FINDER
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The fate of the Washington Consensus, once talisman

Prelims: General Studies Paper - 1
Current events of national and international importance

Mains: General Studies - 2
Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

1. Background

- The **Washington Consensus (WC)**, coined by **John Williamson in 1989**, proposed 10 policy prescriptions for **economic reform.**
- These included **fiscal discipline, tax reform, trade liberalisation, FDI liberalisation,** privatisation, deregulation, competitive exchange rates, and protection of property rights.
- Promoted by **Bretton Woods Institutions (IMF and World Bank)**, it emphasised liberalise, privatise, and deregulate as solutions for **developing economies**.

2. Implementation and Global Impact

- The WC emerged during **debt crises and macroeconomic instability** in developing countries in the **1980s.**
- It shaped **structural adjustment programmes** supported by the **IMF, World Bank,** and **Asian Development Bank.**
- However, **several global crises exposed its limitations**, including:
  - **Asian Financial Crisis** (1997)
  - **Global Financial Crisis** (2008)
  - **WTO ministerial breakdowns** in Seattle (1999) and Cancún (2003)
- WTO rules on **Trade-Related Investment Measures (TRIMs), intellectual property (TRIPS)**, and subsidies restricted developing countries' industrial policy space.

3. Criticism and Structural Limitations

- The WC **discouraged state-led industrial strategies**, even though many successful economies used them.
- Structural adjustment policies often **increased inequality and social instability,** particularly in poorer countries.
- Discontent over globalisation led to **protests across the Global South in the 1990s** and later political reactions such as **Brexit and the MAGA movement.**
- Many successful industrialising economies such as the **U.S., Japan, South Korea, Taiwan, and Singapore** followed **state intervention and industrial policy.**
- This approach **contradicted the Washington Consensus** prescriptions of liberalisation and minimal state role.

Brexit

- Brexit refers to the **United Kingdom's decision to leave the European Union** after the 2016 referendum.
- It reflected rising **economic nationalism, concerns over sovereignty, immigration,** and dissatisfaction with globalisation.

MAGA Movement

- The **Make America Great Again (MAGA)** movement is a political slogan and campaign associated with **Donald Trump** in the **United States**.
- It promotes economic nationalism, protectionism, stricter immigration policies, and opposition to globalisation

4. Emerging Global Economic Approaches

- A **"post-Washington Consensus"** emphasises **public accountability, social safety nets, and redistribution.**
- A **"Beijing model"** promotes state-led development, industrial policy, and limited political liberalisation.
- Global economic policy is increasingly shifting toward **protectionism, industrial subsidies, and strategic supply-chain restructuring**.
- This reflects **growing economic nationalism** and national security priorities in policymaking.

5. Conclusion

- The Washington Consensus **no longer fits a multipolar, digital, and environmentally fragile** global economy.
- Instead of a **universal model**, countries increasingly adopt **context-specific policy mixes** combining markets, state intervention, and strategic economic planning.

The India-Canada turnaround is about deliverables

Prelims: General Studies Paper - 1
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Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

1. Revival of India–Canada Relations

- The visit of Canadian Prime Minister **Mark Carney** to India (Feb 27–Mar 2, 2026) marked a **significant improvement in bilateral ties**.
- Relations had previously deteriorated under former Prime Minister **Justin Trudeau**.
- The visit focused on **practical outcomes and cooperation**, avoiding past disputes.
- The diplomatic reset began earlier through **Narendra Modi's** visit to **Kananaskis**(Canada, in June 2025) and a bilateral meeting in **Johannesburg** (Nov 2025).

2. Economic and Trade Cooperation

- The visit produced **eight agreements and contracts** across multiple sectors.
- A key development was progress toward the **Comprehensive Economic Partnership Agreement (CEPA)**, outlining a **framework for future trade negotiations**.
- The two countries also signed an MoU under the **Australia-Canada-India Technology and Innovation Partnership** to enhance **technology collaboration and innovation**.
- Both countries aim to **diversify trade, investment, and supply chains**, particularly amid global economic instability and tariff policies under **Donald Trump**.

3. Technology and Critical Minerals Cooperation

- Agreements were signed to strengthen **research collaboration, cultural exchanges, and cooperation in food and nutrition**.
- A major focus was on **critical minerals**, which are essential for **AI, semiconductors, and modern technologies**.
- India and Canada signed an **MoU on critical minerals cooperation** to build **secure supply chains**.
- The partnership aligns with the **U.S.-led Pax Silica coalition**, which promotes **strategic cooperation in AI and semiconductor technologies** and aims to reduce dependence on **China's dominance in critical minerals**.

4. Energy and Nuclear Cooperation

- **Energy cooperation** became a central pillar of the visit.
- A commercial contract was signed between **India's Department of Atomic Energy** and **Cameco** for the **supply of uranium ore concentrates**.
- This supports India's expansion of **nuclear energy** as part of its clean energy strategy.
- The initiative complements India's **Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Bill, 2025**.
- The goal is to achieve **100 GW of nuclear power capacity by 2047**, ensuring **energy security and reduced dependence on external fuel sources**.

Price pressures: On new series of Consumer Price Index, inflation

Prelims: General Studies Paper - 1
Current events of national and international importance

Mains: General Studies - 3
Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment

1.Context

- **India's retail inflation, measured by the Consumer Price Index (CPI), rose to 3.2% in February 2026,** the highest in the last ten months.
- This **increase shows that prices are starting to rise again** after a period of relatively low inflation.

2. Food Prices Driving Inflation

- **Food has a large share (36.75%) in the CPI basket** and continues to strongly influence inflation.
- **Food and beverage inflation increased from 2.1% in January to 3.35%** in February.
- **Tomato prices increased sharply by over 45%,** while prices of onions and potatoes fell.

3. Possible Future Increase in Food Prices

- Food inflation **may rise further due to climate and global factors.**
- The **possible return of El Niño could weaken the monsoon** and reduce crop production.
- Also, the **conflict in West Asia may affect natural gas supply and fertilizer production,** which could raise food prices.

4. Precious Metals and Energy Prices

- **Prices of gold and silver jewellery increased sharply**, mainly because people buy them as safe investments during global uncertainty.
- Gold jewellery inflation rose to 48.2% in February, while silver jewellery inflation exceeded 160%.
- At the same time, **higher oil prices and shortages of LPG and LNG are increasing production costs** for industries.

5. Policy Challenges and Government Role

- The **Reserve Bank of India's Monetary Policy Committee (MPC) faces a challenge** because inflation is largely supply-driven.
- **Raising interest rates may have limited impact** and could slow economic growth.
- Therefore, the **government must focus on addressing supply constraints and expanding alternative energy sources** to stabilize prices.

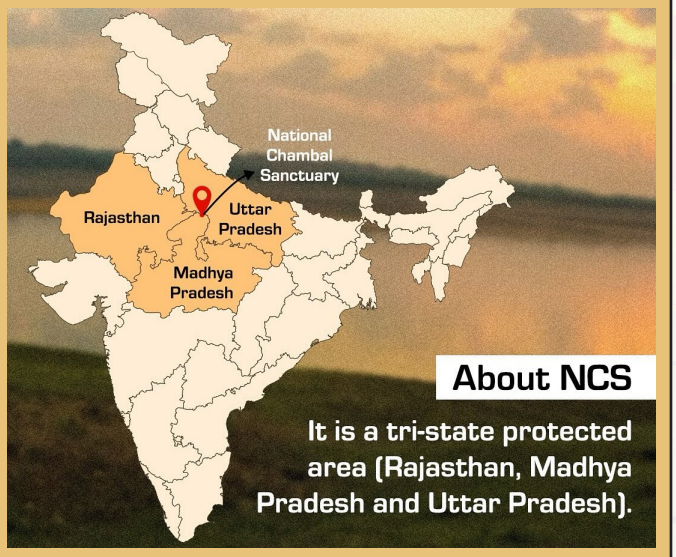
KEYWORDS

WHO Pandemic Agreement

- The **WHO Pandemic Agreement** was adopted by the **World Health Organization's World Health Assembly** on **20 May 2025**.
- The **COVID-19 pandemic** exposed **serious gaps and inequalities in global preparedness and response to health emergencies**, prompting countries to act.
- The **negotiations began in 2021** and were led by an **Intergovernmental Negotiating Body (INB)** to draft a **legally binding international instrument on pandemic prevention, preparedness, and response**.

Places in News

National Chambal Sanctuary

- National Chambal Sanctuary is a **tri-state riverine protected area** located along the **Chambal River** across **Rajasthan, Madhya Pradesh, and Uttar Pradesh.**
- It was **declared a sanctuary in 1979** and covers about 5,400 sq km as a **long narrow eco-reserve.**
- The sanctuary protects the **critically endangered Gharial,** along with species such as the **Ganges River Dolphin** and **Red-crowned Roof Turtle.**

- It is also known for **mugger crocodiles, otters, turtles,** and large colonies of the **Indian Skimmer** and other migratory birds.
- The **Chambal River** originates in the **Vindhyan Range** and joins the **Yamuna River** near **Etawah.**
- The sanctuary has been a **major site for gharial conservation** through captive breeding and reintroduction programmes.
- Recently, the **Supreme Court of India intervened** to protect the fragile lotic (flowing-water) ecosystem of the sanctuary from **illegal sand mining**