



**Economic Survey  
2025-26**

The illustration on the left side of the page depicts a vibrant economic landscape. It features a winding river in the foreground, a city skyline with various skyscrapers in the middle ground, and a factory with smokestacks on the right. A wind turbine is also visible. The background is a bright yellow sun in a green sky with soft clouds. In the bottom right corner of the illustration, there is a network diagram with several nodes connected by lines.

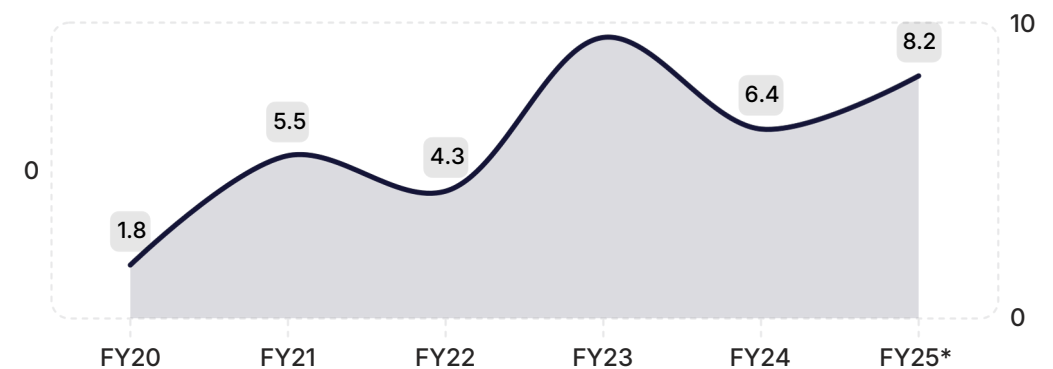
**Stability. Growth. Resilience.**  
**10 Point Summary**

# STATE OF THE ECONOMY

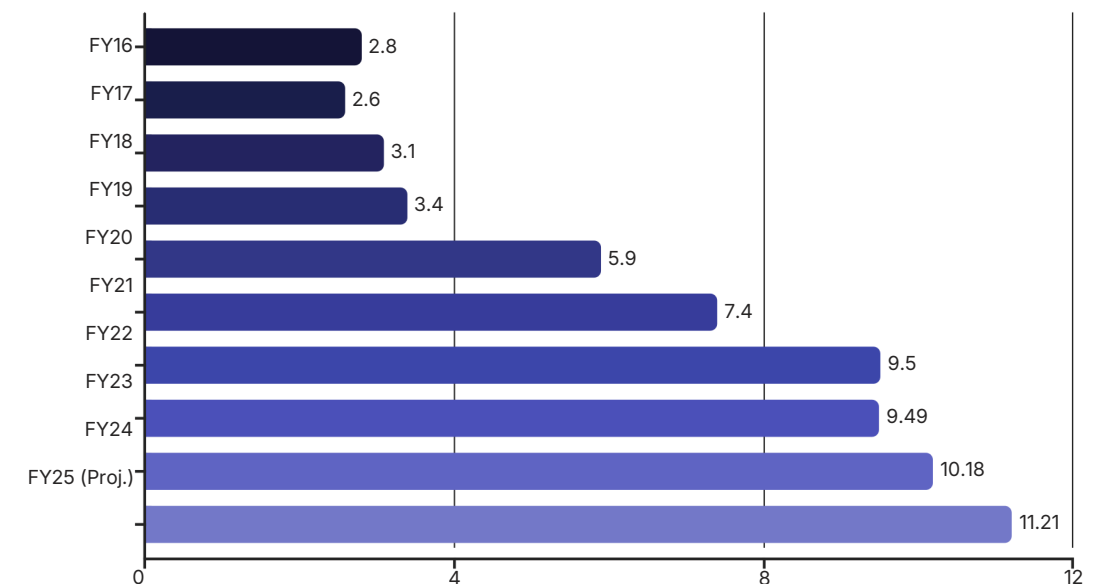
## Pushing the Growth Frontier

- India's economy sustains **7%+ growth momentum** despite global headwinds outperforming major economies
- Robust macroeconomic fundamentals: **contained inflation**, healthy banking system, strong corporate balance sheets
- Public capital expenditure driving growth infrastructure investments easing bottlenecks in transport, logistics, and digital sectors
- Structural reforms (**GST rationalization, labour codes, deregulation**) enhancing business environment and productivity
- Potential growth rate revised upward to **7.0% from 6.5%** signaling structural improvement, not cyclical rebound
- Policy focus shifting toward building resilience: supply-side strengthening, diversification, and external stability

**India GDP Growth Trend (FY2015-FY2026E)**



**Public Capital Expenditure Trend (FY16-FY25)**



# FISCAL DEVELOPMENTS

## Anchoring stability through credible consolidation



### Steady Fiscal Consolidation

The Union Government has consistently reduced the fiscal deficit since FY21, balancing prudence with economic recovery and capital formation needs.



### Enhanced Expenditure Quality

A strategic shift towards capital expenditure, alongside strong revenue mobilisation (e.g., robust GST), has improved public spending productivity and fiscal sustainability.



### State Fiscal Concerns

While states benefit from higher transfers, rising revenue deficits and reliance on unconditional cash transfers in some regions risk crowding out essential capital expenditure.



### Manageable Debt Profile

India's public debt, primarily domestic and long-term, remains manageable, though increasing global scrutiny necessitates coordinated fiscal discipline across Centre and States.

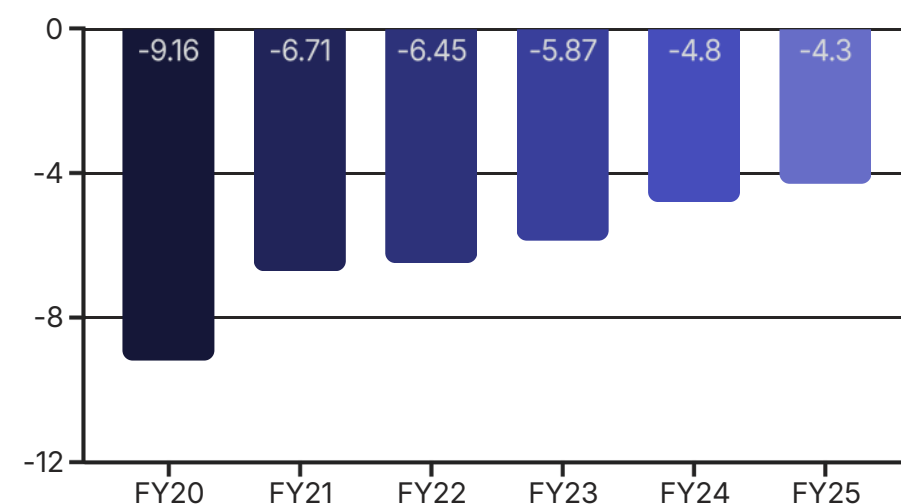


### Forward-Looking Strategy

Future fiscal policy aims for continued consolidation, safeguarding capital outlays, improving state finances, and building resilience against global volatility.

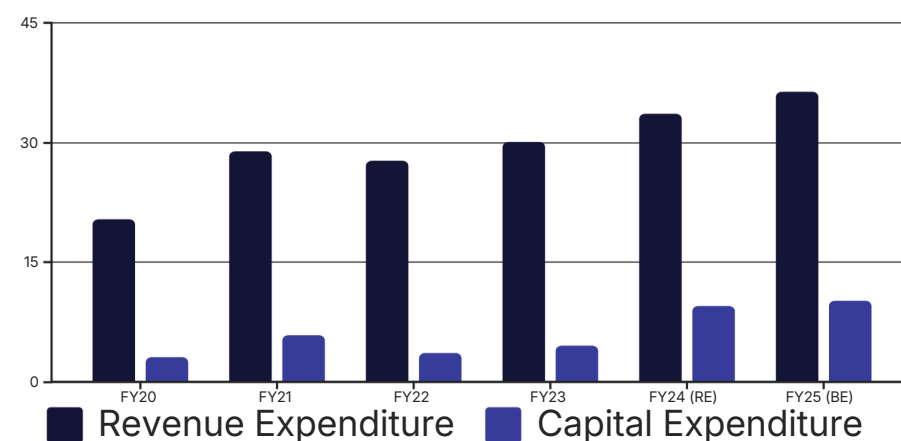
Source: Union Budget / Economic Survey.

Fiscal Deficit shows a trends downward.



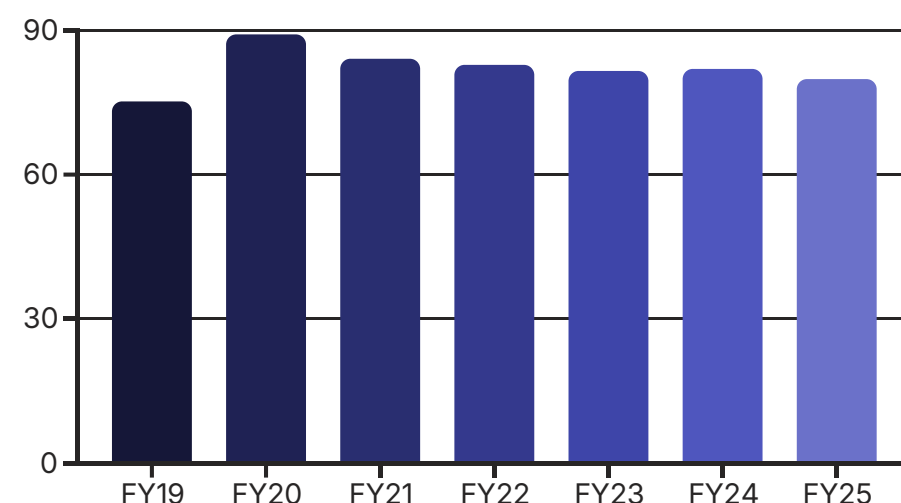
All data, rates, and percentages are as of 31 March (financial year-end).

Thrust on capital formation.



Source: RBI / IMF / Economic Survey. Government Debt (% of GDP).

Stable and controlled in post-pandemic peak.

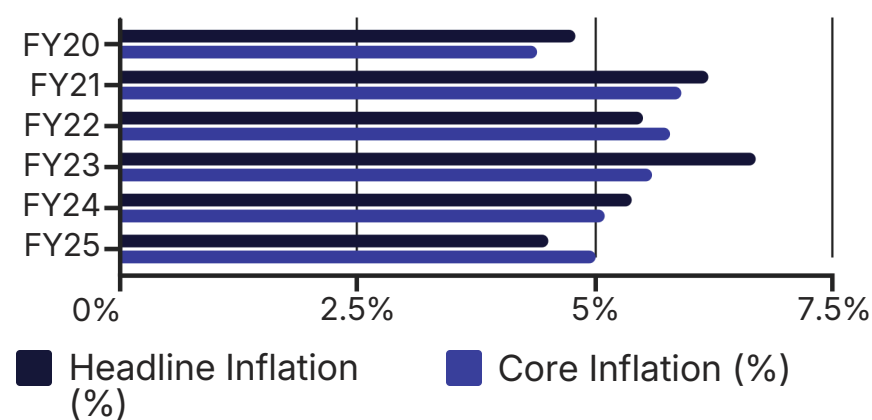


# MONETARY MANAGEMENT AND FINANCIAL INTERMEDIATION

## Refining the Regulatory Touch

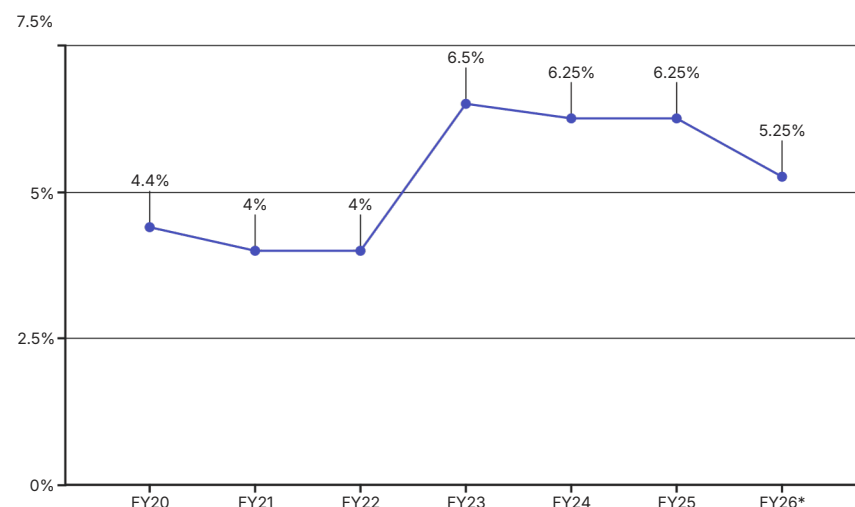
- Calibrated monetary policy balancing growth support with inflation management amid global volatility
- Inflation dynamics improved: core inflation subdued, anchored expectations strengthen policy credibility
- Proactive liquidity management ensures adequate system liquidity while preventing asset price imbalances
- Credit growth remains healthy and broad-based, supporting consumption and investment across sectors
- Banking sector resilient with strong balance sheets, low NPAs, and adequate capital buffers
- Structural insight: India's high cost of capital requires long-term export competitiveness improvements
- Monetary transmission to lending and deposit rates has improved, enhancing policy effectiveness and financial system efficiency
- Forward-looking focus: refining regulatory approach, strengthening financial stability, and aligning monetary policy with macroeconomic and external sector objectives
- Non-bank financial institutions expanding, complementing banking sector and broadening financial intermediation across economy
- Capital market deepening and improved market integration enhance monetary policy transmission and financial system efficiency
- External sector challenges (current account deficits, capital flow volatility) require coordinated monetary and fiscal policy alignment

CPI Inflation Headline vs Core (FY20-FY26)



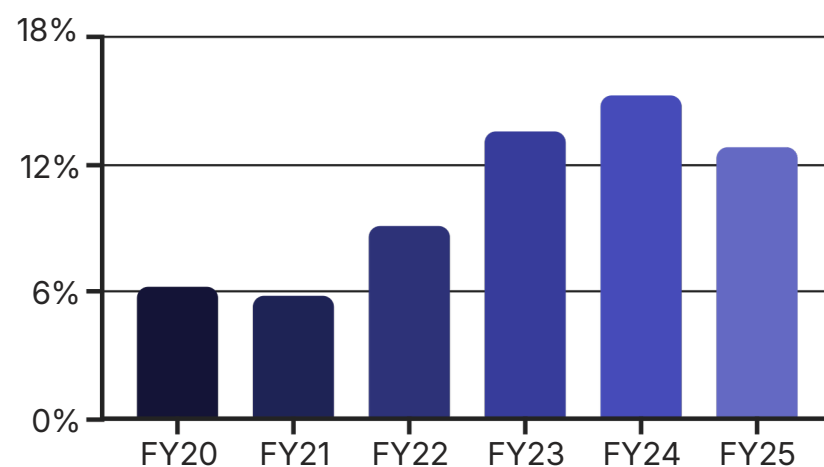
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Policy Repo Rate Trend (FY20-FY26)



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Bank Credit Growth YoY (FY20-FY26)



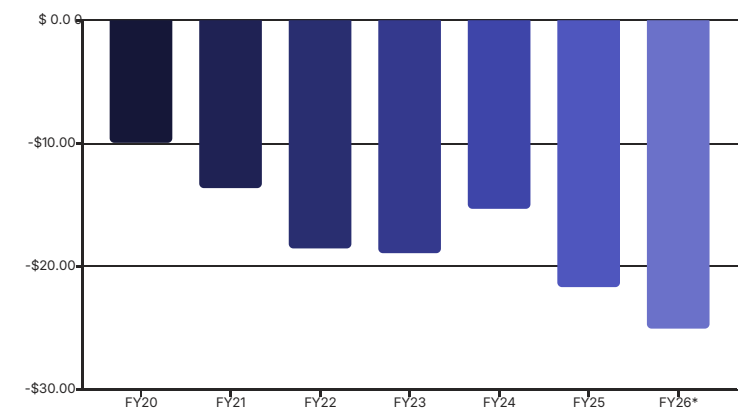
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# EXTERNAL SECTOR & INFLATION

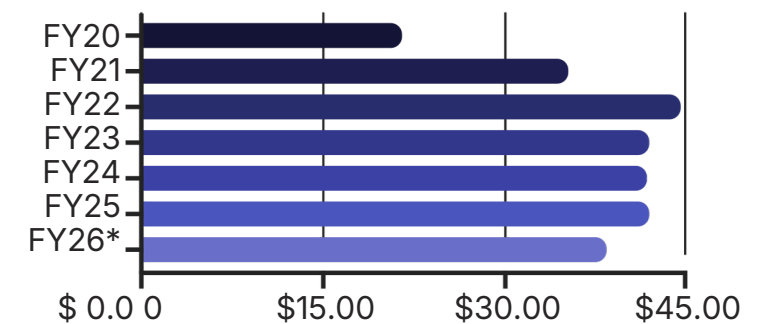
## Stability in a Volatile World

- External sector strategy focused on resilience: diversifying trade partners, strengthening export competitiveness, maintaining adequate FX buffers
- Balance of payments manageable: comfortable FX reserves, moderate external debt ratios, long-term liabilities but manufacturing exports critical for long-term stability
- Trade agreements and strategic integration expanding market access for labour-intensive manufacturing and deepening supply-chain integration
- Inflation dynamics improved: core inflation subdued, supply-side conditions strengthening, logistics improving, cost pressures easing
- Inflation outlook favourable: anchored expectations, normal monsoons, adequate food stocks, stable energy prices support sustained growth
- Foreign exchange reserves provide comfortable buffers against external shocks and capital flow volatility in uncertain global environment
- Geopolitical fragmentation and trade policy shifts require India to strengthen supply-chain resilience and reduce import dependencies
- Monsoon performance and agricultural productivity remain critical anchors for inflation stability and rural income growth

India Goods Trade Balance (Bn USD)



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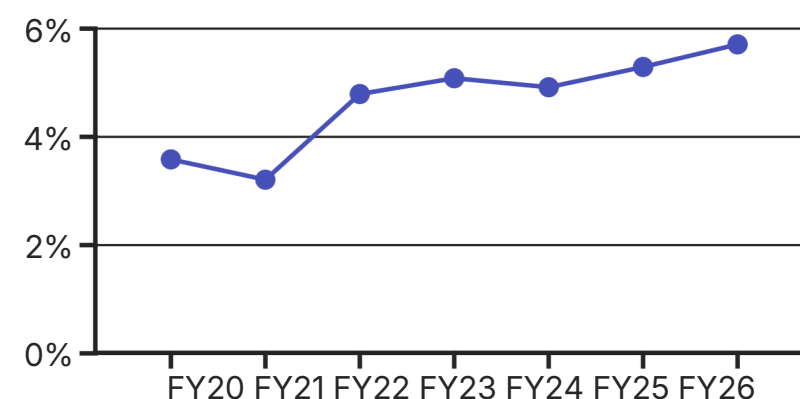
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# AGRICULTURE AND FOOD MANAGEMENT

## Raising Productivity, Securing Income & Ensuring Stability

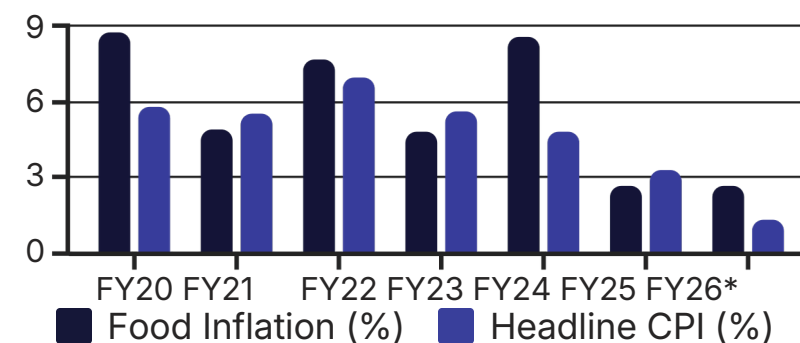
- Steady agricultural performance driven by favourable monsoons, crop diversification, and policy support strengthening rural livelihoods
- Productivity enhancement through improved input access, expanded irrigation, mechanisation, and technology-driven farming practices
- Farmer producer organisations (FPOs) and digital platform integration improving price discovery, market access, and farmer incomes
- Price and income support mechanisms (MSP, direct transfers, crop insurance) mitigating income volatility and weather/market shocks
- Food management policies maintaining stability: adequate buffer stocks, efficient procurement, targeted distribution reducing food inflation
- Shift toward productivity-enhancing and income-diversifying measures ensuring long-term sustainability and environmental resilience
- Climate-resilient agriculture and water-use efficiency initiatives supporting long-term food security and environmental sustainability
- Post-harvest loss reduction through improved storage, logistics, and supply-chain management enhancing overall food system efficiency

Agriculture & Allied Sector YoY Growth Trend (FY20-FY26)

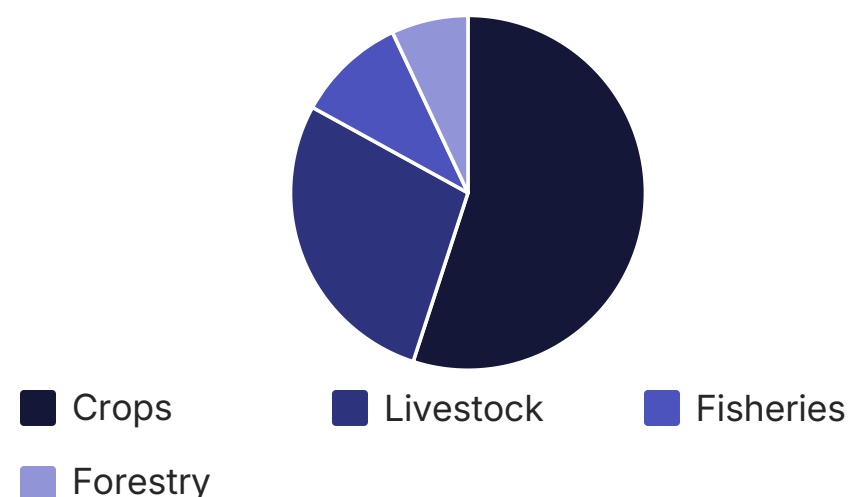


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Food Inflation vs Headline CPI (FY20-FY26)



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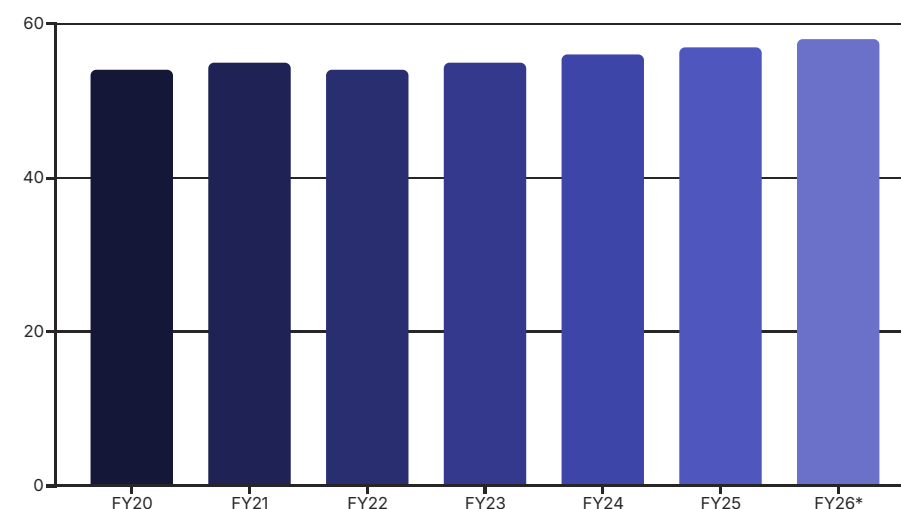
Allied Activities Share in Agricultural GVA

# SERVICES

## From Stability to New Frontiers

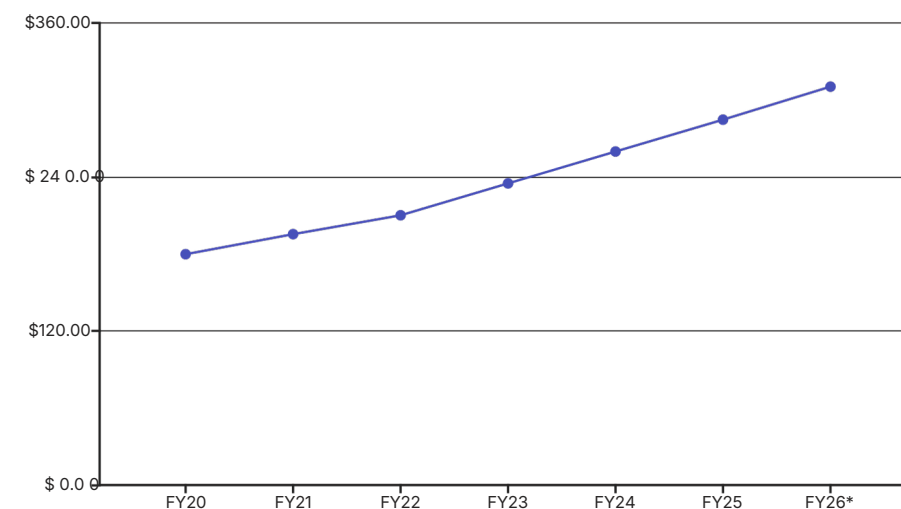
- Services sector remains largest GDP contributor, providing macroeconomic stability amid global and domestic volatility
- Broad-based growth across trade, transport, financial services, real estate, tourism, and digital services strengthening economic resilience
- Services exports outperform merchandise exports, playing critical role in supporting balance of payments and external stability
- IT-BPM and knowledge-based services remain key export drivers; new segments (GCCs, fintech, professional services) expanding rapidly
- Employment generation strengthened in contact-intensive and urban service activities, supporting inclusive growth
- Strategic focus on moving up value chain, improving productivity, and expanding high-value, technology-enabled services

Services Sector Contribution to GDP (FY20-FY26)



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Services Exports Growth Trend (FY20-FY26)



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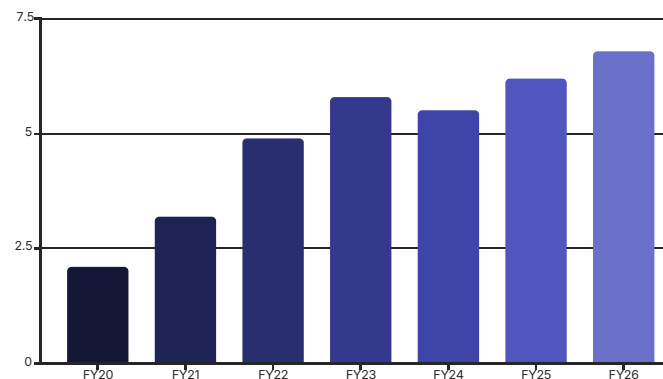
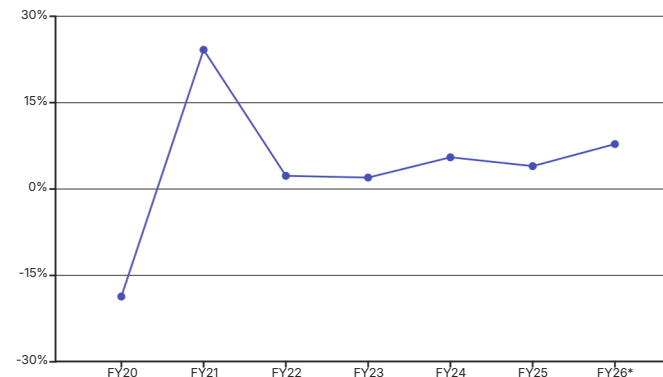
# INDUSTRY & MANUFACTURING

## Structural Transformation and Global Integration

### INDUSTRY

- Industrial activity resilient, supported by infrastructure push and strengthening domestic demand
- Core industries and capital goods reflect strong investment momentum and capacity expansion
- PLI schemes driving scale, formalisation, and competitive positioning across sectors
- MSMEs central to growth but require credit access, scale support, and regulatory easing

Index of Industrial Production (IIP) Growth Trend (FY20-FY26)



Manufacturing GVA Growth (FY20-FY26)

### MANUFACTURING

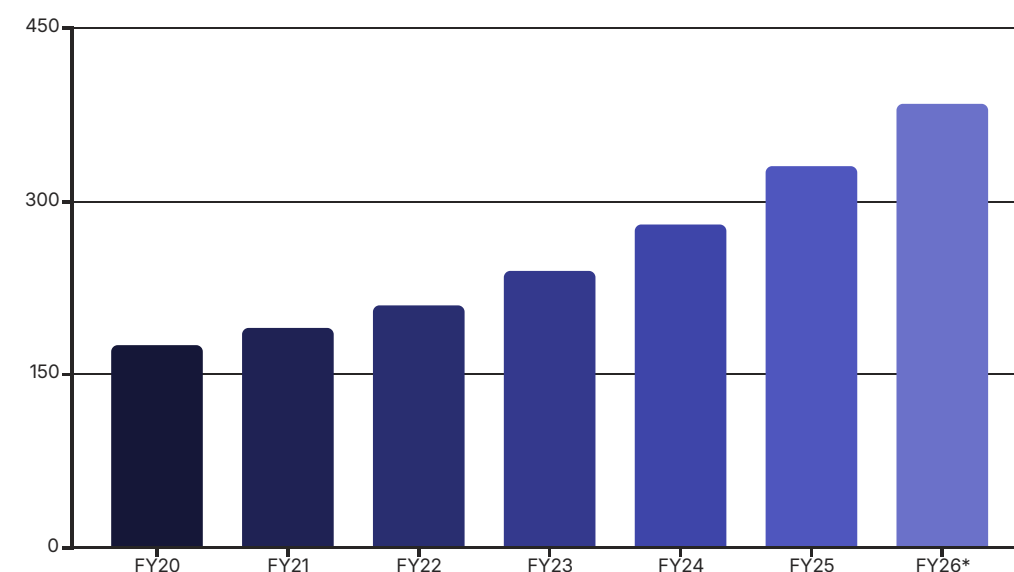
- Global manufacturing shifting toward high-tech and resilient value chains; India positioning as competitive hub
- Strategic focus on electronics, semiconductors, pharmaceuticals, and renewables with GVC integration
- Global Value Chain integration critical for exports, currency stability, and long-term productivity gains
- Innovation, skilling, and technology adoption essential for moving up value chain and competitiveness

# ENVIRONMENT & CLIMATE CHANGE

## Building a Resilient, Competitive and Development-Driven India

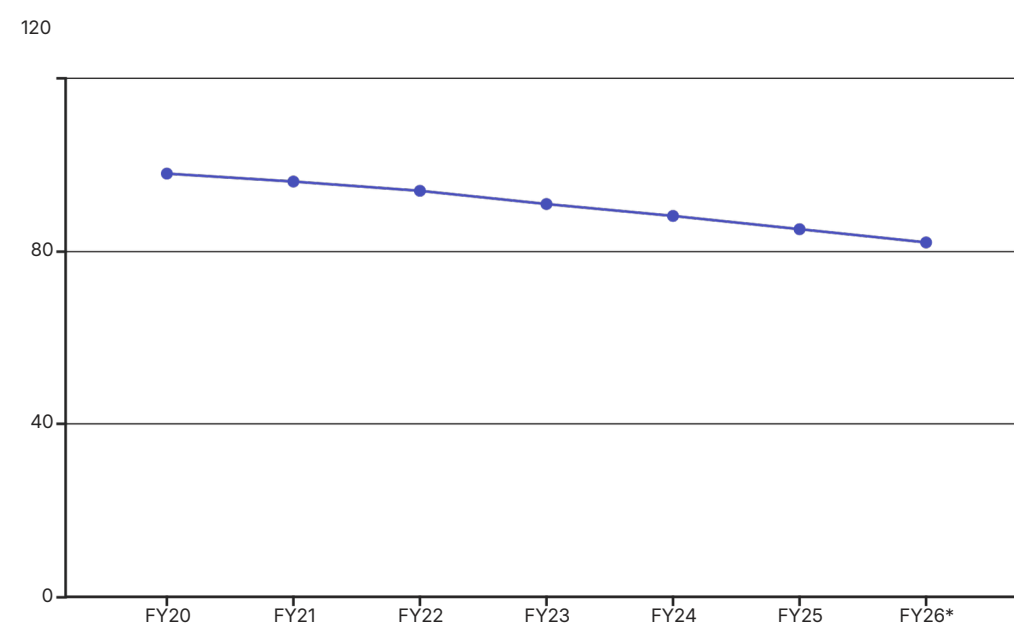
- Climate policy integrated with growth, competitiveness, and energy security, not treated as standalone agenda
- Adaptation focus: strengthening resilience across agriculture, water systems, coastal regions, and urban infrastructure
- Calibrated mitigation transition to low-carbon economy balancing emissions reduction with development priorities and affordability
- Renewable energy, green hydrogen, and energy efficiency scaling up while ensuring energy supply reliability and stability
- Climate finance mobilisation through private capital, blended finance, and global support mechanisms
- Regulatory reforms simplifying environmental governance, reducing compliance burden, enabling faster project execution

India's Installed Renewable Energy Capacity (GW) (FY20-FY26)



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India's Emissions Intensity of GDP (Index, 2015=100) (FY20-FY26)



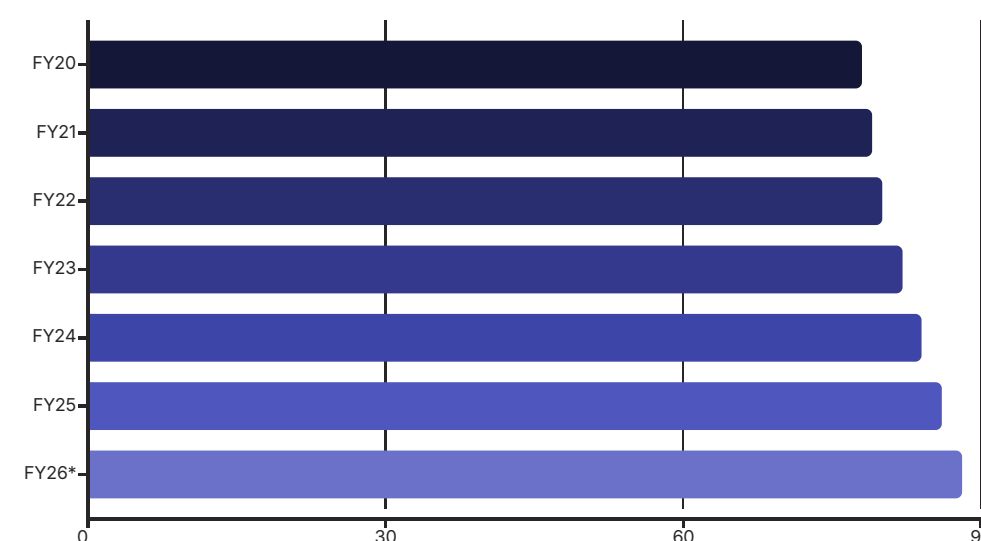
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# EDUCATION, HEALTH & SKILL DEVELOPMENT

## Building Human Capital for Sustained Growth

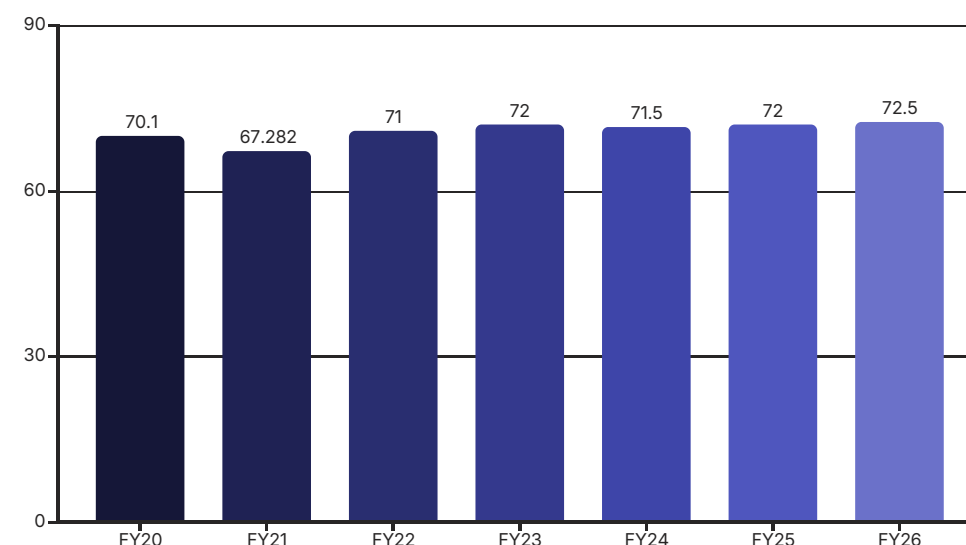
- Humancapitaldevelopment centraltosustainingmedium-and long-term growth trajectory and competitiveness
- Education reforms improving learning outcomes, access, and quality with focus on foundational literacy and digital education
- Skill development initiatives aligning training with industry needs, promoting apprenticeships, and improving youth employability
- Healthcare outcomes improved through expanded public health coverage, preventive care, and digital health platforms
- Policy shift toward preventive healthcare, addressing non-communicable diseases, nutrition, and lifestyle-related health risks
- Multi-stakeholder collaboration (state, private sector, citizens) critical for education quality, workforce readiness, and health resilience

GrossEnrolmentRatio(GER) - Secondary & Higher Education (FY20-FY26)



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Life ExpectancyKey Health Outcomes - Life Expectancy at Birth (Years) (FY20-FY26)



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# CONTACT US

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