



Juggernaut rolls on

Anomalies of Phase 2 of SIR demand a fresh approach from the ECI in Phase 3

The Election Commission of India (ECI) has announced a third phase of its controversial Special Intensive Revision (SIR) of electoral rolls, covering 16 States and three Union Territories with a combined electorate of 36.73 crore. Given what transpired in Phase 2 – a staggering net trim of 10.2% in the rolls – it would be prudent for the ECI to make structural changes in how it conducts this third phase, so that the disenfranchisement visible particularly in States such as West Bengal is not repeated. At least, the exercise will not be hurried through because of an impending election. The SIR has produced mass deletions of varying scale across States, with West Bengal's the most egregious. This was the cumulative result of the ECI's reliance on faulty software, arbitrary criteria, and methodological flaws, which together led to the removal of a disproportionately higher number of electors from marginalised and minority communities, most notably in West Bengal. Across States, the SIR was marked by the centralisation of data and decision-making in ECI authorities in New Delhi rather than with empowered Electoral Registration Officers in the States; by booth rationalisation conducted in parallel with enumeration rather than after it, which obscured the scale of deletions and made it harder for electors to verify their inclusion; and by software errors that deleted entire sets of duplicate names rather than only the excess entries. Most fundamental of all is the design of the enumeration process itself, which places the onus on electors rather than on ECI officials to establish eligibility on the rolls. The aggregate result of these flaws is visible in the data: gender-ratio drops in the electorate across nearly every State where the SIR was conducted – Tamil Nadu being the notable exception – and mismatches with officially estimated elector-population ratios.

Yet, none of this has moved the ECI to change course. That the lessons of Bihar were not absorbed in Phase 2 itself raises the suspicion that the insouciance is by design. Worryingly, the Supreme Court of India has chosen managerial supervision over adjudication, directing the acceptance of more identity documents, deploying judicial officers, even as the underlying questions on Section 21(3) of the Representation of the People Act and on the shifting of the burden of proof to electors remain unresolved. As Phase 3 commences, the burden now falls on political parties and civil society to sensitise electors to ensure that their enumeration forms are properly processed. The ECI should prioritise universal adult franchise over a method that places the onus of remaining on the rolls upon electors themselves.

Superpower summit

As the U.S., China renegotiate ties, India must reinforce its strategic autonomy

As U.S. President Donald Trump left Beijing on Friday after two days of talks with Chinese President Xi Jinping, the world's two biggest powers appeared to have come to a temporary truce. How long it will last remains to be seen, given that the summit concluded without any apparent breakthroughs in the long list of differences, from trade to Taiwan, that have strained relations. Instead, both sides appear focused on injecting some stability into a relationship that has, of late, seen many ups-and-downs. Mr. Xi offered a new label for ties, calling for "a constructive relationship of strategic stability" for the remaining years of Mr. Trump's term and beyond. If both agree on the need for some stability, their priorities appear to differ. Mr. Xi told Mr. Trump that Taiwan was the most important issue in the relationship, which could descend into conflict if not properly managed. The U.S. stance on Taiwan remains unchanged, which includes substantial arms sales. How this détente will handle the Trump administration's next sale remains to be seen. For Mr. Trump, getting China to buy more American goods and relax controls on rare earths are key metrics of the health of ties. He said that Beijing had agreed to buy 200 Boeing aircraft, step up purchases of soyabean, and relax restrictions on U.S. beef exports – the "three Bs" he has emphasised. The U.S. has also allowed 10 Chinese firms to resume purchases of advanced Nvidia chips. Both sides have discussed setting up a Board of Trade to manage trade issues, including reducing tariffs on some Chinese goods, and a Board of Investment to green light Chinese investment in non-sensitive sectors.

These deals, if confirmed, may at most lead to a pause in a bruising trade war. However, the Beijing summit has also served as a reminder of the broader changing structural dynamics in relations between the world's two biggest powers. If the U.S. remains the pre-eminent military power today, it is the limits of its ability to command global influence that have come into question increasingly, all the more so after the Iran war. China, for its part, has made clear it is no longer interested in biding its time or hiding its global ambitions. As Mr. Xi put it to Mr. Trump, can China and the U.S. avoid the Thucydides Trap, of an inevitable conflict between the established power and the rising power, and create a new model of relations? This question holds significance for India and the rest of the world, which have to navigate this rivalry. Standing up to U.S. pressure, while managing difficult relations with an increasingly confident China, will be two key tests of India's diplomacy in the years to come. Reinforcing India's strategic autonomy and independence, rather than diluting it, will offer the best path forward.

Trade, supply chains and economic statecraft

The past decade has collapsed the old boundary between economics and geopolitics, creating a world in which supply chains, trade routes, energy corridors and technology ecosystems have become the real battlegrounds of power. What once belonged to corporate strategy decks is now the daily fare of national security briefings. Tariffs behave like sanctions, semiconductor alliances resemble defence pacts, and the flow of critical minerals can tilt influence as decisively as troop deployments once did. In this new order, states compete not only with armies or ideologies but with regulatory regimes, infrastructure networks and the capacity to anchor global production. The fusion of markets and statecraft is no longer a trend; it is the organising principle of 21st century geopolitics.

Trade as strategic leverage

This shift has also exposed the fragility of the older globalisation consensus – the belief that trade naturally fosters cooperation and shared prosperity. Increasingly, economic ties are being repurposed as instruments of strategic leverage. Tariffs, export controls, supply-chain restrictions and energy dependencies have become tools through which states attempt to shape the behaviour of others. The scramble over critical minerals, the weaponisation of interdependence (with China's curbs on the export of rare earths allowing it to flex its muscles against the United States and India), and the resurgence of tariff politics (used by U.S. President Donald Trump to punitive effect) all underscore how easily commerce can be turned into coercion. In such an environment, economic diplomacy is inseparable from national security, and countries must navigate a world where prosperity and power are intertwined.

For India, this shift has encouraged a more pragmatic approach to foreign policy, one that places greater emphasis on economic resilience and diversification. This fusion of economics and geopolitics has created a rare moment in which India's structural strengths align with the world's strategic needs. As companies and governments rethink their exposure to concentrated supply chains, India's scale, stability and reform trajectory have moved it from the periphery of globalisation to the centre of boardroom strategies and diplomatic calculations. A country once viewed in the West as a promising but difficult market is now seen as an indispensable node in a diversified global economy – large enough to matter, stable enough to trust, and open enough to absorb investment at scale.

Three shifts underpin this new positioning. First, India's domestic reforms – digitisation, infrastructure expansion, and targeted deregulation – have lowered transaction costs and improved predictability, making it easier for global firms to build long-term capacity.



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Second, the geopolitical recalibration around China has created a structural demand for alternative production ecosystems, and India is one of the few economies with the labour force, political stability and market depth to meet that demand.

Third, India's own strategic imagination has expanded: it now sees trade agreements, technology partnerships and supply-chain diplomacy not as peripheral to national strategy but as central instruments of statecraft.

The new order and India

In this environment, India's relationships with major powers are increasingly shaped by economic security rather than traditional geopolitics alone. Semiconductor collaborations, critical-mineral partnerships, defence-industrial co-production and digital-public-infrastructure exports are all examples of how India is weaving economic resilience into its foreign policy. These are not merely commercial arrangements; they are strategic bets on a world where influence flows through production networks as much as through military alliances. It is a world where Pax Silica complements Pax Americana, but unlike the latter, does not require a military partnership.

At the same time, India must navigate the risks of this new order. Interdependence can empower, but it can also expose. Over-reliance on any single partner – whether for technology, minerals, or markets – creates vulnerabilities that can be exploited. The challenge is to build a diversified portfolio of economic relationships that enhances India's autonomy rather than constraining it. Promiscuity is not a virtue in inter-personal relationships, but in the trade world of the third decade of the 21st century, it may be the only viable "default mode" for India's conduct. Of course, like the other kind, trade promiscuity also requires precautions. Even as it pursues multiple partners, India must strike a careful balance: deepening integration without surrendering strategic space, attracting investment without becoming dependent on it, and embracing globalisation without repeating the mistakes of earlier eras. This global shift also places new demands on India's internal economic strategy. To anchor global supply chains, India must continue improving logistics, regulatory clarity and workforce skills. To lead in emerging technologies, it must invest in research, intellectual property and trusted digital infrastructure. To secure critical minerals, it must build resilient partnerships abroad and sustainable extraction policies at home. And to maintain credibility as a democratic alternative in a world of authoritarian efficiency, it must ensure that economic growth is matched by institutional strength and social cohesion.

The stakes are high because the opportunity is historic. For the first time since liberalisation, the global economy is not merely inviting India to

participate – it is actively seeking India's presence. The question is whether India can convert this moment of geopolitical demand into long-term economic capability.

As the global trading system fragments into overlapping coalitions and custom-tailored economic arrangements, India's task is not to retreat behind new walls but to remain confidently open on its own terms. The goal is neither complete individualism nor naive globalism, but a calibrated integration that avoids excessive dependence on any single partner. Serial dating works best when each partner is aware of your other relationships, knows multiple options exist but is not threatened by any of them. This is why energy security, technology partnerships and resilient supply chains have become central to India's external engagement: they are the arenas in which the next phase of global competition will be decided.

Economic diplomacy is no longer an adjunct to foreign policy; it is one of its organising principles. Countries that can align their economic strategy with their diplomatic posture will shape the emerging order rather than be shaped by it.

This moment also coincides with a profound transition in the architecture of global trade. The multilateralism that defined the late 20th century – rooted in universal rules and broad consensus – has lost momentum under the weight of geopolitical rivalry and domestic political pressures. In its place, nations are turning to flexible bilateral and regional arrangements that allow them to tailor partnerships to strategic priorities. For India, this shift is not a setback but an opening. It creates space for a more agile, interest-driven diplomacy that can leverage India's scale, stability, and reform trajectory to build coalitions across geographies and sectors.

India at global crossroads

The convergence of these trends places India at a pivotal juncture. The world is searching for diversified production bases, trusted digital ecosystems and stable democratic partners. India can meet that demand – but only if it continues to invest in competitiveness at home and credibility abroad. The choices made now will determine whether India becomes a central anchor of the new global economy or remains merely one of its many participants. The opportunity is historic, but it is not automatic. It requires clarity of purpose, institutional steadiness and the confidence to engage the world without fear or favour.

In a world where prosperity and power now move through supply chains rather than shipping lanes, India's future will be shaped not by choosing between globalisation and self-reliance, but by mastering the art of engaging the world on terms that protect its autonomy while amplifying its ambition.

The new global order offers India unprecedented strategic and economic opportunities, making a case for balanced 'policy promiscuity'

Productivity, not just growth, for Viksit Bharat

India's recent economic performance has been strong enough to inspire confidence. Over the past decade, and particularly in the post-COVID-19 pandemic period, India has combined relatively high growth with macroeconomic stability in a way that few large economies have managed. Real GDP growth has remained robust, reaching 6.5% in FY2024-25, making India one of the fastest-growing major economies globally. This performance has been underpinned by strong domestic demand, subdued inflation, gradual fiscal consolidation, and a broadly stable financial sector.

While India's productivity growth has been meaningful over recent decades, sustaining high growth will require acceleration, particularly as India aspires to become Viksit Bharat by 2047. That transition will require not just maintaining macroeconomic stability but also activating all engines of growth, labour, capital, and improved productivity, through deeper structural reforms.

Manufacturing without depth

There is now growing recognition, reflected in the Economic Survey 2025-26, that manufacturing must anchor this next phase. The challenge, however, is not just expanding manufacturing, but also making it more productive. India's structural transformation has been skewed. While services have driven growth, manufacturing has not expanded sufficiently to absorb labour or generate broad-based productivity gains. In most successful development experiences, manufacturing acts as the bridge between low-productivity agriculture and high-productivity modern sectors.

The Economic Survey reinforces this point, emphasising that manufacturing is central to sustaining growth and generating employment at scale. Without it, India risks a growth pattern that is neither sufficiently robust nor structurally stable. While productivity growth in services has been strong, manufacturing productivity has lagged behind both its potential and that of its



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international peers. A key issue is firm structure. India's manufacturing sector is characterised by a large number of small, low-productivity firms and relatively few mid-sized firms capable of scaling up. This is in stark contrast to economies that successfully industrialised, particularly in East Asia, which saw the emergence of a strong cohort of medium and large firms that drove exports and productivity growth.

Therefore, the current structure creates a challenge for efficient factor allocation, leading to a significant share of labour remaining in agriculture, where productivity is far lower than in manufacturing and services. Most importantly, despite significant investment – particularly in infrastructure – efficiency gaps remain.

Zombie firms, stalled reallocation

These structural constraints converge into a deeper problem, reflected in a weak business dynamism. In economic theory, productivity growth is often driven by creative destruction, in which new, more efficient firms replace older, less productive ones. In practice, this process remains slow in India. As a result, the persistence of small, low-productivity "zombie" firms impedes the efficient reallocation of resources. Zombie firms that are no longer economically viable but continue to operate nonetheless tie up capital and labour that could otherwise be deployed in more productive uses.

Evidence from recent studies further reinforces this concern. A paper, "Zombie Firms in Emerging Markets: Survival and Funding Mechanisms" (2025), shows that while zombie firms constitute a relatively small share of firms, they account for a disproportionately large share of total debt and assets. This implies that a significant volume of capital is locked into low-productivity uses, creating systemic inefficiencies. The research also shows that zombification is a gradual process. Financial deterioration begins well before firms are classified as zombies, and once they enter this

state, they become increasingly dependent on debt while showing little recovery in core performance indicators. The problem is persistent, not cyclical. Crucially, the nature of financing matters. Bank-financed firms are more likely to become zombies, remain in distress for longer periods, and relapse even after partial recovery. In contrast, equity-financed firms are less prone to zombification and more likely to recover sustainably.

These findings point to a deeper institutional issue. Financial and regulatory structures often sustain inefficient firms rather than facilitating exit. This weakens reallocation by crowding out credit from more productive firms, thereby undermining overall productivity growth.

Two-pronged strategy

India's path to Viksit Bharat requires a manufacturing-led strategy that addresses both scale and efficiency. India has demonstrated that it can grow rapidly. The next phase is about ensuring that this growth translates into sustained increases in productivity and income. There is growing recognition that manufacturing is the weak link in India's development story and that expanding manufacturing will require deeper integration into global value chains, managing trade barriers, and continued infrastructure investment. Equally important is improving productivity through stronger business dynamism and productive research and development. This means enabling firms to grow, but also allowing inefficient firms to exit. Reforms must therefore focus on simplifying regulations, easing labour constraints, strengthening insolvency processes, improving credit allocation, and expanding access to financing.

The vision of Viksit Bharat ultimately depends on whether India can complete this transition. Growth has laid the foundation, but enhanced productivity and the exit of inefficient firms will determine whether it can sustain the leap to Viksit Bharat.

India must unlock productivity to sustain long-term economic growth

LETTERS TO THE EDITOR

Burden of fuel hikes

It has become routine for the ruling party at the Centre to keep fuel prices steady whenever elections are near, only to raise them soon after. As late as April 29, the Petroleum Ministry had assured citizens that there would be no hike from May 1. The ₹3 increase

in petrol and diesel prices is now being compared with fuel price hikes of 30% to 100% in other countries, as if to suggest that the government has acted reasonably. But such comparisons are not meaningful. India's cost of living, per capita income, and overall living conditions

are different, and the poor and middle classes are unable to absorb the hike and its cascading effects. When global crude oil prices were low in the past, the benefit was not passed on to consumers. The government said the additional revenue was being used for infrastructure

development. Yet, one wonders why a portion of that revenue was not set aside in a reserve fund to cushion the impact of rising crude oil prices. Policy measures must be both practical and people-friendly. **V. Nagarajan,** Chennai

The INDIA bloc, its future

The INDIA bloc never really took off at any point in time. The question (Opinion page – 'Parley', May 15) contains its answer at the very outset – the Congress is not the principal opponent in many BJP-ruled States. With the defeat of the LDF in Kerala,

the TMC in West Bengal, and the Congress extending support to the TVK, much to the chagrin of the ousted DMK, the bloc appears to have suffered its final blow. **T.S. Sanath Kumar,** Thrissur, Kerala

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