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Editorial of the Day – 15.12.2025

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1. Time to pause- On retail inflation, data takeaways(TH)

General Studies 3- Economy

Topic- Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment (Monetary Policy, Inflation targeting, and Consumer Price Index (CPI) reforms.)

Introduction

In late 2025, India's retail inflation has plummeted to historically low levels. This decline is not necessarily a signal of permanently low prices but is driven primarily by favorable base effects and the disproportionate influence of food prices within the current Consumer Price Index (CPI) framework. While this environment has allowed the Reserve Bank of India (RBI) to execute an aggressive monetary easing cycle, the current economic landscape suggests that a cautious "pause" is now necessary. The central bank must account for the temporary nature of these trends and impending structural changes to inflation measurement.

Retail Inflation- Trends and Statistical Drivers

The recent inflation data reflects a sharp downward trajectory, largely influenced by statistical anomalies rather than a purely structural cooling of prices.

Record Lows- Retail inflation in November 2025 dropped to 0.7%, marking the second-lowest level ever recorded. This followed October 2025, which saw the lowest inflation in the series.

The Role of Base Effects- The primary driver for this dip is the High Base Effect. Inflation was significantly high in the previous year (6.2% in October 2024 and 5.5% in November 2024). When current prices are compared against these high historical values, the resulting inflation percentage appears artificially low.

Future Outlook- This statistical advantage is temporary. The base effect is expected to fade gradually by **July 2026**, after which inflation numbers are likely to normalize and trend higher.

Issues with CPI Composition and Food Prices

The current CPI structure is heavily skewed, making headline inflation highly sensitive to volatile components.

Food Dominance- The current CPI basket assigns a massive weight of roughly 46% to food and inflation figure.

Recent Contraction- In November 2025, food prices contracted by 2.8%. This single factor significantly pulled down the overall inflation rate.

Statistical Illusion- Much like the headline number, this food price decline is largely statistical, measured against a very high base of 8.2% food inflation recorded in November 2024.

Upcoming Structural Reforms- The New CPI Series

To address the limitations of the current framework, the government is poised to introduce structural changes to how inflation is calculated.

Timeline- A new CPI series is expected to be released in Q1 of 2026–27.

Base Year Revision- The base year will be updated from the outdated 2012 to 2024. This is crucial for correcting the mismatch between the index and current consumption patterns.

Weightage Correction- The new series will revise weightages to reduce the over-dominance of food. This will provide a more accurate reflection of how Indian households actually spend their income today.

Impact- The new base year will help neutralize extreme base effects, significantly improving the quality and reliability of inflation measurement.

Monetary Policy Implications and Actions

Despite the known flaws in the current data, the RBI's Monetary Policy Committee (MPC) has used these

low readings to support growth.
Aggressive Easing- In December 2025, the MPC cut policy rates by 25 basis points, bringing the rate down to **5.25%**.
Cumulative Impact- Throughout 2025, the RBI has delivered cumulative rate cuts totaling 125 basis points, marking the most significant easing cycle since 2019.

The Argument for a Policy "Pause"

The analysis suggests that the RBI should now halt further rate cuts for the following strategic reasons-
Assessment of Transmission- A pause is required to observe how the 125 basis points of cuts already delivered are transmitting through the economy. The MPC needs time to see if these cuts are effectively stimulating demand and investment.
Fiscal Policy Synergy- With the Union Budget 2026 recently passed, the MPC should wait to see the inflationary or expansionary effects of fiscal policy before making further monetary adjustments.
Waiting for New Metrics- Before cutting rates further, it is prudent to study the new CPI series. The revised weightages could fundamentally alter how future rate changes impact inflation, and acting on old data might be premature.

Conclusion

The sharp decline in retail inflation to below 1% in late 2025 should be viewed as a temporary statistical phenomenon rather than a permanent conquest of price pressures. As base effects wane and the new CPI series reshapes the inflation narrative, price pressures may re-emerge. Having already delivered substantial stimulus, the prudent course for the RBI is to pause, monitor the transmission of previous cuts, and recalibrate its strategy once the impact of the 2026 Budget and the new inflation metrics becomes clear.
Source- https-//www.thehindu.com/opinion/editorial/time-to-pause-on-retail-inflation-data-takeaways/article70395261.ece#google_vignette

2. From Brazil, a lesson on antibiotic use for India(IE)

General Studies 2- Social Justice
Topic- Issues relating to development and management of Social Sector/Services relating to Health.

Introduction

India has emerged as the global epicenter of the Antimicrobial Resistance (AMR) crisis, driven largely by the rampant and unchecked preventive use of antibiotics. While Indian medical practices often rely on antibiotics for routine viral ailments, Brazil offers a contrasting model of strict regulation and disciplined medical practice. The comparison highlights that curbing AMR is not a matter of medical expertise, but rather of effective enforcement and a systemic shift from "preventive" to "curative" antibiotic usage.

The Crisis of Antibiotic Misuse in India

Current practices in India reveal a systemic reliance on antibiotics for conditions where they are medically ineffective or unnecessary.
Rampant Prescription for Viral Infections- There is a widespread trend of prescribing antibiotics for common viral infections like coughs, colds, and flu. Since antibiotics act only against bacteria, their use in viral cases offers no benefit and accelerates resistance.
The "Preventive" Mindset- Doctors and patients often favor the preventive use of antibiotics out of fear of potential secondary infections. This leads to a culture of "quick fixes" rather than evidence-based medical observation.
Agricultural and Environmental Contamination- Misuse is not limited to humans; antibiotics are extensively used as growth promoters in livestock.This allows drug-resistant bacteria to survive in animals and enter the human food chain, compounding the resistance crisis.

Lessons from Brazil- A Model of Discipline

Brazil provides a successful case study in managing antibiotic consumption through strict regulatory frameworks and disciplined healthcare delivery.

Mandatory Regulation- Unlike the easy availability of drugs in India, Brazil enforces a strict policy where a local doctor's prescription is mandatory for purchasing antibiotics. Over-the-counter sales are effectively banned.

Curative vs. Preventive Approach- Brazilian healthcare providers prioritize curative use (treating an established infection) over preventive use. There is a medical discipline to allow minor bacterial growth or viral infections to resolve naturally via the body's immune system, intervening only when serious symptoms arise.

Systemic Enforcement- The success of Brazil's model lies in the efficient enforcement of prescription norms, ensuring that the rational use of drugs is not just a guideline but a practice.

India's National Response- The NAP-AMR

India has recognized the threat at a policy level, but implementation remains the bottleneck.

The National Action Plan (NAP-AMR)- Formulated initially for 2017–2021 and recently revised for the **2025–2029** period. It adopts a multi-sectoral approach covering human health, agriculture, and environmental waste management.

Barriers to Implementation- Despite the plan, execution has been weak due to-

1. **Regulatory Gaps-** Lack of stringent checks on pharmacy sales.
2. **Limited Surveillance-** Inadequate monitoring of resistance trends.
3. **Cultural Factors-** A healthcare culture that prioritizes immediate symptom relief over long-term antibiotic stewardship.

Significance and Threat Assessment

Long-Term Public Health Risk- AMR threatens to render antibiotics ineffective for serious infections, potentially taking modern medicine back to a pre-antibiotic era where minor injuries could be fatal.

The Necessity of Behavioral Change- The key takeaway from the Brazil comparison is that regulations must be paired with a shift in mindset. Public awareness and doctor discipline are as vital as government policy.

Way Forward- A Roadmap for India

To combat the AMR crisis effectively, India must move beyond policy formulation to strict ground-level execution.

Strict Enforcement of Regulations- Immediate crackdown on over-the-counter (OTC) antibiotic sales without valid prescriptions.

Operationalizing NAP-AMR- Effective implementation of the revised NAP-AMR (2025–29) across all sectors (Human, Animal, Environment).

Behavioral Modification- Launch extensive public awareness campaigns to educate patients that antibiotics do not cure viral fevers. Train physicians to resist patient pressure for quick-fix prescriptions.

Adopting the 'One Health' Approach- Integrate monitoring systems to control AMR emerging from livestock, poultry, and environmental sources, acknowledging that human health is linked to animal and environmental health.

Conclusion

The editorial concludes that India's struggle with Antimicrobial Resistance is not a failure of medical knowledge but a systemic failure of regulation and enforcement. To safeguard public health, India must mirror the Brazilian approach- enforcing strict prescription laws, ending the practice of preventive dosing, and fostering multi-sectoral cooperation to ensure antibiotics remain effective for future generations.

Source- https-//www.pressreader.com/india/the-indian-express/20251215/282162182549218?srsltid=AfmBOooGOoGPxwwPA42c5UUKHdDiMqgqaE7bX4lE7_GmUcFwo8Glxuzt