

# The Indian Economic Survey: Concept, Evolution and Insights from the Economic Survey 2025–26

## 1. Concept, Evolution and Institutional Role

The Economic Survey of India is one of the most authoritative and analytically significant documents in the country’s policy architecture. Released annually by the Ministry of Finance ahead of the Union Budget, it provides a comprehensive assessment of the economy while offering a forward-looking perspective on growth, structural transformation and policy priorities. Unlike routine statistical publications, the Survey performs a dual function: it evaluates past economic performance and simultaneously sets the intellectual framework for future policymaking. In the context of an economy that has expanded to an estimated nominal size of over ₹330 lakh crore in FY2025–26, the Survey becomes indispensable for understanding both macroeconomic stability and long-term development strategy. Year-wise nominal GDP is presented in Table 1.

**Table 1: Nominal Gross Domestic Product (GDP) in India (2021-2022 to 2025-2026)**

Year	GDP (Rs. in Lakh Crore)
2021-2022	235.97
2022-2023	268.90
2023-2024	301.23
2024-2025-RE	330.68
2025-2026-BE	357.14

RE: Revised Estimates; BE: Budget Estimate

The origins of the Economic Survey can be traced to 1950–51, when it was presented as part of the Budget documents. Its separation into an independent report in 1964 marked a turning point, allowing for deeper analytical engagement with economic issues. Over time, the Survey has evolved from a descriptive compendium of data into a sophisticated analytical instrument incorporating insights from behavioral economics, data science and development theory. Modern editions are not merely statistical repositories; they are interpretative narratives that explain economic trends, diagnose structural challenges and propose policy responses. This evolution reflects a broader shift in governance toward evidence-based policymaking, where decisions are increasingly guided by empirical data and real-time indicators.

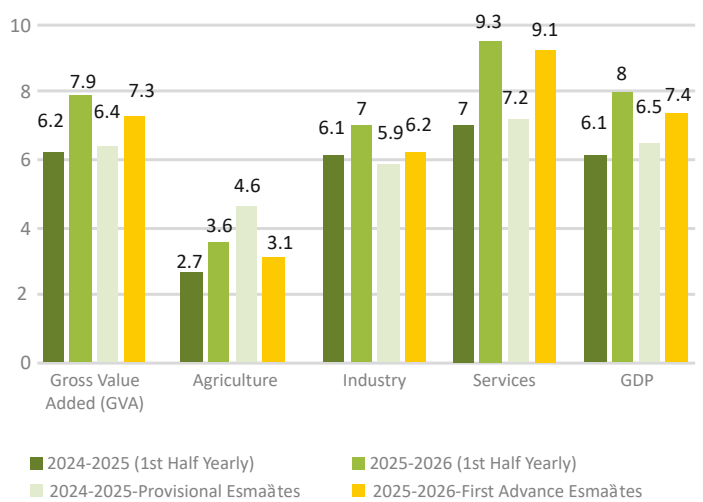
Structurally, the Economic Survey is divided into two volumes. The first volume focuses on analytical and thematic

discussions, often introducing innovative frameworks, while the second provides detailed sectoral and statistical analysis. A comprehensive statistical appendix complements these volumes, making the Survey a critical resource for policy-makers, researchers and students. Its methodological rigor—drawing on national accounts, household surveys, corporate data and international comparisons—ensures both analytical depth and policy relevance.

## 2. Macroeconomic Performance and Demand Dynamics

The Economic Survey 2025–26 is presented in a global context characterized by geopolitical tensions, trade fragmentation and subdued global growth of around 3 percent. Despite these uncertainties, the Indian economy has demonstrated remarkable resilience. Real GDP growth for FY2025–26 is estimated at approximately 7.4 percent, with Gross Value Added (GVA) growth at about 7.3 percent, maintaining India’s position as the fastest-growing major economy. The medium-term outlook remains stable, with projected growth in the range of 6.8 to 7.2 percent, indicating sustained economic momentum supported by strong macroeconomic fundamentals. Real growth of Gross Value Added (GVA) at basic prices and Gross Domestic Product (GDP) in India for 2024–25 and 2025–26 is shown in Figure 1.

**Figure 1: Growth of Gross Value Added (GVA) at Basic Prices and Gross Domestic Product (GDP) in India (2024-2025 and 2025-2026)**



A defining feature of India’s growth trajectory is the increasing importance of domestic demand. Private final consumption expenditure accounts for nearly 61.5 percent of

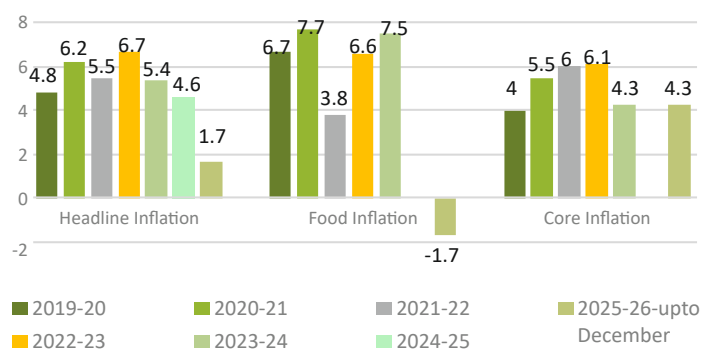
GDP, making it the largest contributor to economic activity. The share of Private Final Consumption Expenditure (PFCE) in GDP at current prices is presented in Table 2. This reflects improved household balance sheets, rising incomes and stable economic conditions across both urban and rural areas. The Survey emphasizes that India's growth model is increasingly consumption-led, which enhances resilience by reducing dependence on external demand.

**Table 2: Share of Private Final Consumption Expenditure (PFCE) in GDP at Current Prices**

Year	In %age
2011-2012	56.2
2012-2013	56.5
2013-2014	57.6
2014-2015	58.1
2015-2016	59.0
2016-2017	59.3
2017-2018	58.7
2018-2019	59.3
2019-2020	60.9
2020-2021	61.1
2021-2022	61.0
2022-2023	61.5
2023-2024 (First Revised Estimates)	60.2
2024-2025 (Provisional Estimates)	61.4
2025-2026 (First Advance Estimates)	61.5

Macroeconomic stability is further reinforced by a significant moderation in inflation. Retail inflation averaged around 1.7 percent during April–December FY2025–26, driven largely by easing food prices and improved supply-side management. Lower inflation has translated into higher real purchasing power, thereby supporting consumption and overall economic growth. Trends in Consumer Price Index (CPI) inflation components are illustrated in Figure 2. This outcome underscores the effectiveness of coordinated fiscal and monetary policies in maintaining price stability while sustaining growth.

**Figure 2: Trends in Consumer Price Index (CPI) Inflation Components**



### 3. External Sector and Sectoral Transformation

India's external sector reflects both strength and cautious resilience. Foreign exchange reserves have reached approximately USD 701.4 billion as of January 2026, providing a robust buffer against external shocks and covering nearly 11 months of imports. Foreign exchange reserves in India from 2010–11 to 2025–26 (as on 16 January 2026) are presented in Table 3. The current account deficit remains contained at around 0.8 percent of GDP in the first half of FY2025–26, indicating prudent external sector management. While global trade conditions remain uncertain, India's services exports continue to perform strongly, reinforcing its position in global markets.

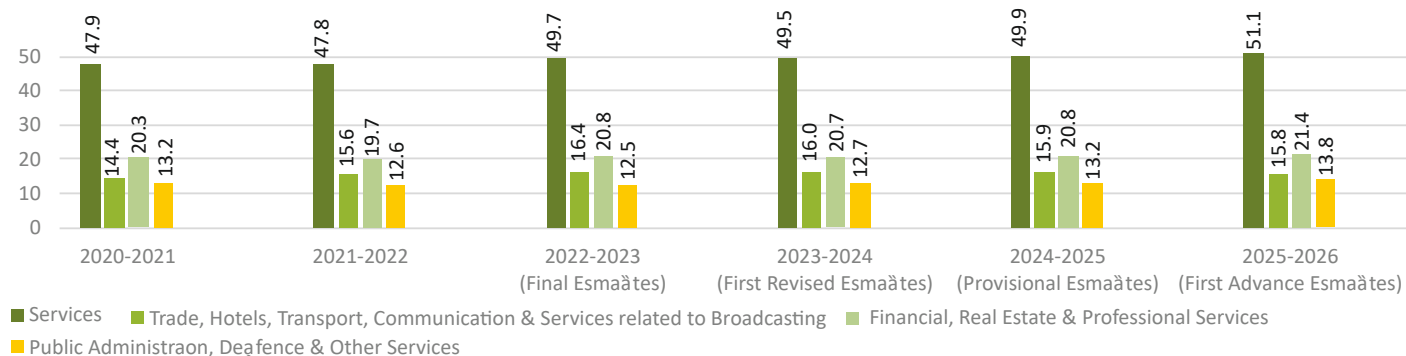
**Table 3: Foreign Exchange Reserves (2010-2011 to 2025-2026-As on 16th January 2026)**

Year	(US\$ in Billion)
2010-2011	305
2011-2012	294
2012-2013	292
2013-2014	304
2014-2015	342
2015-2016	360
2016-2017	370
2017-2018	425
2018-2019	413
2019-2020	478
2020-2021	577
2021-2022	607
2022-2023	578
2023-2024	646
2024-2025	668
2025-2026-As on 16th January 2026	701

Sectoral dynamics highlight the structural transformation underway in the Indian economy. The services sector remains dominant, contributing around 51 percent of GVA, driven by strong performance in information technology, financial services and professional services. The services sector's contribution to GDP for the period 2020–21 to 2025–26 is depicted in Figure 3. The industrial sector contributes approximately 24 percent, with manufacturing and construction showing renewed momentum. Agriculture accounts for about 15 percent of GVA, continuing to play a critical role in livelihoods and food security. Foodgrain production has exceeded 330 million tonnes, reflecting improved agricultural productivity and policy support.

**Figure 3: Services Sector Contribution to Gross Domestic Product (GDP) (2020-2021 to 2025-2026)**

(Share as % of Nominal GDP, Percent)



This sectoral composition illustrates a gradual transition toward a more diversified and technology-driven economy. The increasing importance of services and the steady growth of industry indicate structural shifts that are essential for long-term development.

#### 4. Investment, Financial Sector and Innovation

Investment activity has emerged as a key driver of economic growth. Gross Fixed Capital Formation (GFCF) stands at around 30 percent of GDP, reflecting sustained capital formation and investment momentum. The share of Gross Fixed Capital Formation (GFCF) in GDP at current prices is presented in Table 4. Public capital expenditure continues to play a catalytic role, crowding in private investment and enhancing productivity. Infrastructure development in areas such as transport, logistics and digital connectivity has strengthened the foundation for long-term growth.

**Table 4: Share of Gross Fixed Capital Formation (GFCF) in GDP at Current Prices**

Year	In %age
2011-2012	34.3
2012-2013	33.4
2013-2014	31.3
2014-2015	30.1
2015-2016	28.7
2016-2017	28.2
2017-2018	28.2
2018-2019	29.5
2019-2020	28.5
2020-2021	27.3
2021-2022	29.6
2022-2023	31.2
2023-2024 (First Revised Estimates)	30.4
2024-2025 (Provisional Estimates)	29.9
2025-2026 (First Advance Estimates)	30.0

Private investment is also showing signs of revival, supported by improving corporate profitability and rising capacity utilization, which has crossed 75 percent in the

manufacturing sector. These trends indicate increasing business confidence and the potential for further expansion.

The financial sector has undergone significant strengthening in recent years. Gross non-performing assets of scheduled commercial banks have declined to around 3 percent, while credit growth remains robust at over 15 percent year-on-year. Improved balance sheets, stronger capital adequacy and regulatory reforms have enhanced the resilience of the financial system. The expansion of digital financial services has further transformed the financial landscape, improving access and efficiency.

Innovation and technology are emerging as critical drivers of future growth. India's startup ecosystem has expanded rapidly, with a large and growing base of registered startups. Investments in research and development are increasing, supporting productivity gains and technological advancement. Emerging sectors such as artificial intelligence, digital infrastructure and advanced manufacturing are expected to play a transformative role in enhancing global competitiveness. The Survey's emphasis on innovation reflects a strategic shift toward knowledge-driven growth.

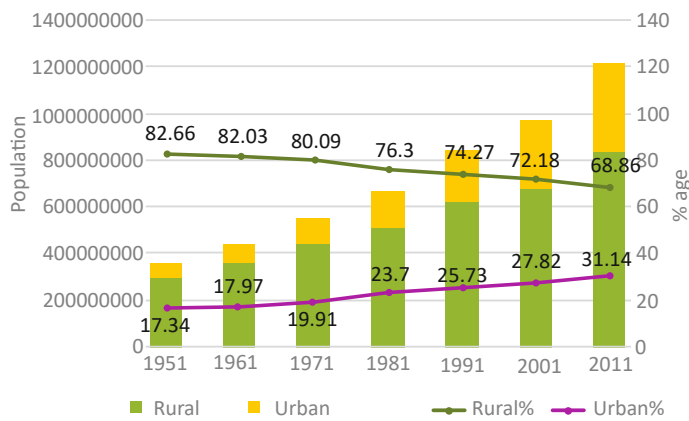
#### 5. Human Development, Sustainability and Future Outlook

Sustained economic growth requires a strong foundation in human capital. The Survey emphasizes the importance of investments in education, skill development and healthcare in enhancing productivity and ensuring inclusive development. Social sector initiatives have significantly expanded financial inclusion, with over 50 crore Jan Dhan accounts, improving access to banking and financial services for a large segment of the population.

Urbanisation presents both opportunities and challenges for India's growth trajectory. With the urban population projected to reach around 40 percent by 2030, cities are expected to play a

central role in economic expansion. Rural–urban population trends from Independence to the 2011 Census are illustrated in Figure 4. However, challenges such as infrastructure deficits, congestion and governance inefficiencies need to be addressed through better planning and institutional reforms.

**Figure 4: Total Population by Residence in India (As per 1951 to 2011 Census)**



Sustainability is another critical dimension of economic policy. India has made significant progress in expanding renewable energy capacity, which now exceeds 200 GW, reflecting its commitment to energy transition and climate goals. The increasing share of non-fossil fuels in the energy mix highlights efforts to balance economic growth with environmental sustainability.

Despite strong macroeconomic fundamentals, the Survey identifies several risks, including global economic slowdown, trade fragmentation and domestic structural challenges such as skill gaps and inequality. Addressing these challenges will require a comprehensive policy approach focused on strengthening domestic demand, enhancing manufacturing competitiveness, promoting innovation and investing in human capital.

In conclusion, the Economic Survey 2025–26 presents a compelling narrative of resilience, structural transformation and forward-looking policy direction. With GDP growth exceeding 7 percent, controlled inflation, strong external buffers and sustained investment, India is well-positioned for long-term economic expansion. However, the transition to a developed economy will depend on maintaining this momentum while ensuring that growth remains inclusive, sustainable and innovation-driven. The Survey ultimately underscores that India's economic future will be shaped not only by the pace of growth but also by its quality and sustainability.

## 6. Labour Market Dynamics and Employment Trends

An important emerging focus of the Economic Survey 2025–26 is the evolving nature of the labour market. Recent data indicate a steady improvement in employment indicators. The Labour Force Participation Rate (LFPR) has increased to

around 59–60 percent (2023–24, PLFS), while the Worker Population Ratio (WPR) has risen to nearly 56 percent, reflecting improved employment generation. The unemployment rate (UR) has declined to approximately 3.2 percent, marking a significant recovery from pandemic-induced disruptions.

A notable structural shift is the increasing formalisation of employment. Net payroll additions under EPFO have consistently averaged 10–12 lakh per month, indicating expansion in formal sector jobs. Additionally, over 28 crore workers have been registered on the e-Shram portal, reflecting improved coverage of unorganised labour. Female labour force participation has also improved, rising to about 37 percent, though it remains below global benchmarks.

Despite these gains, structural challenges persist. Nearly 45 percent of the workforce remains dependent on agriculture, highlighting disguised unemployment. The rise of the gig and platform economy—estimated to employ 75–80 lakh workers—introduces new opportunities alongside concerns regarding income security and social protection. The Survey emphasizes that sustained employment growth will depend on labour-intensive manufacturing, skill development and increased participation of women in the workforce.

## 7. Digital Economy and Governance Transformation

The Economic Survey 2025–26 highlights the rapid expansion of India's digital economy as a key driver of growth and inclusion. Digital public infrastructure has scaled significantly in recent years. The Unified Payments Interface (UPI) processes over 12–13 billion transactions per month, with an annual transaction value exceeding ₹180 lakh crore, making it one of the largest real-time payment systems globally.

Financial inclusion has deepened through digital channels, with over 50 crore Jan Dhan accounts and Aadhaar coverage exceeding 95 percent of the population. The Account Aggregator framework and India Stack have enabled seamless data-sharing and credit access, particularly for MSMEs and small borrowers. Internet penetration has crossed 55–60 percent, with over 85 crore internet users, supporting the rapid expansion of digital services.

The digital economy is estimated to contribute around 11–12 percent of GDP, with projections suggesting a rise to 20 percent by 2029–30. India's startup ecosystem—comprising over 1 lakh DPIIT-recognised startups and more than 110 unicorns—is playing a crucial role in innovation and job creation.

At the same time, the Survey underscores emerging concerns. Cybersecurity incidents have increased alongside digital adoption and gaps in digital literacy persist, particularly in rural areas. Bridging the digital divide, strengthening data protection frameworks and ensuring inclusive access to digital infrastructure remain critical for sustaining this transformation.

— IJSES Research Desk