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Editorial of the Day – 03.12.2025

Index

1. Speed breakers Ahead- On India's Economic Data (TH)

General Studies 3- Economy

Topic- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Introduction

The Indian economy is currently exhibiting a volatile performance pattern. While the Second Quarter (Q2) witnessed an impressive GDP expansion of 8.2%, leading to initial optimism, recent high-frequency indicators for the Third Quarter (Q3) reveal deep-seated vulnerabilities. A divergence has emerged between strong headline GDP numbers and weaker ground-level data in industrial output (IIP), manufacturing, and exports, suggesting that the recent economic highs may face significant "speed bumps" and may not be sustainable in the short term.

Economic Data Volatility- A Mixed Picture

Roller-Coaster Trend- The economic narrative has shifted rapidly from high optimism to emerging caution.

GDP vs. Realities- The robust 8.2% Q2 GDP growth significantly boosted government sentiment. However, this is juxtaposed against low nominal growth and a recent growth forecast downgrade by the IMF, indicating underlying structural softness.

Industrial and Manufacturing Slowdown

Sharp Decline in IIP- The Index of Industrial Production (IIP) growth plummeted to 0.4% in October 2025, marking the lowest growth rate in 14 months.

The Manufacturing Divergence

GDP Data- Showed a robust 9.1% growth in manufacturing for Q2.

IIP Data- In contrast, October data revealed a slowdown to just 1.8%.

Base Effect- Part of the Q2 growth can be attributed to a low-base effect, as manufacturing had grown only 2.2% in the corresponding quarter of the previous year.

Tariff Shock- A critical factor is the imposition of 50% tariffs by the U.S. *Initial Phase*- There was a rush to fulfill older orders before tariffs kicked in. *Current Phase*- This was followed by a sharp 12% contraction in exports in October as the full weight of tariffs was felt.

Weakening Export Momentum

PMI Contraction- The manufacturing Purchasing Managers' Index (PMI) dropped to a nine-month low of 56.6 in November.

Order Book Stress- New export orders are growing at their slowest pace in over a year, directly pointing to disruptions caused by rising global tariffs and trade barriers.

Sectoral Strains- Supply-Side Constraints

Weather Impact-

Electricity- Output was reduced due to winter weather conditions.

Mining- Extended rains dragged down mining activities.

Primary Goods- The combination of these factors resulted in a net contraction in the primary goods sector in October.

Investment and Capital Goods Concerns

Conflicting Signals

GDP Data- Indicated a healthy 7.3% rise in investment during Q2.

IIP Data- Suggests a slowdown heading into Q3.

Capital Goods Slump- Growth in capital goods—a proxy for private investment activity—stood at a mere 2.4% (a 14-month low). This indicates a softening of investment momentum in the economy.

Consumption Weakness Breakdown

The Consumption Paradox-

GDP Data- Showed Private Final Consumption Expenditure (PFCE) growing at approximately 8% in Q2.

IIP Data- Conversely, recorded a contraction in both consumer durables and non-durables.

Performance Low- This contraction marks the worst performance for these segments in two years.

GST Indicators- Goods and Services Tax (GST) collections stood at ₹1.7 lakh crore in November. While substantial, this indicates that aggregate demand has not strengthened as rapidly as anticipated post-rationalisation.

Conclusion

The early trends for Q3 highlight growing economic headwinds. The economy is currently characterized by a dichotomy- strong past GDP figures versus fragile current industrial output, weakening exports due to external tariff shocks, and slowing consumption. With investment momentum moderating, the overall outlook signals a period of caution for policymakers. A sustained recovery will require stabilizing external demand, improving domestic consumption conditions, and ensuring growth remains broad-based rather than statistically skewed.

Source- https-//www.thehindu.com/opinion/editorial/speedbreakers-ahead-on-indias-economic-data/article70349466.ece#google_vignette

2. With Putin in Delhi, an Opportunity- With Old BFF Russia, Go Beyond Defence

GENERAL STUDIES 2- International Relation

TOPIC- Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

Introduction

President Vladimir Putin's scheduled visit to India in December 2025 serves as a critical juncture to recalibrate and modernize the India-Russia strategic partnership. Historically anchored in defence, the relationship currently faces stress tests from the ongoing Ukraine conflict, Russia's deepening ties with China, and India's need to balance its relations with the West. This visit offers a timely opportunity to transition the partnership from a purely buyer-seller defence dynamic to a multi-dimensional collaboration in economy and technology, thereby reinforcing India's strategic autonomy.

Current State of India-Russia Relations

Historical & Strategic Pillars-

Deep-Rooted Trust- The relationship enjoys political trust and strategic goodwill dating back to the Soviet era.

Defence Dominance- Russia remains a linchpin in India's defence architecture, supplying critical platforms like the S-400 missile systems and Su-57 fighter jets.

Energy Security- Cooperation extends significantly into the nuclear energy sector and, more recently, oil imports.

Economic Asymmetry-

Low Trade Volumes- Despite strong political ties, bilateral trade (excluding recent oil spikes) has historically hovered around $5 billion annually.

Comparative Weakness- This figure is notably lower than India's trade with smaller neighbours like Bangladesh (approx. $11 billion).

G2G Nature- The engagement is almost entirely Government-to-Government, with minimal participation from the private sector or civil society.

Geopolitical Complexities-

China Factor- Russia's isolation from the West has increased its dependence on China, a regional adversary of India, adding a layer of strategic complexity.

Western Friction- India's continued energy imports from Russia during the Ukraine war have drawn criticism from the US and Europe, challenging New Delhi's diplomatic balancing act.

Challenges and Risks

Geopolitical Sensitivity- India faces the difficult task of navigating relations with Russia without alienating key Western partners (US and Europe), whose capital and technology are vital for India's growth. Western concerns regarding India's ties with Moscow could spill over into unrelated trade and investment negotiations.

Economic Constraints- The current low base of trade limits immediate commercial gains. Geopolitical tensions and sanctions regimes restrict private sector enthusiasm and complicate payment mechanisms.

Global & Internal Uncertainty- The unpredictability of Ukraine peace negotiations makes long-term planning difficult. Russia's domestic economic constraints and internal priorities may limit its capacity to engage in robust new partnerships.

Opportunities for India

Diversification of Ties- There is an urgent need to move beyond the "defence-only" narrative. Potential exists to expand into trade, technology, scientific research, and infrastructure collaboration.

Joint Ventures & Innovation- Collaborative opportunities exist in emerging technologies, renewable energy, and joint research initiatives to ensure long-term engagement.

Post-Conflict Economic Participation- A potential peaceful resolution in Ukraine will likely trigger a reconstruction phase and economic expansion in Russia. India can position itself early to leverage opportunities in trade, investment, and technology transfer during Russia's recovery.

Reinforcing Strategic Autonomy- Engaging Russia prevents over-dependence on any single power bloc. Maintaining robust ties with Moscow, alongside Washington and Brussels, enhances India's leverage and validity as a truly multi-aligned global power.

Way Forward

Broadening the Agenda- The partnership must pivot toward energy security, renewable resources, space research, and digital technologies. Active efforts should be made to involve the private sector to reduce the reliance on G2G frameworks.

Strategic Diplomacy- Use the high-level visit to reaffirm India's commitment to global peace while staunchly protecting its multi-alignment policy. Diplomatic messaging must balance support for Russia's legitimate interests with India's adherence to the UN Charter and territorial integrity.

Long-Term Vision- India must prepare a strategy for Russia's eventual economic revival post-conflict. The goal is to build a partnership that is sustainable, mutually beneficial, and resilient against the fluctuations of global geopolitics.

Conclusion

President Putin's visit is not just a ceremonial engagement but a strategic necessity to transform a defence-heavy relationship into a comprehensive partnership. By expanding the basket of cooperation to include technology and commerce, India can convert historical goodwill into tangible economic gains. A modernized India-Russia tie is essential for India's global diplomatic influence, ensuring that New Delhi remains a key player in the emerging multipolar world order.

Source- https-//indianexpress.com/article/opinion/columns/c-raja-mohan-writes-with-putin-in-delhi-an-opportunity-with-old-bff-russia-go-beyond-defence-10398902/