

# DAILY NEWS PAPER ANALYSIS

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**CHANAKYA IAS ACADEMY  
SECTOR 25 CHANDIGARH**

# SCO heads condemn Pahalgam terrorist attack

Declaration signed and adopted by all members; it called for an end to the 'cross-border movement' of terrorists

They expressed their opposition to 'unilateral coercive measures, including those of an economic nature'

India joined nations in the grouping to condemn the strikes by Israel and the U.S. against Iran, a member state, in June

Vijayesh P. Venkitesh  
TIANJIN

**T**he 10 member Shanghai Cooperation Organisation on Monday "strongly condemned" terrorism in all its forms and manifestations, including the Pahalgam attack and the attacks on Jaffer Express and Khuzdar in Pakistan.

The Tianjin Declaration, signed and adopted by all members, including India, Pakistan, and Russia, called for an end to "cross-border movement" of terrorists. The declaration reaffirmed the bloc's "firm commitment to fight against terrorism, separatism, and extremism", and stressed the inadmissibility of attempts to use terrorist, separatist, and extremist groups for "mercenary purposes".

The member states also opposed "unilateral coercive measures, including those of an economic nature", that contravene the United Nations charter and principles of the World Trade Organisation. In a possible reference to the

U.S. tariffs.

Chinese President Xi Jinping, who chaired the meeting of the heads of the member states, in his opening remarks, criticised the "bullying behaviour" in the world order and called upon leaders to "adhere to fairness and justice" while opposing "cold war mentality".

"The shadows of Cold War mentality, bullying, are not dissipating, and there are new challenges that are increasing, not diminishing," said Mr. Xi, who has often used the term "cold war mentality" to refer to the uncertainties over the U.S. tariffs.

**'SCO plus' meeting**

The declaration at the summit, which focused on strengthening the Global South amid global uncertainties in trade and a "fluid and chaotic global situation", opened by stating that the world was undergoing "profound and far-reaching changes that affect all spheres of political, socio-economic, and social relations".

Mr. Xi, who chaired the

**Oppose terrorism: PM at SCO summit**

TIANJIN

Prime Minister Narendra Modi asked whether "open support" of terrorism by some countries was acceptable, as he spoke at the summit meet of the heads of members of the SCO on Monday.

Addressing the meeting chaired by Chinese President Xi Jinping, Mr. Modi said the "S" in SCO should also stand for security, and mentioned the April 22 Pahalgam terror attack that killed 38 civilians. "We must jointly oppose terrorism in all its forms and colours. This is our duty towards humanity," he said. **IN PAGE 5**



**Power point:** Prime Minister Narendra Modi with Chinese President Xi Jinping and Russian President Vladimir Putin in Tianjin on Monday. **AP**

**Modi touts peace as he meets Putin**

TIANJIN

Prime Minister Narendra Modi met Russian President Vladimir Putin on Monday and stressed the need for a ceasefire in Ukraine. Russian state media reported that the leaders spoke for almost an hour in the vehicle before sitting down for the meeting. "Had an excellent meeting with President Putin... Discussed ways to deepen bilateral cooperation in all sectors," he said in a social media post, adding that the leaders "exchanged views on regional and global developments". **IN PAGE 5**

U.S. against Iran, a member state, in June that targeted Tehran's nuclear facilities.

The declaration also took note of the political situation in Afghanistan. The members reiterated that the formation of an "inclusive government with broad participation of representatives of all ethnic-political groups" of the society is the only way to achieve lasting peace and stability in Afghanistan. All the member states, except India, also reaffirmed their support for China's Belt and Road Initiative.

Mr. Xi, in his opening remarks, pledged to provide \$2 billion in grants to member countries within this year, and an additional \$10 billion in loan to member banks of the SCO Interbank Consortium over the next three years. He also said that the group should set up an "SCO development bank" as soon as possible.

(The writer is in China at an invitation from the Chinese Public Diplomacy Association.)  
(With inputs from Subhini Halder)

## KEY HIGHLIGHTS

**Tianjin Declaration adopted by all 10 members:**

- Strong condemnation of terrorism (incl. Pahalgam attack, Jaffer Express, Khuzdar attacks).
- Rejection of cross-border movement of terrorists; inadmissibility of using terror groups for "mercenary purposes".
- Opposition to unilateral coercive measures (e.g., U.S. tariffs) contravening UN Charter/WTO principles.
- Concern over Israel-Gaza conflict; condemnation of Israel-U.S. strikes on Iran's nuclear facilities.
- Reiteration on inclusive Afghan government for lasting stability.
- All except India reaffirmed support for China's Belt and Road Initiative (BRI).

**China's Role**

- Xi Jinping chaired the summit; criticised "Cold War mentality" & "bullying" in global order.
- Proposed Global Governance Initiative (GGI): sovereign equality, rule of law, multilateralism, people-centered approach.
- Announced:
  - ¥2 billion grant this year + ¥10 billion loan to SCO Interbank Consortium.
  - Push for an SCO Development Bank.

**Institutional Changes**

- Partner Status merger: dialogue partner + observer = single "partner" category.
- Laos accepted as partner → SCO strength: 27 (10 members + 17 partners).
- Decision to establish SCO Development Bank.

**India's Position**

- PM Modi's address:
  - Emphasised SCO's 'S' = Security.
  - No double standards on terrorism → "common challenge for humanity".
  - Mentioned Pahalgam terror attack (April 22, 26 killed).
  - Called for coordination on terror financing, radicalisation.
  - Highlighted connectivity projects: Chabahar Port, INSTC → enhance linkages with Afghanistan & Central Asia.
  - Supported SCO reforms: new centres on organised crime, drug trafficking, cyber security.
  - Called for reform of UN & multilateral institutions.

**India-Russia Bilateral (Modi-Putin Meeting)**

**Highlights**

- Reaffirmed India-Russia "special & privileged strategic partnership".
- Modi stressed need for ceasefire in Ukraine; Putin blamed West & NATO expansion.
- Both leaders discussed:
  - Deepening cooperation across economic, financial, energy sectors.
  - Regional & global issues, incl. Ukraine conflict.
- Format: personal interaction → spoke privately in vehicle for ~1 hour before official talks.
- Modi invited Putin for 23rd India-Russia annual summit later this year.

**Context**

- Meeting took place amid U.S. 25% penalty on Indian goods linked to India-Russia oil trade.
- Ministry of External Affairs' statement avoided mention of oil trade / U.S. tariffs.

# The rise and risks of health insurance in India

A minimal definition of universal health care (UHC) is that quality health care should be guaranteed to "all members of the community irrespective of their ability to pay" – as the Bhoré Committee report put it as early as 1946. Nearly eight decades later, India is nowhere near this basic goal of human development, even as many other countries, rich and poor, have achieved it in substantial measure.

An illusion is being created today that UHC can be achieved by expanding health insurance. In the last 10 years, State-sponsored health insurance schemes have grown by leaps and bounds. The Pradhan Mantri Jan Arogya Yojana (PMJAY), launched in 2018 under Ayushman Bharat, is one landmark in this regard. Alongside PMJAY, every major State has its own State Health Insurance Programme (SHIP). Most SHIPs are modelled on PMJAY, with a maximum cover of ₹5 lakh a household a year. All these insurance schemes are restricted to in-patient care, with patients making a choice from a list of empanelled hospitals, public and private (roughly half-half). In 2023-24, PMJAY covered 58.8 crore individuals with an annual budget of about ₹12,000 crore (assuming that States contributed 40% of the total, as prescribed). Taken together, SHIPs covered a similar number and had a combined budget of at least ₹16,000 crore. The grand total of ₹28,000 crore or so is still a relatively small portion of public expenditure on health, but it is growing fast. In Gujarat, Kerala and Maharashtra, States for which relevant data are available, we found that the SHIP budget had grown at 8% to 25% a year in real terms between 2018-19 and 2023-24.

## The faultlines can deepen

There is no doubt that the PMJAY and SHIPs provide some relief to poor patients when public facilities are overcrowded or substandard, by giving them wider options at reduced cost. However, these schemes are no substitute for a sound UHC framework. And they have major defects, some of which could worsen the fault lines of India's health-care system.

First, health insurance promotes for-profit medicine. About two-thirds of the PMJAY budget is spent on private, mainly profit-oriented hospitals (corresponding figures for SHIPs are not available). A recent study of PMJAY in six major States found that the scheme made little difference to hospitalisation rates, but increased the utilisation of private hospitals. As is well understood in economics, the profit motive in health care is highly problematic. If profit-seeking



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Health insurance schemes are not a sound route to universal health care

private providers are allowed at all, they must be tightly regulated. India's health-care system, however, is dominated by poorly-regulated profit seekers. Health insurance reinforces this bias rather than correcting it.

Second, health insurance also tilts the health-care system towards hospitalisation, when investments in primary and outpatient care may be more urgent. Strengthening primary care would not only ensure accessible treatment but also reduce unnecessary hospital visits and their financial burden. The ongoing induction of all elderly citizens (aged 70 years and above) in PMJAY, along with the rapid ageing of the population, involves a risk that expensive tertiary care will absorb a growing share of public health expenditure, even as many basic health services continue to fall short.

Third, there appear to be serious utilisation problems. Official figures suggest that the combined coverage of PMJAY and SHIPs is as high as 80% of the population. However, many people do not seem to know about the scheme or how to use it even if they are nominally enrolled. As a recent analysis of the 2022-23 Household Consumption Expenditure Survey shows, only 35% of insured hospital patients in that year were able to use their insurance. Other studies also report serious utilisation hurdles, especially among disadvantaged groups. Perhaps this is one reason why there is no strong evidence linking PMJAY or SHIPs with a substantial reduction in out-of-pocket health expenditure.

## Hospitals and discrimination

Fourth, targeted health insurance schemes create issues of discrimination between insured and uninsured patients. Private hospitals prefer an uninsured patient since commercial charges for health care are usually higher, often much higher than the insurance reimbursement rates. One plausible reason why insurance utilisation is so low is that private hospitals discourage it in one way or another. Public hospitals, for their part, prefer insured patients since they get some money for their treatment. This creates its own problems, such as discriminatory treatment and pressure to enrol for insurance on the spot.

Fifth, health-care providers have their own complaints about health insurance, including low reimbursement rates and long delays. The first complaint may or may not be fair (one would expect to hear it), but the second is hard to dismiss. Indeed, the National Health Authority (NHA) itself revealed a few months ago that pending dues under PMJAY alone added up to ₹12,161 crore, more than the scheme's entire

annual budget. Many reports have emerged of private hospitals suspending services to patients under PMJAY or even withdrawing from the scheme, as bills remain unpaid for months.

According to a recent statement of the Health Ministry, in the Lok Sabha, 609 hospitals have opted out of PMJAY since its inception.

Last but not the least, health insurance schemes are prone to corruption and abuse. The NHA recently recommended action against 3,200 hospitals for fraudulent activities under PMJAY. There are also regular media reports of irregularities from across the country. These include eligible patients being denied treatment, private providers charging insured patients, and unnecessary procedures being performed to milk the scheme. These irregularities defeat the purpose of health insurance by exposing patients to serious financial and health risks.

Tight monitoring and a battery of audits are supposed to prevent irregularities, but there is little evidence that these safeguards are effective. We were unable to find any trace of audit reports on the scheme portals. This is one symptom, among others, of a pervasive lack of transparency in health insurance.

## The system is profit driven

In short, India's health insurance schemes are a very poor way of arranging health care, especially for people who find it difficult to navigate the system. They cannot make up for India's persistent failure to expand and improve public health facilities. No country has achieved UHC on this sort of foundation.

This is not to deny that social health insurance is a part of the UHC framework in some countries. Canada and Thailand are two examples. But PMJAY and SHIPs lack important features of social health insurance, such as universal coverage, and more importantly, a strong focus on non-profit health-care providers.

India's profit-driven health-care system reflects decades of severe under-investment in public health facilities – few countries beat India in this regard. According to the World Bank's latest World Development Indicators, public expenditure on health was still as low as 1.3% of GDP in India in 2022, compared with a world average of 6.1%. UHC cannot be achieved without a serious effort to address this deficit and transform health-care standards in the public sector. Some Indian States are moving in that direction, with encouraging results, but immense gaps remain. Health insurance is little more than a pain killer for a system that needs proper healing.

## Discrimination in Hospitals:

- Private hospitals prefer uninsured patients (higher charges).
- Public hospitals prefer insured patients (extra funding).
- Creates inequities and pressures for on-spot enrolment.

## Provider Grievances:

- Low reimbursement rates + pending dues > ₹12,000 crore under PMJAY.
- 600+ hospitals have exited scheme since inception.

## Fraud and Corruption Risks:

- NHA flagged 3,200 hospitals for fraud under PMJAY.
- Irregularities: denial of treatment, overcharging, unnecessary procedures.
- Weak monitoring and poor transparency (audit reports not public).

## Core Problem – Underinvestment in Public Health:

- Public expenditure on health in India = 1.3% of GDP (2022) vs world average 6.1%.
- Insurance acts as a palliative, not a structural reform.

## Comparative Perspective:

- Countries like Canada, Thailand use social health insurance, but with universal coverage + non-profit focus.
- India's system remains profit-driven, not rights-based.

## Way Forward for UHC:

- Substantial increase in public health spending.
- Strengthening primary health care and preventive services.
- Strict regulation of private sector.
- Transparency and accountability in insurance schemes.
- Shift focus from insurance-driven model to public provisioning-based UHC.

## KEY HIGHLIGHTS

### Bhoré Committee's Vision (1946):

- Defined UHC as quality health care for all, irrespective of ability to pay. Eight decades later, India is still far from this goal, unlike several other countries.

### Insurance-Led Illusion of UHC:

- Rapid growth of PMJAY (2018, Ayushman Bharat) and State Health Insurance Programmes (SHIPs).
- PMJAY + SHIPs together claim ~80% population coverage, with a combined budget of ₹28,000 crore (2023-24).
- Focused mainly on in-patient care, leaving primary and outpatient care neglected.

### Structural Faultlines in Health Insurance Approach:

- Profit-Oriented Medicine:
  - ~2/3 of PMJAY funds go to private hospitals.
  - Promotes poorly regulated profit-seeking providers.
- Bias towards Hospitalisation:
  - Insurance encourages tertiary care over preventive/primary care.
  - With ageing population (70+), risk of budget skew towards costly tertiary care.
- Low Utilisation Despite High Coverage:
  - Only 35% of insured hospital patients used insurance (2022-23 data).
  - Awareness gaps, procedural hurdles, and private hospital discouragement reduce effective access.



# Noise pollution is rising but policy is falling silent



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Urban India must adopt a rights-based approach to fight growing noise pollution

enforcement has remained largely symbolic. According to the World Health Organization, safe limits in silent zones are 50 dB(A) by day and 40 dB(A) by night. Yet, in cities such as Delhi and Bengaluru, readings near sensitive institutions often reach 65 dB(A)-70 dB(A).

Infrastructure expansion and logistics-driven traffic have exacerbated the crisis. Late-night drilling and crane operations continue despite regulatory restrictions. In 2024, the Supreme Court of India reaffirmed that environmental disruptions – including excessive noise – can infringe upon the fundamental right to life and dignity under Article 21. In *Noise Pollution (V)*, *In Re*, the Court recognised that unchecked urban noise poses a serious threat to mental well-being and civic freedom (The case dates back to 2005, and was referenced and interpreted again by the Court in 2024, in the context of renewed concerns over urban noise and its impact on fundamental rights).

The ecological cost is no less troubling. A 2025 study by the University of Auckland found that urban noise and artificial light disrupted the sleep and song patterns of common mynas after just one night. The birds sang less and with reduced complexity, impairing their social signalling. This is not merely an avian concern, it signals a breakdown in ecological communication systems. When biodiversity loses its voice, it reflects a deeper erosion of urban environmental ethics.

**Civic fatigue and the politics of silence**  
Urban noise is not just a technical issue, it is deeply political. The absence of sustained public outrage stems from a normalisation of sonic aggression. Honking, drilling and loudspeakers have become ambient irritants, tolerated rather than challenged. This civic fatigue is compounded by the invisibility of noise as a pollutant. Unlike smog or garbage, sound leaves no residue, no visible stain – only a frayed mind and a disturbed sleep cycle. The result is a quiet erosion of public health, especially among children, the elderly, and those with pre-existing

conditions.

India's legal framework, while robust on paper, suffers from fragmented execution. The Noise Pollution Rules, 2000 are rarely updated to reflect urban realities. There is little coordination between municipal bodies, traffic police and pollution control boards. A national acoustic policy akin to the National Ambient Air Quality Standards is urgently needed. Such a framework must define permissible decibel levels across zones, mandate regular audits, and empower local grievance redress mechanisms. Without inter-agency synergy, enforcement will remain sporadic and symbolic.

## Adopt a culture of 'sonic empathy'

Ultimately, the fight against urban noise is not just regulatory, it is cultural. Cities must cultivate a shared ethic of sonic empathy. Public campaigns should move beyond slogans to immersive education, in schools, driver training programmes and community spaces. Just as seatbelt usage became a norm through sustained messaging, honking reduction and noise sensitivity can be socially internalised. Silence is not the absence of sound, but the presence of care.

Where, then, must reform begin? First, decentralise NANMN – grant local bodies access to real-time noise data and the responsibility to act.

Second, link monitoring to enforcement – without penalties, zoning compliance or construction curbs, data remains performativity. Third, institutionalise awareness – initiatives such as "No Honking Day" must evolve into sustained behavioural campaigns.

Fourth, embed acoustic resilience in urban planning – cities must be designed not just for speed and expansion, but for sonic civility.

Silence must not be imposed and must be enabled through design, governance and democratic will. Unless India adopts a rights-based lens to urban noise, its smart cities may remain unliveable at the level of sound.

## Health & Ecological Impact

- WHO safe limits in silent zones: 50 dB(A) day, 40 dB(A) night.
- Indian cities often record 65–70 dB(A) near sensitive areas.
- Noise disrupts sleep, cognition, cardiovascular health, children's development.
- Ecological impact: 2025 University of Auckland study – urban noise disrupted common myna sleep and song patterns, impairing biodiversity communication systems.

## KEY HIGHLIGHTS

### Neglected Public Health Crisis

- Urban noise pollution exceeds CPCB limits, especially near schools, hospitals, and residential zones.
- Violates constitutional promises of peace, dignity, and well-being.

### Institutional & Regulatory Gaps

- National Ambient Noise Monitoring Network (2011): Intended as real-time data platform, but now functions as a passive repository.
- Faulty sensor placement (25–30 feet high, against CPCB's 2015 guidelines).
- Data scattered, unenforced, politically and administratively inert.
- Noise Pollution Rules, 2000 provide a framework, but enforcement is symbolic.

### Comparative Perspective

- Europe: Noise data linked to public health policy; annual cost estimated at €100 billion by European Environment Agency.
- Led to redesign of speed zones, zoning frameworks.
- India: Regulatory fragmentation, poor accountability, weak institutional synergy.

### Constitutional Dimensions

- Article 21: Right to life with dignity includes environmental and mental well-being.
- Article 48A: Directive for environmental protection.
- Supreme Court (*Noise Pollution In Re*, 2005; reaffirmed 2024): Excessive noise violates fundamental rights.

### Sociocultural & Political Dimension

- Noise pollution "invisible": unlike smog or waste, leaves no visible residue.
- Civic fatigue & normalization of honking, drilling, loudspeakers.
- Lack of public outrage → political inertia.

### Policy & Governance Deficits

- Fragmented roles: municipal bodies, traffic police, SPCBs work in silos.
- Lack of National Acoustic Policy (parallel to NAAQS).
- Poor grievance redressal mechanisms.
- Urban expansion & logistics traffic aggravate noise crisis.

### Way Forward (Reforms)

- Decentralisation: Give local bodies real-time access to NANMN data.
- Enforcement linkage: Monitoring must trigger penalties, compliance, zoning enforcement.
- Cultural shift: Promote "sonic empathy" through education, campaigns, driver training, community awareness.
- Sustained behavioural change: From token "No Honking Day" to continuous civic messaging (like seatbelt adoption).
- Urban design: Embed acoustic resilience in planning — noise barriers, green buffers, better zoning.
- Rights-based approach: Recognise silence as essential to dignity, health, and livability.

# Another chance

Allowing objections beyond deadline may help wrongly excluded voters

**T**he Supreme Court of India's September 1 order on Bihar's Special Intensive Revision (SIR) exercise offers a crucial lifeline to voters who found themselves wrongfully excluded from the draft electoral rolls. The Court's ruling and the Election Commission of India's (ECI) clarification that claims and objections can continue to be filed even after the deadline, represent a welcome move in an exercise that has raised questions about transparency and fairness. The ECI has confirmed that applications submitted after September 1 will be considered after the electoral roll is finalised, with the process continuing until the last date for filing of nominations. This ensures that inclusions and exclusions can be integrated into the final roll, providing excluded voters with a meaningful opportunity for redress through their Aadhaar card. However, the ECI's numbers raise a curious question. While over 15 lakh new voters registered using Form 6, only around 33,000 claims were filed for re-inclusion of the approximately 65 lakh excluded names. This large difference becomes even more concerning when one considers that both categories use Form 6, potentially leading to conflation in the data presented to the Court. This data confusion feeds into a broader dispute between the ECI and political parties. While the ECI claims, using its daily data reports, that parties failed to assist excluded voters, parties contend that they did raise claims, but these were not properly processed by Block Level Officers.

Recognising these challenges, the Court has wisely directed that the Bihar State Legal Services Authority use para-legal volunteers to assist voters and political parties. The Court's intervention appears to reflect concerns that mirror data-driven investigations, including by *The Hindu*, which have identified unusual patterns in the exclusion lists, pointing to anomalies. Ground reports further validate these findings, underscoring the need for robust corrective measures. The onus is on political parties to rise above narrow self-interest and actively assist genuinely excluded voters. The democratic process demands such civic responsibility from all stakeholders. For the next steps, the ECI must recognise Aadhaar as a valid standalone document to prevent unfair exclusions among the 99.5% of those in the draft roll who have already submitted documentation and the rest. Given that Aadhaar serves as sufficient proof for the excluded to file claims, it should logically suffice for those already on the draft roll. The Bihar SIR experience offers lessons for future electoral roll revisions. The ECI must abandon its technocratic, short deadline-driven approach in favour of intensive revisions spread over longer periods, allowing thorough door-to-door verification. A clean electoral roll cannot be achieved through hurried exercises that prioritise administrative convenience over voter rights.

## KEY HIGHLIGHTS

### Supreme Court's September 1 Order (2025):

- Directed that claims and objections to Bihar's Special Intensive Revision (SIR) electoral roll exercise can be filed even after the deadline.
- Ensures voters wrongfully excluded from the draft rolls get a fair chance for inclusion until the last date for filing nominations.

### Election Commission of India (ECI) Clarification:

- Applications submitted after September 1 will still be processed.
- Both new registrations and re-inclusions use Form 6, leading to possible data conflation.

### Scale of Exclusion:

- Over 65 lakh names excluded in Bihar's draft roll.
- Only ~33,000 re-inclusion claims filed versus 15 lakh new voter registrations → raises doubts about awareness, accessibility, or processing of claims.

### Dispute Between ECI and Political Parties:

- ECI's stance: Parties failed to assist excluded voters.
- Parties' stance: Claims were filed, but Block Level Officers mishandled processing.

### Supreme Court's Additional Direction:

- Bihar State Legal Services Authority to deploy para-legal volunteers to help voters and parties.
- Reflects concerns over data anomalies highlighted by media investigations (e.g., *The Hindu*) and ground reports.

### Aadhaar Issue:

- Aadhaar accepted for excluded voters filing claims.
- Logical inconsistency: Aadhaar not accepted as standalone proof for those already in draft roll.
- Court suggests recognising Aadhaar as valid for both inclusion and retention.

### Structural Problems in SIR:

- Short deadlines and technocratic approach prioritise administrative convenience over voter rights.
- Lessons for future: need longer timelines, intensive door-to-door verification, and transparency to ensure clean and inclusive rolls.

### Democratic Responsibility:

- Political parties must act beyond self-interest to safeguard universal adult suffrage.
- Electoral roll integrity is central to free and fair elections.



# Rewiring the equilibrium



PANKAJ SARAN

Modi, Xi have spoken of a partnership. But there are no ideal relationships, especially between major powers

PRIME MINISTER NARENDRA MODI's first visit to China since 2018 is a reminder that, in international relations, change is the only constant. The story of India-China ties is a feast for foreign policy aficionados. Even in the distant past, when both countries had relatively less salience in the international system, their relations had significance that went beyond the purely bilateral. External factors and developments impact the relationship. Today, those linkages are far more acute and consequential.

The lessons of history are invaluable. In this case, they suggest that sharp swings to either end of the spectrum occur, but do not endure. The search to find and then maintain an equilibrium that is both stable and predictable has informed India's China policy over the decades. This is perhaps the best way to make sense of the Tianjin summit.

Prime Minister Modi's visit was part of a process to repair the damage the relationship suffered after China decided to amass several thousands of troops and military hardware in eastern Ladakh in 2020, leading to the Galwan clashes. Both countries had their own reasons to defreeze their relations in 2024, not the least of which was the impending political change in Washington. The test of seriousness was the breakthrough on the last two border friction points in Demchok and Depsang in October 2024, on which India had held firm. Since then, there has been a quiet but steady rebuilding of the relationship, culminating in the bold decisions announced during the visit of Foreign Minister and Special Representative Wang Yi to India in August, spanning the full canvas, including the border.

Notably, the rebuilding process has been navigated through two major exogenous developments: The headwinds of the Pahalgalam terrorist attack and China's military and intelligence backstopping of Pakistan during Operation Sindoor, and the tailwinds of US President Donald Trump's trade war against India. China has seen with equal bewilderment

The invocation of the Panchsheel principles by President Xi Jinping in his meeting with Prime Minister Modi is most interesting. It reflects a leap of faith and a certain Chinese assessment of the current historical stage of the relationship. Unfortunately, for India, the Panchsheel era is synonymous with betrayal. On balance, the Tianjin summit has consolidated the process that began in Kazan and set the stage for stabilisation in the India-China relationship.

the abnormal and forced courting of Field Marshal Asim Munir personally and of Pakistan generally by the US. The view that the Trump administration has succeeded in pushing India into China's arms despite Beijing's role during Operation Sindoor is not without foundation but is somewhat of an exaggeration, given the complexities of the India-China relationship. It is perhaps more accurate to say that the rapprochement has been accelerated and fast-tracked. The uncertainty about the likely shape and form of a US-China relationship under an unpredictable US President may have also contributed.

India has to find that delicate balance between short and long-term interests, economic and strategic calculations, and between China's vision of the world and India's. PM Modi made sure that his road to Tianjin went via Tokyo. The significant economic and security announcements made during his visit to Japan are a message to Beijing, and to Washington, of the breadth of economic choices India will retain and successfully exercise on the global stage. China's periphery is as much fair game for India as India's is for China, except that Pakistan is no Japan. India is not about to simply hand over Asia to China. Trust in the relationship will require much greater transparency in the policies both countries pursue in their common neighbourhood.

The terms of trade, and the larger economic relationship between India and China, have steadily worsened for India. There is nothing really "bilateral" about India's trade with China. Almost 90 per cent of total trade is unilateral, in one direction: China's exports to India. If the current trend continues, India will have succeeded in outsourcing its manufacturing future to China, and worse, becoming an economic subsidiary of China. American economic pundits should be more worried about India earning dollars off American consumers and spending them in China rather than their meltdown over India

using US dollars to supposedly fund Putin's war in Ukraine.

Meanwhile, China is getting good at the "weaponisation of dependencies" game. In addition, it is sitting on surplus capital and excess capacity. Its export of both to India in the form of FDI as against goods will be accompanied with technology choices which by nature are irreversible, and often involve strategic sectors. It is not without design that India has chosen, for example, Japanese bullet train technology, or taken the more difficult route to develop indigenous 5G and 6G technologies in the face of ready availability of both from China.

The invocation of the Panchsheel principles by President Xi Jinping in his meeting with Prime Minister Modi is most interesting. It reflects a leap of faith and a certain Chinese assessment of the current historical stage of the relationship. Unfortunately, for India, the Panchsheel era is synonymous with betrayal.

On balance, the Tianjin summit has consolidated the process that began in Kazan and set the stage for stabilisation in the India-China relationship. Both leaders have referred to being partners. This is to be welcomed. There are no ideal relationships. All, especially those involving major powers, have imperfections. Major powers by definition are wired to first and foremost safeguard their interests, and ensure they retain their status. The proposition that India will have smoother sailing in the choppy waters of international politics by aligning with one or the other alliance system or set of countries is contestable and fraught with risk, as it is now appearing with the sudden turn of events in the US attitude towards India. Europe is learning this the hard way—it has not allowed its transatlantic alliance to come in the way of a massive economic relationship with China.

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## Strategic Signaling

- Modi's route to Tianjin via Tokyo underlined India's balancing act—economic and security engagement with Japan as a message to Beijing and Washington.
- India emphasizes it won't concede Asian leadership space to China, while keeping its own options diversified.

## Economic Dimension

- Worsening trade balance: ~90% of bilateral trade is Chinese exports to India → risk of India outsourcing its manufacturing future.
- Dependency concerns: China's "weaponisation of dependencies" through exports, capital surplus, and FDI in strategic sectors.

## KEY HIGHLIGHTS

### Historical Context & Continuity

- India-China relations have always extended beyond bilateral aspects, influenced by global and regional factors.
- History shows sharp swings—periods of cooperation and confrontation—but equilibrium and stability have been long-term goals of India's policy.

### 2020 Ladakh Crisis & Repair Process

- Relations severely strained after China's troop build-up in Eastern Ladakh and Galwan clashes (2020).
- Breakthrough in October 2024: resolution of two friction points (Demchok, Depsang).
- Quiet rebuilding process since then, culminating in bold announcements during Wang Yi's August 2024 visit.

### Exogenous Developments Shaping Ties

- Operation Sindoor: China's military-intelligence support to Pakistan.
- Pahalgalam terrorist attack: strained environment.
- US factor: Trump's trade war with India, unpredictability in US-China ties, and Washington's tilt towards Pakistan.
- These pushed India and China to accelerate rapprochement despite persisting mistrust.

- India's deliberate choices:
  - Japanese bullet train tech instead of Chinese.
  - Indigenous 5G/6G development despite cheaper Chinese alternatives.

### Panchsheel Reference

- Xi Jinping invoked Panchsheel principles during talks → symbolic trust-building gesture.
- For India, Panchsheel is historically associated with betrayal (1962 War), creating skepticism.

### Strategic Balance

- India seeks a delicate balance between short- and long-term interests, economic opportunities vs. strategic caution.
- Partnerships with major powers must not compromise autonomy.
- Sudden US policy shifts underline the risks of over-alignment.
- Lessons from Europe: maintained massive trade with China despite strong US alliance.

### Tianjin Summit Outcomes

- Consolidated the repair process initiated at Kazan.
- Marked stabilisation stage in India-China ties.
- Leaders spoke of being "partners"—realistic but not idealistic.
- Acknowledgement: All great power relations are imperfect, driven by national interests first.

# WHAT PUNJAB NEEDS

Immediately, relief and rehabilitation. But floods also pose a bigger challenge: Compensation for farmers, rebuilding lives

PUNJAB IS FACING one of its worst floods in decades, with over three lakh acres under water, 29 lives lost, dams flowing above the danger mark, and rains showing no signs of abating. Until late August, the state was basking in a bountiful monsoon, buoyed by the promise of a rich paddy harvest. Then, almost overnight, came the deluge. The border belt of Majha, adjoining Pakistan, has been the worst hit. The swollen Ravi, which flows from the Himalaya into Punjab before winding its way into Pakistan, has ravaged hundreds of villages in the border districts. Such was the ferocity of the river that two floodgates of the Madhopur barrage built in the 19th century gave way, taking one life, with 40 others barely escaping death. The Sutlej, Beas and Ghaggar, too, are in spate; dams receiving water from Himachal Pradesh have been overflowing. Last week, the Ranjit Sagar and Pong dams breached the danger level. Now, the Bhakra dam stands perilously close to spilling over.

The question is: Could this tragedy have been averted, especially when Punjab had faced floods in 2019 and 2023 as well? The annual flood-preparedness meeting, usually held in February, was delayed till June this year. In February, the ruling Aam Aadmi Party seemed much too preoccupied with the Delhi Assembly elections; few MLAs were even in the state. June brought the Ludhiana bypolls. Much of May was spent sparring with the Bhakra Beas Management Board (BBMB) and the Haryana government over releasing excess water to the neighbouring state. Punjab's irrigation minister has been pointing accusing fingers at the BBMB for failing to release water earlier. Experts point to chronic inefficiencies of the floods and irrigation department.

For now, the immediate priority is relief and rehabilitation. Civil society has stepped in, sending food and medicines. But a bigger challenge looms: Of compensation for farmers and the rebuilding of lives. Chief Minister Bhagwant Mann has written to Prime Minister Narendra Modi, asking for the release of Rs 60,000 crore, calling it "Punjab's funds withheld by the Centre" in this hour of crisis. Silence from the top brass in Delhi has only deepened the resentments of those who point out that there hasn't been a message of solidarity from the highest echelons. A silver lining is villagers sending aid and Chief Minister Nayab Singh Saini promising support from neighbouring Haryana. It is high time the Union government, too, reached out. Punjab's farmers, the backbone of the nation's food security, deserve more than token sympathy when fields are under water and futures are on the verge of being washed away.

## KEY HIGHLIGHTS

### Context

- Punjab is facing one of the worst floods in decades - over 3 lakh acres submerged.
- Major rivers in spate: Ravi, Sutlej, Beas, Ghaggar.
- Dams like Ranjit Sagar, Pong, Bhakra breached or reached danger levels.

### Causes

#### 1. Excessive Monsoon Rains

- Initially bountiful rains - good paddy prospects.
- Sudden deluge in late August - disaster situation.

#### 2. River Dynamics

- Ravi river swelled, breaking two floodgates of the Madhopur barrage (19th century construction).
- Himalayan inflows + dam overflows from Himachal Pradesh aggravated floods.

#### 3. Institutional Lapses

- Flood-preparedness meeting delayed from Feb - June (due to Delhi elections, Ludhiana bypolls).
- Political sparring with Haryana & Bhakra Beas Management Board (BBMB) over water release.
- Chronic inefficiencies in the floods & irrigation department.

### Impacts

- Human Impact - Deaths, large-scale displacement, health risks.
- Agriculture - Paddy crop devastation in a key food-producing state.
- Infrastructure - Barrage gates collapse, dams under stress.
- Political Fallout - Tensions between state and Centre, Centre's silence deepening resentment.

### Relief & Response

- Civil society initiatives → food, medicines.
- State government → CM Bhagwant Mann seeking ₹60,000 crore from Centre (claimed withheld funds).
- Neighbouring Haryana → CM Nayab Singh Saini promising aid.
- Centre's role questioned → lack of solidarity message noted.

### Long-Term Concerns

- Recurring floods (2019, 2023, 2025) → systemic governance failures.
- Food security implications → Punjab as the backbone of India's grain production.
- Climate change angle → Extreme rainfall events becoming frequent.
- Need for structural reforms in dam management, interstate coordination, disaster preparedness.



# Understanding the high April-June GDP growth numbers

SIDDHARTH UPASANI  
NEW DELHI, SEPTEMBER 1

THE INDIAN economy recorded a higher-than-expected GDP growth rate of 7.8% in April-June, marking an improvement over the equally unexpected 7.4% in January-March. What explains these numbers? Is the upward trend likely to continue?

## The inflation factor

The GDP growth rate is driven by two factors: one, the magnitude of economic activity, and two, the rate at which prices are increasing, which is inflation. The figures usually cited in headlines are derived after adjusting for inflation to arrive at the "real" GDP growth. This number is more relevant for determining the economy's health, as it allows for comparisons across years and with other countries.

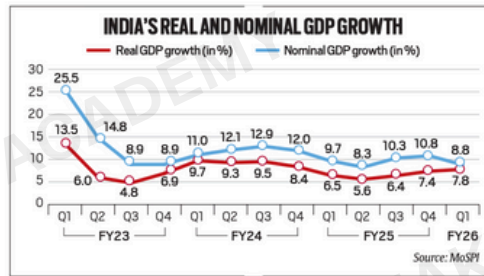
However, data released last week by the Ministry of Statistics and Programme Implementation (MoSPI) warrants a look at the number without adjusting for inflation, or the "nominal" GDP growth. While the real growth rate, at 7.8%, was the highest in five

quarters, the nominal GDP growth rate in April-June was at a three-quarter low of 8.8%. GDP data are collected in "current prices", or the prices prevailing today. In April-June, the GDP at current prices was Rs 86.05 lakh crore. To arrive at the real growth rate, the ministry 'deflates' the nominal GDP by a combination of wholesale and retail inflation, with the former playing a significantly larger role. The real GDP in April-June was Rs 47.89 lakh crore.

In April-June, Wholesale Price Index (WPI) inflation in India averaged less than 0.3%, the lowest since the first quarter of 2024. Meanwhile, Consumer Price Index (CPI) inflation averaged 2.7%, the lowest in more than six years. As a result, the 'GDP deflator' was just 0.9% — roughly a six-year low. The smaller the deflator, the narrower the difference between the real and nominal growth rates.

## Why the 'deflator' matters

According to economists at ICICI Securities Primary Dealership, the April-June real GDP growth rate has been lifted by certain "shortcomings" in how the MoSPI deflates the nominal GDP: "Most of the upside surprise in the quarter has stemmed from



segments where the very soft deflator value could have buoyed the real growth estimate. Importantly, nominal growth was quite lacklustre and may well become the more suitable metric to track this year to assess the direction of growth," their economists, led by A Prasanna, said in a note on August 31.

Take the services sector, whose real growth rate in April-June was at an eight-quarter high of 9.3%. However, without adjusting for inflation, the sector expanded by 11.3%, not too far from the 11.2% growth in October-December 2024. The deflator was roughly 1.9%.

However, economists argue this is far lower than what it should have been. "India's services sector GDP deflator aligns more with goods-oriented WPI inflation than with CPI services inflation. Another way of saying this is that it has much more manufacturing in it than it should. This is particularly a problem

when manufacturing inflation is falling because of softer commodity prices. It ends up deflating services inadequately, leading to exaggerated real growth," HSBC economists Pranjul Bhandari, Aayushi Chaudhary, and Priya Mehrishi said in a note on August 29.

## Single versus double

At the root of the problem is how MoSPI deflates the nominal GDP. In 'agriculture' and 'mining and quarrying', different deflators are used for inputs and outputs — or a double-deflation method. For the rest, the same deflator is used for both input and output prices — or single deflation. The latter, economists worry, is problematic.

"It is very likely that the statistics office has not suitably deflated the rise in profit margin that is stemming from weaker input prices, rather than stronger volume growth," ICICI Securities Primary Dealership said, adding that if MoSPI had "more appropriately followed a double deflation approach", then the growth in real value added by the manufacturing sector may have been "much less" than 7.7% in April-June.

According to HSBC, manufacturing sector growth in April-June may have been overstated by around 150 basis points (bps), with

the headline real GDP growth number exaggerated by around 20 bps just due to this.

The opposite holds true when commodity prices are on the rise — when WPI inflation is high and above CPI inflation, it can lead to real growth being understated due to the single-deflation method being used, leading to lower real manufacturing growth on paper that may not reflect any actual weakness in activity.

## More of the same

So, will the GDP numbers for July-September and for the rest of the year suffer from the same problem? The short answer is yes.

WPI inflation dropped to -0.13% in June — the first time in 20 months that it came in negative territory — indicating wholesale prices were lower than last year. In July, prices fell further. CPI inflation, meanwhile, fell to an eight-year low of 1.55% in July. While it may rise from here, the RBI expects CPI inflation to average 3.1% in 2025-26, 150 bps lower than the average for 2024-25.

As such, the GDP deflator may remain low and possibly fall further, meaning that the "disconnect between real GDP and high frequency data is likely to continue", according to Nomura economists Sonal Varma and Aurodeep Nandi.

## KEY HIGHLIGHTS

### GDP Growth Data

- Q1 (April-June 2025):
  - Real GDP growth: 7.8% (highest in 5 quarters).
  - Nominal GDP growth: 8.8% (lowest in 5 quarters).
- Previous quarter (Jan-Mar 2025): 7.4% real GDP growth.

### Inflation Factor

- GDP growth rate depends on:
  - Magnitude of economic activity.
  - Rate of price increase (inflation).
- Real GDP = adjusted for inflation.
- Nominal GDP = not adjusted for inflation.
- WPI inflation (Q1 FY25): < 0.3% (lowest since Q1 FY24).
- CPI inflation (Q1 FY25): 2.7%, lowest in 6 years.

### GDP Deflator

- Deflator = measure used to convert nominal GDP to real GDP.
- Q1 FY25 GDP deflator = 0.9% → unusually low, boosting real GDP artificially.
- Narrower difference between real & nominal GDP explained by this.

### Why Deflator Matters

- MoSPI uses WPI-heavy deflator → may understate/overstate real growth.
- Example:
  - Services sector real growth: 9.3%, but after adjustment expanded 11.3% (due to deflator ~1.9%).
  - Economists argue services GDP deflator is aligned more with WPI than CPI, giving misleading results.

### Single vs Double Deflation

- Current method: single deflator used for both input & output.
- Problem:
  - When WPI falls faster than CPI → real growth gets exaggerated.
  - When WPI rises faster than CPI → real growth understated.
- Agriculture & mining use different deflators, but most sectors rely on single deflation.

### Forward Outlook

- June 2025: WPI inflation at -0.13% (first negative in 20 months).
- July 2025: WPI inflation 1.55% (8-year low).
- CPI forecast (RBI): 3.1% (2025-26), lower than 2024-25 average (3.25%).
- Implication:
  - GDP deflator may remain weak.
  - Disconnect between real GDP and high-frequency data may persist.