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A Critical Story That a Chunk of the Media Missed

Context

- India's reported **8.2% GDP growth in the second quarter** generated widespread optimism and celebratory media coverage.
- However, this enthusiasm coincided with a critical development: the **International Monetary Fund (IMF) assigned India's national accounts statistics a 'C' grade**, the second lowest possible.
- This assessment raised serious concerns about the credibility and reliability of India's GDP and Gross Value Added (GVA) estimates.
- The limited media attention given to this issue underscores both **statistical weaknesses and failures in economic journalism**, warranting closer examination.

IMF's Assessment of India's National Accounts

- **The Significance of the 'C' Grade**
 - The IMF's grading reflects the **quality, consistency, and transparency of national economic data**.
 - India's 'C' grade indicates significant deficiencies in data compilation and methodology, casting doubt on headline growth figures.
 - When strong growth numbers coexist with low data credibility, economic performance becomes difficult to interpret accurately.
- **Media Response to the IMF Report**
 - Despite the seriousness of the IMF's evaluation, most mainstream and financial newspapers offered minimal coverage.
 - Only limited reporting brought the issue to public attention, while many outlets either ignored it or relegated it to less visible pages.
 - This lack of prominence **prevented informed public debate** and reinforced a one-sided growth narrative.

Methodological Issues in GDP Estimation

- **Reliance on the Organised Sector as a Proxy**

- A central concern lies in India's method of estimating the unorganised sector.
- Growth in the informal economy is calculated using organised sector data as a proxy, despite the unorganised sector, excluding agriculture, accounting for **around 30% of GDP**.
- Estimating such a large segment indirectly raises serious questions about **accuracy and reliability**.

- **Divergence Between Organised and Unorganised Sectors**

- This proxy-based approach assumes that **organised and unorganised sectors** move in the same direction.
- However, this assumption fails during periods of disruption. Events such as demonetisation, the introduction of GST, and the COVID-19 pandemic affected the two sectors very differently.
- While the organised sector expanded or recovered, the unorganised sector contracted sharply, resulting in **systematic overestimation of economic growth**.

Challenges in Quarterly GDP Estimates

- **Dependence on Assumptions and Historical Trends**

- Quarterly GDP estimates face additional limitations due to the absence of comprehensive high-frequency data.
- As a result, calculations rely heavily on **assumptions, past trends, and historical relationships** rather than real-time information.
- During periods of structural change, these assumptions become increasingly unreliable.

- **Implications for Reported Growth Rates**

- The celebrated **8.2% quarterly growth** figure must therefore be viewed cautiously.
- Given the methodological constraints and data gaps, quarterly estimates may reflect **statistical modelling rather than actual economic conditions**, especially in the informal sector.

Can the IMF's Concerns Be Resolved?

- **Limits of Methodological Revisions**

- Efforts are underway to update the GDP base year and revise estimation methods, but such technical changes alone cannot address deeper structural problems.
- The **lack of direct, reliable data on the unorganised sector** remains a fundamental weakness in India's national accounts system.

- **A Pessimistic Expert Assessment**

- Expert assessments suggest that **fully resolving the IMF's concerns is unlikely in the near future.**
- The challenges are systemic, rooted in data collection capacity rather than merely calculation techniques.

The Role of the Media in Economic Understanding

• Media as an Informational Gatekeeper

- The media plays a crucial role in shaping public understanding of economic performance.
- By **downplaying or ignoring critical evaluations**, it limits the public's ability to interpret growth figures critically and independently.

• Consequences of Media Silence

- This selective reporting results in **an uninformed public and weakened accountability.**
- When methodological flaws are sidelined, policymakers face less scrutiny, and economic narratives remain incomplete.

Conclusion

- The IMF's low grading of India's national accounts highlights **serious weaknesses in GDP estimation**, particularly concerning the unorganised sector and quarterly data compilation.
- While headline growth figures may appear strong, their credibility is undermined by **methodological limitations and inadequate data.**
- The media's failure to engage meaningfully with these issues further compounds the problem.
- Sustainable and credible economic assessment requires **transparent statistical practices and responsible journalism**, without which growth narratives risk becoming misleading rather than informative.

A Critical Story That a Chunk of the Media Missed FAQs

Q1. Why did the IMF assign India's national accounts a 'C' grade?

Ans. The IMF assigned a 'C' grade because India's GDP data suffers from methodological weaknesses and limited reliability, particularly in estimating the unorganised sector.

Q2. What is the main problem with using the organised sector as a proxy for the unorganised sector?

Ans. The main problem is that the organised and unorganised sectors do not always move in the same direction, especially during economic disruptions.

Q3. Why should the 8.2% quarterly GDP growth figure be viewed cautiously?

Ans. The figure should be viewed cautiously because quarterly GDP estimates rely heavily on assumptions and incomplete data rather than real-time measurements.

Q4. Which economic events exposed flaws in India's GDP estimation method?

Ans. Demonetisation, the introduction of GST, and the COVID-19 pandemic exposed flaws by affecting the organised and unorganised sectors differently.

Q5. How did media coverage affect public understanding of the IMF's concerns?

Ans. Media coverage affected public understanding by downplaying the IMF's assessment, thereby limiting informed debate and accountability.

Source: **The Hindu**

From Licence Raj to Jan Vishwas - Reimagining India's Regulatory State

Context

- India's entrepreneurial ecosystem has historically been constrained by an **overbearing regulatory framework** shaped by statist interventions in 1956, 1967 and 1976.
- While the **1991** economic reforms partially restored trust between the state and markets, **deregulation remains incomplete**.
- The proposed **Jan Vishwas Siddhant** seeks to shift India from a permission-based regulatory regime to a trust-based governance model, with deep implications for entrepreneurship, job creation, and economic growth.

Core Argument

- Entrepreneurship is inherently permissionless, protected under **Article 19(1)(g)** of the Constitution.
- However, India's **regulatory "cholesterol"** has created systemic barriers that prevent firms from scaling, leading to a predominance of dwarfs rather than babies in India's enterprise ecosystem.

Six Pathologies of India's Regulatory Framework

- **Prior approval raj**
 - Excessive ex-ante approvals (based on forecast rather than actual results) **undermine innovation**. Entrepreneurs face almost 500 central and over 3,200 state-level approvals.
 - It contradicts the constitutional idea of freedom to practice any profession or business.
- **Instrument proliferation**
 - Beyond Acts and Rules, the state uses notifications, circulars, guidelines, SOPs, FAQs, office orders, etc.
 - Over 12,000 estimated non-law, non-rule instruments affecting employers, and creates opacity, uncertainty, and compliance overload.

- **Compliance blind spot**

- Compliance is legally enforceable “shall” obligations, not guidance.
- Policymakers focus on laws, ignoring cumulative compliance burden. **For example**, 2025 began with over 69,000 compliances.
- Though labour codes reduced labour compliances by 75%, replication is pending.

- **Enforcing the unenforceable**

- Unenforceable laws breed corruption, discretion, and implementation gaps. **Example**, one inspector checking 3.3 lakh weight and measuring instruments.
- It **violates constitutional wisdom** distinguishing Fundamental Rights from Directive Principles.

- **Process as punishment**

- Criminal provisions rarely lead to conviction but are used as threats.
- It results in judicial backlog, regulatory harassment. **Example**: Cheque bounce criminalisation – constitute 43 lakh cases and 10% of court pendency.

- **No single source of truth**

- Absence of a unified, live database of obligations. Entrepreneurs face unverifiable and outdated compliance demands, encouraging rent-seeking and corruption.

Jan Vishwas Siddhant – Key Features

- **Trust-based deregulation – “Everything is permitted till prohibited”**: All licences outside the four areas of national security, public safety, human health and environment will be converted to perpetual self-registration.
- **Risk-based and third-party inspections**: Random, data-driven inspections to reduce inspector discretion.
- **Decriminalisation and proportionality**: Apply DPIIT decriminalisation principles across all laws. Replace jail terms with civil penalties where appropriate.
- **Regulatory predictability**: Mandatory consultations, adequate transition periods, annual fixed date for regulatory changes (e.g., January 1).
- **Digitisation and legal clarity**: Filings will be digitised, and regulatory instruments with penal provisions will be restricted to laws and rules.
- **Single source of truth**:
 - **IndiaCode** will become the live database with all Acts and rules, and after integration with e-gazette, a single source of truth for all obligations.
 - An annual **regulatory impact assessment** framework by all central ministries will lead to annual reports on compliance and punishment.

Challenges and Way Forward

- **Resistance from entrenched bureaucratic structures:** Strengthen civil service performance management.
- **Capacity constraints in risk-based regulation:** Shift regulatory focus from microspecification to outcomes.
- **Need for coordination between Centre and States:** Promote cooperative federalism in regulatory reforms.
- **Ensuring accountability without over-regulation:** Replicate labour law compliance rationalisation across sectors.

Conclusion

- The Jan Vishwas Siddhant represents a paradigm shift from ruling to governing, and from **praja** (subjects) to **nagrik** (citizens).
- By freeing entrepreneurs from **ijaazat** and empowering them to focus on **koshish**, India can unlock non-farm job creation, firm scaling, and global competitiveness.
- Entrepreneurship thrives not on the absence of the state, but on a credible, minimal, and trust-based state—a necessary condition for India’s aspirations of mass prosperity and global power.

From Licence Raj to Jan Vishwas FAQs

Q1. What is the concept of “regulatory cholesterol” and its impact on entrepreneurship in India?

Ans. Regulatory cholesterol refers to excessive approvals, compliances, criminalisation and regulatory opacity that prevent firms from scaling.

Q2. How does Jan Vishwas Siddhant reinterpret the relationship between the state and entrepreneurs?

Ans. It shifts governance from a permission-based regime to a trust-based model by replacing prior approvals with self-registration and risk-based oversight.

Q3. Why is prior approval inconsistent with the constitutional vision of economic freedom in India?

Ans. Because innovation is permissionless and Article 19(1)(g) guarantees the fundamental right to practice any profession or carry on any trade or business.

Q4. How excessive criminalisation of economic laws affects judicial efficiency in India?

Ans. Disproportionate criminal penalties lead to low conviction rates and massive pendency.

Q5. How can a “single source of truth” improve regulatory governance and reduce corruption?

Ans. A unified, live digital database of all enforceable laws and rules ensures transparency, legal certainty and prevents arbitrary.

Source: **IE**

The Indian Ocean as Cradle of a New Blue Economy

Context

- India has long viewed the oceans as central to global equity and its own future.
- During the negotiation of United Nations Convention on the Law of the Sea (**UNCLOS**), it stood with vulnerable island states to uphold the seabed as the “common heritage of mankind,” reflecting a principled commitment to fairness.
- This stance built on Jawaharlal Nehru’s early recognition of the ocean’s importance to India’s security and prosperity.
- Today, as climate change, rising sea levels, and overfishing place unprecedented stress on marine ecosystems—especially in the highly vulnerable Indian Ocean—India again faces a historic responsibility.
- The challenge now is to lead in practice, transforming the Indian Ocean into a space of sustainability, innovation, and resilience rather than competition.
- This article highlights India’s historic responsibility and emerging opportunity to transform the Indian Ocean into the cradle of a new blue economy—anchored in sustainability, resilience, equity, and cooperative regional leadership.

India’s Blue Ocean Strategy: A New Vision for the Indian Ocean

- India’s proposed Blue Ocean Strategy rests on **three** core pillars—**stewardship, resilience, and inclusive growth**.
- This is aimed at transforming the Indian Ocean into a zone of cooperation and sustainability rather than rivalry.
- **Stewardship of the Ocean Commons**
 - India should reinforce the idea of the Indian Ocean as a **shared global commons**.
 - By promoting ecosystem restoration, biodiversity conservation, and sustainable fisheries, India can lead cooperative ocean governance and discourage competitive exploitation.
- **Building Climate Resilience**
 - With climate risks intensifying, India can champion resilience by creating a Regional Resilience and Ocean Innovation Hub.
 - Such a platform would enhance ocean monitoring, early-warning systems, and technology transfer to vulnerable island and African coastal states.
- **Promoting Inclusive and Green Growth**
 - Sectors like green shipping, offshore renewables, sustainable aquaculture, and marine biotechnology offer climate-compatible growth opportunities.
 - Unlocking this potential requires long-term investment and coordinated regional action.

Global Finance Turning Blue

- Recent global initiatives signal rising financial commitment to ocean action.
- Forums like Blue Economy and Finance Forum (BEFF) 2025 and COP30 have mobilised tens of billions of dollars for blue economy projects, bringing oceans firmly into climate finance priorities.
 - At the 2025 BEFF in Monaco, stakeholders showcased a €25 billion pipeline of ocean investments and announced €8.7 billion in new commitments, evenly split between public and private sources.

- Public development banks, through the **Finance in Common Ocean Coalition**, pledged \$7.5 billion annually, while the Development Bank of Latin America raised its blue economy target to \$2.5 billion by 2030.
- This push was reinforced at **COP30 in Belém**, where Brazil launched the **One Ocean Partnership**, committing to mobilise \$20 billion for ocean action by 2030.
- India should capitalise on this momentum by establishing an **Indian Ocean Blue Fund**.
- Seeded by India and supported by development banks, philanthropy, and private investors, it could convert global pledges into tangible regional projects.

Security Through Sustainability in the Indian Ocean

- Debates on the Indian Ocean often focus on naval power and strategic competition, but true ocean security begins with protecting ecosystems and addressing climate threats.
- Challenges such as illegal fishing, coral degradation, and rising storm intensity undermine livelihoods and regional stability.
- India's **SAGAR (Security and Growth for All in the Region) doctrine** reframes maritime security around sustainability, cooperation, and shared prosperity.
- By integrating environmental stewardship with maritime awareness, disaster response, and regional collaboration, India can promote a vision of responsibility over rivalry — positioning the Indian Ocean as a global model of sustainable and cooperative security.

India's Enduring Environmental Vision

- India's commitment to balancing development and environmental protection dates back to 1972, when Prime Minister Indira Gandhi warned against impoverishing either people or nature — a principle that remains deeply relevant today.
- Recent forums such as COP30 in Belém and the G-20 Summit in Johannesburg have underscored the central role of marine and terrestrial ecosystems in climate stability, sustainable development, and resilience, while emphasising equity and finance for developing countries.
- **Momentum is Building**
 - With the outcomes of the 3rd **United Nations Ocean Conference (UNOC3)** in Nice, **COP30** in Belém, and the entry into force of the **Biodiversity Beyond National Jurisdiction (BBNJ)** Agreement, 2026 is shaping up to be a pivotal year for ocean governance.
 - India's potential ratification of BBNJ offers a chance to lead through innovations like green shipping corridors, blue bonds, inclusive technology transfer, and well-governed ocean carbon solutions.

India's Opportunity to Lead the Indian Ocean Region

- India's ocean diplomacy legacy gives it credibility, while its future ambitions confer responsibility.
- Through platforms like the Indian Ocean Rim Association, India can help shape a sustainable and just blue economy for the region.
- The challenge ahead is to translate vision into finance, partnerships, and lasting institutions.

- By leading with ambition, humility, and inclusivity, India can show that cooperation and solidarity in ocean governance can prevail over rivalry — and that the Indian Ocean can anchor a new, sustainable global future.

The Indian Ocean as Cradle of a New Blue Economy FAQs

Q1. Why does India have a historic responsibility in Indian Ocean governance?

Ans. India's leadership during UNCLOS negotiations and its long-standing ocean diplomacy give it credibility and responsibility to guide the Indian Ocean toward equity, sustainability, and cooperative governance.

Q2. What are the three pillars of India's Blue Ocean Strategy?

Ans. India's Blue Ocean Strategy rests on stewardship of ocean commons, climate resilience through innovation and preparedness, and inclusive growth via sustainable, climate-compatible marine industries.

Q3. How can India enhance climate resilience in the Indian Ocean region?

Ans. India can establish a Regional Resilience and Ocean Innovation Hub to strengthen monitoring, early-warning systems, and technology transfer to vulnerable island and African coastal nations.

Q4. Why is global finance important for advancing the blue economy?

Ans. Rising global commitments through BEFF and COP30 show finance is shifting toward ocean action, enabling large-scale investment in sustainable marine development and regional resilience projects.

Q5. How does sustainability redefine security in the Indian Ocean?

Ans. Ecosystem degradation and climate impacts threaten livelihoods and stability, making environmental protection central to maritime security under India's SAGAR doctrine of cooperative regional prosperity.

Source: **TH**

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