1. Highlights Of Economy Survey 2026- Economy

Economic Survey 2025-26 shows India in bright light in an increasingly darker world

The Economic Survey 2025-26, tabled by Finance Minister Nirmala Sitharaman, presents a comprehensive outlook of an economy transitioning toward a **"Disciplined Swadeshi"** philosophy. This strategy balances self-reliance with global supply chain integration to move beyond traditional protectionism.

Understanding the Economic Survey of India

Before diving into the data, it is essential to understand the institutional framework of this flagship document.

Flagship Document & Purpose- It is the official annual publication of the Ministry of Finance. It evaluates the economic performance of the last 12 months, projects future GDP growth, and provides policy recommendations.

Historical Timeline-

1. First Presentation- 1950-51 (originally part of the Budget documents).
2. Separation- Since 1964, it has been presented as a standalone document.
3. Timing- Conventionally tabled one day before the Union Budget.

Preparation & Approval- The **Economic Division** of the Department of Economic Affairs (DEA) compiles the report under the **Chief Economic Advisor (CEA)**. Final approval is granted by the Union Finance Minister.

Legal & Constitutional Status- * There is no constitutional mandate or specific Act requiring its presentation. The recommendations are non-binding; the government is not legally required to implement the Survey's suggestions.

Key Components- Includes macroeconomic trends, sectoral performance reviews, thematic chapters, and a detailed statistical appendix.

Macro-Economic Fundamentals (FY26)

India maintains its status as a global growth outlier with strong internal demand and investment.

Growth Trajectory- Real GDP is estimated to grow at 7.4% in FY26, the fastest among major global economies.

Future Projections- FY27 GDP growth is estimated between 6.8%–7.2%, with a medium-term potential growth rate revised upward to 7%.

Consumption Engine- Private Final Consumption Expenditure (PFCE) hit a 12-year high of 61.5% of GDP.

1. Rural- Improved due to strong agricultural performance.
2. Urban- Supported by stable employment levels.

Investment Revival- Gross Fixed Capital Formation (GFCF) grew by 7.6%, maintaining a steady 30% share of the GDP.

Fiscal and Monetary Management

A focus on "expenditure quality" and "banking health" defines the current fiscal year.

Fiscal Developments

1. Deficit Targets- Fiscal deficit for FY25 stood at 4.8% (Provisional); the target for FY26 is narrowed to 4.4%.
2. Tax Dynamics- Revenue receipts rose to 9.2% of GDP, showing high tax buoyancy compared to pre-pandemic levels.
3. Broadening Base- Direct tax filers reached 9.2 crore in FY25.
4. GST Performance- Collections rose 6.7% year-on-year to ₹17.4 lakh crore (April–Dec 2025).
5. Expenditure Quality- Effective Capital Expenditure increased to 4.0% of GDP, prioritizing asset creation over revenue spending.
6. Debt Status- General Government debt-to-GDP ratio has dropped by 7.1 percentage points since 2020.

Monetary & Financial Inclusion

1. Interest Rates- RBI adopted a neutral stance, cutting the Repo Rate by 125 bps to 5.25% since February 2025.
2. Banking Quality- Gross Non-Performing Assets (GNPA) hit a multi-decadal low of 2.2%.
3. Inclusion Metrics- 55.02 crore PM Jan Dhan accounts (36.63 crore in rural/semi-urban areas).
4. Market Participation- Unique investors crossed 12 crores, with women making up nearly 25%.

Inflation Analysis- A Divergent Trend

The survey highlights a unique divergence between headline and core inflation metrics.

Metric	Headline (Retail) Inflation	Core Inflation
Current Rate	1.7% (April-Dec 2025)	4.62%
Status	Historic Low	Persistently High
Primary Driver	Deflation in food and fuel prices.	Surge in global prices of gold and silver.
Consumer Impact	Strengthened household purchasing power.	Pressure on non-essential/industrial goods.

Sectoral Performance- Agriculture, Industry, & Services

The Indian economy is seeing a shift in production priorities and a surge in service exports.

Agriculture and Allied Sectors

1. Growth- Projected at 3.1% in FY26 (a decrease from 4.6% in FY25).
2. Production Shift- Horticulture (362.08 MT) exceeded foodgrains (357.7 MT) for the second straight year.
3. Fish Production- Increased 142% over the decade to reach 188.7 lakh tonnes in 2023-24.

Industry and Infrastructure

1. Manufacturing- Industrial GVA projected to grow by 6.2%.
2. Electrification- 99.1% of the railway broad-gauge network is now electrified.
3. Aviation- India is the 3rd largest domestic aviation market with 164 operational airports.
4. Power- DISCOMs recorded a positive Profit After Tax (PAT) of ₹2,701 crore for the first time since corporatisation.
5. Highways- High-speed corridors reached 5,364 km (nearly tenfold growth in a decade).

Services Sector

1. Dominance- Share of GDP rose to 53.6% in H1 FY26; projected growth is 9.1% for FY26.
2. FDI Magnet- Services accounted for over 80% of total FDI inflows (FY23-FY25).
3. Global Export Rank- India ranks 7th globally in services exports, hitting $387.5 billion in FY25.

External Sector Resilience

Strong foreign exchange reserves and record remittances provide a significant external buffer.

Forex Reserves- All-time high of USD 701.4 billion (covers 11 months of imports and 94% of external debt).
Global Trade Share- Merchandise exports share at 1.8%; Services export share at 4.3%.
Remittances- India is the top global recipient at USD 135.4 billion (3.5% of GDP).
External Debt- Total debt stands at USD 746 billion; sovereign external debt is less than 5% of the government's total debt.

Social Infrastructure and Employment

The "Saturation Approach" in welfare delivery is credited for the sharp decline in poverty and improved access to amenities.

Labor Market- Unemployment declined to 4.9% in Q3 (from 5.4% in Q1 FY26).
Female Participation- FLFPR rose to 41.7% in FY24.
Poverty Reduction- Multidimensional Poverty Index (MPI) dropped to 11.28%.
Education- Gross Enrolment Ratio (GER) exceeded 90% for both primary and upper primary levels.
Social Spending- Increased to 7.9% of GDP in FY26, focusing on health and education outcomes.
Unorganised Sector- 31 crore workers registered on the e-Shram portal for seamless welfare portability.
Source- https-//www.thehindu.com/business/budget/economic-survey-2025-shows-india-in-bright-light-in-an-increasingly-darker-world/article70565615.ece