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Trump's Tariff War as Opportunity for the Global South

Context

- The **contemporary world order is undergoing severe disruptions** at the intersection of economics, geopolitics, and technology.
- Much attention has focused on **the role of the United States and the policies of President Donald Trump**, but the more urgent task for India and the wider world is to interrogate the underlying motivations of these disruptions and craft a measured strategic response.
- **The global polycrisis, a condition where crises in economics, politics, and technology reinforce one another, requires India to recalibrate its national strategy to defend its interests** and to contribute to building a more equitable multipolar world order.

Trump's Motivations and Economic Warfare

- **Appealing to Domestic Discontent**
 - Trump has positioned himself as **the champion of a silent majority** in the United States that feels betrayed by globalisation.
 - **This constituency, extending beyond his core Make America Great Again base**, perceives itself as the victim of capital accumulation, cheap labour, and the erosion of environmental safeguards.
 - **Instead of restructuring global capitalism** to redress these inequalities, **Trump has turned to xenophobia, populist economic nationalism**, and racially charged politics.
 - The **result is a sustained attack on the liberal international order through sanctions**, tariffs, weakened multilateral institutions, reduced foreign aid, and stricter immigration controls.
 - These measures, **cloaked in the rhetoric of national interest**, are in fact instruments of **aggressive sovereign self-interest**.
- **Reinforcing U.S. Economic Power**
 - **Tariffs**, though ultimately borne by American consumers and companies, **serve as coercive tools to extract concessions from other nations**.
 - While the United States still dominates global GDP with a 26% share, **China's rapid growth at 17% represents a strategic challenge**.

- **America's subsidies for its own industries, punitive tariffs on foreign goods,** and efforts to preserve the dollar's hegemony reflect a long history of protectionist practices dressed up as free-market policies.
- **India has suffered disproportionately from these measures,** facing steep tariffs on its exports, even as the U.S. shields its own markets with extreme protectionism.

• **Containing China and Reasserting Unipolarity**

- Although Trump's style is unique, **the bipartisan consensus in Washington supports checking China's rise** and restoring American industrial strength.
- **Tariffs against India, linked to U.S. manoeuvres on Russia and Ukraine, also reflect a broader strategy** to counter multipolar aspirations.
- These **policies serve not only to pressure competitors but also to consolidate U.S. national security objectives in Asia,** where China is viewed as the principal rival.

Implications for India

• **Strategy and India's Security Dilemma**

- The assumption that **Washington views India as a democratic counterweight to China must be reassessed.**
- The **S. has continued to engage Pakistan, hesitated over commitments to the Quad,** and placed barriers on technological collaboration and manufacturing investment in India.
- **These moves complicate India's security calculus,** forcing it into concessions with China to avoid simultaneous confrontation with both Beijing and Islamabad.

• **India's Compliance Under U.S. Pressure**

- **India's response to American pressure has often been marked by compliance** rather than resistance.
- While **China has leveraged its control over critical rare metals to shield itself from U.S. tariffs,** India has yielded to demands on oil imports from Iran and Venezuela and even on agricultural duties.
- **This behaviour risks emboldening Washington** while undermining India's own strategic autonomy.

• **Limits of Personalised Diplomacy**

- The **Modi government's foreign policy approach,** marked by personalised diplomacy, diaspora mobilisation, and symbolic gestures, **has not translated into tangible strategic gains.**
- Instead, **India finds itself facing an entrenched China-Pakistan alliance,** strained neighbourhood relations, punitive tariffs, and heightened **racism against its diaspora in the U.S.**

The Way Forward: Leveraging the Polycrisis for Strategic Gains

- Despite the challenges, **the current global disruptions also present India with opportunities to reshape the world order.**
- The **weakening of neoliberal globalisation and the discrediting of unipolarity create space for India to champion multipolarity** as a more equitable alternative.
- **A New Economic Deal that prioritises fair distribution of resources**, stronger multilateral institutions, and debt relief for developing nations would **resonate across the Global South.**
- However, **to assume such leadership, India must address its own structural deficiencies.**
- Manufacturing remains weak, unemployment high, private investment stagnant, and research underfunded.
- **Without equitable economic growth** and greater investor confidence, **India cannot position itself as a reliable global partner.**
- This **demands bold reforms in industrial policy, scientific development,** and public sector restructuring.

Conclusion

- The **disruptions of the Trump era** are not passing anomalies but **symptoms of deeper global fractures.**
- **For India, the challenge lies in resisting coercive U.S. policies** while avoiding entanglement in great-power rivalries.
- At the same time, **India must seize the moment to advocate for multipolarity and economic fairness**, both regionally and globally.
- **Achieving this vision requires confronting structural weaknesses at home**, pursuing policies of equitable growth, and **forging unified strategies that transcend partisanship.**

Trump's Tariff War as Opportunity for the Global South FAQs

Q1. What are the three main motivations behind Trump's economic policies?

Ans. Trump's policies are driven by appealing to domestic discontent, reinforcing U.S. economic power, and containing China while reasserting American unipolarity.

Q2. How have U.S. tariffs affected India?

Ans. U.S. tariffs have severely impacted India's key export sectors such as textiles, jewellery, auto components, and metals.

Q3. Why does the essay argue that India must reassess its partnership with the U.S.?

Ans. India must reassess because Washington continues to engage Pakistan, limit technology collaboration, and disrupt the carefully built India-U.S. partnership.

Q4. What opportunity does the global polycrisis offer India?

Ans. The polycrisis allows India to champion multipolarity and push for a New Economic Deal that ensures fairness for the Global South.

Q5. What domestic reforms must India prioritise to strengthen its global role?

Ans. India must revitalise manufacturing, reduce unemployment, boost private investment, support scientific

research, and ensure equitable economic growth.

Source: [The Hindu](#)

GST 2.0 is a Landmark in India's Tax Journey

Context

- **The 56th meeting of the Goods and Services Tax (GST) Council** on September 3, 2025, will be remembered as a **landmark moment in India's economic history**.
- Far more than a routine tax reform exercise, **the decisions made reflect a paradigm shift toward a simpler, fairer, and growth-oriented taxation**
- In alignment with the vision of Viksit Bharat 2047, **the Council's reforms are not only technical adjustments but transformative steps** that touch the lives of citizens, businesses, and industries alike.

Significant Transformation in GST Structure

- **Simplification of the Tax Structure**
 - One of the most significant changes is the **transition from multiple GST slabs, 5%, 12%, 18%, and 28%, to a streamlined system featuring two principal rates: 18% as the Standard Rate and 5% as the Merit Rate**, alongside a 40% de-merit rate for select luxury or harmful goods.
 - This **simplification reduces compliance burdens, enhances predictability for businesses**, and aligns India with global best practices in taxation.
 - For decades, **industry stakeholders had advocated for such rationalisation**, and the Council's decision demonstrates responsiveness and foresight.
- **Benefits for Households and Consumers**
 - By reducing GST on everyday essentials such as soap, shampoo, toothpaste, bicycles, and kitchenware to 5%, **the government has directly lowered the cost of living**.
 - Even more impactful is the **complete exemption on life and health insurance**, which promises to expand access to financial protection, particularly for senior citizens and low-income groups.
 - **Healthcare, too, has been given a boost through exemptions** and reduced rates on life-saving drugs, diagnostic equipment, and treatments for critical illnesses, ensuring affordability and wider access.
 - This **consumer-centric approach extends to agriculture**.
 - By lowering GST on tractors, farm machinery, fertilizers, and vital inputs, **the reforms ease the cost of cultivation and enhance farm productivity**.
 - For farmers, **these changes are not abstract policy shifts but tangible economic relief** that improves livelihoods.

Direct Implications of GST Reforms

- **Boost to Labour-Intensive and Traditional Sectors**

- The **reforms also address India's employment challenge** by supporting labour-intensive sectors such as handicrafts, leather goods, marble, and granite.
- **Reduced GST rates will enhance demand**, preserve traditional industries, and create new growth opportunities.
- In doing so, **the Council has reinforced the role of taxation policy as an enabler of social as well as economic development.**

- **Correcting Structural Anomalies**

- Perhaps the most strategically significant reforms lie in **the correction of inverted duty structures that had long created inefficiencies** in sectors such as textiles and cement.
- The **reduction of GST on man-made fibre and yarn to 5% eliminates distortions in the textile value chain**, boosting competitiveness and supporting both exports and domestic manufacturing.
- Likewise, **reducing GST on cement from 28% to 18% will have a multiplier effect** on housing and infrastructure development.

- **Strengthening Institutions and Processes**

- Equally transformative is **the announcement that the Goods and Services Tax Appellate Tribunal (GSTAT) will be operational by the end of 2025.**
- This **marks a historic advance in institutional capacity, offering taxpayers faster dispute resolution** and more consistent rulings.
- **Coupled with process reforms such as provisional refunds, risk-based compliance checks,** and harmonisation of valuation rules, these steps build trust in the tax system and reduce uncertainty for businesses.

- **Balancing Growth with Fiscal Prudence**

- The **careful phasing of these reforms, beginning September 22, 2025,** reflects the Council's pragmatic approach.
- By sequencing implementation, **the government ensures that revenue stability is maintained** even as consumers and industries reap the benefits of lower rates.
- This **balance between fiscal prudence and growth stimulus strengthens the credibility of the reforms.**

- **A People's Reform for a Growth-Oriented Future**

- At its core, **GST 2.0 is more than a tax overhaul**; it is a people's reform.
- By simplifying structures, lowering rates on essentials, correcting distortions, and institutionalizing dispute resolution, **the reforms reach across all sections of society, citizens, farmers, workers, entrepreneurs, and industrialists.**
- They **signal a strong commitment to fairness, inclusivity, and growth.**

- The **Confederation of Indian Industry (CII)**, which had long advocated these measures, **has welcomed the Council's responsiveness.**
- **Its readiness to support implementation ensures that the benefits will flow seamlessly** to every stakeholder in the economy.

Conclusion

- **The 56th GST Council meeting stands as a defining milestone** in India's reform trajectory.
- By merging simplification with inclusivity, and growth with prudence, **GST 2.0 lays the foundation for a taxation regime that supports India's aspirations of becoming a developed economy by 2047.**
- **These reforms are not merely technical adjustments,** they embody a vision of governance **that is participatory, forward-looking, and deeply attuned to the needs of its people.**

GST 2.0 is a Landmark in India's Tax Journey FAQs

Q1. What was the most significant reform announced in the 56th GST Council meeting?

Ans. The most significant reform was the simplification of GST slabs into two main rates—5% and 18%—with a 40% de-merit rate for select goods.

Q2. How do the reforms benefit ordinary households?

Ans. The reforms benefit households by reducing GST on daily essentials, exempting insurance, and lowering costs on food and healthcare.

Q3. Why are the changes in agriculture important?

Ans. The changes are important because reduced GST on tractors, machinery, and fertilizers lowers cultivation costs and improves farm productivity.

Q4. What role will the Goods and Services Tax Appellate Tribunal (GSTAT) play?

Ans. The GSTAT will provide faster dispute resolution, ensure consistent rulings, and strengthen trust in the tax system.

Q5. How do these reforms balance growth with fiscal stability?

Ans. They balance growth and fiscal stability by phasing implementation to protect revenues while allowing immediate benefits for consumers and businesses.

Source: [The Hindu](#)

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