

Brief – Economic Survey 2025-26

1. Overall state of the Economy

- India remained the fastest-growing major economy for 4th consecutive year, despite global headwinds such as geopolitical tensions, trade fragmentation and financial instability.
- As per First Advance Estimates, real GDP growth for FY26 is projected at 7.4%, while Gross Value Added (GVA) growth is estimated at 7.3%, indicating broad-based economic expansion.
- Potential growth rate of the Indian economy is assessed at around 7%, with FY27 real GDP growth projected between 6.8-7.2%.

2. Consumption and Investment

- Private Final Consumption Expenditure (PFCE) grew by 7% in the FY26, reaching 61.5% of GDP, the highest level since 2012, reflecting strong domestic demand.
- Rural consumption improved due to a good agricultural performance, while the urban demand was supported by stable employment and tax rationalization.
- Gross Fixed Capital Formation (GFCF) rose by 7.8%, remaining steady at 30% of GDP, driven by sustained public capital expenditure and revival of private investment.

3. Fiscal developments

- Government's revenue receipts increased to 9.2% of GDP in FY25, up from pre-pandemic average of about 8.5%, reflecting improved tax buoyancy.
- Direct tax base expanded, with income tax return filers increasing from 6.9 crore in FY22 to 9.2 crore in FY25, indicating better compliance and formalization.
- Gross GST collections during April–December 2025 stood at ₹17.4 lakh crore, registering a 6.7% year-on-year growth.
- Effective capital expenditure of the Government rose to about 4% of GDP in FY25, reinforcing growth through infrastructure creation.
- India reduced its general government Debt-to-GDP ratio by 7.1 percentage points since 2020, maintaining high public investment.

4. Monetary Management and Banking sector

- Banking system showed strong resilience, with Gross Non-Performing Assets (NPAs) declining to 2.2% in September 2025, a multi-decadal low.

- Net NPAs declined further to 0.5%, reflecting improved asset quality and stronger balance sheets.
- Credit growth of scheduled commercial banks accelerated to 14.5% (YoY) by December 2025, supporting economic activity.

5. Financial inclusion and Capital Markets

- Under PM Jan Dhan Yojana, 55.02 crore bank accounts were opened by March 2025, with 36.63 crore accounts in rural and semi-urban areas.
- Number of unique investors crossed 12 crore in September 2025, with nearly 25% being women, highlighting widening financial participation.
- Mutual fund penetration expanded beyond metros, with a growing share of investors from non-Tier I and II cities.
- GIFT City is emerging as an international financial hub, helping channel global capital into India.

6. External sector performance

- India's share in global merchandise exports nearly doubled from 1% in 2005 to 1.8% in 2024, while services export share rose from 2% to 4.3%.
- Total exports reached a record USD 825.3 billion in FY25, driven mainly by services exports.
- Services exports touched an all-time high of USD 387.6 billion, growing by 13.6%.
- India remained largest recipient of remittances globally, with inflows of USD 135.4 billion in FY25, approximately 3.5% of GDP.
- Foreign exchange reserves rose to USD 701.4 billion (January 2026), providing import cover of about 11 months and covering 94% of external debt.

7. Inflation trends

- India recorded lowest average CPI inflation (1.7%) for April-December 2025 since the beginning of the CPI series.
- The sharp decline in inflation was mainly due to moderation in food and fuel prices, strengthening household purchasing power.

8. Agriculture and Allied sectors

- Foodgrain production reached 3,577.3 LMT in the Agriculture Year (AY) 2024-25, an increase of 254.3 LMT over the previous year.
- Horticulture, contributing about 1/3rd of agricultural GVA, produced 362.08 MT, surpassing foodgrain output.

- Livestock and fisheries sectors showed strong long-term growth with fish production increasing by more than 140% during 2014-2024, compared to increase from 2004-14, reflecting diversification of rural incomes.
- Under PM-KISAN, more than ₹4.09 lakh crore has been transferred to farmers, strengthening income support.
- e-NAM enhanced price discovery by integrating farmers, traders and FPOs across States.

9. Services sector

- Services accounted for 53.6% of GDP and 56.4% of GVA, the highest ever, reflecting India's shift towards a service-led economy.
- India emerged as the 7th largest services exporter globally, driven by IT, business services and digitally delivered services.
- The services sector attracted over 80% of total FDI inflows during FY23-FY25.

10. Industry and Manufacturing

- Industry GVA (in real terms) grew by 7% in H1 FY26, despite global slowdown pressures.
- Manufacturing GVA accelerated to 7.72% in Q1 and 9.13% in Q2 FY26, indicating structural recovery.
- Different PLI schemes across 14 sectors attracted over ₹2 lakh crore in investment, generated ₹18.7 lakh crore in output, and created 12.6 lakh jobs.
- India Semiconductor Mission advanced domestic manufacturing with ₹1.6 lakh crore investment across 10 projects.

11. Infrastructure and Connectivity

- Central Government's capital expenditure increased over four times since FY18, reaching ₹11.21 lakh crore in FY26 (BE).
- High-speed highway corridors expanded nearly ten-fold to 5,364 km.
- Railway network expanded with near-total electrification (99.1%).
- India became the 3rd largest domestic aviation market, with airports increasing from 74 (2014) to 164 (2025).
- Power sector reforms led to DISCOMs recording positive PAT of ₹2,701 crore in FY25 for the first time.

12. Education, Health and Employment

- School enrolment improved with GERs exceeding 90% at primary and upper primary levels.

- Expansion of the premier institutions: 23 IITs, 21 IIMs and 20 AIIMS, including 2 overseas IIT campuses in Zanzibar and UAE.
- India achieved faster reduction in maternal and child mortality than global averages since 1990.
- Employment (15 years and above) stood at 56.2 crore persons in Q2 FY26, with new job creation supported by manufacturing and services.
- e-Shram portal registered over 31 crore unorganized workers, with women forming 54%.

13. Poverty reduction and Rural development

- Multidimensional Poverty Index (MPI) declined sharply from 55.3% (2005-06) to 11.28% (2022-23) as per NITI Aayog.
- Social Services Expenditure increased to 7.9% of GDP in FY26 (BE).
- SVAMITVA scheme improved rural asset ownership through drone-based property mapping.