Editorial of the Day – 22.12.2025

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1. Unlocking the Potential of India-Africa Economic Ties(TH)

General Studies 3- International Relations

Topic- Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests. (India-Africa Relations, South-South Cooperation)

Introduction- A Paradigm Shift in Engagement

India's engagement with Africa is undergoing a strategic transformation, moving from historical cultural and political solidarity to a pragmatic, economics-driven partnership. This shift aims to create durable and sustainable long-term collaborations rather than short-term transactional interactions.

Renewed Momentum- The relationship has gained significant traction over the last decade, highlighted by the African Union (AU) becoming a permanent member of the G20 in 2023 under India's presidency.

Diplomatic Outreach- Recent high-level engagements include Prime Minister Narendra Modi's visits to Namibia and Ghana (July 2025) and Ethiopia (December 2025). Note- The July itinerary also included Trinidad and Tobago, Argentina, and Brazil, signaling a broader "Global South" outreach.

The Strategic Necessity- Diversifying beyond the West

Dependence on traditional Western markets poses economic risks, necessitating a pivot toward Africa.

Over-reliance on the West- In FY24, nearly 40% of India's exports were directed to the United States and the European Union.

Rising Volatility- Reliance on these markets exposes India to slowdown risks, demand fluctuations, trade protectionism, and policy uncertainty in the West.

Africa as an Alternative- African economies offer a vital avenue for export diversification due to their expanding markets and potential for sustained long-term demand.

Current Trade Dynamics and the Chinese Challenge

While India is a significant player, there is a substantial gap compared to China's dominance.

India's Position- India is Africa's fourth-largest trading partner, with bilateral trade approaching $100 billion.

1. Export Volume- $38.17 billion in FY24.
2. Top Markets- Nigeria, South Africa, and Tanzania.
3. Key Exports- Petroleum products, engineering goods, pharmaceuticals, rice, and textiles (constituting ~6% of Africa's total imports).

China's Dominance- China controls over $200 billion in bilateral commerce, supplying 21% of Africa's imports.

Key Chinese Sectors- Dominance in HSN 84 and 85 categories (machinery, electrical equipment, semiconductors).

Strategic Imperatives for 2030

To bridge the trade gap and deepen ties, India has set specific strategic goals.

Trade Targets- A clear goal to double trade with Africa by 2030.

Policy Measures- Reduction of trade barriers. Negotiating Preferential Trade Agreements (PTAs) and Comprehensive Economic Partnerships with African regional blocs.

Value Addition- A critical shift is required from low-value exports to value-added manufacturing, joint ventures, and cross-border production.

Leveraging AfCFTA- Utilizing the African Continental Free Trade Area platform to access a larger, integrated market rather than fragmented national markets.

Opportunities for MSMEs (Micro, Small & Medium Enterprises)

The African market presents a lower barrier to entry for Indian MSMEs compared to hyper-competitive Western markets, but specific support is needed.

Financial Support- Prioritize expanding Lines of Credit. Improve access to affordable trade finance to enable MSMEs to enter and scale.

Risk Mitigation- Implementation of local currency trade mechanisms to bypass dollar volatility. Creation of a joint insurance pool to mitigate political and commercial risks, encouraging participation from banks and smaller firms.

Logistics- Reducing freight costs through port modernization, better hinterland connectivity, and robust India–Africa maritime corridors.

Services Sector- Leveraging India's strengths in IT, healthcare, professional services, and skill development to generate high-value exports and catalyze digital commerce.

The Role of the Indian Public Sector (PSUs)

Private sector investment faces hurdles such as bureaucratic delays, political instability, and high financing costs. The public sector must act as a catalyst.

Current Investment Flaws- Existing investment footprints are often distorted by flows via Mauritius, driven more by tax avoidance than by genuine productive investment on the continent.

PSU Leadership- Public Sector Units must lead in high-risk, capital-intensive sectors, specifically mining and mineral exploration.

The "Crowding-In" Effect- PSUs can secure critical resources and reduce risk perceptions, effectively paving the way for subsequent private sector investment.

Conclusion

India's strategy must evolve from transactional trade to a multipolar economic partnership. As global supply chains reconfigure, Africa is central to India's global ambitions. The focus must be on recalibrating strategies to include investment in manufacturing, agro-processing, and critical technologies to ensure a "Long-term, Durable, and Sustainable" partnership.

Source- https-//www.thehindu.com/opinion/op-ed/unlocking-the-potential-of-india-africa-economic-ties/article70423170.ece

2. New Job Law is Not a Retreat from Social Protection. It Aims to Reform(IE)

General Studies 2- Governance / Polity

Topic- Parliament and State Legislatures—structure, functioning, conduct of business, powers & privileges and issues arising out of these.

Introduction

The passing of the VB-GRAMG Bill in December 2025 marks a significant pivot in India's rural welfare landscape, replacing the historic Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). While the original act was a lifeline for millions, providing demand-based wage employment, the new legislation introduces fundamental structural changes. However, the bill has sparked intense debate not just for its content, but for the hasty manner of its parliamentary passage, raising questions about legislative scrutiny, fiscal federalism, and democratic accountability.

Procedural and Democratic Concerns

The legislative process adopted for the bill has drawn criticism for undermining deliberative democracy.

Lack of Scrutiny- The Bill was passed via voice vote without being referred to a Parliamentary Standing Committee. This bypassed the critical stage of detailed study, expert consultation, and clause-by-clause analysis.

Absence of Leadership- The debate saw the absence of key parliamentary figures, including the Prime Minister and the Leader of the Opposition, signaling a lack of high-level bipartisan engagement on a crucial issue.

Historical Parallels- The expedited nature of the passage mirrors the enactment of the controversial Farm Laws, highlighting a recurring trend where legislation is fast-tracked at the expense of transparency and consensus building.

Major Policy Shifts & Implementation Challenges

The Bill fundamentally alters the operating model of rural employment guarantee.

From Demand-Driven to Supply-Driven- *Old Model (MGNREGA)*- Legally guaranteed work based on rural household demand ("Right to Work"). *New Model (VB-GRAMG)*- Introduces "normative allocation", where funds are allocated top-down based on set norms rather than actual local demand.

Centre-State Fiscal Strain- The new framework mandates a 60-40 funding split (Centre covers 60%, States cover 40%). This marks a shift from the previous structure (where the Centre bore 100% of unskilled wage costs), potentially straining fiscally weaker states and leading to uneven implementation across the country.

Politicization of Funds- A centralized, normative allocation model risks political bias, where fund distribution could be influenced by political considerations rather than objective necessity.

Socio-Economic Implications

The reforms threaten the stability of the rural safety net that supports nearly 6 crore households.

Livelihood Security- MGNREGA acted as a shock absorber during crises (e.g., COVID-19 pandemic) by generating hundreds of crores of person-days of employment.

Distress Migration- By guaranteeing local work, the scheme curbed distress migration to cities. A supply-constrained model may reverse this gain.

Rural Economy- Wage payments support rural purchasing power and asset creation. Abrupt policy shifts without safeguards could disrupt the fragile rural economic ecosystem.

Governance, Efficiency, and Technology

While the need for reform is acknowledged, the approach is contested.

Technological Legacy- The previous administration successfully integrated Aadhaar-linked payments and geo-tagging of assets to streamline the scheme and reduce leakages.

The Reform Dilemma- While streamlining and ensuring fiscal sustainability are valid goals, a consultative approach would have preserved these operational efficiencies while addressing the new fiscal targets.

Political Context and the Path Forward

Bipartisan Erosion- Rural employment guarantees have historically enjoyed bipartisan support. The lack of dialogue with opposition parties has fueled political polarization.

Risk of Policy Reversal- Rushing legislation without public feedback risks repeating the Farm Laws scenario, where lack of consensus eventually forced a policy rollback.

Conclusion

The VB-GRAMG Bill represents an ambitious attempt to restructure rural employment but is marred by "procedural haste" and potential threats to fiscal federalism. By shifting from a demand-based right to a supply-based allocation, the state risks weakening the safety net for the rural poor. For the reform to be successful and sustainable, it requires a balanced approach that restores the demand-driven character of employment, ensures adequate funding support for states, and respects the democratic process of parliamentary scrutiny.

Source- https-//indianexpress.com/article/opinion/columns/new-job-law-is-not-a-retreat-from-social-protection-it-aims-to-reform-10429491/