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# **SUMMARY OF IMPORTANT EDITORIALS**

**16th May 2026**

## **TOPICS:-**

- 1. Trade, supply chains and economic statecraft**  
(GS Paper III Economy)
- 2. Productivity, not just growth, for Viksit Bharat**  
(GS Paper III Economy)
- 3. Trump, Xi and an unsteady balance**  
(GS Paper III International Relations)

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# 1. TRADE, SUPPLY CHAINS AND ECONOMIC STATECRAFT

*(GS Paper III Economy)*

This editorial ‘**Trade, supply chains and economic statecraft**’ was published in **The Hindu** on 16th May 2026, highlights the **shift from old globalisation** to trade, supply chains and economic diplomacy as instruments of geopolitical power and India’s strategic opportunity.

## Trade as Strategic Leverage

- Supply chains and trade routes now define power politics, making production networks as decisive as armies or ideologies.
- Tariffs, export controls and energy dependence have become coercive tools, as seen in China’s rare earth curbs and U.S. tariff politics.
- The older globalisation consensus of cooperation and shared prosperity has weakened as economic ties are weaponised for strategic leverage.
- India’s focus on economic resilience and diversification has gained salience as companies reduce exposure to concentrated supply chains.
- Domestic reforms, digitisation and infrastructure expansion have lowered transaction costs, improving India’s credibility for investment and production.
- China’s geopolitical recalibration has created demand for alternative production ecosystems, where India’s labour force and market depth offer advantages.

## India’s Economic Diplomacy in the New Order

- India’s ties with major powers now reflect economic security through semiconductor, critical-mineral, defence-industrial and digital infrastructure partnerships.
- Strategic influence increasingly flows through production networks, creating a “Pax Silica” order that need not require military alliance.
- Interdependence can empower India, but excessive reliance on one partner for technology or minerals creates strategic vulnerabilities.
- Policy promiscuity may suit India’s conduct, but deep integration must avoid dependence, overexposure and earlier mistakes of globalisation.
- India must improve logistics, regulatory clarity, workforce skills, research, intellectual property and trusted digital infrastructure to anchor supply chains.

- Critical-mineral security requires resilient partnerships abroad and sustainable extraction at home, backed by democratic credibility and institutional strength.

### Fragmented Globalisation and India's Strategic Choice

- As the global system fragments, India's task is not retreat but calibrated integration that avoids dependence on any single partner.
- Serial dating works when each partner knows multiple strategic options exist, making supply chains, energy security and technology partnerships central.
- Economic diplomacy is now an organising principle of foreign policy, aligning national economic strategy with diplomatic posture.
- Weakening universal multilateralism has pushed states toward bilateral arrangements and regional coalitions suited to specific priorities.
- India's scale, stability and reform trajectory can help build pragmatic coalitions across geographies and sectors.
- India stands at a global crossroads, where choices made now will determine whether it becomes a central node or another participant.

## BEYOND EDITORIAL

### Risks of Over-Securitising Trade and Supply Chains

- **Cost escalation:** Trade securitisation raises input costs, as COVID-era chip shortages increased automobile and electronics prices globally.
- **Efficiency loss:** Friend-shoring may reduce efficiency, as Apple's China-plus-one shift still needs Chinese components and supplier ecosystems.
- **Dependence shift:** India must avoid replacing China dependence with Western over-reliance in semiconductors, rare earths and defence technology.
- **Export risk:** Protectionist tariffs invite retaliation, as the U.S.-China trade war disrupted soybeans, electronics and global value chains.
- **Innovation constraint:** Technology controls restrict upgrading, as U.S. chip curbs limited China's access to advanced semiconductors and tools.
- **Policy uncertainty:** Frequent export bans weaken investor confidence, as India's rice export restrictions affected global food trade expectations.
- **Strategic balance:** Economic security must preserve openness, as Vietnam gained supply-chain investment by combining trade integration with diversification.

## 2. PRODUCTIVITY, NOT JUST GROWTH, FOR VIKSIT BHARAT

(GS Paper III Economy)

This editorial '**Productivity, not just growth, for Viksit Bharat**' was published in **The Hindu** on 16th May 2026, highlights that India's long-term developed-economy ambition requires **productivity-led structural reform**, not merely high GDP growth.

### Growth Momentum and Productivity Imperative

- India's recent **economic performance** inspires confidence, with **real GDP** growth at 6.5% in FY2024-25 amid macroeconomic stability.
- Strong **domestic demand**, subdued inflation, fiscal consolidation and a stable financial sector have supported India's post-pandemic growth.
- The transition to **Viksit Bharat** by 2047 requires activating labour, capital and productivity engines through deeper structural reforms.
- India's **productivity growth** has been meaningful, but sustaining high welfare requires more than maintaining macroeconomic stability.

### Manufacturing Depth and Structural Constraints

- The **Economic Survey** recognises manufacturing as central to the next growth phase, but India needs productive manufacturing, not mere expansion.
- India's structural shift remains **skewed**, as services drove growth while manufacturing absorbed insufficient labour and generated limited productivity gains.
- Successful development experiences used **manufacturing** as a bridge from low-productivity agriculture to high-productivity modern sectors.
- India's manufacturing has many **small firms** and few scalable mid-sized firms, unlike East Asian industrialisation driven by medium and large firms.
- Weak **factor allocation** keeps excess labour in agriculture, where productivity remains lower than manufacturing and services.
- Despite significant **infrastructure investment**, efficiency gaps persist, limiting the productivity gains needed for sustained transformation.

### Zombie Firms and Weak Reallocation

- Productivity growth needs **creative destruction**, where efficient firms replace older less productive firms, but this process remains slow in India.

- Small, low-productivity **zombie firms** block efficient reallocation by tying up capital and labour that could serve productive uses.
- The 2025 paper **Zombie Firms** shows such firms form a small share but hold disproportionate total debt and assets.
- Zombification is gradual, as **financial deterioration** begins before firms enter zombie status and continues with little recovery after entry.
- Bank-financed firms face higher **distress persistence**, while equity-financed firms are less prone to zombification and recover more sustainably.
- Inefficient firms are sustained by **financial structures**, crowding out credit from productive firms and weakening overall productivity growth.

### Reform Strategy for Productivity-Led Development

- India needs a **manufacturing-led strategy** that addresses scale and efficiency to convert growth into sustained productivity and income gains.
- Expanding manufacturing requires deeper **global value chains**, trade barrier management and continued infrastructure investment.
- Productivity improvement needs stronger **business dynamism**, productive research and development and conditions that help efficient firms grow.
- Reforms must simplify **regulations**, ease labour constraints, strengthen insolvency processes, improve credit allocation and expand financing access.
- India's **Viksit Bharat** vision depends on completing the shift from growth-led confidence to productivity-led transformation.

## BEYOND EDITORIAL

### Human Capital and Technology as Productivity Multipliers

- **Learning gap:** Productivity needs stronger human capital, as ASER repeatedly flags weak foundational learning despite rising school enrolment.
- **Skill mismatch:** Manufacturing expansion needs industry-linked skilling, as India's electronics and EV sectors require technicians, machinists and toolmakers.
- **Technology adoption:** Digital tools raise firm productivity, as UPI, GSTN and ONDC show how platforms reduce transaction frictions.
- **Health productivity:** Better nutrition improves worker efficiency, as anaemia among women and children lowers stamina and labour outcomes.

- **Female workforce:** Higher women's participation expands productivity, as Bangladesh's garment sector shows labour-intensive manufacturing can absorb women workers.
- **Innovation ecosystem:** University-industry linkages support competitiveness, as IIT-Madras Research Park connects start-ups, labs and industrial partners.
- **Regional equity:** Productivity must spread beyond industrial hubs, as BIMARU-state gaps show how uneven skills constrain national growth.

### 3. TRUMP, XI AND AN UNSTEADY BALANCE

*(GS Paper III International Relations)*

This editorial 'Trump, Xi and an unsteady balance' was published in The Indian Express on 16th May 2026, highlights the fragile U.S.-China attempt to stabilise ties amid structural rivalry, economic bargaining and shifting global power.

#### **Fragile Stabilisation After the Summit**

- The Beijing summit produced commercial agreements and China's support for reopening the Strait of Hormuz, but bilateral tensions remain volatile.
- Xi Jinping and Donald Trump declared a common framework for strategic stability, yet structural differences between Washington and Beijing endure.
- The Beijing meeting will be followed by Xi's visit to Washington DC, keeping U.S.-China relations central to 2026 politics.

#### **Shifting Power Balance and Strategic Bargaining**

- The balance of power has changed as China's economic weight and technological strength now limit America's earlier strategic leverage.
- Trump's earlier belief that China could be pressured from a weaker position has shifted to a more flexible approach toward Beijing.
- Xi approaches engagement with greater confidence, seeking recognition of China's interests and enduring American respect on issues such as Taiwan.
- Beijing's objective is to secure recognition of its concerns, while Washington seeks guarded cooperation without conceding strategic primacy.

#### **Enduring Rivalry and China's Strategic Confidence**

- Xi's blunt warning against mishandling Taiwan shows that summit diplomacy has not removed the risk of military conflict.

- Trump avoided public reference to Taiwan, but this silence does not prove Washington has abandoned strategic competition with China.
- China may assume that competition with the U.S. will remain a durable feature of the international system, especially in Asia.
- Beijing is unlikely to be swayed by Trump's flattery, given China's stronger bargaining position and long-term strategic ambitions.

### India's Strategic Takeaway

- India's hedge against U.S.-China uncertainty lies in strengthening economic capability, technological depth and military power at home.
- In a fluid balance between Washington and Beijing, India's autonomy will depend less on external moves and more on domestic capacity.

## BEYOND EDITORIAL

### Implications for the Global South and Middle Powers

- Alignment pressure: U.S.-China rivalry pressures middle powers, as ASEAN states hedge through trade with China and security links with Washington.
- Technology divide: Export controls can widen digital gaps, as Huawei restrictions complicated 5G choices for several developing economies.
- Debt vulnerability: Smaller states risk policy dependence, as Sri Lanka's Hambantota port lease followed unsustainable infrastructure debt.
- Trade fragmentation: Fragmented globalisation hurts exporters, as U.S.-China tariffs shifted supply chains but raised uncertainty for Asian producers.
- Diplomatic space: Issue-based coalitions protect autonomy, as Quad, I2U2 and BRICS allow selective cooperation without formal alliances.
- Security spillover: Taiwan or South China Sea tensions can disrupt shipping, as Malacca-linked routes carry major Indo-Pacific trade.
- India's role: India can strengthen Global South bargaining, as Vaccine Maitri and UPI exports show credible development alternatives.