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**CHANAKYA IAS ACADEMY
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Governors can't sit on Bills endlessly: SC judges

Judges say that Governors could neither delay the legislature's wisdom nor impede the Constitution

Governors 'cannot assume to be royalty in a Republic', say senior advocates representing T.N.

Sibal argues that States cannot go in search of political solutions to coax Governors' assent

Krishnadas Rajagopal
NEW DELHI

Three of the five judges on the Presidential Reference Bench on Tuesday orally observed along with the States of Tamil Nadu and West Bengal that Governors cannot sit endlessly over Bills placed before them for assent.

Chief Justice of India B.R. Gavai, Justices Vikram Nath and P.S. Narasimha separately remarked that Governors could neither delay the wisdom of the legislature indefinitely nor impede the functioning of the Constitution. "No organ can impair the functioning of the Constitution," Justice Narasimha said.

Tamil Nadu, represented by senior advocates

A.M. Singhvi and P. Wilson, said Governors "cannot assume to be royalty in a Republic" while senior advocate Kapil Sibal, for West Bengal, submitted that high offices under the Constitution must work collaboratively and not combatively with each other.

"When the Constitution is clear that a Governor should act with immediacy, why should he hold back Bills? There is a sense of urgency associated with the Governor's assent. Legislation is a sovereign act. It cannot wait," Mr. Sibal emphasised. Mr. Singhvi said that Bills are meant to realise the felt necessity of the times.

Mr. Sibal argued that "absurdity" would follow if the court agreed with the Centre's argument that Go-



vernors had absolute power to withhold State Bills under Article 200 (Governors' power to assent to Bills).

Countering the Centre, he said States cannot go in search of political solutions to coax Governors' assent. "Gubernatorial delay thwarts the constitutional scheme," he said.

"This Constitution has its genesis in history, but its alignment is with the future... And who decides the future of this country? You five in this case. The future of India is at stake if you give such absurd powers to the Governor," Mr. Sibal submitted.

The Bench is hearing a Presidential Reference of

Arlekar moves SC against CM's role in selecting V-Cs

NEW DELHI

Kerala Governor Rajendra Vishwanath Arlekar on Tuesday urged the Supreme Court to exclude the State Chief Minister from the process to select the Vice-Chancellors for two State-run universities. **» PAGE 3**

sion Bench had imposed a three-month deadline for the President and Governors to decide the fate of the Bills. If the Bills were left pending beyond three months, they would be "deemed" to have received assent and become laws.

Time limits

The Bench, however, expressed doubts about the court imposing "general" time limits on the President and Governors and granting "deemed assent" to Bills. "What happens if the time limit of three months set by the Supreme Court [in the TN Governor judgment] is not followed by the President or Governors," Justice Nath asked. He queried why it was "deemed assent" alone. "Why cannot the other options – withholding assent

or reference to the President – also be "deemed".

Justice Narasimha said time limits could be prescribed in individual cases after considering the peculiar facts and circumstances of each.

Chief Justice Gavai said a broad brushstroke of a "general" timeline applicable to all cases of delay may amount to overreaching by the judiciary. "Timelines help in maintaining discipline and immediacy. This dispute began with individual cases. Kerala and Tamil Nadu came with their own cases. However, the problem [gubernatorial delay] has proven to be endemic and repetitive," Mr. Singhvi said explaining the reason for the Tamil Nadu Governor case judgment fixing a "general" three-month deadline.

KEY HIGHLIGHTS

Context

- Issue: Delay by Governors in granting assent to State Bills under Article 200 of the Constitution.
- Forum: A 5-judge Presidential Reference Bench of the Supreme Court (2024–25).
- Trigger: April 8, 2024, SC judgment (2-judge Bench) in Tamil Nadu Governor case → imposed 3-month deadline for Governor/President to act on Bills; beyond that, deemed assent.

Constitutional Provisions

- Article 200: Governor can (a) assent, (b) withhold assent, (c) return (if not Money Bill), or (d) reserve Bill for President.
- Article 201: When reserved, President may assent or withhold assent.

Court's Observations

- CJI B.R. Gavai, Justices Vikram Nath & P.S. Narasimha:
 - Governors cannot indefinitely delay Bills.
 - "No organ can impair the functioning of the Constitution."
- Doubts raised:
 - Whether SC can impose a general timeline on Governors/President.
 - Risk of judiciary overreaching separation of powers.
 - Instead of "deemed assent" alone, why not consider "deemed withholding" or "deemed reservation"?

States' Arguments (Tamil Nadu & West Bengal)

- Kapil Sibal (WB):
 - Governor not royalty in a Republic.
 - Collaboration > confrontation between constitutional offices.
 - Delay = thwarts legislative sovereignty.
 - Giving absolute power = absurdity, risk to future of federalism.

- A.M. Singhvi (TN):
 - Urgency is inherent in Governor's role.
 - Bills reflect felt necessity of times; cannot be stalled.
 - Delay = undermines constitutional balance.

Centre's Argument (Countered by States)

- Governors have discretionary power to withhold Bills (Article 200).
- States reject this absolute reading; say it distorts federalism & democracy.

Larger Issues at Stake

- Federalism: Balance between Centre-appointed Governor & State Legislature's sovereignty.
- Separation of Powers: Can judiciary fix binding timelines for constitutional functionaries?
- Constitutional Morality: Offices should function collaboratively, not obstructively.
- Judicial Innovation vs. Overreach: "Deemed assent" doctrine tested.

Precedent – April 2024 SC Judgment

- Set 3-month deadline → if Bills pending, they get deemed assent.
- Current Bench reviewing whether such judicially imposed deadlines are valid.

India sets eyes on \$1-trn semiconductor market; PM promises faster approvals

Saptaparno Ghosh
NEW DELHI

India will soon hold a significant share in the global semiconductor market, which is set to reach \$1 trillion in size, Prime Minister Narendra Modi said on Tuesday, adding that the government is working to ensure faster approvals to reduce the time it takes to start manufacturing semiconductors in India.

He added that work is "underway" on the next phase of the India Semiconductor Mission.

Speaking at the 2025 edition of Semicon India, the annual semiconductor conference, the Prime Minister noted that India has achieved a GDP growth rate of 7.8% even as the rest of the world is mired in "self-interest", adding that this growth has come from across sectors.

"In 2025, we gave clear-



Focus area: Prime Minister Narendra Modi addressing the gathering at the Semicon India 2025 in New Delhi. PTI

ance to five more projects to bring the cumulative count to 10 projects," Mr. Modi said. "These projects have drawn a combined investment of \$18 billion or ₹1.5 lakh crore. This is reflective of the world's confidence in India."

'Key economic drivers' Semiconductor chips are the "digital diamonds" and the most important eco-

nomics drivers of the 21st century, the Prime Minister said, in much the same way as crude oil drove growth in the previous century.

"The shorter the time from file to factory, and the lesser the paperwork, the sooner wafer work can begin," Mr. Modi said, explaining the government's approach. In this regard, the national single window

system enables access to all approvals from both the Centre and States on a single platform, he said.

It is time for "execution with precision" and delivery on scale, the Prime Minister said. He emphasised that the government's policies were not directed at "short-term signals but long-term commitments", assuring the semiconductor ecosystem in India of his full support.

"The days are not far when the world will take note of [chips] designed in India, made in India, and trusted by the world," he said.

Speaking amidst global trade uncertainties triggered by new U.S. tariffs, Mr. Modi praised India's growth in challenging times. "There is concern in economies around the world, there are challenges created by economic self-interest," Mr. Modi said

KEY HIGHLIGHTS

India's Position in Global Semiconductor Market

- Global semiconductor market projected to reach \$1 trillion.
- India expected to hold a significant share in coming years.
- Emphasis on reducing "file to factory" time → faster clearances, lesser paperwork.

India Semiconductor Mission (ISM)

- Next phase underway → long-term strategy, not just short-term policy moves.
- Use of National Single Window System → integrates approvals from Centre & States.
- 2025: 10 cumulative projects approved (5 new in 2025 alone).
- Investment attracted: \$18 billion (~₹1.5 lakh crore).

Economic Significance

- Chips called "digital diamonds" → compared with crude oil as growth driver of past century.
- Semiconductor manufacturing seen as a key economic driver of the 21st century.
- India's GDP growth: 7.8% (2025) despite global slowdown & trade uncertainties.

Strategic Importance

- Self-reliance (Atmanirbhar Bharat) in critical tech.
- "Designed in India, made in India, trusted by the world" → goal of technology sovereignty.
- Reduces dependence on global supply chains dominated by East Asia (Taiwan, South Korea, China).

Global Context

- U.S. tariffs & trade uncertainties affecting global supply chains.
- India positioning itself as an alternative manufacturing hub amidst geopolitical shifts.
- Significance for strategic autonomy and technology security.

Policy & Governance Angle

- Ease of Doing Business (EoDB) reforms: single window, quicker approvals.
- Reflects shift in governance: execution with precision & scale.
- Long-term commitments instead of populist/short-term measures.

India needs more women judges in the Supreme Court

With the retirement of Justice Sudhanshu Dhulia, on August 9, 2025, there were two vacancies in the Supreme Court of India. It was an opportune time to correct the acute gender imbalance in the Court and appoint women judges, but this did not happen. Justice B.V. Nagarathna is the sole woman judge out of the full strength of 34 judges in the Court. As a member of the Collegium, when she expressed her dissent over a recent appointment to the Court (Justice Vipul Pancholi) on the ground that there were others more senior, and on the basis of regional representation, her dissent was not taken into consideration. Justice Pancholi and Justice Alok Aradhe were sworn in as judges of the Court on August 29, 2025.

This not only invites us to review the procedure of appointment of judges in India's top court but also to examine and question the severe lack of women judges, which, directly, has an impact on how women judges and their views are considered. There must be a complete exclusion of appointments of women in the Court and what that means for the country today.

Scant appointments, a lack of diversity
Historically, only 11 women have been appointed to the Court till date, which is a mere 3.8% of the 287 judges who have been appointed since its inception in 1950. The details of the women Supreme Court judges are: Justice Fathima Beevi (October 6, 1989–April 29, 1992); Justice Sujata V. Manohar (November 8, 1994–August 27, 1999); Justice Ruma Pal (January 28, 2000–June 2, 2006); Justice Gyan Sudha Mishra (April 30, 2010–April 27, 2014); Justice Ranjana Prakash Desai (September 13, 2011–October 29, 2014); Justice R. Banumathi (August 13, 2014–July 19, 2020); Justice Indu Malhotra (April 27, 2018–March 13, 2021); Justice Indira Banerjee (August 7, 2018–September 23, 2022); Justice Hima Kohli (August 31, 2021–September 1, 2024); Justice Bela M. Trivedi (August 31, 2021–June 9, 2025); Justice B.V. Nagarathna (August 31, 2021–October 29, 2027).

The last appointment of women to the Court was on August 31, 2021 when the Collegium, led by then Chief Justice of India (CJI), N.V. Ramana, appointed three women judges. This was seen as unprecedented because even the appointment of three women at one go was a rarity. Along with Justice Indira Banerjee, who was already on the Bench, it was, for the first time, that there was more than 10% representation of women in the Court. There has also been also a total absence of caste diversity among women judges in the Court as this has not led to the appointment of women from the Scheduled Caste and Scheduled Tribes. Justice Fathima Beevi remains the sole woman judge in the Court from a minority faith.

There is a significant gender disparity in the



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number of direct appointees to the Court from the Bar, or lawyers directly elevated from practice. From 1950, nine male judges have been elevated to the Court directly from the Bar. However there has been only one woman till date, Justice Indu Malhotra; no other woman lawyer has been appointed to the Court, despite there being women Senior Advocates in the Court. In fact, there is a gap in the appointment of women lawyers as judges, both in the High Courts and the Supreme Court, which is shocking. Across the world, the Bar is viewed as the traditional route into the judiciary and appointments to the higher judiciary are often seen as the final phase of a career for a lawyer. However, this does not hold true for women lawyers in India and is a glaring area of discrimination that women in the legal profession face.

Women in the Supreme Court are also appointed much later in age, which severely limits their time on the Bench and their opportunities to rise to positions of seniority. Out of 11 women judges in the Court till date, only five women have been a part of the Supreme Court Collegium, with only three having been involved in appointments to the Court. Justice Indu Malhotra and Justice Fathima Beevi had tenures that were shorter than three years, a fate shared by only five male Court judges historically. The delayed age of appointment for women results in women judges not making it to the Collegium or as Chief Justice of India. The first woman CJI will be Justice Nagarathna, who is scheduled to be appointed for only 36 days (September 24, 2027 to October 29, 2027).

Procedure and criteria for appointments
The manner of appointments is also a matter of concern. According to the Memorandum of Procedure of Supreme Court Judges, the appointment of a Judge of the Court is decided by the CJI. In consultation with a Collegium of the four seniormost Judges of the Court. After receipt of the final recommendation of the CJI, the Union Minister of Law, Justice and Company Affairs will put up the recommendations to the Prime Minister who will advise the President of India in the matter of appointment.

There is no clarity as to on what basis appointments will be made as the criteria are not public. In 2017, the Collegium headed by then CJI Dipak Misra made public some of the resolutions of the Collegium on the Supreme Court website which included reasons for appointments. The Collegiums led by subsequent CJIs were not consistent in providing the reasons for its recommendations. What we do know is that at various times, the caste, religion or region of candidates have been considered for appointments. Reasons for appointments during the tenure of CJI D.Y. Chandrachud were more elaborately stated in the Collegium resolutions.

When caste, religion and regional representation are considered as criteria for appointments, why is gender not institutionalised as a criterion for appointment of judges to the Court? It is clear that, presently, gender is not taken into consideration at all for appointments of judges to the Supreme Court and High Courts. This is a matter of serious concern.

The Collegium process is also shrouded in secrecy, without any transparency as to who is being considered and when. Appointments that are being considered to the higher judiciary should be made open and public. Candidates considered should be persons of exceptional intellectual and legal ability, with sound judgment and an excellent record of work, and must show sensitivity to the needs of different communities and groups. There must be a commitment for diversity and inclusion of gender, caste, religion and regional representation, which has to be institutionalised in the form of a written policy in the higher judiciary, so that gender representation is mandatory.

When former CJIs have been asked why women were not appointed to the Court, various palliative reasons have been given such as the non-availability of women in seniority. The present appointments show that seniority was given a go-by as several women judges of the High Courts who were more senior were not considered. Further, there is no seniority required for appointment of women lawyers directly to the Court, which has also not been done since 2018, when Justice Indu Malhotra was appointed.

The Supreme Court of India has been a pioneer on gender equality and gender inclusion. It has even directed Bar associations to mandate 30% of elected seats and office bearer posts for women. However, there is no institutionalised mandate for gender representation in the constitutional courts. It is time that this changes.

As a way to create greater trust, confidence
The presence of women judges on the Bench is vital to the Court. Women judges bring unique perspectives to the Court based on their personal and professional experiences with the law, which can have a significant impact on judicial outcomes. Bringing different perspectives and diverse forms of reasoning on the Bench creates greater public trust and confidence as it integrates varied social contexts and experiences that need to be valued. Most importantly, the presence of women judges of varying backgrounds in the Supreme Court will make it a truly representative court, for all citizens which it is intended to serve.

The Supreme Court of India is India's top court. All its elaboration of gender equality would hold meaning only if there are enough women judges in the top court.

Structural Issues

- Women appointed later in career → shorter tenures, limited chance at CJI or Collegium.
- Justice Nagarathna will be first woman CJI (Sep 24–Oct 29, 2027) → but only for 36 days.
- Several women judges with seniority overlooked.

Collegium Appointment Procedure

- Memorandum of Procedure (MoP):
 - CJI + 4 senior-most judges recommend → sent to Law Minister → PM → President.
- Collegium process = opaque, discretionary, inconsistent transparency.
- Criteria used: caste, religion, regional representation (occasionally).
- Gender not institutionalised as a criterion.

Concerns

- Exclusion of women → undermines representation, inclusiveness, public trust.
- Lack of diversity → weakens legitimacy of judiciary.
- Tokenism & delayed appointments reduce women's influence in decision-making.
- Absence of policy/institutionalised mandate for gender representation in higher judiciary.

Arguments for Women Representation

- Women judges → bring unique perspectives, empathy, lived experiences.
- Strengthens gender-sensitive jurisprudence.
- Enhances public trust, confidence & democratic legitimacy.
- Aligns with SC's own judgments mandating 30% representation for women in Bar Associations.

Reform Suggestions

- Institutionalise gender diversity as a criterion in Collegium/MoP.
- Greater transparency in Collegium deliberations.
- Proactive Bar-to-Bench elevation of women lawyers.
- Appoint women judges earlier in career to ensure longer tenures.
- Ensure intersectional diversity (caste, community, region + gender).

KEY HIGHLIGHTS

Current Context (2025)

- Justice Sudhanshu Dhulia retired (Aug 9, 2025) → created 2 vacancies.
- Appointments made: Justice Vipul Pancholi & Justice Alok Aradhe (Aug 29, 2025).
- No woman appointed → Justice B.V. Nagarathna remains the sole woman judge (out of 34).
- Justice Nagarathna dissented in Collegium but was ignored.
- Highlights structural gender imbalance in judicial appointments.

Historical Data

- Since 1950 → 287 SC judges, only 11 women (≈ 3.8%).
- Women SC judges (chronological):
 - Fathima Beevi (1989) → first woman SC judge.
 - Sujata Manohar, Ruma Pal, Gyan Sudha Mishra, Ranjana Desai, R. Banumathi, Indu Malhotra, Indira Banerjee, Hima Kohli, Bela M. Trivedi, B.V. Nagarathna.
- First time >10% women representation = 2021 Collegium (CJI Ramana) → 3 women appointed together.
- No SC/ST women judges ever appointed; Fathima Beevi = only Muslim woman.

Bar-to-Bench Elevation

- 9 men elevated directly from the Bar.
- Only 1 woman (Justice Indu Malhotra, 2018).
- Women lawyers → largely excluded from SC/HC elevations.

Unmistakable shift

India signalled a change in foreign policy stance at the SCO Summit

More than the outcomes, Prime Minister Narendra Modi's decision to visit China for the Shanghai Cooperation Organisation (SCO) Summit was a clear message from the government on a shift in its foreign policy outlook. It has been seven years since Mr. Modi had travelled to China, and his meeting with Chinese President Xi Jinping was their first such bilateral engagement since the military standoff of 2020. It has been three years since Mr. Modi attended the SCO summit, a Eurasian grouping seen as decidedly anti-western. Meanwhile, photographs of the bonhomie between Mr. Modi, Mr. Xi and Russian President Vladimir Putin evoked memories of an inactive Russia-India-China (RIC) trilateral. The bilateral meeting with China saw the two leaders give their approval to the normalisation process initiated in October 2024, leading from troop disengagement along the LAC. The two sides agreed to fast-track the boundary resolution process being discussed by their Special Representatives. They also gave the green light for the resumption of direct flights, visa facilitation, and the building of economic ties to "stabilize world trade". As Mr. Modi committed to "taking forward ties ...based on mutual trust, respect and sensitivity", Mr. Xi called for the "Dragon (China) and the Elephant (India) to come together". Such bonhomie was unthinkable even a year ago, and it is clear that it has been driven, in some measure, by the U.S. moves to impose tariffs and sanctions on India, and New Delhi's sense of mistrust about the Trump administration's intentions. This allowed Mr. Modi and his delegation, for the moment, to side-step some of the concerns India has had over China's actions, including its support to Pakistan during Operation Sindoor, the blocking of Indian moves on UNSC reforms and NSG membership, and holds on designating Pakistan-based terrorists.

It was significant that the Tianjin declaration included strong language against the "cross-border movement of terrorists", albeit condemning the Pahalgam attack and attacks in Balochistan against Pakistani forces, in equal measure. The declaration also saw the entire SCO membership find common ground on contentious issues such as the humanitarian crisis in Gaza, and condemnation of U.S.-Israeli strikes on Iran, although India maintained its opposition to the paragraph supporting China's Belt and Road Initiative. Mr. Xi's plans for an SCO Development Bank, and Mr. Modi's suggestion of initiating a "Civilisational Dialogue" between SCO members found mention. While the outcomes and the optics made for what Mr. Modi described as a "productive" visit to China, his itinerary missed some opportunities for closer engagement with leaders from India's neighbourhood and the Global South, as he skipped the "SCO Plus" Summit.

KEY HIGHLIGHTS

Strategic Significance of Visit

- First visit by PM Modi to China in 7 years; first bilateral meeting with Xi Jinping since 2020 border standoff.
- Visit signals a shift in India's foreign policy outlook amidst strained ties with the U.S. (tariffs, sanctions, mistrust of Trump administration).

India-China Bilateral Engagement

- Resumption of dialogue: Fast-tracking boundary resolution via Special Representatives.
- Confidence-building: Approval for direct flights, visa facilitation, economic ties → aimed at stabilizing world trade.
- Narrative of cooperation: Modi emphasized "mutual trust, respect, sensitivity"; Xi used metaphor "Dragon & Elephant must come together."
- Unthinkable a year ago → reflects realignment of priorities.

Context of RIC (Russia-India-China)

- Modi, Xi, Putin photographs evoked RIC trilateral memories.
- Significance: Russia-China-India grouping gaining renewed attention in Eurasian geopolitics.

SCO Tianjin Declaration (Key Takeaways)

- Terrorism: Strong language against "cross-border movement of terrorists."
 - Condemned Pahalgam attack (India) and Balochistan attacks (Pakistan) → balancing tone.
- West Asian crisis: Common ground on Gaza humanitarian crisis and condemnation of U.S.-Israeli strikes on Iran.
- China's Belt & Road Initiative (BRI): India maintained opposition, consistent with past stand.

Institutional & Development Proposals

- Xi's proposal: SCO Development Bank.
- Modi's proposal: "Civilisational Dialogue" among SCO members.

Missed Diplomatic Opportunities

- Modi skipped the "SCO Plus" Summit, missing direct engagement with leaders of neighbourhood and Global South.

India should double trade volume with Germany, its steps to normalise ties with China positive news'

IN HIS first visit to India, as the German Foreign Minister, **JOHANN DAVID WADEPHUL** said they are facing a multitude of geopolitical challenges and will only be able to overcome them together with strong partners including India. On PM Narendra Modi and Chinese President Xi Jinping's meeting in Tianjin, Wadephul, in an email interview to **SHUBHAJIT ROY** ahead of the visit, said the fact India and China have taken steps to normalise ties is "positive news". Wadephul, who arrived in Bengaluru Tuesday, will meet External Affairs Minister S Jaishankar and Commerce Minister Piyush Goyal Wednesday. Excerpts:

What are your expectations of India and which sectors for cooperation are you looking at?

India is a major global player and an indispensable partner for Germany. Both of our countries can be proud of what we have already achieved in the 25 years of our Strategic Partnership, and now is exactly the right time to broaden our cooperation.

Germany strives for a strong partnership with India based on mutual reliability and trust. There is a wide range of areas in which our two countries should further strengthen their cooperation, including foreign and security policy, defence, economy and trade, science and research, and skilled migration. We are facing a multitude of geopolitical challenges, which we will only be able to overcome together with strong partners such as India. And we can leverage many synergy effects. The German economy urgently needs skilled workers in fields such as IT services and healthcare. India offers great potential here. There is also great potential for closer economic cooperation. German-Indian trade volume was 31 billion Euro last year – why don't we create the conditions to double that? The planned India-EU Free Trade Agreement will boost trade between our countries.

India & Germany both face similar challenges because of their dependence on Russia. India depends on Moscow for



WITH
**JOHANN DAVID
WADEPHUL**
GERMAN FOREIGN MINISTER

its defence needs and Germany for its energy needs. How should they reduce dependencies, and how should India tackle this issue?

Russia's war of aggression against Ukraine blatantly violates

international law and puts Europe's security at risk. Russia has also shown again and again it is not a reliable partner for economic cooperation. Germany and the EU have made efforts to diversify our energy sources. Germany has been very successful in reducing its energy dependence on Russia, even down to zero when it comes to direct gas imports. Our goal at EU level remains to achieve complete independence from Russia in the energy field by 2027-end. Reducing these crucial dependencies can put more pressure on Russia, reduce its oil and gas income and thus hit its war chest.

Germany learned the hard way when it comes to reducing unilateral dependencies in critical fields such as energy. That is why we are looking at building more diverse partnerships globally with reliable partners such as India. This could certainly be mutually beneficial. In defence, for example, Europe's and Germany's increasing defence and security cooperation with India could help to diversify India's defence imports.

PM Modi has just completed a

visit to China. Germany also has close ties with China. How do you view Indian-Chinese efforts to normalise ties? Do you view China as a strategic threat, especially in the context of the rules-based order and in the Indo-Pacific

We continue to see China as a partner, competitor and systemic rival. We seek to continue cooperation where it is in our interest, especially as regards tackling global challenges such as climate change. At the same time, elements of systemic rivalry have increased. China's support for Moscow's war of aggression against Ukraine is a game changer for us. But we are also equally concerned about China's unclear military build-up and power projection in the Indo-Pacific. Europe may be far away from Taiwan, but any escalation in the Taiwan Strait would have serious consequences for global security and prosperity and also affect our European interests. The fact that India and China have taken steps to normalise their relations is positive news.

FULL INTERVIEW
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KEY HIGHLIGHTS

Context of Visit

- First visit to India by German Foreign Minister Johann David Wadephul.
- Meetings with EAM S. Jaishankar and Commerce Minister Piyush Goyal.
- Comes amid PM Modi–Xi Jinping meeting in Tianjin (China), seen as a step towards India–China normalisation.

India–Germany Relations

- Strategic Partnership since 2000 (25 years completed in 2025).
- Germany sees India as an "indispensable global partner".
- Areas of focus:
 - Foreign & security policy, defence
 - Economy & trade
 - Science & research
 - Skilled migration (IT & healthcare)
- Trade volume (2024): €31 billion → scope to double.
- India–EU FTA (under negotiation) expected to boost trade.

Reducing Dependency on Russia

- Germany: Was highly dependent on Russian gas → reduced to zero direct imports.
 - EU target: Complete independence by 2027.
- India: Dependent on Russia for defence imports.
- German suggestion: Diversify defence imports → increase Europe–India defence cooperation.
- Strategic rationale: Reducing dependencies puts pressure on Russia, cuts its oil & gas revenues.

Germany's China Policy

- China viewed simultaneously as:
 - Partner (e.g., climate change cooperation)
 - Competitor
 - Systemic rival
- Concerns:
 - Support to Russia's war in Ukraine = "game changer".
 - Unclear military build-up + power projection in Indo-Pacific.
 - Taiwan Strait escalation → risk to global security & prosperity.
- Positive view: India–China steps to normalise ties.

Key Geopolitical Takeaways

- Geopolitical convergence: Both India & Germany diversifying away from Russia.
- Economic complementarity: Germany needs skilled workers; India has demographic advantage.
- Strategic Indo-Pacific linkages: Europe acknowledges Indo-Pacific security affects European prosperity.
- Rules-based order: Shared interest in countering authoritarian disruptions.

China's parade, Asia's divide

Modi's decision to skip China's military pageant speaks of impracticality of Eurasian coalition



RAJA MANDALA
BY C RAJA MOHAN

THE BRIEF VIDEO of Prime Minister Narendra Modi holding hands with Chinese leader Xi Jinping and Russian President Vladimir Putin at the Shanghai Cooperation Organisation (SCO) summit in Tianjin has gone viral. The three-way handshake, occurring against the backdrop of US President Donald Trump's relentless effort to bully friend and foe alike, symbolises a moment when major powers are jockeying for geopolitical advantage. Yet a photo-op does not a grand alliance make.

If anything, the impracticality of a Eurasian coalition against America is highlighted by Modi's absence from China's spectacular military parade in Beijing on Wednesday to mark its victory in World War II. Xi will preside over the display of the People's Liberation Army's (PLA) formidable military prowess in Tiananmen Square. Modi's decision to skip the parade underlines India's continuing distance from Beijing's efforts to reinterpret the past for present purposes. Those who claimed that the SCO handshake buried the Quad will note that Modi's absence puts him in the same company as the leaders of Australia, Japan, and the United States, who will also stay away.

In September 1945, Imperial Japan surrendered, ending the war in Asia. In Europe, the victors and a defeated Germany collectively mark the end of hostilities. Asia, however, remains divided in its memory. Reconciliation is elusive even eight decades later. China calls its commemoration, "The Chinese People's War of Resistance Against Japanese Aggression and the World Anti-Fascist War". Yet the military parade, arguably, is less about the past and more about enduring rivalries. Beijing seeks to mobilise nationalist sentiment against Japan and position itself as Asia's pre-eminent power. Tokyo, unsurprisingly, urged countries not to attend. Australia, India, and the US — all critical to the Allied victory in Asia — declined invitations, as did Britain, France, and the Netherlands (the European powers with a major presence in Asia in World War II). For the Quad powers, participation would have been less about celebrating the shared struggle of 1945 than legitimising China's aspirations for the domination of Asia. By contrast, many Southeast and Central Asian leaders have shown up in Beijing. Their attendance is less about the War's memory than about signalling

positive sentiments towards China. One notable absence is the Philippines, a major theatre of World War II. It is now at the receiving end of Chinese military power in the South China Sea.

Why does the memory of the same war divide Asia so sharply? Because national experiences differed profoundly. China endured 14 years of brutal Japanese occupation, but the war was also about the communists' triumph over the nationalists. Korea suffered colonisation and then division. Southeast Asia welcomed as well as fought a rising Japan in Asia.

India's experience was equally complex. Its emerging nationalist elite was divided in its response to the War, and it also suffered the division of the nation on religious lines. The Indian Army fought the Japanese in Burma and took the surrender of Japanese forces in Rangoon, Singapore, Jakarta, and Hanoi. Yet there was also the Indian National Army (INA), led by Subhas Chandra Bose and backed by Tokyo. For Bose, an alliance with Japan was a path to independence from Britain.

Bose's INA also underlines the complexity of the regional memory of Japanese imperialism. Japan styled itself as Asia's liberator from European colonialism. Its slogan, "Asia for Asians", had much resonance in the region. Nationalists in Burma, Indonesia, and Indochina initially welcomed Tokyo's promise of solidarity and support. Japan trained militias, weakened European colonial rulers, and briefly inspired hopes of independence. But the occupation soon revealed its brutal face — resource plunder, forced labour, and repression. For much of Asia, Japan became both the oppressor and midwife of decolonisation.

If Indian and Chinese nationalists shared an anti-imperial sentiment, why did they not collaborate? The answer lies in the adversaries they faced. India's battle was against Britain. China's against Japan. Indian nationalism was deeply divided. Gandhi refused to back Britain's war effort, launching Quit India in 1942. Bose allied with Japan and raised the INA. The Indian communists, a powerful force then, initially dismissed the War as an "inter-imperialist" conflict. After Nazi Germany attacked the Soviet Union, they became staunch supporters of the anti-fascist war.

The Chinese nationalist leader Chiang Kai-

shek's 1942 visit to India and his meeting with Gandhi did little to bridge the gap. China, which found itself on the side of the victorious Allies, gained much in the post-War settlements and the permanent membership of the UN Security Council. Despite its massive contributions to the Allied victory, India got little to show for it after the War thanks to its internal divisions.

Indian and Chinese nationalist movements failed to find solidarity at a critical juncture in the 20th century despite their shared sense of anti-imperialism. Since then, their repeated efforts to find common ground have been unsuccessful. That situation has not changed with an hour-long meeting between Modi and Xi in Tianjin on Monday. Modi's refusal to attend the Beijing parade underscores the deep divergence in how Delhi and Beijing interpret the past and envision Asia's future.

South Asia is well represented at the parade, with Afghanistan, Bangladesh, the Maldives, Myanmar, Nepal, and Pakistan sending delegations. Pakistan's army chief, Asim Munir, who will be at the parade today, might well claim credit for the undivided Indian Army's contributions to victory in Asia — a historical irony that should not be lost on Delhi.

When the PLA goose-steps across Tiananmen Square, Asia will be reminded of a war that deeply divided the region. The military spectacle in Beijing today may project unity, but the guest list reveals division. The real challenge for Asia is not simply to remember the past but to escape being trapped by it.

For India, the challenge is more complex. World War II left Delhi struggling with the consequences of the geopolitical fragmentation of the Subcontinent and Partition. The Indian elite's misreading of the politics of that era proved costly. Today, the stakes are equally high. India risks repeating the error if it fails to grasp the dynamic interplay between Washington, Moscow, and Beijing and define a clear sense of its own interests.

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India's Complex WWII Experience

- Indian Army: fought Japan in Burma, received Japanese surrenders.
- Subhas Chandra Bose's INA, backed by Japan, sought independence.
- Gandhi: Quit India, refused to back Britain.
- Communists: first called war "inter-imperialist", later backed Allies after Germany attacked USSR.
- Result → fractured nationalist consensus, weakening India's bargaining power post-war.

KEY HIGHLIGHTS

Symbolism vs. Reality

- Viral handshake of Modi, Xi, and Putin at SCO (Tianjin) = photo-op, not alliance.
- Highlights impracticality of a Eurasian coalition against the U.S.

India's Balancing Act

- Modi skipped China's WWII victory parade → signals distance from Beijing's attempts to reinterpret history for present-day legitimacy.
- Puts India in same camp as Quad powers (U.S., Japan, Australia).

Historical Memory of WWII in Asia

- Europe = collective reconciliation post-1945.
- Asia = fragmented, contested memory.
- China: frames WWII as "War of Resistance Against Japanese Aggression".
- Japan: urges boycott of parade; fears legitimisation of Chinese dominance.
- Southeast & Central Asian attendance → signalling goodwill to Beijing.
- Philippines absent (conflict with China in South China Sea).

India-China Divergences

- Despite shared anti-imperial sentiment, India fought Britain, China fought Japan → no solidarity.
- Chiang Kai-shek-Gandhi meeting (1942) → no breakthrough.
- China gained UN Security Council permanent seat; India sidelined.
- Modi's absence from Beijing parade today reflects enduring divergence in historical interpretations and future vision of Asia.

Geopolitical Ironies & Regional Signals

- Pakistan Army Chief at Beijing parade may invoke Indian Army's WWII role → historical irony.
- South Asian participation (Afghanistan, Bangladesh, Nepal, Maldives, Myanmar, Pakistan) → Delhi isolated in memory politics.

Lessons for Today

- WWII left India weakened by Partition and misreading geopolitics.
- Present risk: repeating mistakes if India fails to understand dynamic Washington-Moscow-Beijing interplay.
- Imperative: Define clear, autonomous national interest amidst great power rivalry.



DECODING THE GDP SURPRISE

US tariffs, domestic risks make it tricky to gauge growth trends

SACHCHIDANAND SHUKLA

FIRST THINGS FIRST. To say that India's first-quarter GDP growth rate of 7.8 per cent surprised all would be an understatement. Growth was driven by strong performances in services, manufacturing, and construction, alongside significant government spending and solid private consumption. This robust start means even a more moderate growth rate of around 6 per cent for the remaining quarters would nudge the eventual 2025-26 numbers closer to the RBI's estimate of 6.5 per cent and help absorb some potential external shocks. It must also be acknowledged that the first quarter numbers don't provide clues as to the adverse impact of US tariffs.

One must not get too carried away by the numbers, given the role of some technical bumps ups by way of the base effect, which contributed 40 basis points to GDP growth, or even the upward statistical push from an unusually low GDP deflator, a measure of price changes calculated via a weighted average of retail and wholesale price levels. The deflator at 0.9 per cent was one of the lowest outside the Covid years. The decrease in overall prices statistically boosted the real output calculation, making the headline growth number appear stronger than it actually is.

Growth is projected to trend lower from hereon during the fiscal year. The RBI's projection stands at 6.7 per cent for the second quarter, 6.6 per cent for the third and 6.3 per cent for the fourth. Most forecasters have a similar trajectory pencilled in. The outlook for the rest of the year remains uncertain due to first- and

Growth is projected to trend lower from hereon during the fiscal year. The RBI's projection stands at 6.7 per cent for the second quarter, 6.6 per cent for the third and 6.3 per cent for the fourth. Most forecasters have a similar trajectory pencilled in. The outlook for the rest of the year remains uncertain due to first- and

second-order impact of tariffs and the uncertainty around a trade deal with the US. It also masks some domestic risks such as tepid credit growth and risk of deferred demand across categories in anticipation of GST rate cuts.

While real growth surprised on the upside, the moderation in inflationary pressures led to a low nominal GDP growth of 8.8 per cent, which isn't surprising as it perfectly mirrors the drop in inflation. But this slowdown has several important knock-on effects.

First, it imparts more pressure on the government's fiscal position. The 2025-26 budgetary assumption is that of 10.1 per cent nominal growth, which is now only growing at 8.8 per cent, and hence the "economic pie" is smaller than expected. Key targets, like the fiscal deficit, are measured as a percentage of this pie. Since the pie is smaller, the deficit percentage automatically gets bigger, putting the budget targets under strain.

Second, it can weigh on tax collections given that lower inflation means the prices of goods and services aren't rising much. When things cost less, the government collects less in taxes. Add to that the possibility of GST rate cuts or rationalisation. This fall in expected tax revenue means less money for public services, infrastructure, and other projects.

Third, with slower nominal growth, we can expect credit growth to slow down as well. Fourth, the pressure on corporate top-line growth. Lower nominal growth could weigh on listed corporate top-lines and earnings even as some sectors may already

be facing the brunt of US tariffs. But why is there a discrepancy between the Q1 GDP and the rather lukewarm corporate earnings numbers and commentary, or even the high-frequency data?

Well, the low deflator inflates real GDP growth relative to nominal growth, creating a perception of stronger economic expansion than what corporations experience in revenue terms. Corporate earnings, tied more closely to nominal growth, may not reflect the same buoyancy as real GDP.

Also, the 50 per cent US tariffs prompted frontloading of exports. However, this is a transient effect, and the subsequent impact could dampen corporate performance in export-oriented sectors in later quarters. Moreover, GDP is a macro measure aggregating value-added across sectors, while corporate earnings reflect specific firm-level performance. Discrepancies arise due to differences in accounting and the exclusion of non-corporate contributions from listed company results.

Further, the GDP figure was also boosted by frontloaded government capital expenditure. High-frequency indicators like PMI or freight data may not fully reflect this public spending surge, as they are more sensitive to private sector activity. Gauging underlying growth trends is always tricky, but will be more so this year with tariffs and proposed GST cuts in play.

The writer is group chief economist, I&T. Views personal

KEY HIGHLIGHTS

Headline Numbers

- Q1 GDP growth: 7.8% (higher than expected).
- Driven by: services, manufacturing, construction, govt. spending, private consumption.
- RBI projection for FY25-26: 6.5%.
- RBI quarterly forecast:
 - Q2: 6.7%
 - Q3: 6.6%
 - Q4: 6.3%

Statistical/Technical Factors

- Base effect: Contributed ~40 basis points to growth.
- GDP deflator: 0.9% (lowest outside Covid years).
 - Low deflator → artificially boosts real GDP vs nominal GDP.
- Frontloaded exports (before US tariffs of 50%).
- Government capital expenditure provided a temporary boost.

Nominal vs Real GDP

- Nominal GDP growth (Q1): 8.8% (vs. budget assumption of 10.1%).
- Real GDP inflated due to low deflator.
- Implications of lower nominal GDP:
 - a. Fiscal deficit pressure (smaller economic pie → deficit % rises).
 - b. Lower tax revenues (slower GST, direct taxes, risk of GST cuts).
 - c. Credit growth slowdown (linked to nominal expansion).
 - d. Corporate top-line pressure (earnings tied to nominal GDP).

Corporate Earnings vs GDP Growth Discrepancy

- Why mismatch?
 - GDP boosted by low deflator; revenues not.
 - Export frontloading effect is temporary.
 - Govt. expenditure not fully captured in private indicators.
 - Informal/non-corporate sector adds to GDP but not to listed firms.
 - High-frequency indicators (PMI, freight) more reflective of private sector.

Risks & Challenges

- External risks:
 - US tariffs and trade deal uncertainty.
- Domestic risks:
 - Tepid credit growth.
 - Deferred demand (anticipation of GST cuts).
 - Revenue shortfall → less room for public services & infrastructure.

Exam Relevance

- Concepts tested:
 - Real vs Nominal GDP.
 - GDP Deflator.
 - Base Effect.
 - Fiscal Deficit dynamics.
 - Macro vs Microeconomic divergence.
- Themes for GS3 / Essay:
 - Growth vs Fiscal Consolidation.
 - Global trade shocks and domestic resilience.
 - Reliability of GDP data as a growth indicator.