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ARTHNITI

School of Economics and Commerce

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Mar'26 issue XXVII

Foreword...

Dear Readers,

It is with great pleasure and anticipation that we present the third edition of ArthNiti, our school's very own newsletter that transcends borders to explore the intersections of sustainability, public policy, economics, and commerce. The name ArthNiti is a fusion of two words: 'Arth, representing economy & commerce, and 'Niti,' derived from public policy. This unique combination reflects our commitment to exploring and understanding the intersections between these crucial areas. The ArthNiti newsletter aims to provide a platform for insightful articles, analyses, and discussions on recent issues related to sustainability, public policy, economics, and commerce. We believe that staying informed about these topics is not only essential for your academic growth but also for shaping informed and responsible citizens of the future.

Through ArthNiti, we hope to inspire a sense of curiosity and awareness, encouraging you to engage with these vital subjects and consider their real-world implications. Whether you are passionate about environmental sustainability, interested in the intricacies of public policy, or fascinated by the dynamics of economics and commerce, ArthNiti seeks to cater to your diverse interests.

We invite you to actively participate in the ArthNiti community by contributing your thoughts, insights, and perspectives. Your involvement will play a crucial role in making ArthNiti a vibrant platform for intellectual exchange and learning. Stay tuned for the third issue of ArthNiti, where we will delve into compelling topics and provide a space for meaningful dialogue. We look forward to embarking on this intellectual journey with you and exploring the multifaceted connections between sustainability, public policy, economics, and commerce.

Team, ArthNiti

INDEX

School of Economics and Commerce
Mar'26 issue XXVII

Editor's Note

Dear Esteemed Readers,

The ArthNiti Editorial Board is thrilled to unveil our July 2025 edition, focusing on the critical theme of the Indian Budget 2025. While we initially envisioned a broader exploration encompassing a variety of economic trends, the complexity and significance of this year's budget compelled us to dedicate this edition solely to its analysis.

This decision wasn't taken lightly. We believe, as you do, that a comprehensive understanding of fiscal and social policies is vital to grasp the full impact of the budget on our economy. However, the depth and breadth of insights on the Indian Budget 2025 presented a unique opportunity to dive deep into its multifaceted implications. Rest assured, the exploration of other economic trends remains central to our mission, and we will revisit them in future editions with renewed focus.

For this edition, our dedicated team meticulously curated a collection of articles that dissect the budget's social and fiscal policies and illuminate their impact across various economic sectors. Dive into our new edition to explore detailed analyses of how this budget will influence agriculture, manufacturing, technology, and services, as well as its broader implications for India's socioeconomic landscape.

Beyond that, delve into mental health economics, the history of nuclear submarines, a unique economic transformation, and the work of our student organizations!

A Special Thank You goes to our esteemed faculty members, including the Programme Director- Prof. Ashish Kathale Sir, Dean- Dr. Anjali Sane Ma'am, Newsletter Faculty Head- Sanika More Ma'am and Professors, for their invaluable guidance and support throughout the selection process.

We are confident that this edition will equip you with diverse perspectives and insights to become a powerful advocate for a more sustainable future.

With keen anticipation of your continued engagement,

Tean ArthNiti

ARTHNITI
School of Economics and Commerce
Mar'26 issue XXVII

From Diplomacy to Conflict: The Historical and Strategic Foundations of U.S.–Iran Tensions

Introduction

The relationship between the United States and Iran stands as one of the most consequential and volatile geopolitical rivalries of the modern era. What was once a close Cold War alliance has, over decades, transformed into a deep-seated confrontation defined by mutual distrust, economic warfare, and competing visions for regional order. As of early 2026, this decades-long rivalry has escalated dramatically — with joint U.S.–Israel military strikes launched on February 28, 2026, targeting Iran's;s nuclear facilities, military infrastructure, and leadership. Understanding the historical and strategic foundations of this conflict is essential to grasping why diplomacy failed and why the world now faces a crisis with far-reaching global consequences.

From Allies to Adversaries:
The 1979 Turning Point

The roots of today's;s conflict trace back to the 1979 Islamic Revolution in Iran, which toppled the U.S.-backed Shah Mohammad Reza Pahlavi — whose regime had been restored through a CIA-backed coup in 1953. The revolution brought to power a theocratic government fiercely opposed to American influence in the region. The seizure of the U.S. Embassy in Tehran and the ensuing 444-day hostage crisis permanently shattered bilateral relations. Since then, the two nations have operated in a state of structured hostility — with no formal diplomatic ties, overlapping sanctions regimes, and recurring proxy confrontations across the Middle East.

The Nuclear Question: JCPOA and Its Collapse

Iran's;s nuclear ambitions became the defining issue of U.S.–Iran relations in the 21st century. After years of covert enrichment activity and escalating international pressure, the landmark Joint Comprehensive Plan of Action (JCPOA) was signed in 2015 under President Obama, placing strict caps on Iran's;s uranium enrichment in exchange for comprehensive sanctions relief. The deal was hailed as a major diplomatic achievement — even symbolized by a Boeing agreement to sell 80 aircraft to IranAir, signaling potential commercial normalization.

However, in May 2018, President Trump unilaterally withdrew the United States from

the JCPOA, calling it the worst deal ever and arguing it failed to address Iran’s ballistic
missile program and regional proxy activities. The re-imposition of sweeping sanctions
triggered the worst economic crisis Iran had faced in four decades, slashing oil exports
by more than half. Iran responded by progressively violating enrichment limits and
advancing its nuclear capabilities beyond JCPOA thresholds, setting the stage for a new
and more dangerous phase of confrontation.

Maximum Pressure, Proxy Wars, and Escalation (2018–2025)

The period following the JCPOA withdrawal was marked by a series of dangerous
escalations. In January 2020, the U.S. assassination of Iran's;s top military commander,
General Qasem Soleimani, brought both nations to the brink of direct war. Iran
retaliated with missile strikes on U.S. bases in Iraq and dramatically accelerated
uranium enrichment. In April and October 2024, Iran and Israel exchanged direct missile
strikes for the first time in history — a dramatic shift from decades of shadow conflict. A
12-day Israel–Iran war in June 2025, which included a major U.S. airstrike targeting
Iran’s nuclear facilities, killed senior military leaders and nuclear scientists, damaged
critical infrastructure, and set Iran's;s nuclear program back significantly. Yet crucially,
hidden enriched uranium stockpiles survived the strikes.

Diplomacy’s Final Chapter: Negotiations and Collapse (2025–2026)

Upon returning to office in early 2025, President Trump reinstated a maximum pressure
campaign and reached out to Iran's;s Supreme Leader Khamenei with a letter offering
nuclear negotiations. Several rounds of indirect talks were held in Oman through 2025
and early 2026, facilitated by Gulf state mediators. However, the talks were deadlocked
over three core U.S. demands: a permanent end to all uranium enrichment, a halt to
Iran's;s ballistic missile program, and cessation of support for regional proxy groups such
as the Houthis and Hezbollah. Iran firmly rejected zero enrichment as a violation of its
sovereign rights. The UN Security Council's;s reimposition of 's;snapback's; sanctions in
September 2025 further destabilized Iran's;s economy, triggering a currency collapse and
historic protests across all 31 provinces by December 2025.
In February 2026, a final round of indirect

talks in Muscat appeared to yield tentative progress — Oman's;s Foreign Minister even declared that peace was 's;within reach.'s; But
Washington remained unsatisfied. On February 28, 2026, citing Iran's;s ongoing nuclear
activities and ballistic missile development, the United States and Israel jointly launched
military strikes targeting Iran's;s leadership, nuclear sites, and security forces, killing Supreme Leader Khamenei. The strikes marked an unprecedented direct military confrontation between the two nations.

Conclusion

The U.S.–Iran conflict is not a sudden eruption — it is the culmination of over four decades of unresolved grievances, failed diplomacy, and competing regional ambitions.
From the 1979 revolution to the collapse of the JCPOA, from proxy wars to direct military confrontation in 2026, this relationship has consistently demonstrated how
geopolitical rivalries, when left unresolved, generate catastrophic consequences for global stability. The failure of negotiations and the shift to military action now poses profound questions for global energy markets, financial systems, and the future of
multilateral diplomacy. As the world navigates this crisis, understanding its deep historical roots is not merely an academic exercise — it is an economic and strategic imperative.

Milind Kavitake
SY B.Com IAF, Division A

When the Middle East Trembles, the World Pays: The Economic Shock Behind Rising Fuel, Food and Freight

The economic effects of instability in the Middle East are often experienced far away from the region itself, through rising fuel prices, higher transport costs, and increasing pressure on household budgets. What appears to be a regional disturbance quickly turns into a worldwide economic problem because the Middle East continues to hold enormous importance in global energy supply and trade routes.

The first and most immediate impact is on energy markets. When instability affects a region that supplies a large share of the world's oil and gas, global prices react almost instantly. Brent crude rose sharply on March 19, 2026, and gas markets in Europe also jumped as traders priced in the risk of supply disruptions and damage to major Gulf energy facilities. Even before a full shortage takes place, fear itself becomes expensive.

This matters because oil and gas are not just commodities; they are basic inputs in everyday economic life. Higher oil prices raise the cost of transport, aviation, manufacturing, and shipping. Higher gas prices affect electricity generation, fertilizer production, and urban gas networks. This is why fuels such as CNG also come under pressure.
Once gas becomes costlier in international markets, the impact eventually reaches public transport, delivery costs, small businesses, and households. In simple terms, the price shock travels through the entire economy rather than staying limited to the energy sector.

The second major impact is on global trade. The Middle East is linked to some of the world's most important maritime routes, and whenever this region becomes unstable, shipping becomes more expensive and less predictable. Freight insurance rises, rerouting costs increase, and delivery schedules become uncertain. The World Trade Organization said on March 19, 2026, that world trade growth is expected to slow to 1.9% in 2026, with further downside risk if the crisis deepens. That means the effect is not only on oil tankers, but on commercial goods moving across continents.

The third impact is inflation. When energy becomes expensive, the cost of almost everything begins to rise. Food prices are especially vulnerable because agriculture depends on fuel, fertilizers, transport, and storage. The IMF said that if high energy prices continue for a year, global inflation could rise by around 0.4 percentage points, while world output could fall by 0.1 to 0.2 percentage points. That may sound small in theory, but in real life it means weaker purchasing power, tighter family budgets, and slower growth across many countries.

Central banks are then placed in a difficult position. They must control inflation, but they also do not want to damage growth by keeping interest rates too high for too long. For developing countries, the challenge is even greater because they face costly imports, currency pressure, and weaker investor confidence at the same time. Europe has already revised up inflation expectations for 2026 because of higher energy costs, showing how quickly a regional crisis can reshape global economic planning.

The harsh truth is that the West Asia does not need to shut down the world economy to hurt it. It only needs to make energy uncertain, trade more expensive, and inflation harder to control. Once that happens, the effects spread into homes, farms, markets, and industries across the globe. In that sense, the present situation is not just a regional issue. It is a reminder that in an interconnected world, economic shocks travel fast, and ordinary people often end up paying the price.

Kalpakshi Kadam,
TY Bsc Eco

Oil's Fury: U.S.-Iran Tensions Hammer Global Macroeconomies

Missiles over West Asia aren't just spectacle—they're an economic sledgehammer. The U.S.-Iran showdown, with naval standoffs and drone threats, has spiked Brent crude to $95 a barrel, up 15% in a month. West Asia supplies 30% of global oil; disruptions here don't whisper—they roar, hitting inflation, growth, and debt from Delhi to Dubai.

Energy-importing giants like India feel it first. We import 85% of our 5 million daily barrels. Skyrocketing prices swell the import bill, weaken the rupee (now 83/dollar), and ignite CPI inflation toward 6%. RBI rate hikes bite harder, curbing consumption and shaving GDP growth from 7% to 6%. Households pay more for groceries as truckers pass on diesel costs; government's fuel subsidies balloon the fiscal deficit.

Emerging markets echo the pain. Pakistan and Bangladesh see deficits explode—oil eats half their forex. Debt-heavy Egypt and Nigeria face bond yield surges (200 bps), risking defaults. IMF's 2026 growth forecast dips 0.5%, blaming "geopolitical shocks." History nods: 1979's revolution quadrupled prices, birthing stagflation; 1990's Gulf War echoed briefly.

Financial markets whirl too. Investors bolt to U.S. Treasuries and gold ($2,500/oz), strengthening the dollar 5%. EM stocks like India's Sensex drop 8%; FIIs yank $10B from Asia. Central banks juggle: Fed pauses hikes, ECB cuts. Exchange volatility—Turkey's lira down 10%—forces interventions.

Trade chokes next. Hormuz Strait threats reroute tankers, doubling Asia-Europe shipping costs and slashing global trade 2-3% (WTO est.). Wheat futures rise 12%, spiking food inflation in Africa. Sanctions bite wider: U.S. blocks Iran's "shadow fleet," starving India of cheap crude.

Debt sustainability crumbles for the vulnerable. U.S. rate pressures widen EM bond spreads; Sri Lanka eyes IMF again. Remittances hold, but tourism tanks.

Policy playbook? Diversify fast—India's 500 GW renewables target is key. Stockpile more (10 to 20 days' reserves). G20 pacts stabilize prices; IMF SDRs aid liquidity. Diplomacy via Oman could de-escalate.

This isn't regional noise—it's a global gut punch. Echoing past oil crises, but with renewables as a faint shield, leaders must act. Our economies can't take the heat.

Jay Wadhwa,
SY BAGA

Oil, Inflation and Global Market Instability: Economic Fallout of the Iran - US conflict

On 28th February 2026, the ongoing US-Iran conflict escalated into major combat operations when the United States and Israel launched coordinated, large-scale airstrikes against Iranian nuclear facilities,
missile infrastructure, military sites, and leadership in Tehran. Iran retaliated with missile strikes against US bases in the region, triggering
a broader conflict. Military conflict in a key region like the Middle East creates immediate global economic effects. This is because the modern financial systems, trade routes, and energy supply chains are closely linked. When tensions, such as U.S. actions with Israel
involving Iran, escalate, investors quickly move to safe assets. By late February 2026, gold prices surged to about $5,296 per ounce, showing an increase of roughly 36.4% over fair-value estimates. Meanwhile, silver achieved an impressive gain of 68.5% year-to-date within the first 39 trading days and had higher volatility, with about 12.7%
compared to gold's 8.2% over 30 days. Mining stocks followed this trend, with silver and gold mining funds rising sharply. The Global X
Silver Miners ETF increased by 229%, Newmont by 198%, and the
VanEck Gold Miners ETF by 184%. At the same time, energy markets reacted to fears of supply disruption through key chokepoints like the Strait of Hormuz. Crude oil prices climbed about 24.1% year-to-date, with a volatility of 15.3% over 30 days, leading to higher transportation and production costs. This led to inflationary ttensions. Core consumer inflation reached an annual rate of 3.6%, producer prices rose to 9.6%, and the Federal Reserve's preferred PCE index hit 4.8%, all above the 2% target. Higher energy costs typically affect the economy in stages: transport and utilities see impacts immediately, manufacturing within 30 to 60 days, retail prices in 60 to 90 days, and wages in 6 to 12 months. This affects the growth in the economy.
During prolonged tensions, investors adjust their portfolios by allocating about 15 to 20% to hard assets and reducing exposure to
conflict-affected regions by 30 to 40%, while increasing liquidity. Defensive sectors, defense contractors, and cybersecurity firms see increased demand. Currency markets also respond, with the U.S. dollar
strengthening as capital seeks safety, while emerging markets face outflows. Over time, wars lead to increased government spending and deficits. They accelerate supply-chain diversification, alter trade alliances, and create inflationary pressures through military spending, commodity shocks, and logistics costs. Historically, initial spikes in commodity prices last 2 to 4 weeks, but conflicts lasting more than 90 days bring longer-lasting economic changes.

An energy crisis is expected to occur in the near future. About 20% of the world's oil supply and roughly $500 billion in annual energy trade usually passes through the strait. Iranian warnings to ships, tanker attacks, and more than 150 vessels halting movement disrupted shipments from Saudi Arabia, UAE, Iraq, Kuwait, and Iran. As a result, U.S. crude is expected to jump about 9% from $67 to around $73 per barrel. Analysts warn that prices could reach $80 or even over $100 if supply disruption deepens. Despite this, OPEC+ agreed to raise production by 206,000 barrels per day, which is above the planned 137,000. However, export logistics remain constrained.

Higher oil prices will likely raise fuel and transport costs. This could affect agriculture too, as ships in this route carry fertilizers and chemicals, increasing inflation risks globally. Safe-haven demand pushed gold near $5,400 an ounce, and silver increased by 3.2%.

Meanwhile, stock markets weakened, with the FTSE 100 expected to fall about 0.5% and Gulf markets already declining, though Saudi Aramco rose by 2.5%. Shipping insurance costs surged, ports and cargo bookings were suspended, and insurers warned of major trade repercussions. The Airlines are likely to face losses due to flight cancellations and airspace closures, while defense companies may benefit from increased military spending. Overall, this conflict is expected to lead to higher oil prices, greater inflation risks, unstable currencies and stocks, and a general "risk-off" shift in financial markets.

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Fault Lines in the Global Economy: Macroeconomic Reverberations of Escalating U.S.–Iran Tensions

Reverberations of Escalating U.S.–Iran Tensions

The escalating tensions between the United States and Iran represent a critical flashpoint with consequences that extend far beyond West Asia. While often framed through a geopolitical or security lens, the conflict has significant macroeconomic implications for the global economy. Given the region's centrality to energy markets and global trade routes, any disruption reverberates through inflation, financial markets, and economic stability worldwide.

Historical and Strategic Context

The roots of U.S.–Iran tensions lie in the Iranian Revolution, which reshaped Iran's political order and its relationship with the West. Over time, disputes over Iran's nuclear ambitions culminated in the Joint Comprehensive Plan of Action, an agreement aimed at limiting Iran's nuclear program in exchange for sanctions relief. However, the U.S. withdrawal from the deal and the reimposition of sanctions reignited tensions.

These bilateral frictions are embedded within a broader regional power struggle involving Saudi Arabia and Israel, both wary of Iran's influence. As a result, the conflict carries systemic risks for the entire region.

Energy Markets and Inflation

West Asia plays a pivotal role in global oil supply, and Iran remains a key actor within OPEC. Heightened tensions raise concerns about disruptions in the Strait of Hormuz, a vital corridor for global oil transit.

Even the threat of disruption can trigger oil price spikes, contributing to global inflation. For countries like India, higher crude prices increase import costs, widen current account deficits, and strain government finances.

These pressures often translate into higher consumer prices and reduced economic stability.

Macroeconomic and Financial Implications

Rising energy costs create a policy dilemma for central banks: whether to prioritize inflation control or economic growth. Tightening monetary policy can stabilize prices but risks slowing economic activity, particularly in emerging markets.

Simultaneously, global uncertainty drives investors toward safe-haven assets, leading to capital outflows from developing economies. This results in currency depreciation, higher import costs, and increased difficulty in servicing external debt.

Financial markets also experience heightened volatility. Equity markets fluctuate, bond yields rise in risk-prone economies, and investor sentiment becomes increasingly cautious. These trends limit fiscal flexibility and complicate economic policymaking.

Trade Disruptions and Emerging Economy Vulnerability

Beyond energy, geopolitical instability disrupts global trade routes and supply chains. Increased shipping costs, insurance premiums, and delays affect the flow of goods, amplifying inflationary pressures.

Emerging and developing economies are particularly vulnerable due to their reliance on imports, exposure to capital flow volatility, and limited fiscal buffers. Balance of payments pressures and debt sustainability concerns can intensify rapidly in such an environment.

Sanctions and Global Spillovers

Sanctions imposed by the United States on Iran have effects that extend beyond the two countries. They disrupt trade relationships, create compliance challenges for third countries, and encourage the search for alternative financial systems. This contributes to gradual fragmentation in the global economic order.

Conclusion

Historical experiences such as the Gulf War demonstrate that conflicts in West Asia often produce prolonged economic aftershocks. In today's interconnected world, these effects are magnified through global financial and trade linkages.

The ongoing U.S.–Iran tensions underscore the deep interdependence between geopolitics and economics. Addressing these challenges requires not only immediate policy responses but also long-term strategies to enhance economic resilience and reduce vulnerability to external shocks.

Esha Kulkarni
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West Asia, Empty Cylinders, and India's Next Accidental Reform

One fine morning a tea stall owner woke up to find that he could no longer serve his most iconic items, like samosas and vada pavs. Not because of bad reviews. Not because he ran out of potatoes. But because two countries on the other side of the Arabian Sea had decided to go to war, and somehow, 3,000 kilometres away, his gas cylinder had become collateral damage.

From Mumbai to Delhi, residents were seen queuing outside gas distribution centres for hours, with some arriving as early as 3 a.m. just to secure a single cylinder for their home.

So, how exactly did a War in West Asia Empty India's Kitchen?

The Strait of Hormuz is the single maritime corridor through which over 90% of India's LPG imports ordinarily travel. More than half of the LPG used in India is shipped from Gulf countries like, Qatar, the UAE, and Saudi Arabia. India is, in fact, the second-largest importer of LPG in the world. The scale of that dependence was, for decades, an unremarkable statistic buried in petroleum ministry reports. When the U.S. and Israel launched large-scale strikes on Iran on February 28, 2026, and Iran responded by effectively blockading the Strait.

It's impact on India how India has chosen to respond to this crisis?

India relies on overseas supplies for roughly 88% of its crude oil, 50% of its natural gas, and 60% of its LPG. The sudden cut off from these imports have caught India off guard. India maintained only roughly 5 days of strategic LPG storage at the time of the disruption, compared to 60 days for crude oil and the widely recommended international benchmark of 30 to 90 days for critical fuels. the price of a 14.2 kg domestic cylinder was raised by ₹60. India's roughly 100 million migrant workers who rely on low-cost neighbourhood eateries and dhabas for daily meals found those establishments shut or operating with drastically reduced menus as commercial LPG supplies collapsed.

The government's first move was to use statutory power to wring more LPG out of the existing domestic system. The LPG Control Order issued on March 8, 2026, directed all Indian refineries to maximise LPG yields by channelling all C3 and C4 hydrocarbon streams like, propane, butane, propylene exclusively to Oil Marketing Companies for domestic cooking gas. The government recognised quickly that the supply problem would be worsened by panic buying and diversion. Commercial LPG supply was capped at 20% of average monthly requirements, effectively cutting commercial allocations by 80%.

Has India been presented with a rare opportunity disguised in the form of a crisis yet again?

India has a peculiar relationship with catastrophe. It rarely reforms by design, but consistently reforms by necessity. When demonetisation wiped out 86% of currency in circulation overnight in 2016, it did not destroy the economy so much as it accidentally built one of the world's most sophisticated digital payments ecosystems.

When COVID-19 emptied India's roads in 2020, it gifted the country its cleanest air in decades, normalised remote work in a corporate culture that had long resisted it, and reduced urban commute emissions in ways that years of environmental policy had failed to achieve.

When the 1991 balance of payments crisis left India with barely two weeks of foreign exchange reserves, the humiliation of flying gold to London as collateral became the political catalyst for the most transformative economic liberalisation in the country's independent history.

The West Asia war of 2026 is following this exact script. The LPG shortage is not merely a supply disruption, but rather it is a live national demonstration of what fossil fuel dependency actually costs when the system it relies on fractures.

What three decades of climate summits failed to make viscerally real to the average Indian, a single closed waterway 3,000 kilometres away has achieved in

The good news is that India does not need to invent its way out of this crisis — the alternatives already exist, are commercially viable, and in several cases are actually cheaper than LPG. The most practical near-term shift for urban India is electric induction cooking.

Field research across Punjab, Rajasthan, Uttarakhand, Karnataka and Delhi found that households adopting decentralised biogas systems reduced their firewood use by around 70% annually, with users reporting high satisfaction and minimal maintenance challenges. India's agricultural economy makes this particularly viable: cattle dung, crop stubble, and municipal waste are the primary feedstocks, all abundantly available.

One genuinely underexplored idea is combining agricultural land with solar panels (agrivoltaics) to produce both food and energy. This addresses India's land constraint for large solar farms while simultaneously generating green hydrogen in rural areas, reducing input costs for farmers, and building distributed energy resilience.

The transition does not require India to abandon LPG overnight. It requires India to stop treating LPG as irreplaceable, and to direct the same subsidy architecture that built 33 crore LPG connections over a decade toward building the next generation of cooking fuel infrastructure before the next crisis forces its hand.

India will restore its cylinder supply, the ships will eventually sail through, and the crisis will quietly recede from the headlines. But the vulnerability that made it a crisis will remain, unless India chooses otherwise. The Strait of Hormuz did not create India's dependence on imported fossil fuels. It simply made that dependence impossible to ignore. In 1991, in 2016, in 2020, India found a way to turn its worst moments into its most consequential reforms. The hope is that it does not wait for the next war to remember what this one taught it.

Vivin balaji
Ty Bsc. Economics

WEST ASIA CONFLICT AND ITS GLOBAL RIPPLE EFFECT

Imagine a world order that follows a multilateral global order suddenly faces a huge shock
due to a single military attack between a superpower and its prolonged enemy.
Such a scenario has unfolded due to the ongoing crisis between Iran - U.S/Israel. A single
military activity in the West Asia raised fuel prices overnight, disrupted food supply chains,
pushed fragile economy states into crises.
The present escalation is not an impact of some years of disputes but it goes back to
decades of geopolitical tensions & strategic disputes. One of the major event that turned
the Iranian regime against the West was the Iranian Revolution of 1979. It got transformed
from the US-aligned monarchy under Mohammed Reza Shah Pahlavi into anti-western
Islamic republic led by Ayatollah Khameini. It replaced cooperation but completely altered
the ideological alignments amongst the states

The Joint Comprehensive Plan of Action (JCPOA) between the P5+1 (Permanent 5+
Germany) nations along with the UNSC limited the Iranian Nuclear program in return of
sanction relief & other provisions. The International Atomic Energy Association that
supervised Iran's nuclear activity concluded Iran had failed to meet its obligations under
the agreement. This led to temporary suspension of uranium enrichment program leading
to temporary de escalations but also creating deep fault lines in Iran and the western
powers ultimately contributing to the current crises.

the Energy is a foundational variable in functioning of the global economy. West Asian states
holds nearly 48% of the world's proven oil reserves. The Strait of Hormuz (SoH) mainly
accounts for passing 20% of global oil transit.
Energy importing nations such as India have faced direct consequences. According to the
International Energy Agency, $10 increase in oil prices can widen the fiscal deficit
significantly & add inflationary pressure on developing nations.

The disruption in Strait of Hormuz has severe macroeconomic implications. Increase in oil prices leads to increase in production and transportation costs ultimately leading to cost-push inflation. Economies heavily dependent on oil imports face current account deficit (CAD) and pressure on currency. The Central banks such as RBI tighten monetary policies, governments face fiscal stress cutting subsidies which further leads to economic slowdown of a country. Financial market volatility increases as fin markets works on expectation & risk perception. Uncertainty spikes in West Asia makes the investor prefer to protect its capital first and earn later. Major investors shift money from stocks or trading commodities into US dollar, US treasury bonds or gold. Emerging economies in such scenarios as seen by IMF lose capital & safe economies gain capital.

Stock markets fall because production costs such as oil prices rise leading to higher company costs. Profits decrease making investors abruptly sell their stocks. Aviation, logistics & manufacturing sectors are worst affected due to such uncertainties.

The global market depends on 3 core principles - cost efficiency, predictability & uninterrupted movement. Strait of Hormuz as a strategic chokepoint has disrupted this flow of trade. This has led to delay in shipments, diversion of trade routes ultimately increasing the prices.

Countries like China are facing stagflation trap. It further reveals that though oil prices surge, firms face higher input cost but due to weak demand- costs tends to remain low.

This stagflation trap has lowered profits & slowed down the country's economy.In case of India, Indian rupee depreciated as low as 93/$ due to rising oil prices & investor panic. This again has led to currency depreciation - devaluing own currency. Import bills are increasing due to prolonged war period pressurising the current account deficit

Every $10 increase in oil prices per barrel leads to high fiscal deficit, slow GDP, high
inflation, rising unemployment & current account deficit (CAD) worsens significantly.
Sanctions and economic warfare against Iran has shown how economic tools are used as
strategic weapons to disrupt the global markets. The effects of such activities are not
restricted only to its neighbouring nations but worldwide.
The 1973 oil prices crisis wherein the Organisation of Petroleum Exporting Countries
(OPEC) imposed oil embargo on U.S and allies proved how energy shocks alone can
destabilise the entire global system.
Another instance in the contemporary times is the Russia-Ukraine conflict which disrupted
the oil & food supplies across the globe. Russia and Ukraine are major suppliers of wheat,
sunflower oil & fertilisers. Sanctions & oil cost increased supply but government tried to
ensure food security over fiscal deficit

Name: Sudeshna Supekar
TY BAGA

The key to move forward from such over-dependence & fragile equilibrium is: First,
diversifying energy resources and transitioning into dependence on in-house renewable
energy production protecting developing economies from such uncertain & vulnerable
shocks.
Second, strengthening multilateral diplomacy. Back channel actions and diplomatic
decisions like in case of Iran's nuclear agreement JCPOA and its revival might certainly
help to act as shock absorbers.
Third and the most important, reforming Supranational institutions like the IMF and the UN
is one of the most immediate need in such an evolving global order.
This conflict in West Asia has not only been isolated to its regional issues but led to a
systemic shock to the global economy. The emerging & evolving global order shows how
wars have transformed from military warfare into a multi-dimensional warfare using
technology, energy/oil & informational tools.
Governments and policymakers needs to focus majorly on strengthening cooperative
mechanisms, reducing dependency and become supply chain resilient in order to absorb
such future breakdowns

Is Gold still a safe haven?

The U.S.-Israel escalation and combat operations in Iran, along with the broader retaliatory exchanges across the Middle East, have pushed global traders back toward a familiar instinct when uncertainty rises, capital gravitates toward safe havens, and gold has long occupied that role. This is not a new response. During the Gulf War of 1990, gold prices climbed nearly 10% in the weeks after Iraq's invasion of Kuwait. The 2008 financial crisis produced a similar flight. September 2001. The Eurozone debt crisis. Each episode reinforced the same basic assumption: geopolitical stress compresses risk appetite, and gold absorbs the resulting demand. What the 2026 West Asia escalation has done is complicate that assumption in ways the historical record did not fully anticipate

The initial market response was consistent with precedent. Strikes on Iranian targets in late February 2026 pushed gold from approximately \$5,100 to over \$5,300 within a single session.

Gold had already touched an all-time high of \$5,602 per ounce in January, reflecting accumulated risk premiums from months of deteriorating regional stability. The textbook reaction was there. What followed was less familiar prices retreated sharply to around \$5,137, not because hostilities wound down, but because the conflict's own economic consequences were working against the asset investors were treating as a refuge. Oil prices surged. Inflation expectations rose in response. Markets began pricing out near-term Federal Reserve rate cuts.

A stronger dollar followed. Gold, which performs best in low-rate, weak-dollar conditions, found itself squeezed by the downstream effects of the very crisis driving demand for it. The transmission, historically linear, had folded back on itself.

This is where the current episode departs meaningfully from prior analogues. The 1990 Gulf War produced a relatively clean signal fear elevated demand, prices rose, and they held until resolution came.

The 2026 escalation has produced simultaneous upward and downward pressure within the same conflict window. West Asia no longer functions as a geopolitically isolated pressure point. It sits at the intersection of global energy supply, U.S. sanctions architecture, dollar reserve dynamics, and monetary policy expectations forces that do not move in the same direction when conflict begins. Gold pricing now reflects that structural complexity rather than a single fear premium.

The physical dimension reinforces this point. Dubai handles roughly 20% of global bullion flows. Disruptions to UAE air freight logistics tightened the physical supply pipeline to Asian markets quickly India's domestic gold price, which had been trading at a discount to London spot, converged to parity within approximately 48 hours.

That convergence was driven by supply compression, not a demand shift. Iran's strikes on regional energy infrastructure andthe suspension of commercial tanker insurance through parts of the Strait of Hormuz further stressed the logistics network that underpins physical bullion distribution. Gold's price, it turns out, is not purely a financial market phenomenon. It is also subject to the same supply chain vulnerabilities as any other physically traded commodity a fact the current conflict has made harder to overlook.

Sovereign demand tells a related but distinct story.

Central banks globally purchased approximately 863 tonnes of gold through 2025, well above the pre-2022 annual average of 400–500 tonnes. China's central bank extended consecutive monthly purchases through early 2026. These patterns predate the current escalation by several years and are better explained by longer-term reserve repositioning than by acute crisis response. After Russian foreign currency reserves were frozen following the 2022 invasion of Ukraine, a significant number of central banks drew similar conclusions about the risks embedded in dollar-denominated holdings. The U.S.-Iran sanctions regime, constructed incrementally over decades, has reinforced that calculus. Gold accumulation at this scale reflects a structural balance sheet decision. The current conflict has accelerated it rather than caused it.

What emerges from the early 2026 episode is a picture of a safe-haven asset operating in a Considerably more contested macroeconomic environment than the historical analogues suggest. Gold's role as a store of value during geopolitical stress remains intact. The January record and the February spike both confirm that impulse is alive. What has shifted is the signal's reliability.

Dollar strength, rate expectations, physical supply constraints, and
sovereign accumulation now pull gold in different directions within the same conflict period,
sometimes within the same week. The floor keeps rising that reflects durable structural
demand. The volatility around that floor reflects the degree to which gold now sits at the
convergence of pressures that earlier geopolitical episodes did not produce simultaneously.
That convergence is what makes this analytically distinct from the comparatively
straightforward safe-haven rallies that preceded it

Dhruv Kanade
B.sc Economics

SOEC Events

BizzNova 2026

Dates: 16th–18th March 2026
Venue: Atri Lawns & Kautilya Museum, MIT-WPU
Event Description
BizzNova 2026 was a three-day entrepreneurial fest aimed at providing hands-on business experience. The event featured business stalls, performances, networking sessions, and a post-event round table conference.
Students showcased products ranging from handmade crafts to food items, creating a vibrant marketplace environment.
Objectives

- Promote entrepreneurship
- Provide practical business exposure
- Enhance marketing and communication skills
- Encourage innovation and teamwork

Event Highlights

- 12+ vendor stalls from multiple departments
- Open Mic performances and cultural activities
- Footfall growth from 500+ (Day 1) to 1500+ (Day 2)
- Strong student engagement and interaction

Day-wise Overview
Day 1:

- Formal inauguration
- Strong participation and stall engagement
- Open Mic performances

Day 2:

- Significant increase in footfall
- High energy and participation
- Activities like Tug of War

Day 3 (Round Table Conference):

- Vendor feedback session
- Entrepreneurial discussions with guest speaker

Outcome

- Real-world entrepreneurial exposure
- Improved communication and sales confidence
- Strong networking opportunities
- Bridge between theory and practice

Key Achievements

- Successful execution of three diverse events
- Participation of 90+ students in Clash of Capital
- 1500+ footfall during BizzNova peak day

Conclusion
The events conducted during the academic year 2025–2026 reflect the commitment of Utkarsh – The Business Club towards creating meaningful and engaging learning experiences.
From fostering appreciation among faculty to simulating real-world business environments and organizing a large-scale entrepreneurial fest, the club has successfully contributed to holistic student development.
These initiatives have laid a strong foundation for future events, ensuring continued growth, innovation, and impact.


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BIZZNOVA
2026
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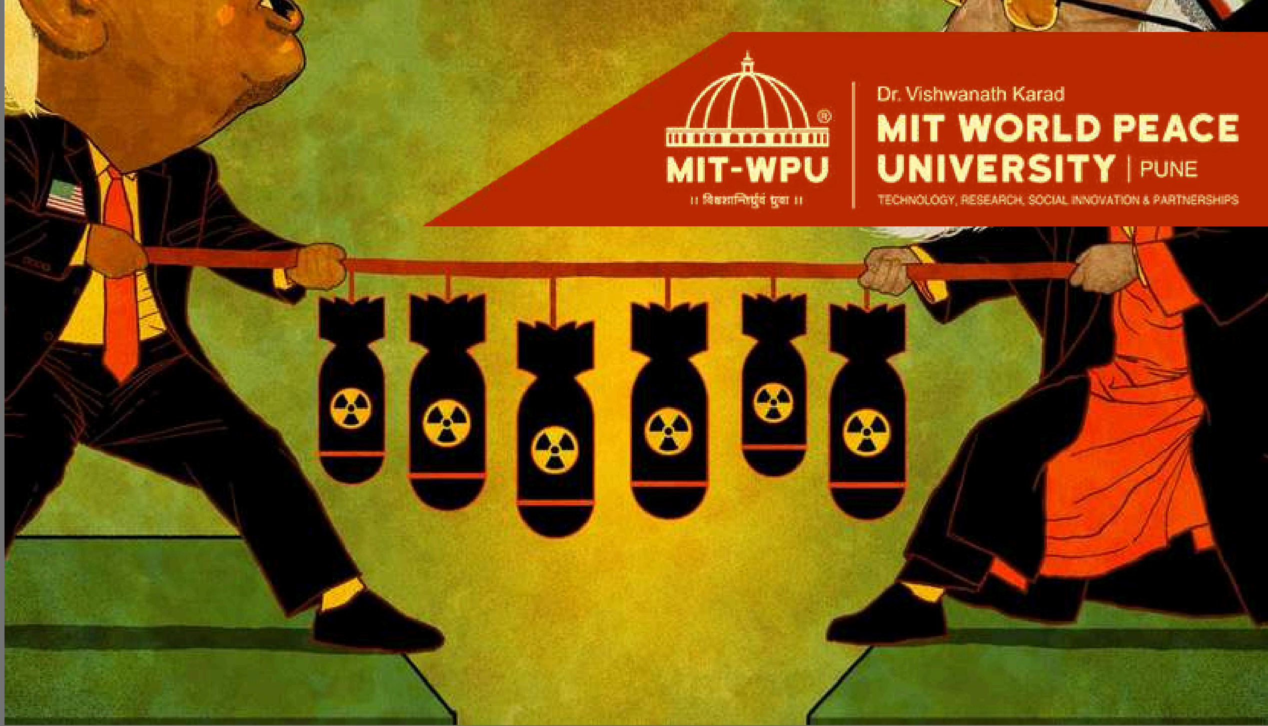

PC: Pexels

Year 2
Issue
XXVII

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