

Daily Editorial Analysis 1 September 2025

September 1, 2025 • vajiramandravi.com

India's Economic Churn and the Nectar of Growth

Context

- **Civilisations are often tested by moments of crisis**, and India has long embraced the philosophy that trial precedes triumph.
- Much like the **mythological churning of the ocean, Samudra Manthan**, where turbulence yielded nectar, **India's economic churns have consistently produced renewal**.
- **From the 1991 liberalisation born of crisis to the digital surge** triggered by the COVID-19 pandemic, adversity has catalysed resilience.
- Today, **against the backdrop of sceptics branding India a dead economy, the data tells a very different story**, one of rapid growth, strengthened buffers, and inclusive opportunity.

Features of India's Economic Growth

- **A Resilient Growth Story**
 - The **latest GDP numbers reveal an economy on firm footing**. Real GDP **surged by 7.8% in Q1 FY 2025-26, the strongest in five quarters**, with growth spread broadly across sectors: manufacturing at 7.7%, construction at 7.6%, and services at an impressive 9.3%.
 - **Nominal GDP rose by 8.8%**, driven by consumption, investment, and reforms in logistics that reduce costs and improve efficiency.
 - **India has now emerged as the world's fourth-largest economy** and remains the fastest-growing major one, surpassing even the United States and China in growth rates.
 - **On its current trajectory, India is poised to overtake Germany before the decade ends**, claiming the position of the world's third-largest economy in market exchange terms.
 - **Recognition has followed. S&P Global's recent upgrade of India's sovereign rating**, the first in 18 years, underscores fiscal discipline, monetary credibility, and sustained growth.
 - The **upgrade not only lowers borrowing costs but also directly rebuts narratives of stagnation**.
- **Growth With Inclusion**
 - Between 2013-14 and 2022-23, nearly **25 crore Indians moved out of multidimensional poverty**.

- This **transformation rests on wide-scale delivery of essential services**: universal bank accounts, clean cooking fuel, health coverage, tap water, and direct benefit transfers.
- Together, **these interventions empower households to make independent economic choices**.
- **Unlike authoritarian sprints**, India's democratic model emphasises consensus-building, competitive federalism, and **reliable last-mile delivery through its digital public infrastructure**.
- It is a **marathoner's economy, steady, enduring, and designed to last**.

Crucial Factors Deriving India's Economic Growth

• Energy Security as Growth Enabler

- As the third-largest energy consumer and the fourth-largest refiner and LNG importer, **India has built substantial refining capacity of 5.2 million barrels per day**, with plans to expand further by decade's end.
- With energy demand expected to double by 2047, **India's role will be pivotal to global energy stability**, accounting for nearly a quarter of incremental global demand.
- **Government reforms have expanded exploration acreage**, unlocked previously restricted basins, and introduced transparent bidding through the Open Acreage Licensing Policy.
- **Pricing reforms, particularly for natural gas, have further encouraged investment**, while measures such as premium incentives for deepwater projects highlight the balance between security and innovation.

• Transitioning to a Green Future

- **Ethanol blending has risen from 1.5% in 2014 to 20% today**, generating massive foreign exchange savings while directly benefiting farmers.
- The **rollout of compressed biogas plants, a blending mandate**, and investments in green hydrogen **showcase India's ambition to lead in the clean energy transition**.
- **Criticism of India's purchase of Russian crude overlooks both legality and necessity**. Russian oil, unlike Iranian or Venezuelan crude, is not under outright sanctions but governed by a price cap regime intended to ensure global supply.
- **India has complied with these rules**, stabilising global oil markets and preventing shocks that could have driven prices above \$200 per barrel.
- **Far from profiteering, India's long-standing refining and export practices have kept supply chains stable**, even serving European markets.
- **Domestically, subsidies, tax cuts, and mandatory supply quotas shielded Indian consumers** from price volatility, reflecting the state's responsibility to its citizens.

Industrial and Digital Transformation

- **With strong support through production-linked incentives** and logistics upgrades under the Pradhan Mantri Gati Shakti initiative, sectors like semiconductors, defence, electronics, and **renewable energy are scaling rapidly**.

- The **recent approval of four new semiconductor projects under the India Semiconductor Mission**, combined with Japan's renewed investment commitments, signals intent to create resilient technology supply chains.
- The **digital economy multiplies these gains**. With world-leading digital payment systems such as UPI and a thriving startup ecosystem, India is exporting not just goods but solutions.
- The **fusion of digital rails with physical infrastructure creates compounding effects**: lower friction, higher productivity, greater formalisation, and sustained cycles of investment and consumption.

Conclusion

- Independent forecasts predict that by 2038, **India could emerge as the world's second-largest economy in purchasing power parity terms**, with a GDP surpassing \$34 trillion.
- Achieving this **trajectory requires sustained reforms, strong human capital, and abundant, clean energy for all**.
- History shows that **India's moments of doubt have always been followed by breakthroughs, the Green Revolution, the IT revolution**, and the digital revolution.

India's Economic Churn and the Nectar of Growth FAQs

Q1. What philosophy has historically guided India's response to economic crises?

Ans. India has long believed that trial precedes triumph, turning crises into opportunities for renewal, such as in 1991 and during the COVID-19 pandemic.

Q2. How has India's GDP performed in Q1 FY 2025-26?

Ans. India's real GDP grew by 7.8%, the highest in five quarters, with broad-based growth across manufacturing, construction, and services.

Q3. What role does energy security play in India's economic growth?

Ans. Energy security underpins growth by ensuring reliable supply, expanding refining capacity, and attracting investment through exploration and pricing reforms.

Q4. How is India progressing in its green energy transition?

Ans. India has expanded ethanol blending to 20%, launched biogas plants, and invested in green hydrogen, while also saving foreign exchange and supporting farmers.

Q5. What is India's long-term economic trajectory according to projections?

Ans. Independent forecasts suggest that by 2038, India could become the world's second-largest economy in PPP terms, with GDP exceeding \$34 trillion.

Source: [The Hindu](#)

Giving Wings to India's Youth

Context

- **India's economic trajectory** in the twenty-first century has been **closely tied to its Shram Shakti, or labour power.**
- Over the past decade, under the leadership of Prime Minister Narendra Modi, **the country has not only risen from the world's tenth largest economy in 2014 to the fourth largest today**, but has also **witnessed profound shifts in employment, social security**, and youth empowerment.
- The **narrative of India's growth is therefore inseparable from the role of its workforce**, and the policies designed to harness its demographic dividend.

Employment Growth and Formalisation

- A striking feature of India's economic performance in recent years is the **simultaneous rise in employment opportunities.**
- According to RBI-KLEMS data, **the decade preceding 2014 produced just 2.9 crore jobs**, while the subsequent decade generated more than 17 crores.
- This **expansion of employment has been coupled with accelerated formalisation.**
- Evidence from the Employees' Provident Fund Organisation (EPFO) **shows that more workers are being drawn into the formal sector**, thereby gaining access to structured protections and benefits.
- The **quality of this transformation, however, goes beyond job creation alone.**

Expanding Social Security

- In 2015, **only 19% of Indians were covered under at least one protection scheme.**
- By 2025, **that number had risen to 64.3%, amounting to 94 crore**
- This expansion makes India the **second-largest social security system** in the world, a development the International Labour Organization has acknowledged as among the fastest global expansions of its kind.
- Such an achievement **underscores a deliberate policy effort to align economic growth with social welfare**, ensuring that gains in productivity and employment translate into protection and dignity for workers.

Harnessing the Demographic Dividend

- India's demographic profile is both an opportunity and a challenge.
- With 65% of its population under the age of 35, **India possesses a unique advantage** at a time when many Western countries face ageing populations.
- This **Yuva Shakti, or youth power, has long been recognised as India's greatest strength**, yet its potential remained underutilised.
- The **path to realising this dividend lies in making the youth employable**, integrating them into the formal economy, equipping them with financial literacy, and ensuring that robust social protections are in place.
- As India pursues the vision of Viksit Bharat by 2047, the transition from **possibility to prosperity will depend on how effectively it channels this demographic advantage.**

The Pradhan Mantri Viksit Bharat Rozgar Yojana

- Announced in the Union Budget of 2024–25 and reaffirmed in the Prime Minister’s Independence Day address, **this programme marks the most ambitious employment initiative in India’s history.**
- With an outlay of ₹1 lakh crore, **it aims to create over 3.5 crore jobs in just two years.**
- **Part A provides first-time employees with up to ₹15,000** in direct financial support, while Part B offers employers up to ₹3,000 per new hire per month.
- This **design lowers barriers for young workers** while reducing hiring risks for enterprises.
- Furthermore, **by integrating Direct Benefit Transfers and mandating social security enrolment from day one, the scheme promotes transparency,** formalisation, and long-term labour market resilience.
- Equally notable is the **scheme’s targeted emphasis on manufacturing,** aligning with initiatives such as Make in India, the National Manufacturing Mission, and the Production-Linked Incentive scheme.
- By strengthening both workers and businesses, **it recognises that employment generation is a shared responsibility between state, market, and society.**

Employment as Nation-Building

- Beyond numbers and policy design, the Pradhan Mantri Viksit Bharat Rozgar Yojana **symbolises a broader shift in India’s development model.**
- **Employment is framed as central to nation-building,** a foundation of dignity and equality that ensures no aspiration remains unsupported and no youth remains without opportunity.
- In this vision, a **self-reliant Bharat is one where every individual has access to meaningful work, where labour is formalised and secure,** and where social protection systems are robust enough to absorb global shocks.

Conclusion

- **India’s growth story is increasingly one of inclusive development,** an intertwining of economic expansion, employment generation, and social security.
- The **rise from the world’s tenth to the fourth largest economy within a decade demonstrates the strength of India’s labour force,** while the expansion of social protection highlights a commitment to equity and welfare.
- With the launch of the Pradhan Mantri Viksit Bharat Rozgar Yojana, **the government has set the stage for a structural transformation of the labour market,** bridging the gap between aspiration and opportunity.
- **As India stands at the cusp of 2047, the vision of Viksit Bharat will depend on how effectively it converts its demographic dividend** into lasting national prosperity.

Giving Wings to India’s Youth FAQs

Q1. What role has labour power (Shram Shakti) played in India’s growth story?

Ans. It has driven both economic expansion and social transformation, linking growth with dignity, equality, and nation-building.

Q2. How has India's employment landscape changed in the past decade?

Ans. Over 17 crore jobs were created, compared to only 2.9 crore in the previous decade, alongside faster formalisation.

Q3. Why is the expansion of social security significant?

Ans. Coverage rose from 19% in 2015 to 64.3% in 2025, making India the world's second-largest social security system.

Q4. What is unique about the Pradhan Mantri Viksit Bharat Rozgar Yojana?

Ans. It provides dual incentives to both workers and employers while integrating beneficiaries into formal jobs and social security.

Q5. How is employment linked to the vision of Viksit Bharat 2047?

Ans. Employment is seen as the foundation of prosperity, ensuring youth empowerment, dignity of work, and inclusive national development.

Source: The Hindu

Source: <https://vajiramandravi.com/current-affairs/daily-editorial-analysis-1-september-2025/>

© Vajiram & Ravi. For personal use only.