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With Tariffs, India's Growth Rate Needs a Careful Watch

Context

- **Recent trade measures** by the United States have **created significant headwinds for India's economic growth** and external account stability.
- Effective August 7, the U.S. **imposed a 25% reciprocal tariff on Indian exports**.
- This was **followed by a penal levy, an additional 25% tariff, announced on August 6**, to take effect from August 29, 2025, in response to India's continued crude oil imports from Russia.
- These **developments carry far-reaching consequences for India's trade balance**, current account deficit (CAD), GDP growth, and strategic trade positioning.

India-U.S. Trade Dynamics

- India **enjoys a merchandise trade surplus with the United States**, amounting to **\$41.18 billion in 2024-25**, a figure that has been growing steadily.
- The **S. appears to be targeting both sides of the trade equation**, India's exports and its crude oil import sources.
- The **reciprocal tariff directly challenges India's export competitiveness**, while the penal levy operates not only as an export deterrent but also as a **non-tariff barrier, designed to push India away from Russian crude** towards higher-cost imports, possibly from the U.S. itself.
- Such unilateral measures **undermine the principles of free and fair trade**, introducing strategic pressure that extends beyond economics into geopolitical alignment.

Impact of the Reciprocal Tariffs

- **Export Decline Estimate:** Assuming an import elasticity of **-1**, India's exports to the U.S. could decline by **25%**, a substantial contraction.
- **Trade Deficit Effect:** In 2024-25 terms, this would widen the trade deficit by **56% of GDP**, pushing it to **7.84%**.
- **GDP Growth Impact:** The growth rate could drop by **6 percentage points**, from **6.5%** to **5.9%**.
- **Current Account Deficit:** CAD could rise from **6%** to **1.15%**.
- For 2025-26, given that four months have already elapsed before implementation, the GDP impact might be **-0.4%**, with a correspondingly smaller CAD increase.

Mitigating Factors and Caveats

- **New Trade Agreements:** India's trade deal with the United Kingdom, along with ongoing negotiations with the European Union and other partners, may partially offset export losses.
- **Competitor Tariffs:** S. tariff hikes on other exporting nations could shift some demand back to Indian products.
- **Exchange Rate Adjustment:** The rupee's depreciation to around ₹87.5 per U.S. dollar could enhance export competitiveness.
- However, even after considering these buffers, India's GDP growth in 2025-26 is expected to be **5% lower than the base forecast**, and the CAD could widen by a similar margin.
- A **forced shift from Russian to U.S. crude imports could further strain the CAD**, weaken the rupee, and fuel inflation, especially if global oil prices rise.

Policy Options for India

- **Negotiation with the U.S.:** The current trade deal is not finalised, providing an opportunity to seek compromise while safeguarding sensitive sectors such as agriculture, allied industries, and MSMEs.
- **Export Market Diversification:** While challenging in the short term, expanding into alternative markets remains a long-term necessity.
- Additionally, **domestic tariff reform** could boost export competitiveness. Empirical evidence shows that India's own import tariffs negatively affect exports, with **an estimated elasticity worse than -1**.
- **Reducing tariffs on inputs** that feed into export production **could strengthen manufacturing and trade resilience**.

Impact of the Penal Levy

- The penal levy, **another 25% tariff, mirrors the economic impact of the reciprocal tariff** but is partially softened by commodity exemptions.
- Combined, the two measures could cut over **6 percentage points** from the current year's projected growth.
- India views the penalty as **discriminatory**, noting that many other countries import more from Russia without facing such sanctions.
- The **three-week window** before the levy takes effect represents a critical period for diplomatic engagement.

Conclusion

- The **imposition of reciprocal tariffs and penal levies reflects the use of trade policy** as a coercive geopolitical tool.
- **While India may manage the immediate growth slowdown through negotiations**, currency adjustment, and new trade partnerships, the **persistence of such measures threatens the stability of the global trade system**.
- A coordinated effort with other nations to restore a **rules-based, non-discriminatory trading environment** is essential.

- In the meantime, **India must act decisively to defend its trade interests, strengthen its export base, and minimise dependency on any single market** or energy source.

With Tariffs, India's Growth Rate Needs a Careful Watch FAQs

Q1. Why did the United States impose a 25% reciprocal tariff on Indian exports?

Ans. The United States imposed the tariff to address the growing trade surplus India has with it and to pressure India on its trade policies.

Q2. What additional penalty did the U.S. announce on August 6, 2025?

Ans. The U.S. announced a penal levy of an additional 25% on Indian exports because India continued importing oil from Russia.

Q3. How could the reciprocal tariff affect India's GDP growth in 2024-25?

Ans. It could reduce GDP growth by about 0.6 percentage points, from 6.5% to 5.9%.

Q4. What strategy could India use to offset the impact of these tariffs?

Ans. India could diversify its export markets and lower certain domestic import tariffs to boost export competitiveness.

Q5. Why does India consider the penal levy discriminatory?

Ans. India considers it discriminatory because many other countries import more from Russia without facing similar penalties.

Source: [The Hindu](#)

Industrial Accidents, the Human Cost of Indifference

Context

- **India's industrial landscape**, spanning oil refineries, chemical plants, factories, and construction sites, powers the **nation's economic growth**.
- Yet behind this progress lies an **underreported and persistent human tragedy**, the needless deaths of thousands of workers due to preventable accidents.
- These **incidents are not inevitable acts of fate but the outcome of systemic negligence**, regulatory inertia, and a societal undervaluing of workers' lives.

The Scale of the Problem

- Government data, Right to Information findings, and independent studies **reveal the alarming scope of India's industrial safety crisis**
- In the last five years, at least **6,500 workers** have died in factories, construction sites, and mines, averaging nearly three deaths every single day.

- States like **Andhra Pradesh and Tamil Nadu alone account for over 200 fatalities** from major industrial mishaps in the past decade, with the unregistered and informal sector likely pushing the real toll far higher.
- A 2022 **Centre for Science and Environment (CSE)** study recorded over **130 major chemical accidents** in just 30 months after 2020, causing 218 deaths and more than 300 injuries.
- These are not abstract statistics. **Each figure represents a family shattered, a breadwinner lost,** and a community pushed into grief and economic hardship.

Common and Preventable Causes

- What makes these fatalities especially unacceptable is the simplicity of their prevention. Most tragedies stem from basic, easily addressable lapses:
- **Lack of Fire No-Objection Certificates (NOC):** Many factories operate without clearance from the Fire Department.
- **Non-existent or faulty firefighting systems:** Missing alarms, extinguishers, or sensors.
- **Absence of permit-to-work systems:** Hazardous jobs undertaken without formal risk assessment.
- **No training for workers:** Especially among migrant or contract labourers, language barriers leave safety protocols unread and unheeded.
- **Inaccessible fire exits:** Often locked, blocked, or hidden by stored materials.
- **No real accountability:** Safety audits become box-ticking rituals, prosecutions are rare, and penalties are negligible.
- Such failures, while common in small and medium enterprises, are not confined to them.
- Even **large corporations often prioritise operational efficiency** over a deep-rooted safety culture.

Comparative Perspective and Geographic Spread and Repetition

• Comparative Perspective

- In nations such as **Germany and Japan, safety is not merely a compliance issue but a core industrial value** embedded into workplace design, training, and management.
- By contrast, **India's approach remains largely reactive**, strengthening measures only after disasters occur.
- This **reactive culture ensures that accidents are not isolated aberrations** but recurring features of the industrial environment.

• Geographic Spread and Repetition

- Gujarat reported over **60 major industrial fires and gas leaks in 2021 alone**. Maharashtra, Chhattisgarh, and Uttar Pradesh show equally grim records.
- According to the Directorate General Factory Advice Service and Labour Institutes (DGFASLI), India experiences **one serious industrial accident every two days in registered factories**, and the scale in unregistered units remains unknown.

- The sequence is **depressingly predictable**: tragedy, public outrage, token compensation, a committee inquiry, and then silence, until the next avoidable catastrophe.

Underlying Causes: Indifference and Class Bias

- At the heart of this cycle is **national indifference**.
- Regulators are often **under-resourced or complicit**.
- **Companies cut safety costs**, viewing them as overheads rather than obligations.
- **Society at large remains apathetic**, especially when **victims are economically marginalised** migrant or contract workers.
- A troubling class bias permeates the system: safety failures in a corporate office or technology park would provoke outrage, **yet similar lapses in a factory employing low-income workers barely register in public consciousness**.

Rejecting the Act of God Defence and Pathways to Change

• Rejecting the Act of God

- Industrial accidents are often **mischaracterised as acts of God**, language that shifts responsibility away from human decision-makers.
- In reality, these **tragedies are man-made, the product of inadequate safety systems** and regulatory failure.
- Countries such as South Korea and Singapore have moved towards **corporate manslaughter laws, holding senior executives criminally liable for gross safety negligence**. India has yet to take such a decisive step.

• Pathways to Change

- **Strengthening labour safety boards** with resources, training, and independence.
- **Digitising risk reporting** and ensuring transparent accident databases.
- **Protecting whistle-blowers** who expose unsafe practices.
- **Embedding safety culture** in both SMEs and large corporations through rigorous training and design standards.
- **Legislating executive accountability** for preventable workplace deaths.

Conclusion

- The **means to prevent these tragedies already exist**. What is lacking is the will, from policymakers, industry leaders, and society, to act decisively.
- **Industrial safety is not a privilege granted by employers**; it is a fundamental right of every worker.
- **Until India replaces its culture of post-tragedy response** with one of prevention and accountability, **it will continue to silently affirm the most damning question of all: Who cares?**

Industrial Accidents, the Human Cost of Indifference FAQs

Q1. How many industrial workers have died in India in the last five years according to official data?

Ans. At least 6,500 industrial workers have died in India in the last five years.

Q2. What is a common cause of industrial accidents mentioned in the analysis?

Ans. A common cause is the lack of basic fire safety measures such as alarms, extinguishers, and fire exits.

Q3. Which countries are cited as having deeply embedded safety cultures?

Ans. Germany and Japan are cited as countries with deeply embedded safety cultures.

Q4. What is the main cultural problem behind recurring industrial disasters in India?

Ans. The main problem is national indifference and a lack of value placed on the lives of low-income workers.

Q5. What legal measure do countries like South Korea and Singapore have that India does not?

Ans. They have corporate manslaughter laws holding senior executives criminally accountable for safety failures.

Source: [The Hindu](#)

Age of Consent Debate in India and its Socio-Legal Implications

Context:

- The Supreme Court of India is currently hearing **Nipun Saxena and Anr vs Union of India**, a PIL examining whether the age of “consensual” sexual relationships under the Protection of Children from Sexual Offences (POCSO) Act, 2012 should be reduced from 18 years.
- The debate **raises critical questions about child protection**, sexual autonomy, societal norms, and the vulnerabilities of marginalised girls.

Current Legal Framework:

- **POCSO Act, 2012:** Criminalises any sexual activity with persons under 18, regardless of consent.
- **Legal position:** “Consensual” sexual activity with a minor is still classified as sexual exploitation.
- **Impact:** Many cases involve romantic relationships rather than abuse, yet attract the same legal penalties.

Key Issues in the Debate:

- **Vulnerability of marginalised girls:**
 - Many girls engage in sexual relationships to escape domestic violence, sexual abuse, or discrimination.
 - Arrest and prosecution of partners under POCSO often result in forced pregnancies, shelter home confinement, or return to abusive families.

- **Judicial and social responses:**

- **Calcutta High Court case:** Acquitted man accused of non-exploitative consensual relationship with 16-year-old, but highlighted legal contradictions.
- **NCRB data:** As a result of mandatory reporting under the POSCO Act, cases of child sexual abuse rose from **8541 in 2012** to **53874 in 2021**.
- **Praja Foundation report:**
 - 54% of POCSO cases involved partners, friends, or known persons.
 - Many were linked to elopement, refusing marriage and deserting the victim.
- **Child marriage and socio-cultural factors:**
 - **2022 data:** 1.6 million child marriages recorded in India, with barely 900 cases registered (India Child Protection report).
 - **Drivers:** Brahminical patriarchy, poverty, lack of education, and fear of premarital sex. Parents often marry off daughters early to “**protect honour**,” not out of tradition but due to desperation.

The Consent Dilemma:

- **Defining consent:**

- Consent may be enthusiastic, reluctant, manipulated, revoked, or misunderstood.
- Courts face difficulties in **uniformly interpreting consent**.
- POCSO treats all under-18 sexual activity as abuse, making no distinction between coercion and mutual consent in minors.

- **The elopement paradox:**

- Girls eloping face isolation, threats, and legal battles, along with pregnancy and stigma.
- Extending the logic of consent in cases involving abuse by guardians is rare due to dependency and fear of retaliation.

Implications of Blanket Age Reduction:

- **Risks:** Could increase invisibility of vulnerable girls, reduce legal safeguards, and normalise exploitation.
- **Need for nuanced approach:** A uniform lowering of age without considering socio-economic context could harm rather than help.
- **Policy challenge:** Lawmakers must balance protection from exploitation with respect for adolescent autonomy while considering India’s socio-cultural realities.

Way Forward:

- India must move towards **a context-sensitive reform** of the POCSO Act that distinguishes between exploitative and non-exploitative adolescent relationships, backed by comprehensive sex education and

community awareness programmes.

- **Leveraging technology-enabled reporting systems**, survivor-centric legal aid, and rehabilitative support can ensure both protection from abuse and preservation of adolescent agency.

Conclusion:

- **A balanced approach** to the age of consent is vital to safeguard vulnerable children without criminalising consensual adolescent relationships.
- **Lawmakers must integrate legal reform** with socio-economic interventions, ensuring justice systems reflect India's evolving social realities while upholding the dignity and rights of its youth.

Age of Consent Debate in India FAQs

Q1. What challenges arise from the current age of consent under POCSO?

Ans. It criminalises non-exploitative adolescent relationships, causing legal harassment and loss of agency.

Q2. What socio-cultural factors drive early marriages in India?

Ans. Patriarchy, poverty, lack of education, fear of premarital relationships, and honour concerns.

Q3. Why is defining consent for minors legally complex?

Ans. POCSO treats all under-18 sexual activity as abuse, ignoring consent nuances.

Q4. What are the risks of reducing the age of consent uniformly?

Ans. It may increase exploitation and weaken child protection safeguards.

Q5. How can law balance child protection with adolescent autonomy?

Ans. By distinguishing exploitative from consensual cases, adding sex education, and raising awareness.

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