

# Economic Survey 2025-26 – In Brief

## EXECUTIVE SUMMARY

India enters 2026 with strong macroeconomic fundamentals and robust growth momentum, with GDP expected to grow at 6.8–7.2% in FY27.

This brief distils the Economic Survey 2025-26 into key signals for growth, inflation, fiscal position, external stability and sectoral opportunities for investors.

FY27 GDP Growth (Proj.)  
**6.8–7.2%**

Headline Inflation (Apr–Dec 2025)  
**1.7% avg**

Forex Reserves  
**\$701.4 bn**

Centre Capex (FY26 BE)  
**4.3% of GDP**

## I. ECONOMIC GROWTH & OUTLOOK

### Growth Snapshot

Indicator	Latest Value	Comment
FY26 Real GDP Growth (Est.)	6.8%	Maintains status as fastest-growing major economy.
FY27 Real GDP Growth (Proj.)	6.8–7.2%	Growth pushed by capex, reforms and productivity.
Nominal GDP (FY26)	₹357.1 lakh crore	Expanding nominal base supports tax buoyancy.

### Sectoral Growth (GVA)

Sector	FY25 Growth (%)	FY26 Growth (%)	Key Takeaway
Total GVA	6.4	7.2	Broad-based expansion across agriculture, industry, services.
Agriculture	4.5	7.3	Diversification into livestock and fisheries supports resilience.
Industry	5.4	6.2	Manufacturing, construction and utilities show steady uptick.
Services	6.4	9.1	Primary growth engine; strong domestic and export demand.

**Key Insight:** Services now contribute about 53.6% of nominal GDP and continue to outpace global peers in both growth and export performance.

## II. FISCAL STABILITY & TAX REFORMS

### Fiscal Health – Snapshot

Revenue Receipts / GDP <b>9.1%</b> Up from 8.5% pre-pandemic.	Gross Tax Revenue / GDP <b>11.5%</b> Reflects stronger direct tax share.	Centre Effective Capex (FY26 BE) <b>4.3% of GDP</b> Up from 2.7% pre-pandemic.	Direct Tax Base <b>9.2 cr ITRs</b> vs 6.9 cr earlier.
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### GST & Tax Structure

Theme	Detail	Implication for Economy
GST 2.0 Rate Design	Two-rate structure – 18% standard, 5% merit; higher rate on de-merit goods.	Simplifies structure, supports compliance and formalisation.
Direct Tax Share	Non-corporate tax collections rose to 3.3% of GDP from 2.4%.	Broad-based income tax base, stronger automatic stabiliser.
Capex Orientation	Consistent priority to capital spending – roads, rail, power, digital.	Enhances medium-term growth potential and crowding-in of private capex.

### III. MONETARY CONDITIONS & FINANCIAL MARKETS

#### Banking & Credit

Indicator	Latest Reading	Comment
GNPA Ratio	2.2%	Multi-decade low; reflects improved asset quality.
NNPA Ratio	0.5%	Provides comfort on banking system health.
Broad Money (M3) Growth	~9.4% (Dec 2025)	Consistent with easing yet prudent monetary stance.
Credit to MSMEs	Strong uptrend	Supports small business growth and formalisation.

#### Pension & Insurance Deepening

Segment	FY16	FY25	Implication
APY – Subscribers	24.6 lakh	641.3 lakh	Major expansion of basic pension coverage.
NPS – Subscribers	97.5 lakh	198.6 lakh	Growing retirement savings market.
Insurance Total Premium	₹8.3 lakh cr (FY21)	₹11.9 lakh cr (FY25)	Deepening insurance penetration and AUM.

#### Capital Markets

Indicator	FY23	FY24	FY25
Number of IPOs	164	272	320
Primary Market Resource Mobilisation (₹ thousand cr)	75.0	102.3	218.3

## IV. INFLATION & PURCHASING POWER

### Inflation Profile

Measure	Latest Value	Observation
Headline CPI (Apr–Dec 2025 Avg.)	1.7%	Lowest since start of CPI series.
Core Inflation (Dec 2025)	4.62%	Stable, anchored around mid-single digits.
Food Inflation	-2.71%	Deflationary trend driven by vegetables and pulses.

**Investment Angle:** Low and stable inflation improves real returns from fixed income and reduces macro volatility for equities.

### Drivers of Benign Inflation

- Sharp correction in vegetable and pulses prices with lower volatility.
- Favourable base effects in the second half of 2025.
- Improved foodgrain stocks and policy interventions in key commodities.

## V. EXTERNAL SECTOR STRENGTH

### External Buffers – Then & Now

Metric	FY15	FY26 / Latest	Direction
Forex Reserves	\$341.6 bn	\$701.4 bn	Strong increase in buffers.
External Debt / GDP	23.8%	19.2%	Improved sustainability.
Import Cover	8.9 months	11.1 months	Higher shock absorption.
Current Account Deficit / GDP	-1.32%	-0.8% (H1 FY26)	Contained and manageable.

### Trade & FDI

Item	Value	Note
Merchandise Exports (Apr–Dec 2025)	\$546.4 bn	Resilient despite global trade uncertainty.
Services Exports (Apr–Dec 2025 Est.)	~\$304 bn	Continues to offset goods trade deficit.
Digital Greenfield Investment (2020–24)	\$114 bn	India ranked top destination globally.
Gross FDI Inflows (FY26*)	\$64.7 bn	Concentrated in digital, semiconductors, advanced manufacturing.

## VI. EMPLOYMENT & LABOUR MARKET

### Labour Market Indicators

Indicator	Latest	Trend
Labour Force Participation Rate	55.1% (Dec 2025)	Gradually rising.
Unemployment Rate	5.2% (Dec 2025)	Moderate and stable.
Female LFPR	41.7% (FY23-24)	Up from 23.3% in FY17-18.

### Labour Code Reforms

- 29 labour laws merged into 4 codes (wages, social security, OSH, industrial relations).
- Focus on ease of compliance, wider coverage and dispute resolution.
- Estimated to support creation of around 77 lakh jobs over time.

## VII. SECTORAL HIGHLIGHTS FOR INVESTORS

### Manufacturing & Industry

Indicator	Value	Comment
Real Manufacturing GVA Growth (Q2 FY26)	9.13%	Momentum building after earlier slowdown.
Share of Med/High-Tech in Manufacturing	46.3%	Shift toward higher-value production.
Mobile Manufacturing Output	₹0.18 lakh cr (FY15) → ₹1.97 lakh cr (FY25*)	Nearly 10x+ scale-up.

### Services

Metric	Reading	Observation
Share in Nominal GDP	53.6% (H1 FY26)	Dominant growth and employment driver.
Services PMI (Q3 FY26)	58.9	Well above 10-year average of 53.3.
Services Share in Urban Employment	61.9%	Key for city economies and formal jobs.
Software Export Growth (FY23–25 CAGR)	13.5%	High-value digital export segment.

## VIII. INFRASTRUCTURE & CONNECTIVITY

### Physical Infrastructure

Indicator	Earlier Level	Latest Level	Change
National Highways Length	91,287 km (FY14)	1,46,572 km (FY26*)	~60% increase.
Port Cargo (Apr–Dec)	494.2 MT (FY16–20 avg)	672.9 MT (FY26)	Higher trade throughput.
Railway Freight (Apr–Dec)	751.7 MT	1,070.8 MT	Improved logistics capacity.

### Digital Infrastructure

Indicator	2014	2025	Comment
Internet Connections	6.1 cr	25.2+ cr	Four-fold expansion in connectivity.
Avg Monthly Data / User	0.06 GB	25.24 GB	Massive usage growth.
Data Cost per GB	₹268.97	₹8.27	Data far more affordable.

## IX. CLIMATE & SUSTAINABILITY

### Energy Transition

Item	Target / Allocation	Implication
National Nuclear Energy Mission	₹20,000 cr; 5 SMRs by 2033; 100 GW capacity by 2047	Provides clean baseload power.
Battery Storage	411 GWh required by 2031–32	Key enabler for renewables.
ACC PLI Scheme	₹18,100 cr for 50 GWh	Supports domestic storage manufacturing.

### ESG & Green Finance

- Business Responsibility and Sustainability Reporting (BRSR) and BRSR Core for top listed companies.
- Frameworks for sovereign green bonds, ESG debt securities and green deposits.
- Circular economy action plans and EPR frameworks across multiple waste streams.

## X. AI ECOSYSTEM & DIGITAL TRANSFORMATION

### Digital & AI Momentum

Indicator	Value	Comment
DPIIT-recognised Startups	1.97 lakh (Oct 2025)	Rapidly expanding innovation base.
Global Innovation Standing	Top 10 in several IP categories	Strong IP and R&D pipeline.
Public Digital Infrastructure	Payments, identity, health, governance	Low-cost rails for private sector innovation.

## XI. INVESTMENT IMPLICATIONS & PORTFOLIO CONSIDERATIONS

### Macro Backdrop for Investors

Dimension	Assessment	Implication
Growth	6.8–7.2% real GDP trajectory.	Supports earnings growth and equity valuations.
Inflation	Benign, around 2–4% band.	Improves real returns from fixed income and hybrids.
Fiscal	Capex-led, with consolidation path.	Positive for infrastructure and manufacturing themes.
External	High reserves, low external debt.	Reduces currency and balance-of-payments risk.

### Sectoral Pointers

Theme	Drivers	Relevance to Portfolios
Services & Digital	Exports, urban consumption, tech adoption.	Scope for structural compounding.
Manufacturing & Make in India	Capex, PLI schemes, supply-chain shifts.	Medium-term rerating potential.
Infrastructure	Public capex, logistics & power.	Favourable for long-duration and thematic funds.
Financials	Strong balance sheets, credit growth, formalisation.	Core allocation in many equity portfolios.

## XII. CONCLUSION & DISCLAIMER

India's macro set-up – strong growth, controlled inflation, robust external buffers and reform momentum – is supportive of long-term wealth creation across diversified asset classes.

For investors, this environment favours a balanced allocation across equities, fixed income and hybrid solutions, with selective tilts to services, manufacturing, infrastructure and financials aligned to individual risk profiles and time horizons.

**Disclaimer:** This brief summarises information from the Government of India's Economic Survey 2025-26. It is for educational purposes only and does not constitute investment advice or a recommendation. Past performance and projections do not guarantee future results. Please consult your financial advisor before making investment decisions.

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