

EDITORIALS - 16TH SEP 2026

1. Decoding India's GDP base revision (GS Paper III Economy)

This editorial '**Decoding India's GDP base revision**' was published in **The Hindu** on 16th Sep 2026, highlights how improved **data and methods**, especially for **unincorporated services**, explain revisions under India's new GDP series.

Meaning and Context

- Changing the **GDP base year** alters growth measurement and **nominal GDP** estimates by incorporating wider coverage, improved methods and newer data.
- Revisions may raise or lower economic size; India's nominal GDP fell by **2.7% in 2022-23**, **3.5% in 2023-24** and 3.8% in 2024-25.
- Similar **rebasement exercises** revised GDP estimates in Nigeria, Indonesia, Brazil, South Africa, Mexico, China and Spain, while India's previous rebasing also changed economic size.
- The **2022-23 base series**, released on February 27, 2026, introduced methodological improvements, updated sources and activity-wise explanations for revisions.

Sectoral Evidence and Methodological Change

- **Agriculture and allied activities** rose by 3.8%-5.9%, while financial, real-estate and professional services increased by **7.8%-9%**.
- **Trade and transport** estimates fell by 23%-26%; trade GVA declined 36% and road transport 16.9%, while hotels and restaurants rose 5.7%.
- The earlier **2011-12 series** extrapolated benchmark estimates using proxies, whereas **ASUSE and PLFS** now directly measure the unincorporated sector.
- Improved measurement of **unincorporated services** became the principal driver of nominal GDP revision, though changes varied considerably across sectors.

Interpretation and Statistical Credibility

- The **World Bank** attributed 3%-4% downward revisions from FY23 mainly to informal-economy reassessment and found quarterly growth less volatile and more broad-based.
- Since later provisional estimates build upon earlier figures using **GST collections** and industrial production, the FY23 revision naturally carried into subsequent annual and quarterly estimates.
- Lower revised GDP does not imply sudden economic contraction; it reflects a different, **better-measured benchmark** produced through updated evidence.

Beyond Editorial

Policy Implications of Revised GDP Estimates

- **Fiscal arithmetic:** A lower nominal GDP raises the measured fiscal deficit and public debt ratios even when actual government borrowing remains unchanged.
- **Budget comparison:** Tax revenue, capital expenditure and subsidies measured as GDP shares must be recalculated before comparing performance across the old and new series.
- **Federal devolution:** Consistent State GDP revisions are essential because Finance Commission assessments use income and fiscal-capacity differences to distribute resources among States.
- **Sectoral policy:** Downward revisions in trade and transport may alter credit, infrastructure and employment priorities, while better informal-sector measurement can improve targeted interventions.
- **Monetary assessment:** More stable quarterly GDP estimates can help the Reserve Bank of India distinguish genuine growth changes from statistical volatility while setting interest rates.
- **Development indicators:** Revised GDP alters per-capita income, productivity and debt-sustainability estimates; the World Bank linked India's revision mainly to reassessment of the informal economy.
- **Statistical credibility:** Regular rebasing, complete back-series data and transparent methodology are essential, especially as India plans to revise major economic base years every three to five years.

2. Lessons from India's smallholder farmers (GS Paper III Economy)

This editorial 'Lessons from India's smallholder farmers' was published in **The Hindu** on 16th Sep 2026, highlights India's **integrated, institution-led model** for transforming smallholder agriculture into a **resilient** and **commercially viable** rural economy.

India's Smallholder-Led Transformation

- Conflict, **climate stress**, food insecurity and fiscal pressures expose old development models, requiring solutions grounded in **evidence and practical experience**.
- India shows that **smallholder agriculture** can move beyond subsistence through organisation, commercial opportunities and **resilience at scale**.
- Its approach integrates **infrastructure and enterprise development** with skills, finance and market access to achieve commercially sustainable rural transformation.
- Smallholders still face unequal access to finance, technology, markets, land, water and infrastructure, worsened by **climate change** and **soil degradation**.

Integrated Rural Development Ecosystem

- Roads, irrigation, power and digital connectivity transform livelihoods only when **farmer collectives** secure bargaining power, finance, technology and markets.

- Government bodies, NGOs, private firms, **Agri Stack**, NABARD, self-help groups, producer organisations and cooperatives jointly connect farmers with essential services.
- **Digital tools** improve efficiency and accountability, while local institutions help smallholders build commercially viable **food enterprises**.
- Five decades of **IFAD-India cooperation** supported women's credit groups in Maharashtra, enterprise hubs in Meghalaya, producer organisations in Uttarakhand and climate-resilient Zau farming in Mizoram.
- The new **eight-year IFAD strategy**, launched in May 2026, aligns rural development with the **Viksit Bharat@2047** vision.

Global Relevance of India's Experience

- India's expanding **Global South leadership** can make its rural development experience a shared resource under **Vasudhaiva Kutumbakam**.
- IFAD's presence across **92 countries** and the wider United Nations system enables India's rural lessons to travel beyond national borders.
- India's model is not directly replicable, but its principles remain transferable: strengthen **local institutions**, connect markets and finance, promote enterprises and use digital systems intelligently.
- Treating **smallholders, women and youth** as active economic participants, rather than beneficiaries, is central to **inclusive rural transformation**.

Beyond Editorial

Structural Reforms for Scalable Smallholder Prosperity

- **Farmer collectivisation:** India's 10,000 Farmer Producer Organisations include 56.32 lakh farmers, demonstrating how aggregation can improve bargaining power and economies of scale.
- **Institutional finance:** Each eligible Farmer Producer Organisation can receive ₹18 lakh for management, ₹15 lakh as equity support and credit guarantees up to ₹2 crore.
- **Market integration:** By June 2026, e-NAM connected 1,656 mandis and registered 1.89 crore farmers, expanding access to transparent bidding and wider buyer networks.
- **Digital commerce:** Over 9,000 Farmer Producer Organisations had joined the Open Network for Digital Commerce by June 2025, enabling direct digital sales beyond traditional mandis.
- **Climate protection:** Pradhan Mantri Fasal Bima Yojana insured 4.19 crore farmers across 6.2 crore hectares in 2024-25, cushioning climate-related crop losses.
- **Digital inclusion:** AgriStack generated over 7.63 crore Farmer IDs by November 2025, including 1.93 crore for women, supporting targeted delivery of agricultural services.
- **Women's participation:** Among 10,000 registered Farmer Producer Organisations, 1,175 had entirely women members, while Kudumbashree demonstrates the enterprise potential of women-led collectives.

3. Saudi Arabia is facing a two-strait dilemma (GS Paper II International Relations)

This editorial '**Saudi Arabia is facing a two-strait dilemma**' was published in **The Indian Express** on 16th Sep 2026, highlights how **Houthi control** over Bab el-Mandeb, alongside disruption in the **Strait of Hormuz**, threatens Saudi **oil exports** and exposes Riyadh's strategic isolation.

Bab el-Mandeb Crisis

- Renewed **Houthi offensives** secured Yemen's Red Sea coast and Bab el-Mandeb, a strategic gateway carrying nearly **12% of global trade**.
- Occupation of **Perim Island** provides an unobstructed view of commercial traffic and strengthens Houthi control over the **maritime chokepoint**.
- After Saudi jets damaged Sana'a airport to block an Iranian aircraft, the Houthis imposed a **naval blockade** and attacked Saudi tankers and **oil facilities**.
- Internal rivalry between **Saudi-backed forces** and UAE-aligned coastal factions enabled the Houthis to capture **Bab el-Mandeb** with limited resistance.

Impact on Saudi Oil Exports

- Disruption in the **Strait of Hormuz** made Yanbu, supplied through the 1,200-km **East-West pipeline**, crucial for Saudi oil exports.
- Before the July blockade, nearly **70% of Yanbu's oil** reached Asia through Bab el-Mandeb, making Saudi exports dependent on both strategic straits.
- The blockade forced longer routes around Africa, while **Saudi crude production** fell from over 10 million bpd in January to **6.2 million bpd** in August.

Strategic and Diplomatic Constraints

- The United States reportedly offered intelligence but avoided direct intervention, fearing another military front and wider Houthi attacks disrupting **global oil markets**.
- Pakistan and Türkiye remain reluctant to intervene through the **Mecca Alliance** unless Saudi Arabia faces invasion; Pakistan similarly declined participation in **2015**.
- Houthi resistance to American operations in 2025 and advances towards **Marib's energy centre** have strengthened their military position and **bargaining leverage**.
- Control of Bab el-Mandeb has enhanced **Iranian leverage**, with Tehran linking a lasting US settlement to ending the **Yemen blockade**.

Beyond Editorial

Implications for India's Energy Security

- **Import vulnerability:** India depended on imports for 89.44% of crude oil consumption in 2024-25, making distant maritime disruptions a direct domestic economic risk.
- **LPG exposure:** India imports about 60% of its LPG, with nearly 90% of these imports passing through Hormuz, creating concentrated chokepoint dependence.
- **Transport costs:** Rerouting tankers around Africa increases voyage time, freight and insurance costs, transmitting external disruptions into domestic fuel and commodity inflation.
- **Supply diversification:** India reported sourcing nearly 70% of crude imports from outside Hormuz in 2026, showing the value of diversified suppliers and shipping routes.
- **Strategic reserves:** India's underground facilities at Visakhapatnam, Mangaluru and Padur store about five million tonnes of crude, providing a limited emergency supply buffer.
- **Maritime protection:** Operation Sankalp enables the Indian Navy to escort Indian-flagged merchant vessels through vulnerable Gulf waters during periods of heightened regional tension.
- **Demand reduction:** Achieving 20% ethanol blending in petrol during 2025-26 illustrates how domestic biofuels can gradually reduce crude imports and geopolitical exposure.