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Tracing a Decade of India's Growth – Achievements, Equity Concerns, and Policy Outlook

Context:

- As Prime Minister Narendra Modi completes 11 years in office, this article undertakes a **macroeconomic stocktaking.**
- It compares the performance with the previous decade (2004–2014), and **outlines key achievements, gaps in inclusivity, and policy imperatives** for the future, especially in **agriculture and subsidies**.

Macroeconomic Growth Trajectory:

- **GDP growth – Nominal and PPP:**
    - **In 2014**, India's nominal GDP was **$2.04 trillion**, rising from $709 billion in 2004 under UPA.
    - **In 2025**, GDP is projected at **$4.19 trillion**, nearing Germany to become the **4th** largest economy.
    - In purchasing power parity (**PPP** terms), GDP grew from $2.75 trillion (2004) to $6.45 trillion (2014) to **$17.65 trillion (2025)** becoming the 3rd largest globally [behind China ($40.72 trillion) and the US ($30.51 trillion)].
- **Per capita income – PPP indicator:**
    - **Per capita income (PPP):** Rose from $2,424.2 in 2004 to $4,935.5 in 2014 and now stands at $12,131.8 in 2025.
    - **Global rank improved:**
        - If we compare India's per capita income (PPP) globally, its rank improved from 181st in 2004, to 166th in 2014, and **149th in 2025.**
        - **Still lowest in G20**, behind China ($28,978), Sri Lanka, and Bhutan, but ahead of Pakistan and Bangladesh.

Inclusivity and Income Inequality:

- **The Gini coefficient**, which is a statistical measure used to quantify the degree of inequality in the distribution of income or wealth within a population, has shown **only modest shifts** over the past two decades.
- **It ranges from 0 to 1** (or 0% to 100%), where 0 represents perfect equality (everyone has the same income/wealth) and 1 (or 100%) represents perfect inequality (one person has all the income/wealth).

- **In 2004**, it was 0.34 in India, in 2014 it edged up slightly to 0.35 and dropped to **0.33 in 2021**, indicating **moderate inequality** in India, according to the World Bank.

Agricultural Growth and Welfare Measures:

- **Agricultural performance:** Agriculture GDP grew at an average annual rate of **4%** (FY15–FY25) despite consecutive droughts in 2014–15 and 2015–16, surpassing the 3.5% (FY05–FY14) growth, which also witnessed a major drought in 2009–10.
- **Key welfare initiatives:**
    - **PM-KISAN** (direct income support)
    - Almost-free staple grains (rice or wheat, 5kg/person/month) to 800 million
    - Subsidised rural housing
    - Near freeze on urea prices

Poverty Reduction Milestone:

- All these efforts have led to **a sharp reduction in extreme poverty** (head count ratio) at $3 per day (2021 PPP) – from 27.1% in 2011 to **just 5.3% in 2022**.
- **The 80% drop** marks **one of the fastest and most significant falls in poverty** that India has achieved in any period since 1977.
- Even when measured against the **higher poverty line threshold of $4.20/day** for low middle-income countries, poverty had dropped from 57.7% in 2011 to 23.9% by 2022, representing a steep 60% decline in just a decade.

Reforming Subsidies for Sustainable Inclusion:

- **Food subsidy reform:**
    - The food subsidy budget for FY26 is slated to be **Rs 2.03 lakh crore**. Almost-free food to 800 million people despite low poverty levels.
    - **Rationalise** this food subsidy by giving beneficiaries **food coupons (digital wallet)** to buy nutritious food — pulses, milk, eggs — from designated stores.
    - The value of food coupons for the bottom, say 15% of the population, could be **Rs 700/family/month**.
    - This will help **plug leakages, diversify diets**, promote nutrition, and diversify the production basket.
- **Fertiliser subsidy reform:**
    - Similar rationalisation is needed for fertiliser subsidy, which is slated to claim another **Rs 1.56 lakh crore in FY26**.
    - This can be done by giving **fertiliser coupons** to farmers and deregulating the prices of fertiliser products.
    - Farmers can use these coupons to **buy chemical fertilisers or bio-fertilisers or do natural farming.**
    - **The imbalanced use of N, P, and K can be corrected**, leakages plugged and innovations in products and practices promoted, only if the government deregulates this sector.

Challenges Ahead:

- The government would need to **identify tenant farmers**.
- The task also requires **triangulation of several sets of data.**
- **Communicating** with farmers in advance and **earning their trust**. This is a political exercise, which must precede policy change.

Conclusion:

- The current government's 11-year record shows **strong macroeconomic performance**, remarkable poverty reduction, and improved welfare delivery.
- However, **challenges of inclusivity**, sustainable subsidy structures, and agri-sector reform remain critical.
- Tackling these with **targeted, tech-enabled, and politically communicative solutions** can **transform economic gains into equitable development**.

Tracing a Decade of India's Growth – Achievements, Equity Concerns, and Policy Outlook FAQs

Q1. Examine the changes in India's GDP and its global ranking in both nominal and PPP terms since 2004.

Ans. India's nominal GDP grew from $709 billion in 2004 to a projected $4.19 trillion in 2025, making it the fourth-largest economy, while in PPP terms, it rose to $17.65 trillion, ranking third globally.

Q2. How has India's per capita income evolved in PPP terms, and what does it indicate about inclusive growth?

Ans. India's per capita income in PPP terms rose from $2,424.2 in 2004 to $12,131.8 in 2025, reflecting improvement but still lagging behind most G20 and neighbouring countries, indicating limited inclusivity.

Q3. Highlight the role of the Modi government's welfare policies in poverty alleviation between 2014 and 2022.

Ans. Welfare initiatives like PM-KISAN, food grain distribution, and housing support contributed to reducing extreme poverty from 27.1% in 2011 to 5.3% in 2022 — one of the fastest drops since 1977.

Q4. Discuss the significance of rationalising food and fertiliser subsidies in the context of fiscal efficiency and environmental sustainability.

Ans. Rationalising subsidies through digital coupons can enhance targeting, reduce leakages, diversify diets, promote natural farming, and improve environmental outcomes by reducing soil and water degradation.

Q5. What challenges must be addressed for implementing targeted reforms in India's agri-food subsidy system?

Ans. Reform implementation requires accurate identification of tenant farmers, data integration, stakeholder communication, and political will — areas where strong leadership and trust-building are essential

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Lessons from Operation Sindoor's Global Outreach

Context

- The April 22, 2025, **Pahalgam terror attack marked a pivotal moment in India's contemporary security** and foreign policy history.
- The **nation's resolute military reaction, dubbed Operation Sindoor, was swift, calibrated, and precise.**
- However, **what truly solidified India's international standing in the aftermath of the attack** was its proactive and coherent diplomatic campaign.
- **A coordinated outreach involving seven all-party parliamentary delegations to strategic countries in the Western Hemisphere reinforced India's global narrative** and reaffirmed its moral and political authority on the world stage.

The Multifaceted Nature of Indian Diplomacy Post Operation Sindoor

- **To Showcase Unity**
    - One of the central strengths of India's diplomatic campaign was **the remarkable unity of purpose across political lines.**
    - The **composition of the delegations,** featuring Members of Parliament from various states, faiths, and political ideologies, **presented a striking image of national cohesion.**
    - In a world where domestic divisions often erode foreign credibility, **India's ability to present a unified front projected gravitas and maturity.**
    - This **consensus lent legitimacy and strength to India's narrative** in discussions with leaders such as the President of Guyana and the Vice-President of the United States.
    - When speaking as one, **India's message of self-defence, justice, and peace resonated far more effectively with international interlocutors.**
- **The Legitimacy and Restraint Shown During Operation Sindoor**
    - A central goal of the outreach was to explain **the rationale and proportionality behind Operation Sindoor.**
    - The **operation was framed not as a retaliatory strike** but as a lawful and calibrated exercise in self-defence aimed specifically at terrorist infrastructure.
    - The **Indian delegations underscored the avoidance of civilian and military Pakistani casualties**, highlighting moral restraint in the face of provocation.
    - The **effectiveness of this framing became evident when Colombia,** after initially expressing concern about alleged civilian casualties, **retracted its statement and reiterated support for India's sovereign right to self-defence.**
    - This **episode exemplifies the power of persistent, fact-based diplomacy** in correcting misperceptions and combating misinformation.
- **Calling Out Terrorism and Building Consensus**
    - Another pillar of India's diplomacy was **exposing Pakistan's continued sponsorship of terrorism.**

    - Delegations made it a point **to present verifiable evidence of cross-border terrorist activity** and the involvement of groups like Lashkar-e-Taiba and Jaish-e-Mohammed.
    - Particularly in Washington D.C., **these assertions gained traction even among U.S. officials who simultaneously met with Pakistani representatives.**
    - The **alignment of perspectives in such crucial global capitals reflects the persuasive power** of India's evidence-driven advocacy and consistent messaging.
- **Diplomacy Beyond Crisis: Sustained Public Engagement**
    - The delegation's experience **also revealed a deep international appetite for Indian perspectives.**
    - The **effectiveness of this engagement**, particularly with lawmakers, think tanks, and the media, **highlighted the potential of parliamentary diplomacy** as an enduring tool of soft influence.
    - **Countries like Panama, Guyana, and Colombia**, some of which are current or future non-permanent members of the UN Security Council, **welcomed the Indian delegations with enthusiasm,** and in some cases, like Panama, offered explicit support for India's permanent membership in the UNSC.
    - **This shows that consistent engagement, even with smaller or less-publicised nations**, can yield significant strategic dividends.
    - Moreover, **the importance of engaging with global media was underlined.**
    - In the absence of India's narrative, misinformation and hostile narratives can dominate the discourse.
    - **Ensuring Indian voices are heard across major global media platforms is no longer optional**, it is essential for safeguarding national interests.

The Power of Soft Power: Culture and Connectivity

- Beyond the geopolitical and security dimensions, **the operation's name Sindoor symbolised cultural significance and emotional depth**, especially for Indian audiences.
- Yet it **also piqued international curiosity**, providing a platform to introduce India's cultural narratives.
- From yoga to Bollywood, **India's soft power assets were strategically employed to develop empathy and understanding.**
- These **cultural connectors proved instrumental in contextualising India's responses** and in humanising its geopolitical imperatives.

Actionable Pathways for the Future

- **Focus on The Three T's: Tech, Trade, and Tradition**
    - India's future global positioning rests on a triad: **technology, trade, and tradition**.
    - While its IT services have gained global recognition, **the next step involves promoting innovation in emerging fields such as Artificial Intelligence.**
    - This **requires targeted diplomatic efforts** that highlight India's potential as a technological collaborator.

    - Simultaneously, **trade diplomacy must be intensified**, particularly in light of global economic competition with nations like China.
    - **India must expand its trade portfolio and emphasise its reliability** as a democratic and rules-based economic partner.
    - The s**trategic convergence of these three elements, tech, trade, and tradition, offers a holistic framework** for India's external engagements.
- **Need to Heed Delegation's Recommendations**
    - The **delegation's tour inspired a number of practical recommendations** for India's diplomatic future.
    - First, **diplomatic capacity must be expanded in South and Central America** through increased language proficiency, stronger missions, and reciprocal high-level visits.
    - Second, **the issue of terrorism must be persistently raised in global multilateral forums**, including through direct engagement with the UN Secretary-General and the UN General Assembly President.
    - Third, **India should cultivate stronger bilateral ties with nations like Brazil, Panama, and Guyana,** not only for political support but **also for strategic economic partnerships in sectors like energy and infrastructure.**

Conclusion

- The aftermath of the Pahalgam attack and the **success of the Operation Sindoor diplomatic campaign showcased India at its best, resolute, united, articulate, and culturally grounded.**
- This **episode offers a blueprint for future diplomatic engagements:** unity in action, clarity in communication, cultural resonance, and sustained outreach.
- As India navigates an increasingly fragmented and competitive global order, **its foreign policy must continue to harness the synergy of its democratic values, economic aspirations,** technological innovation, and timeless traditions.
- **The three T's are not just tools, they are strategic imperatives and with consistent effort and a coherent vision,** India is well-positioned to shape a more just, secure, and prosperous world.

Lessons from Operation Sindoor's Global Outreach FAQs

Q1. What was India's military response to the Pahalgam terror attack called?

Ans. India's military response to the Pahalgam terror attack was called Operation Sindoor.

Q2. What message did the all-party delegation convey abroad?

Ans. The all-party delegation conveyed a message of national unity and emphasized India's legitimate right to self-defence.

Q3. What are the three "T's" of India's global strategy?

Ans. The three "T's" of India's global strategy are Tech, Trade, and Tradition.

Q4. How did Colombia respond after India's diplomatic outreach?

Ans. After India's diplomatic outreach, Colombia retracted its initial statement and reaffirmed support for India's sovereign right to self-defence.

Q5. Why is soft power important in India's diplomacy?

Ans. Soft power is important in India's diplomacy because it helps create cultural connections and enhances global understanding of India's values and intention.

Source: **The Hindu**

Steering the Indian Economy Amidst Global Troubles

Context

- The **global economic landscape is undergoing a profound transformation** driven by shifting trade policies, geopolitical tensions, and rising protectionism.
- The **resurgence of trade wars, reassessment of tariff structures**, and intensified bilateral trade negotiations have ushered in a **new era of uncertainty.**
- These **developments have implications not only for trade flows but also for global financial markets** and long-term economic growth.
- In this rapidly evolving context, **India finds itself at a critical crossroads, facing challenges but also standing before a window of opportunity** to strategically reposition itself within the global economic order.

The Current Global Trade Climate: Risks and Challenges

- **Rising Trade Protectionism and Tariff Uncertainty**
    - At the forefront of this shift is the **United States**, which, **under successive administrations, has adopted a more protectionist approach** to trade.
    - The **review of existing trade agreements**, imposition of reciprocal tariffs, and pursuit of bilateral rather than multilateral deals have i**ntroduced significant uncertainty for trading partners.**
    - For India, **this is particularly concerning as the U.S. remains its largest merchandise export** destination, accounting for nearly one-fifth of total exports.
- **Legal and Diplomatic Ambiguity**
    - Further complicating the scenario is the **unpredictability in U.S. trade policy itself.**
    - Though tariffs have been threatened, their **imposition is mired in ongoing bilateral negotiations and court decisions.**
    - A **notable example is the U.S. Court of International Trade's recent intervention**, which casts doubt over the legality of certain tariff measures.

    - As a result, **Indian policymakers and exporters find themselves navigating a constantly shifting terrain** with little clarity on long-term scenarios.
- **Intensifying Global Competition and Dumping Risks**
    - While India grapples with external uncertainty, it also faces **increased competition from other exporting nations.**
    - Countries such as **China, Bangladesh, and Vietnam, traditional rivals in textile, electronics, and manufacturing sectors, may benefit from more favourable trade terms with the U.S**. or the European Union, leaving Indian exports relatively disadvantaged.

Strategic Opportunities for India

- **Proactive Trade Engagements**
    - India's **early initiation of Bilateral Trade Agreement (BTA) negotiations with the U.S. signals a proactive approach.**
    - Concluding such agreements swiftly **can provide India a first-mover advantage.**
    - The **BTA must be designed to secure zero-tariff** access in key export sectors while cautiously liberalising sensitive domestic industries.
    - It is also **vital to protect India's robust services exports** and address non-tariff barriers (NTBs) through mutual recognition agreements.
- **Diversifying Trade Partnerships**
    - The **successful finalisation of the Free Trade Agreement (FTA) with the United Kingdom** is a promising development.
    - India **must now pursue other strategic FTAs,** especially with the European Union and Australia, through Comprehensive Economic Cooperation Agreements.
    - These **partnerships will broaden market access and reduce overdependence** on any single export destination.

The Way Ahead

- **Safeguarding Against Dumping**
    - Given the elevated risk of product dumping, **India must enhance its import monitoring systems.**
    - Swift application of **trade remedial measures**, including anti-dumping duties, is essential to protect vulnerable domestic sectors from unfair competition.
- **Boosting Public Investment**
    - Maintaining a **robust pipeline of public capital expenditure** is critical to sustaining economic momentum.
    - Such investments not only **buffer against external shocks** but also stimulate private sector participation, laying the groundwork for long-term growth.
- **Accommodative Monetary Policy**
    - With inflationary pressures easing, **India's central bank should continue an accommodative monetary stance.**

    - **Lower interest rates** would support industrial output and encourage both domestic and foreign investment.
- **Attracting Foreign Investment**
    - India must position itself **as a viable alternative for global companies seeking to diversify away from China** and other East Asian economies.
    - **A targeted approach,** focusing on strategic sectors like electronics, electric mobility, and green energy, could attract large-scale foreign direct investment (FDI).
- **Structural Reforms: The Long-Term Imperative**
    - Finally, **structural reforms must proceed without delay.**
    - The **Production-Linked Incentive (PLI) schemes,** while commendable, should be expanded to include emerging sectors such as Internet of Things (IoT) devices, **hearables, wearables, and battery-related materials.**
    - These **reforms will help boost domestic manufacturing**, reduce import dependence, and enhance India’s competitiveness.

Conclusion

- **India is navigating a turbulent phase in global trade**, characterised by volatility and unpredictability.
- However, **this disruption also offers a rare opportunity** for strategic repositioning.
- **By proactively negotiating trade agreements, diversifying markets**, etc, **India can not only mitigate current risks but also emerge as a pivotal player** in the global supply chain ecosystem.
- With a calibrated approach and visionary policy execution, **India stands poised to convert global headwinds into a catalyst for long-term economic ascendance.**

Steering the Indian Economy Amidst Global Troubles FAQs

Q1. Why is the U.S. market important for India’s exports?

Ans. The U.S. market is important because it accounts for nearly 20% of India’s total merchandise exports, making it India’s largest export destination.

Q2. Which sectors in India are most affected by U.S. tariff uncertainties?

Ans. Sectors such as marine products, apparel, carpets, gems and jewellery, pharmaceuticals, auto components, and electronics are most affected by U.S. tariff uncertainties.

Q3. What global trend is disrupting trade stability?

Ans. The global trend of rising protectionism, including trade wars and shifting tariff policies, is disrupting trade stability.

Q4. How can India reduce dependence on the U.S. market?

Ans. India can reduce its dependence on the U.S. market by actively pursuing free trade agreements with the European Union, Australia, and other key trading partners.

Q5. What strategy can help India strengthen its trade position?

Ans. India can strengthen its trade position by managing external shocks, enhancing domestic economic resilience, and leveraging shifts in global supply chains to increase exports.

Source: **The Hindu**
