as a judge of the Supreme Court.
3. The Constitution mandates a selection committee comprising the Prime Minister, Leader of the Opposition, and Chief Justice of India for the appointment of the CAG.
4. The CAG audits the accounts of both the Union and State governments.

Which of the statements given above are correct?

- (a) 1 and 4 only
- (b) 1, 2, and 4 only
- (c) 2 and 3 only
- (d) 1, 3, and 4 only

Answer:

Correct Answer: (b) 1, 2, and 4 only

Explanation:

1. **Statement 1 is correct:** The CAG is appointed by the President of India under **Article 148 of the Constitution**.
2. **Statement 2 is correct:** The CAG can be removed from office in the same manner as a **judge of the Supreme Court**, which involves an impeachment process by Parliament as per **Article 124(4)**.

3. **Statement 3 is incorrect:** There is no provision for a **selection committee** in the Constitution. The appointment is solely the prerogative of the President on the advice of the Executive.
4. **Statement 4 is correct:** The CAG audits the accounts of both **Union and State governments**, as well as other public authorities.

Mains Model Question:

"The independence of the Comptroller and Auditor General (CAG) is crucial for ensuring transparency and accountability in public financial management. In light of recent debates over the CAG appointment process, critically examine the challenges to CAG's independence and suggest measures to strengthen it." (300 words)

The Comptroller and Auditor General (CAG) of India is a Constitutional authority responsible for auditing the accounts of the Union and State governments and other public authorities. As a key institution ensuring financial accountability, the CAG's independence is fundamental to maintaining transparency in governance. However, recent debates have highlighted challenges to this independence, particularly concerning the appointment process.

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Duties and Powers of CAG	
	Compile Accounts of Union and States
	Prepare and Submit Accounts
	Auditing Accounts
	Audit of Bodies or Authorities
	Auditing Powers of the CAG
	Auditing the Government Companies
	Furnish Reports to Concerned Governments
	Audit of Accounts of Certain Authorities or Bodies
	Power to make Rules and Regulations

Currently, the CAG is appointed by the President of India under Article 148 of the Constitution on the advice of the Executive, without any consultation with other stakeholders. This absolute control by the government raises concerns about potential bias and compromises the perception of independence. The absence of a well-defined selection procedure and a lack of parliamentary oversight further undermine the credibility of the appointment process.

Moreover, deviations in CAG's functions, such as delays and selective auditing, have sparked apprehensions about its impartiality. Given the CAG's critical role as a watchdog over public expenditure, any perception of government influence could erode public trust. Instances like the controversy over Maharashtra audit reports and declining audits of Union government accounts reflect a potential compromise in autonomy.

To address these challenges, reforms are necessary to safeguard the CAG's independence. Instituting a transparent appointment process involving a bipartisan committee comprising the Prime Minister, Leader of the Opposition, and Chief Justice of India would enhance credibility.

Additionally, defining the qualifications and criteria for appointment would ensure that only competent and impartial candidates are considered. Strengthening the legal framework by amending Article 148 to include explicit guidelines on appointments would also mitigate executive overreach.

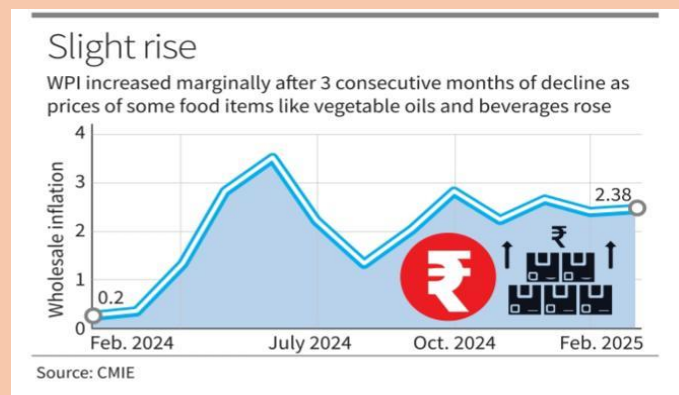
A robust and independent CAG is vital for upholding the principles of accountability and transparency. Implementing these reforms will restore public confidence and reinforce the institutional integrity of one of India's foremost financial watchdogs.

Topic : WPI Inflation

Relevance : GS Paper 3 Economy

Source : The Hindu

Context :



In February 2025, India's Wholesale Price Index (WPI) inflation rose to **2.38%**, compared to **2.31%**

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in the previous month, according to data from the **Ministry of Commerce and Industry**. The increase in inflation is primarily driven by a rise in prices of **manufactured products**, which soared to a **two-year high of 2.86%**.

Excluding food items, the **core manufactured WPI inflation** increased to **1.3% year-on-year** from **1% in January**. This rise is attributed to increasing **international metal prices** during February. The **primary articles category** continued to experience **disinflation** for the sixth consecutive month, registering **2.81%** inflation.

Food price inflation dropped to a **four-month low of 3.38%**, indicating a tapering correction phase. However, **non-food primary inflation** rose significantly to **4.84%** from **2.85%** in the previous month, primarily due to a **lower base effect**.

The **fuel and power sector** showed a **deflation of 0.71%**, improving from the **-2.78%** recorded in January 2025. This sector has remained in the **negative price territory** for seven consecutive months, indicating a continuous drop in fuel and power prices.

Economic experts predict that **core WPI inflation** might rise gradually in the coming months, driven by rising **international metal prices** and other global factors.

Manufactured items hasten Feb. WPI inflation to 2.38%

Prices of manufactured products rose to a two-year high of 2.86% in February; non-food primary inflation hastened to 4.84% in the reporting month as against 2.85% in the previous month

Ashokamithran T.
MUMBAI

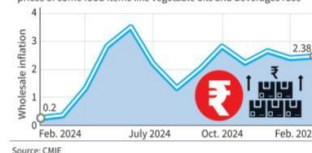
Wholesale price inflation hastened to 2.38% as cost of manufactured food products, among others, increased in February, from 2.31% in the previous month, according to data from Ministry of Commerce and Industry.

Prices of manufactured products rose to a two-year high of 2.86% in the reporting month.

"Excluding food, core manufactured WPI inflation rose to 1.3% y-o-y from 1% in January. We think

Slight rise

WPI increased marginally after 3 consecutive months of decline as prices of some food items like vegetable oils and beverages rose



core WPI inflation may rise gradually over the coming months, reflecting the rise in international metal prices in February," said Aastha Gudwani, India Chief

Economist at Barclays Research. Primary articles continued to dis-inflate for six consecutive months coming in at 2.81% in February 2025. Food price in-

flation was at a four-month low of 3.38% in February 2025. "Expectedly, the correction is now tapering," Ms. Gudwani wrote in the research note. Non-food primary inflation rose to 4.84% in the reporting month as against 2.85% in the previous month. The increase was however on account of a lower base, Ms. Gudwani wrote.

Fuel and power sector experienced a deflation of 0.71%, slowing from a fall in prices by 2.78% in January 2025. Price change in the sector has been in the negative territory for seven months.

What is WPI?

The **Wholesale Price Index (WPI)** measures the change in the price of goods at the **wholesale level** before they reach retail consumers. It is an essential indicator of **inflation** at the wholesale level and reflects the average change in the prices of a basket of goods.

WPI in India:

- In India, WPI is calculated and released by the **Office of the Economic Adviser, Ministry of Commerce and Industry**.
- It measures **price movements of commodities in bulk** at the **first stage of the transaction**.
- The **base year for WPI calculation** is **2011-12**.
- The WPI data is released **monthly**.

WPI consists of three main components:

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- Primary Articles (22.62% weight):**
Includes food articles, non-food articles, and minerals.
- Fuel and Power (13.15% weight):** Includes coal, mineral oils, and electricity.
- Manufactured Products (64.23% weight):**
Includes a wide range of **manufactured goods** such as textiles, chemicals, machinery, etc.

Method of Calculation:

The formula used to calculate WPI is:

$$\text{WPI} = (\text{Current Price} / \text{Base Year Price}) \times 100$$

Steps involved:

- Collect **wholesale price data** for a defined basket of goods.
- Compare current prices with base year prices.
- Calculate **percentage change** for each commodity.
- Aggregate the changes to derive the **overall WPI**.

Significance of WPI:

- WPI serves as a **key indicator of inflation** at the wholesale level.
- It helps the **government and policymakers** track inflationary trends.
- Useful for **businesses and industries** to gauge the cost of raw materials.
- Acts as a **benchmark for adjusting prices in contracts and policies**.

Consumer Price Index VS Inflation Comparison Table		
Characteristics	Consumer Price Index	Inflation
Definition	Is a measure of changes that consumers experience in prices by comparing the cost of fixed services and goods over time	Is the decrease of the value of a given currency over time
Measure	Used to measure inflation	Inflation can be measured via different methods such as CPI and WPI
Reach	Has a limited reach since it's based on the consumer price indices	Inflation has a wider reach

Limitations of WPI:

- Excludes Services Sector:** Unlike CPI, WPI does not capture the **price movement of services**.
- Does Not Reflect Retail Prices:** It is based on **wholesale prices**, not consumer prices, and thus may not accurately depict **consumer inflation**.
- Time Lag:** There is often a **lag in capturing data**, leading to delayed responses in inflation trends.

Relevant Trends:

- 2012 WPI Reform:** The base year was shifted to **2011-12** to better reflect the current economic scenario.

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- **Impact of Global Commodity Prices:** Fluctuations in **crude oil and metal prices** significantly impact WPI inflation.
- **COVID-19 Impact (2020-21):** WPI inflation turned negative due to a drastic fall in **fuel prices and manufacturing output**.

Prelims Practice Question:

Q. Consider the following statements regarding the Wholesale Price Index (WPI) in India:

1. The Wholesale Price Index (WPI) measures the changes in the prices of goods at the retail level.
2. The base year for calculating WPI in India is 2011-12.
3. WPI includes both goods and services in its calculation.
4. The Ministry of Commerce and Industry releases the WPI data monthly.

Which of the statements given above are correct?

- A) 1 and 3 only
- B) 2 and 4 only
- C) 1, 2, and 4 only
- D) 2, 3, and 4 only

Answer:

B) 2 and 4 only

Explanation:

1. **Statement 1 is incorrect:** WPI measures the changes in the prices of goods at the **wholesale level**, not the retail level.

2. **Statement 2 is correct:** The base year for **WPI calculation** in India is **2011-12**.
3. **Statement 3 is incorrect:** WPI includes only **goods** and does not account for **services**.
4. **Statement 4 is correct:** The **Ministry of Commerce and Industry** releases the **WPI data monthly**.

Therefore, the correct answer is **B) 2 and 4 only**.

Mains Model Question:

Discuss the significance of the Wholesale Price Index (WPI) as an inflation indicator in India. Highlight its limitations and the need for complementary indices for a comprehensive understanding of inflation dynamics.

The Wholesale Price Index (WPI) is a crucial indicator of inflation in India, measuring changes in the prices of goods at the wholesale level before they reach consumers. It reflects the average movement of wholesale prices of a basket of goods and is released monthly by the Ministry of Commerce and Industry. The base year for WPI calculation is 2011-12. It covers three major components: primary articles, fuel and power, and manufactured products, with manufactured items having the highest weightage.

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Difference between WPI & CPI		
Basis	Wholesale Price Index (WPI)	Consumer Price Index-Combined (CPI (Combined))
Base Year	2011-12	2012
Number of Commodities	Higher (around 697)	Lower (around 200)
Services	Not included.	Includes services.
Weightage of Food Products	Food items have lesser weight (around 22%)	Food items have greater weight (around 46%).
Level of Price Rise	The rate of WPI-based inflation is generally low compared to CPI-based inflation.	The rate of CPI-based inflation is generally high compared to WPI-based inflation.
Suitability as a Measure of Inflation	WPI is a less suitable measure of inflation and hence less suitable for making monetary policy decisions	CPI is a more suitable measure of inflation and hence more suitable for making monetary policy decisions

consumer inflation, leading the Reserve Bank of India (RBI) to adopt CPI as the primary gauge for monetary policy. To achieve a comprehensive understanding of inflation dynamics, it is essential to consider both WPI and CPI together. While WPI remains valuable for analyzing wholesale and input cost pressures, the CPI offers insights into retail and consumer-level inflation, thereby complementing each other in economic assessments.

WPI plays a significant role in policy formulation and economic analysis. It helps the government track inflation trends and make informed decisions regarding fiscal and monetary policies. WPI data is essential for businesses to gauge input cost pressures and for policymakers to monitor commodity price movements. It also serves as a benchmark for adjusting prices in long-term contracts and policies, making it indispensable in managing the economy.

However, the WPI has notable limitations. It excludes services, which constitute a significant part of the modern economy, making it less representative of the overall inflation scenario. Additionally, WPI reflects wholesale rather than retail prices, which means it does not accurately capture the inflation experienced by consumers. The index is also prone to volatility due to fluctuations in commodity prices, especially fuel and metals, which can distort the actual inflationary trend.

In recent years, the Consumer Price Index (CPI) has gained prominence as a more accurate reflection of