

# ECONOMIC SURVEY



## 2025-26

### HIGHLIGHTS



आर्थिक कार्य विभाग  
DEPARTMENT OF  
ECONOMIC AFFAIRS

Map on the front cover page is a creative representation and is not to scale.



# **Economic Survey 2025-26**

## **Highlights**

The ‘Highlights’ document of the Economic Survey 2025-26 succinctly presents the key aspects of each of the sixteen chapters using charts, infographics, and minimal text, all around 45 pages. This document provides a visually engaging and easily readable overview of the Survey, encouraging readers to dive deeper into its content for a more comprehensive understanding. It aims to make complex data accessible and relatable, fostering curiosity and further exploration among readers, whether they are policy enthusiasts, students, or professionals.

**V. Anantha Nageswaran**  
Chief Economic Adviser  
Ministry of Finance  
Government of India

## CONTENTS

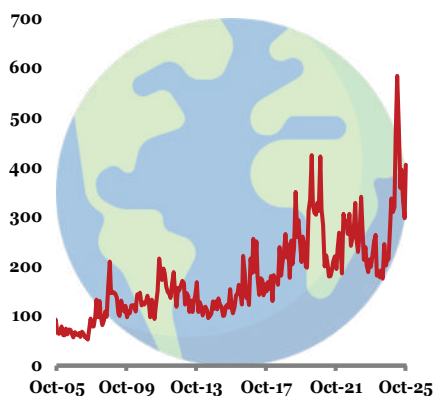
1. State of the Economy – Pushing the Growth Frontier	03
2. Fiscal Developments: Anchoring Stability through Credible Consolidation	05
3. Monetary Management & Financial Intermediation: Refining the regulatory touch	07
4. External Sector: Playing the Long Game	11
5. Inflation: Tamed and Anchored	15
6. Agriculture and Food Management: Raising productivity, Securing Incomes and Ensuring Food Security	19
7. Services – From Stability to New Frontiers	21
8. Industry’s Next Leap: Structural Transformation and Global Integration	24
9. Investment and Infrastructure: Strengthening Connectivity, Capacity and Competitiveness	27
10. Environment and Climate Change: Building a Resilient, Competitive and Development-Driven India	30
11. Education and Health: What Works and What’s Next	34
12. Employment and Skill Development : Getting Skilling Right	36
13. Rural Development and Social Progress: From Participation To Partnership	39
14. Evolution of the AI Ecosystem in India: The Way Forward	40
15. Urbanisation: Making India’s cities work for its citizens	43



# 1

## State of the Economy – Pushing the Growth Frontier

Global policy is increasingly shaped by security and political considerations rather than efficiency or multilateral rules



Intensifying geopolitical conflicts



Energy and finance weaponisation



Export controls on technology

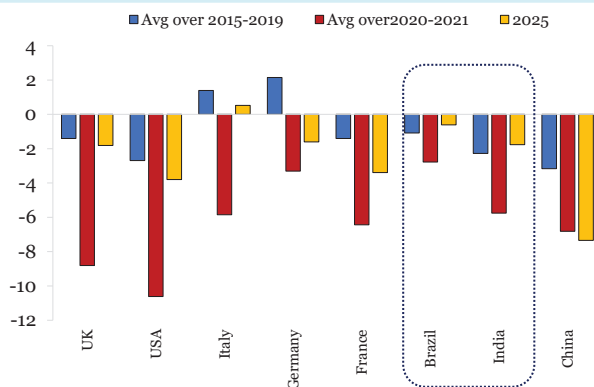


Scepticism about free trade

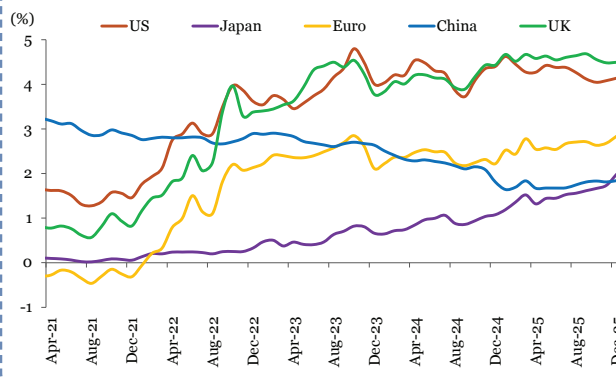


Competition for critical minerals

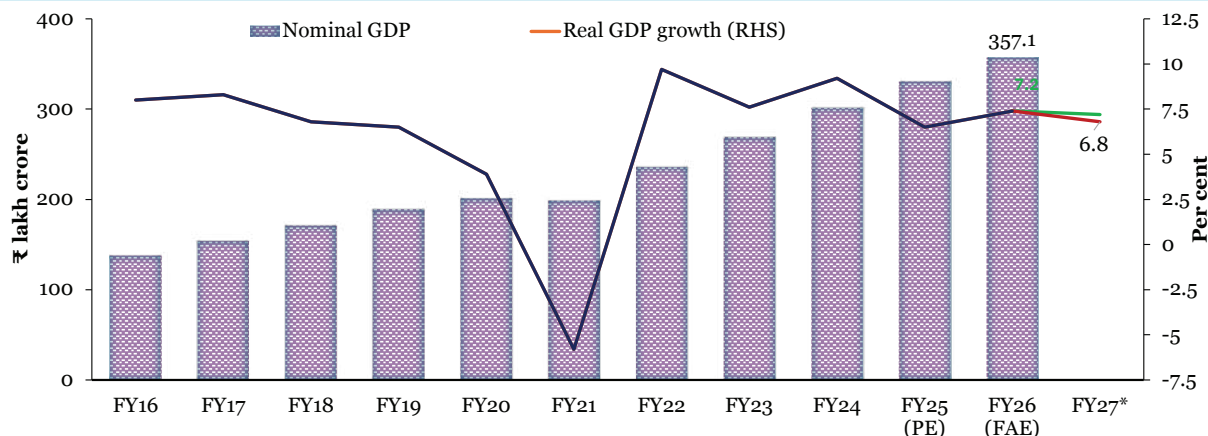
### Deteriorating primary balances (% of GDP) across the world



### Rising sovereign yields across the world

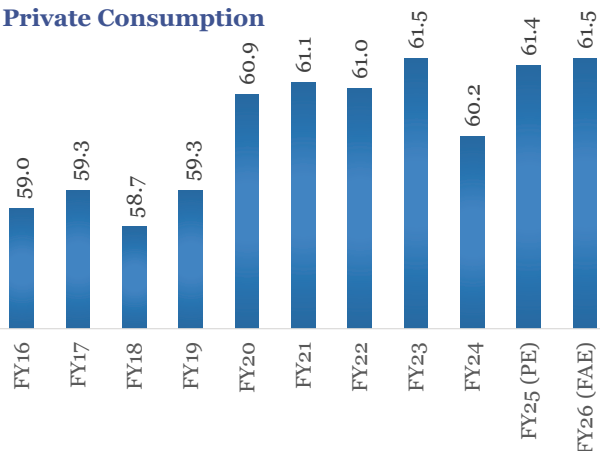


### India Retains Strong Growth Momentum, Expected to Grow By 6.8 – 7.2% In FY27

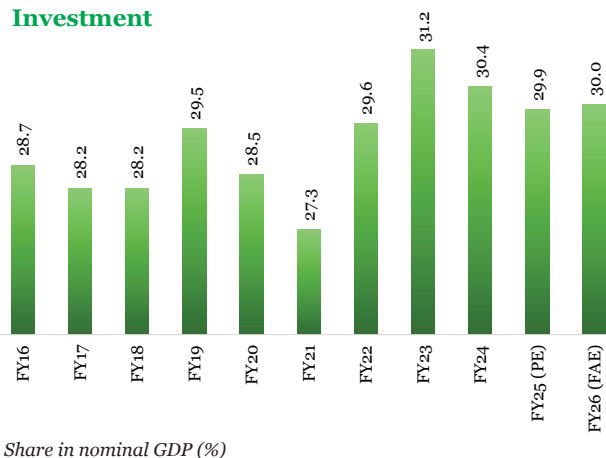


## Private Consumption and Investment are Drivers of India's Growth

### Private Consumption

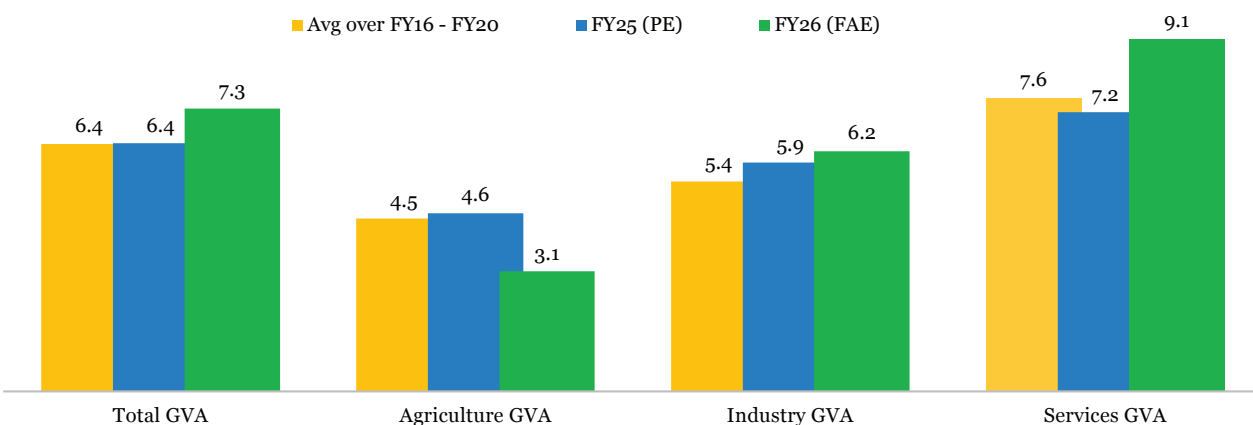


### Investment

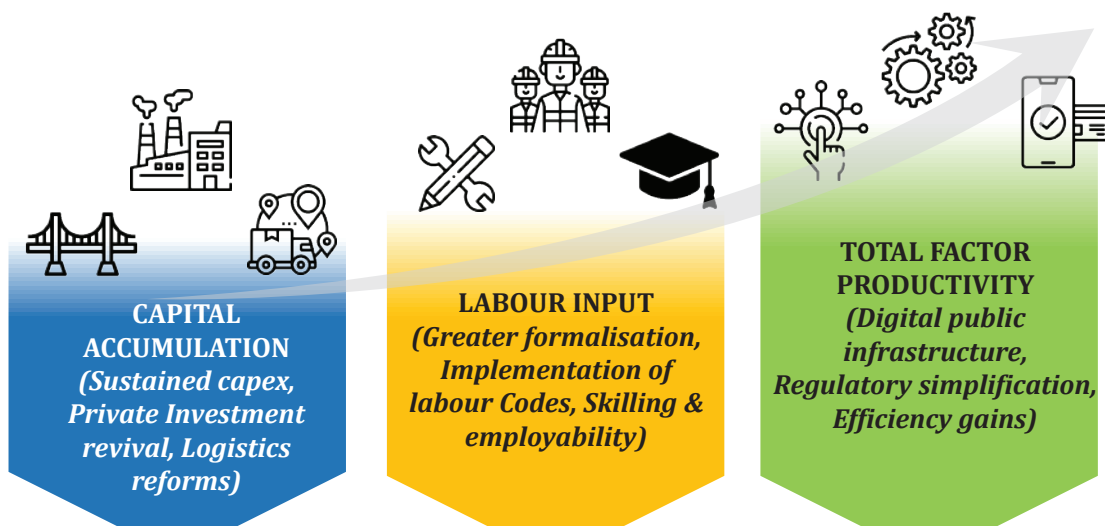


Share in nominal GDP (%)

## Broad-Based Growth in Real Gross Value Added (%)



## Reform Express Pushes India's Potential GDP to ~7%

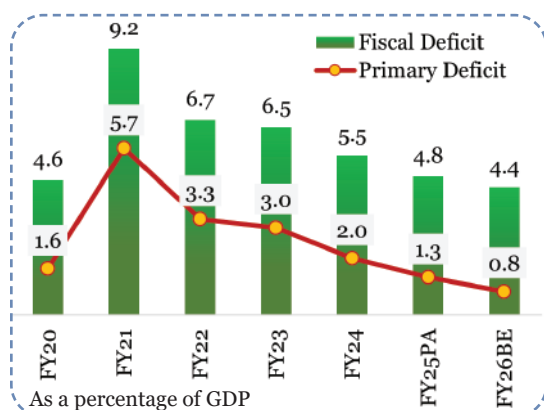


**STRONG MACRO FUNDAMENTALS AND SUSTAINED REFORMS**

# 2

## Fiscal Developments: Anchoring Stability through Credible Consolidation

Fiscal policy as a key anchor of macroeconomic stability and confidence



Prudent fiscal management as the key driver behind sovereign credit rating upgrades (2025)

Morningstar DBRS

S&P Global ratings

R&I, Japan



Improved Revenue Buoyancy



Continued emphasis on capex

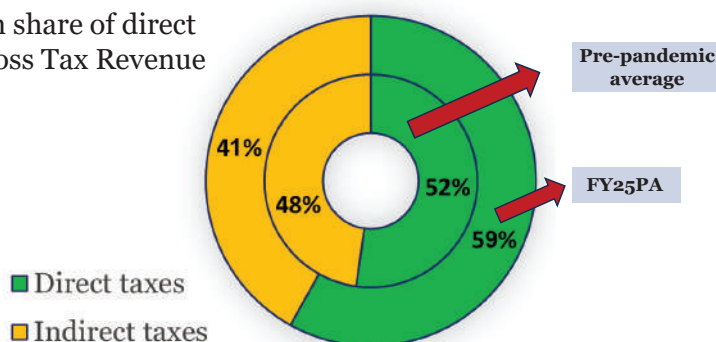
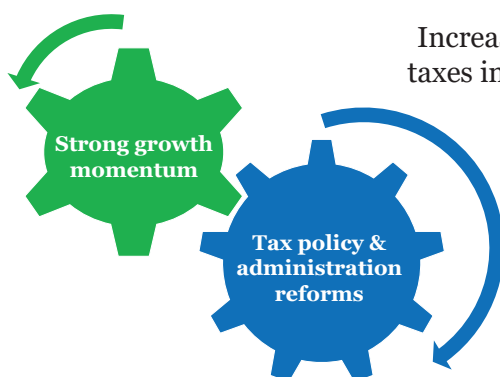


Improved fiscal transparency



Continued Deficit reduction along a credible path

Sustained revenue buoyancy and broadening of the Direct Tax Base



Post-pandemic avg (FY22-FY25)

Pre-pandemic avg (FY16-FY20)

Revenue receipts / GDP

9.1%



8.5%

Gross Tax Revenue / GDP

11.5%



10.8%

Non-corporate tax collections / GDP

3.3%



2.4%

2024-25

2021-22

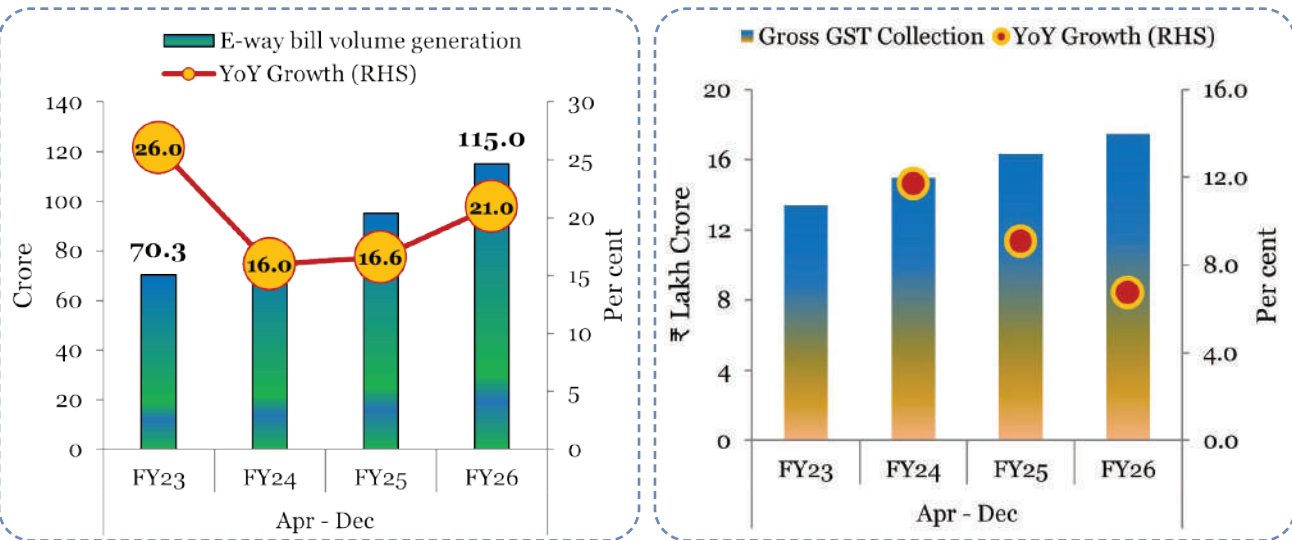
Income tax returns filed

9.2 crore



6.9 crore

## Robust transaction momentum under GST, even as gross GST collections track nominal GDP growth



## GST 2.0 reforms & impact

Two-rate Structure

18% Standard and 5% Merit

40% De-merit/ Sin-good (incl of cess)

## Expected channels of impact

### CONSUMPTION BOOST

Simplified Compliance, Support household consumption, Wider Tax Base.

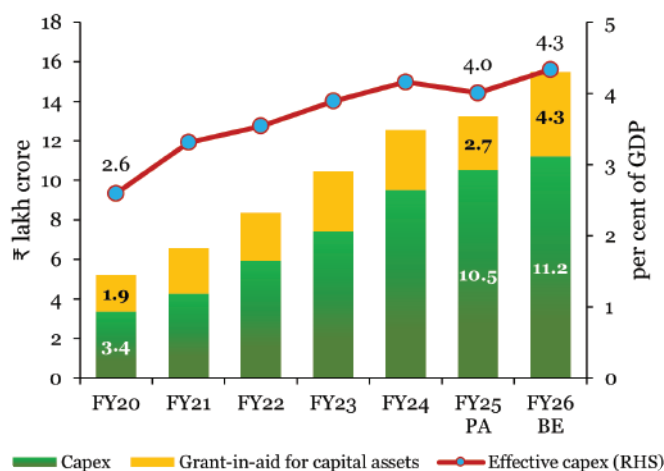
### MANUFACTURING & TRADE

Boost Manufacturing, Enhance trade competitiveness, Encourage small businesses to formalise.

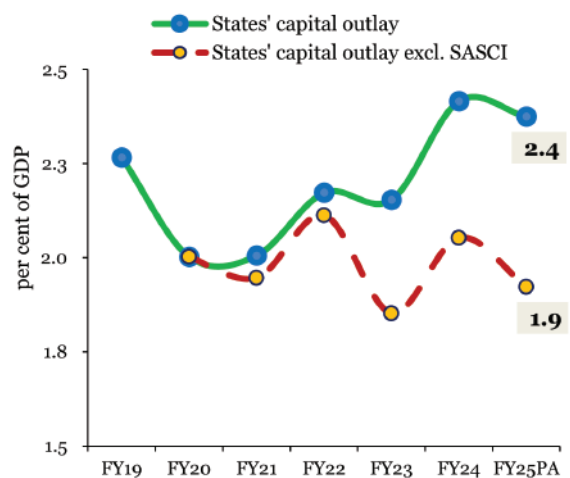
### STRUCTURAL REFORMS

Resolve Inverted Duty Structure, Improve Working Capital.

### Centre's effective capex to GDP scaled up from a pre-pandemic average of 2.7% to 4% in FY25



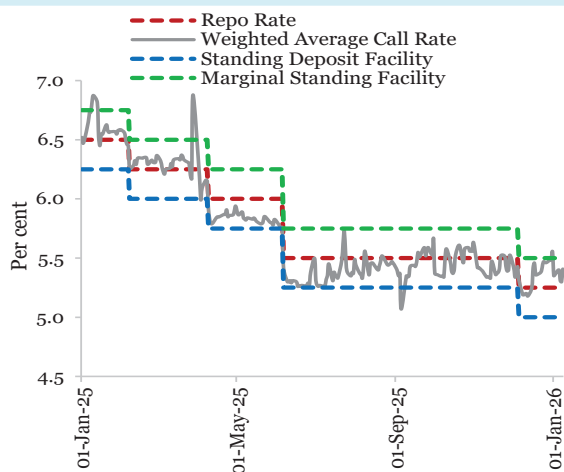
### Centre's SASCI successfully incentivised the States to maintain their capex at 2.4% of GDP



# 3

## Monetary Management & Financial Inter-mediation: Refining the regulatory touch

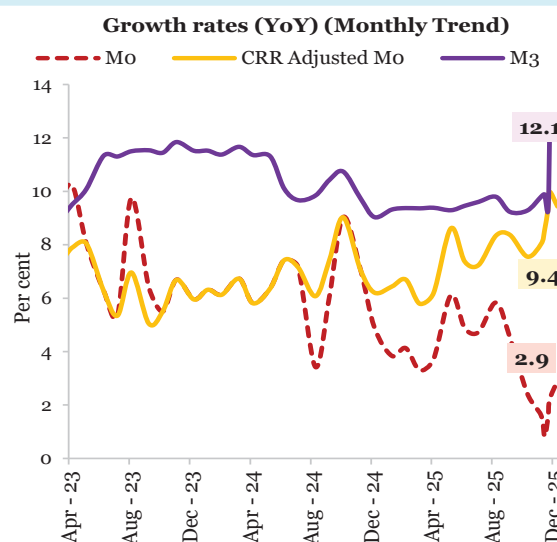
### Effective transmission of the monetary policy to the money and credit markets



Weighted average call rate (the operating target of monetary policy) remained below the policy repo rate in FY26, averaging 8 bps lower (up to 8 Jan 2025).

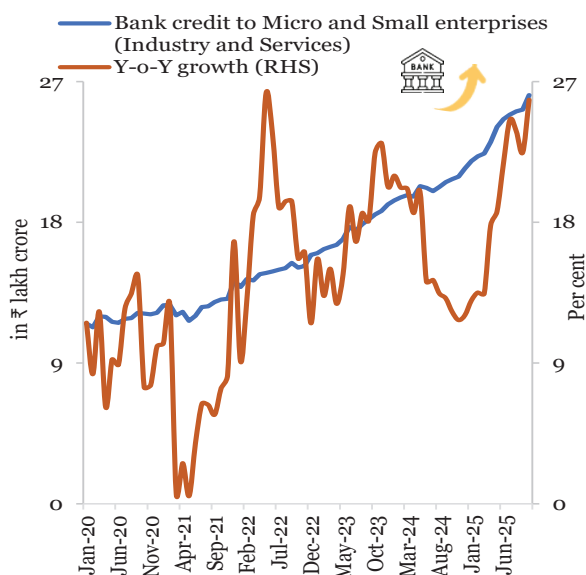
Source: RBI

### Monetary developments reflect easing financial conditions



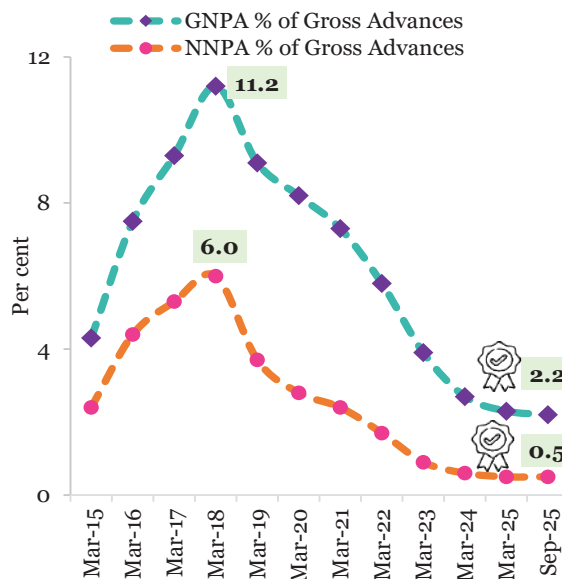
Note: Mo – Reserve Money, M3 – Broad Money

### Bank credit to MSEs continues its strong upward trend



Source: RBI

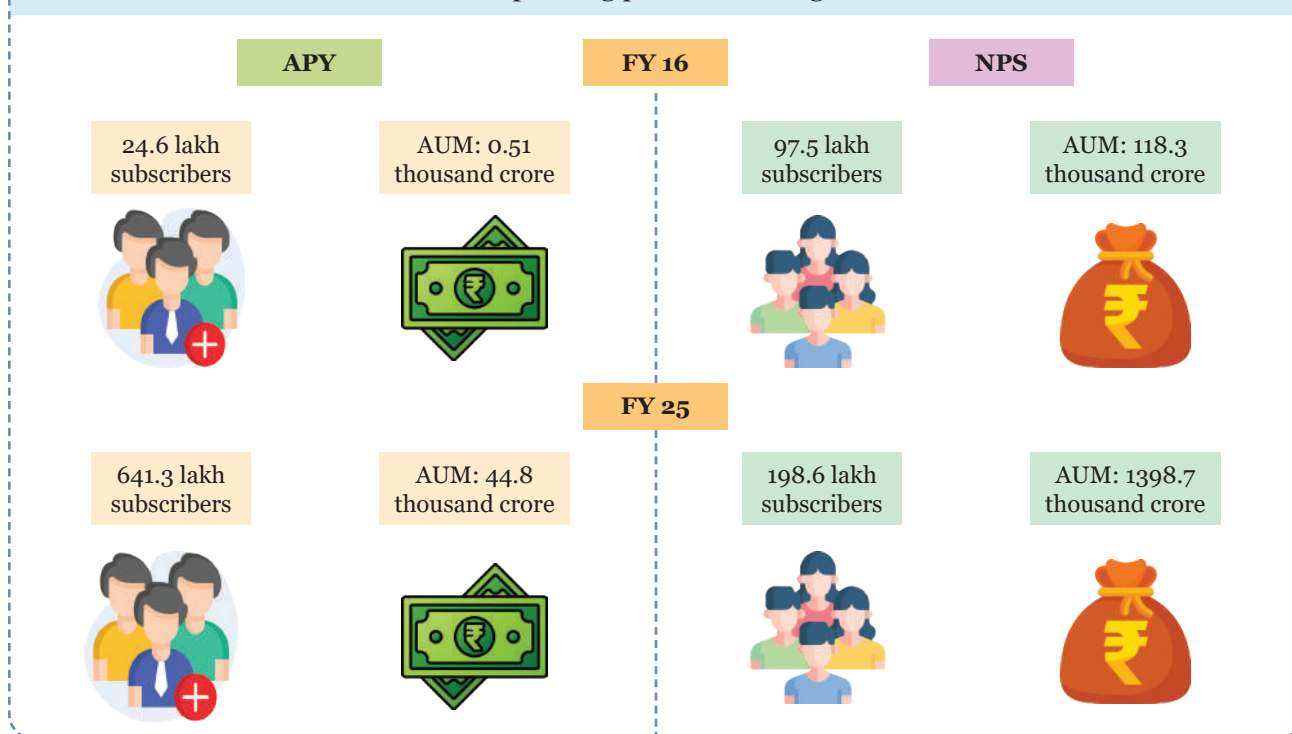
### SCBs' asset quality improves: GNPA and NNPA at multi-decade lows



SCBs: Scheduled Commercial Banks; GNPA: Gross non-performing assets; NNPA: net NPAs  
Source: RBI's Financial Stability Report



## Expanding pension coverage



Source: PFRDA

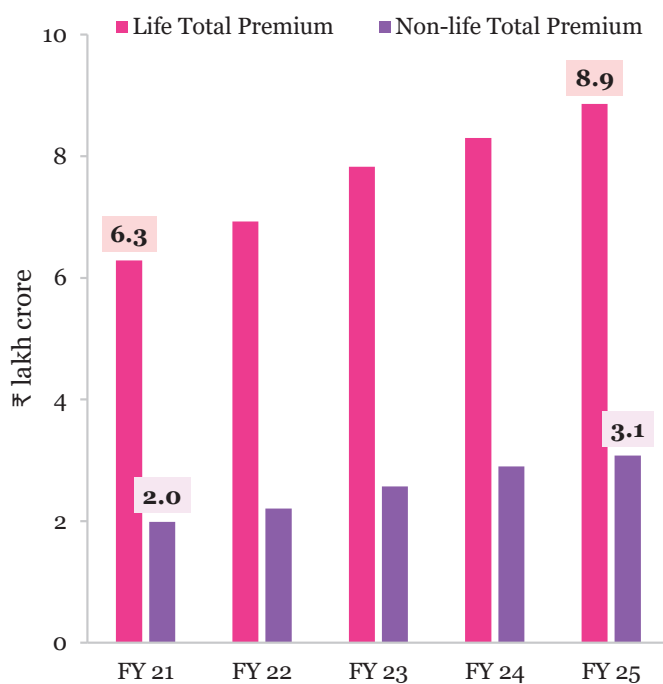
Note: AUM – Assets under management



## Towards insurance for all



### The total amount of life and non-life premiums is rising



AUM in FY25:  
₹77.4 lakh crore



Total premium income rose from ₹8.3 lakh crore in FY21 to ₹11.9 lakh crore in FY25.



Life insurers paid benefits totalling ₹6.3 lakh crore in FY25.



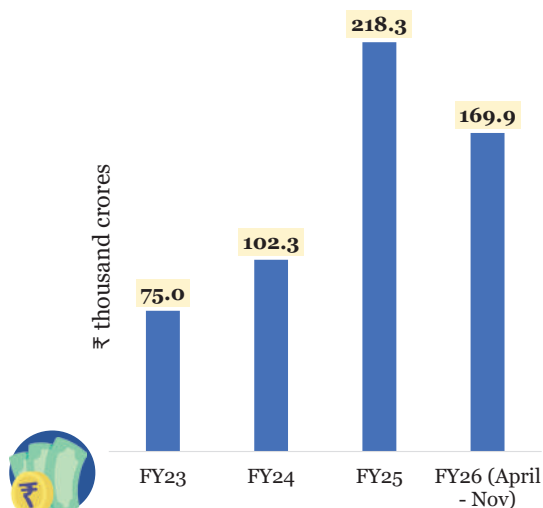
Net incurred claims in the non-life sector stood at ₹1.9 lakh crore in FY25.



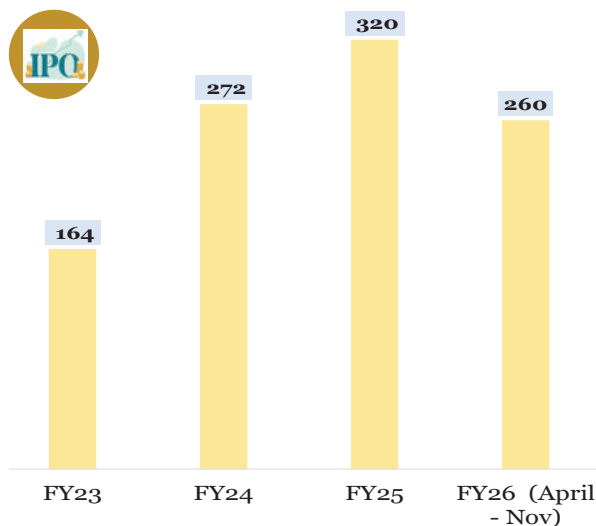
Expanding reach  
- Insurer's offices as of March 2025: 22076  
- Distribution network: 83 lakh partners as of FY25.

## Developments in the capital market In FY26 (April-November 2025)

Steady rise in total resource mobilization (equity + debt) from primary markets



Rise in number of Initial Public Offers



## Regulatory developments



Banking Sector

- RBI's Framework for Formulations of Regulations: Standardizes the regulatory process stipulating periodic review and consultation.
- RBI has consolidated over 9000 existing circulars and guidelines.
- Public Sector Banks introduced a credit assessment model to ease the doing business for MSMEs.
- RBI's FREE-AI: Structured approach for financial regulators and institutions to leverage AI while managing its risks.



Capital Markets

- The Securities Markets Code, 2025, repeals and replaces the SCRA (1956), SEBI Act (1992) and Depositories Act (1996), consolidating India's securities market laws into a single framework.
- SEBI launched investor protection tools (SEBI Check, SEBI vs SCAM), introduced an ESG debt framework, expanded municipal bond outreach, and introduced electricity derivatives.



Insurance Sector

- The Sabka Bima Sabki Raskha (Amendment of Insurance Laws) Act, 2025, was notified on 21 December 2025.
- Important provisions include higher FDI limits, simplified insurer regulations, strengthened policyholder protection and aligning insurance governance with India's digital data protection framework.

**Progress in micro-credit:**  
*Pradhan Mantri Mudra Yojana (PMMY) and  
Pradhan Mantri Street Vendor's Atma Nirbhar Nidhi (PM SVANidhi)*

**A decade of 'funding the unfunded' through PMMY**



Disbursed over ₹36.18 lakh crore across 55.45 crore loan accounts.  
(as of October 2025)

Women entrepreneurs accessed 69 % of all microloans.



₹ 15.6 lakh crore disbursed across 33.4 crore accounts of SCs, STs, OBCs and other minorities.

**PM SVANidhi : Empowering India's street vendors  
through micro-credit delivery**

**Improved quality of life**

The average annualised business income among SVANidhi borrowers increased by 20 % between 2023 and 2025.

Improved incomes have led to housing upgrades for 39% of households, better food access for 55%, more affordable healthcare for 44%, and enhanced educational opportunities for 50%.

**Empowered minorities**

33 % the beneficiaries are women, 64 % consist of OBCs, SCs and STs.

**Healthy credit metrics**

Showed strong repayment performance with the estimated NPA rate being below 10 %.

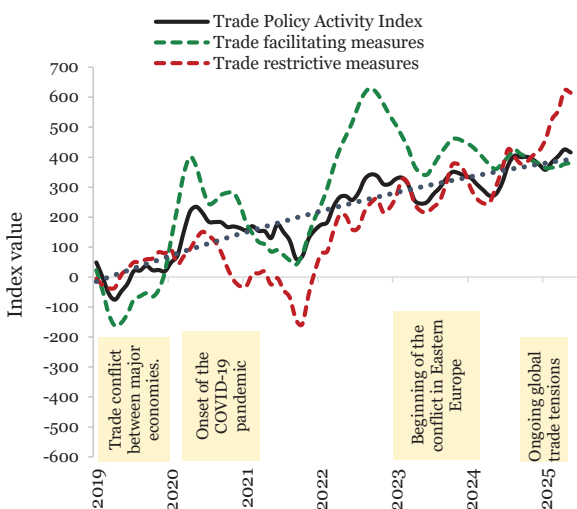
Source: PM SVANidhi impact assessment report – 2025. (In collaboration with the Ministry of Housing and Urban Affairs, Government of India) and Department for Financial Services (DFS).

# 4

## External Sector: Playing the Long Game

### Global trade dynamics

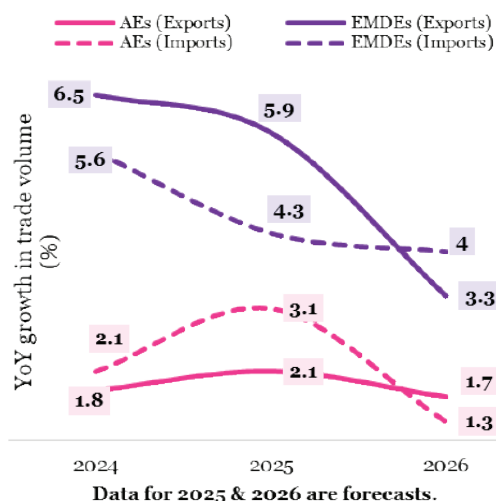
#### Rising trade policy activity



In CY 2025, the Trade Policy Activity Index increase was driven mainly by a sharper rise in restrictive trade measures than in facilitation measures.

Source: Centorrino, S., et al. (2025). Measuring global trade policy activity

#### Trends in trade growth (goods & services)



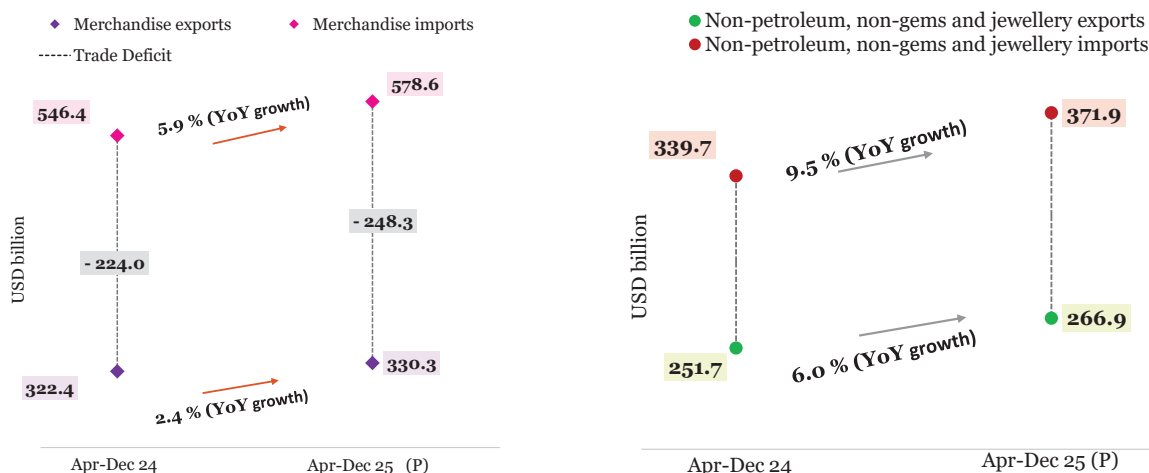
Data for 2025 & 2026 are forecasts.

Trade policy uncertainty is likely to have a more pronounced impact on the trade volumes of Emerging Market & Developing Economies (EMDEs) than on those of Advanced Economies (AEs).

Source: WEO (October 2025), IMF

### India's trade performance in FY26 (April-Dec 2025)

#### Merchandise trade remains resilient amid global trade uncertainty

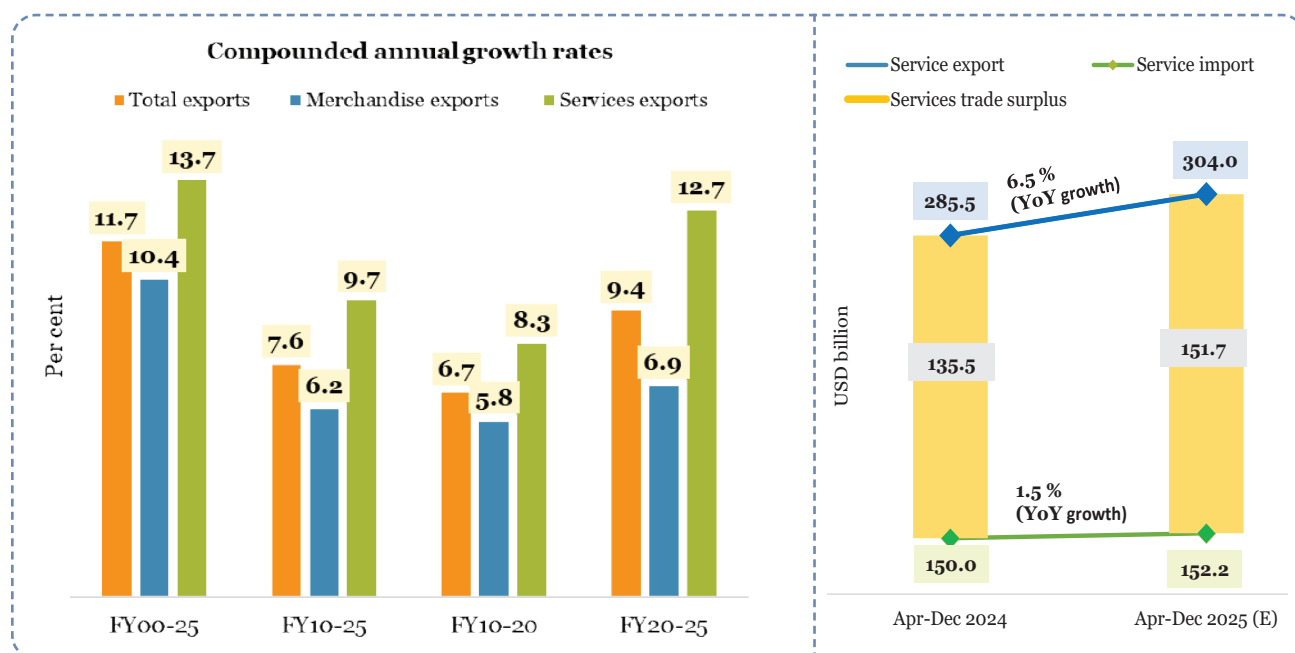


Note: P : Provisional

Source: DoC



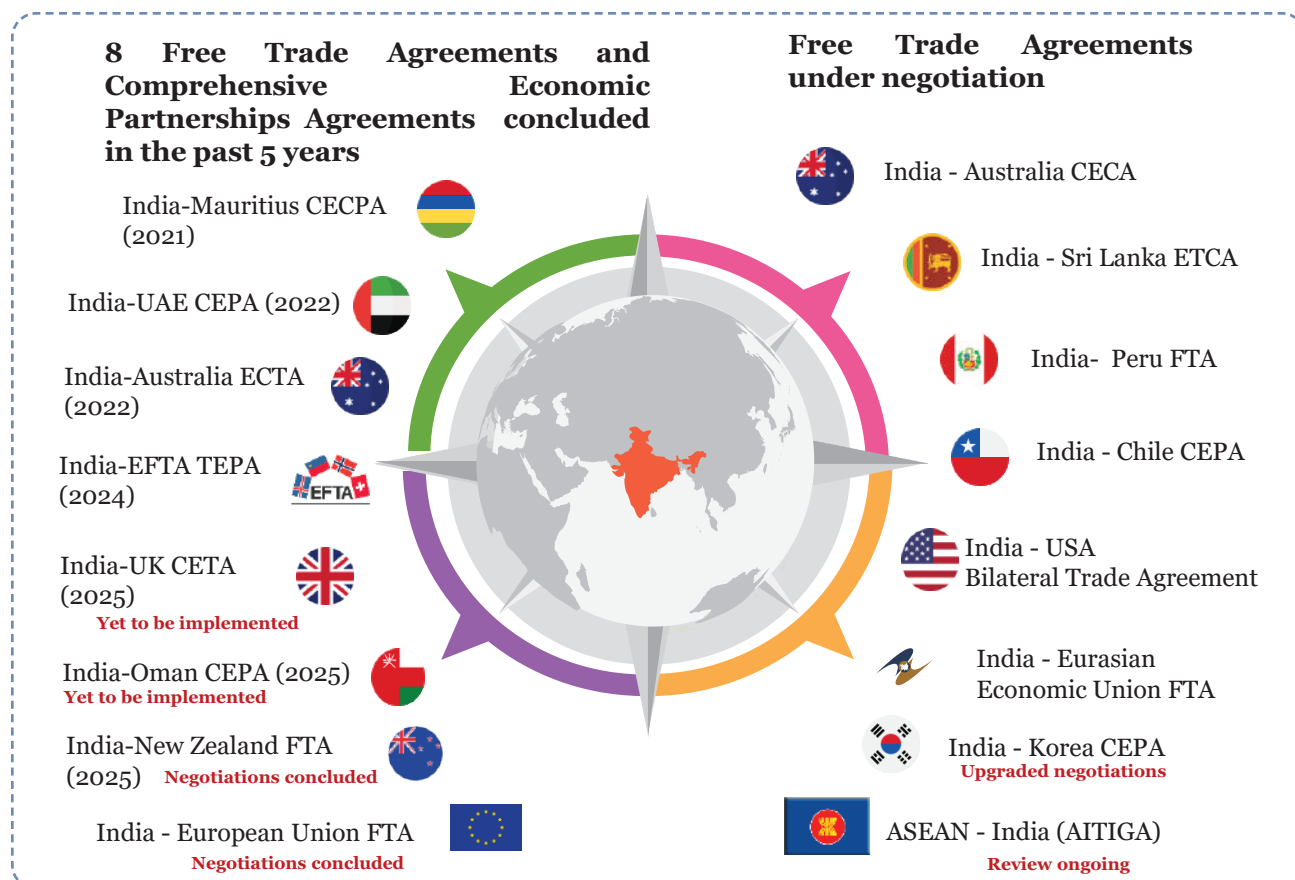
## Services trade continues to be a key driver of India's trade performance



Note: E : Estimates

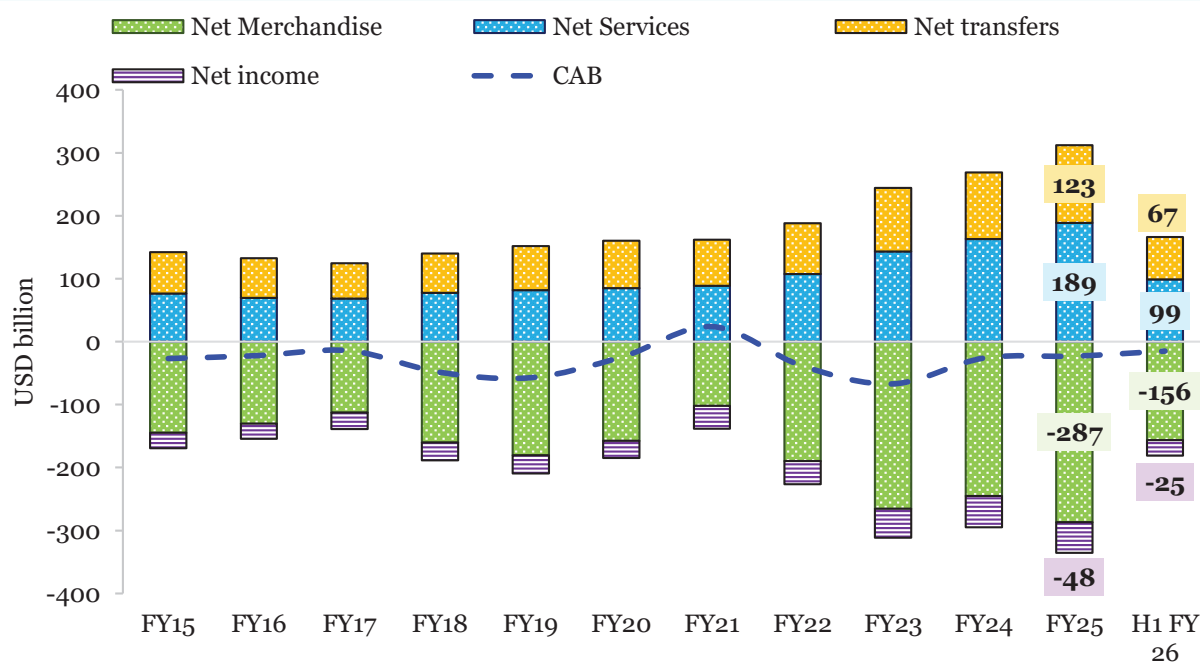
Source: RBI and DoC

## India's strategic push to expand trade partnerships



## Comfortable current account deficit (CAD) position

Merchandise deficit is offset by services exports and remittances\*, keeping CAD manageable



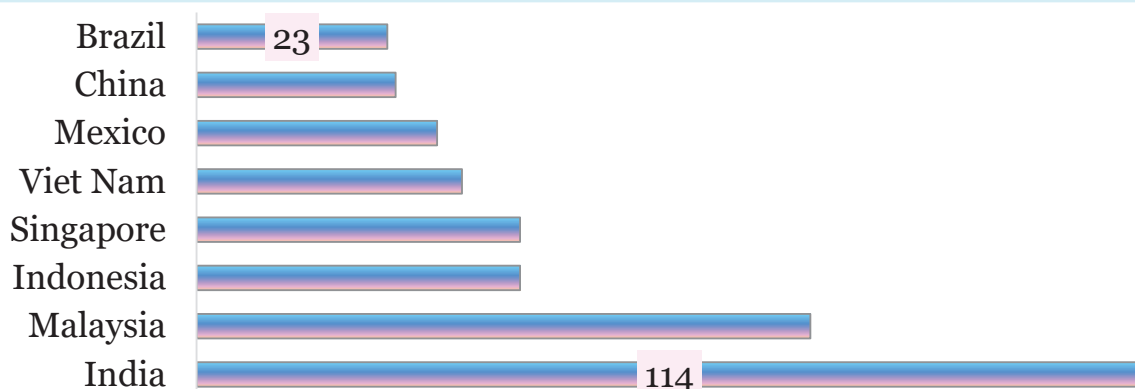
Source: RBI

**CAD moderated to 0.8% of GDP in H1 FY26 from 1.3% in H1 FY25**

\*Transfer receipts mainly represent remittances by Indians employed overseas

## India leads the world in greenfield digital investment between 2020-2024

Top economies by project announcements in digital economy



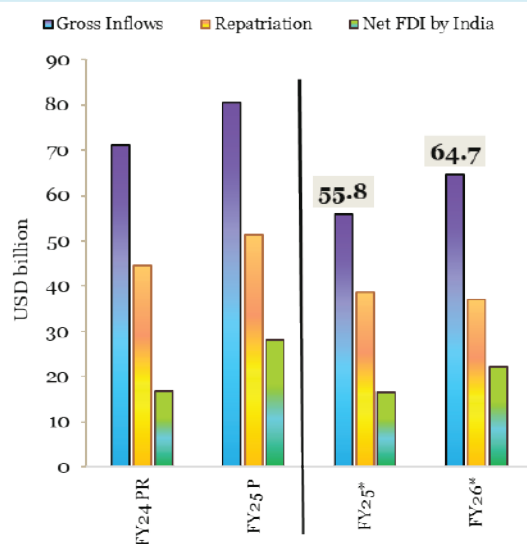
USD billion [2020-2024]

Source: UNCTAD

- India emerged as the largest destination for greenfield digital investments, attracting USD 114 billion between CY 2020-2024.
- Investments span digital services, data centres, and IT infrastructure

## Turning global reorientation into sustainable foreign direct investment (FDI)

### India attracts gross FDI at scale



Note: \*(Apr-Nov); P: Provisional; PR: Provisionally Revised

### Next step is deepening investment

Following factors create a window for India to plug into reconfigured GVCs & move up the value-addition ladder

**Global FDI Reorientation**  
Geopolitics, tariffs & industrial policy shifts are re-routing global supply chains.

**Strategic Sector Momentum**  
Digital, semiconductors, data centres & advanced manufacturing.

**India's Structural Strengths**

Strong growth, macro stability, large markets, deepening digital & manufacturing base attract long-term capital.

Note: GVCs: Global Value Chains

## Strong external buffers anchor stability (FY15 vs FY25)

From FY15 → 2025-2026*	
<p><b>Forex Reserves</b></p> <p>\$701.4 as of 16 January 2026</p> <p>\$341.6 bn in FY15</p> <p><b>Reserves more than doubled</b></p>	<p><b>External debt to GDP</b></p> <p>23.8% in FY15 → 19.2% end-Sept 2025</p> <p><b>Lower external leverage</b></p>
<p><b>Import Cover</b></p> <p>From 8.9 months in FY15 → To 11.1 months as of 9 January 2026</p> <p><b>Stronger import buffer</b></p>	<p><b>Current Account Deficit/GDP</b></p> <p>-1.32% in FY15 → -0.8% in H1 FY26</p> <p><b>Improved external balance</b></p>

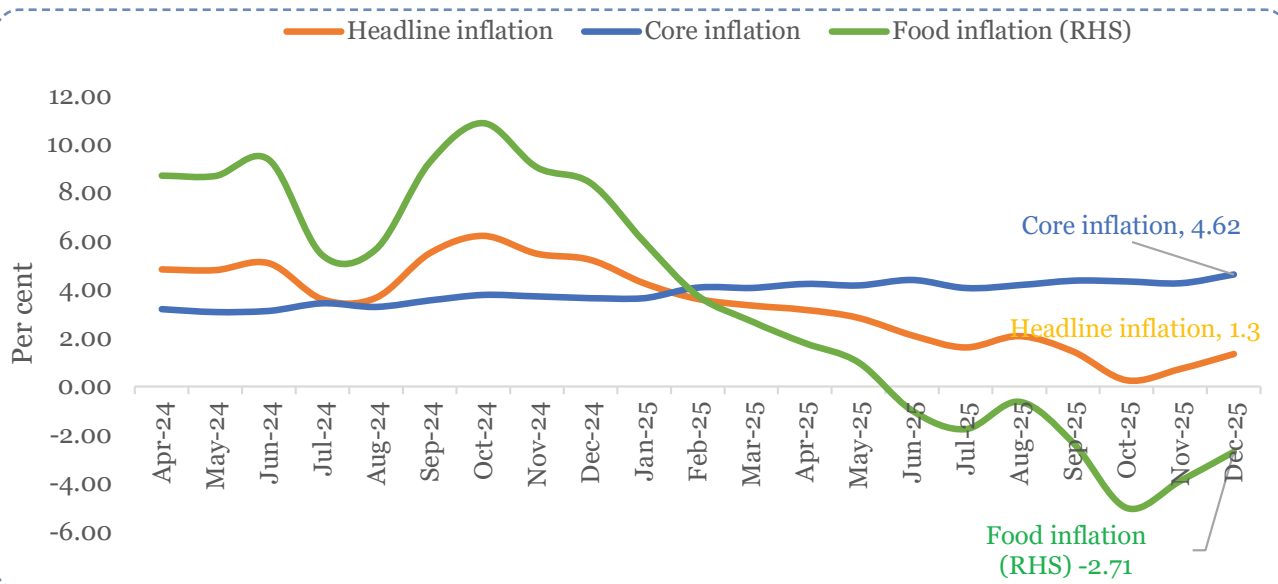
\* As of the latest available data.

**India enters 2026 with strong buffers against external shocks.**

# 5

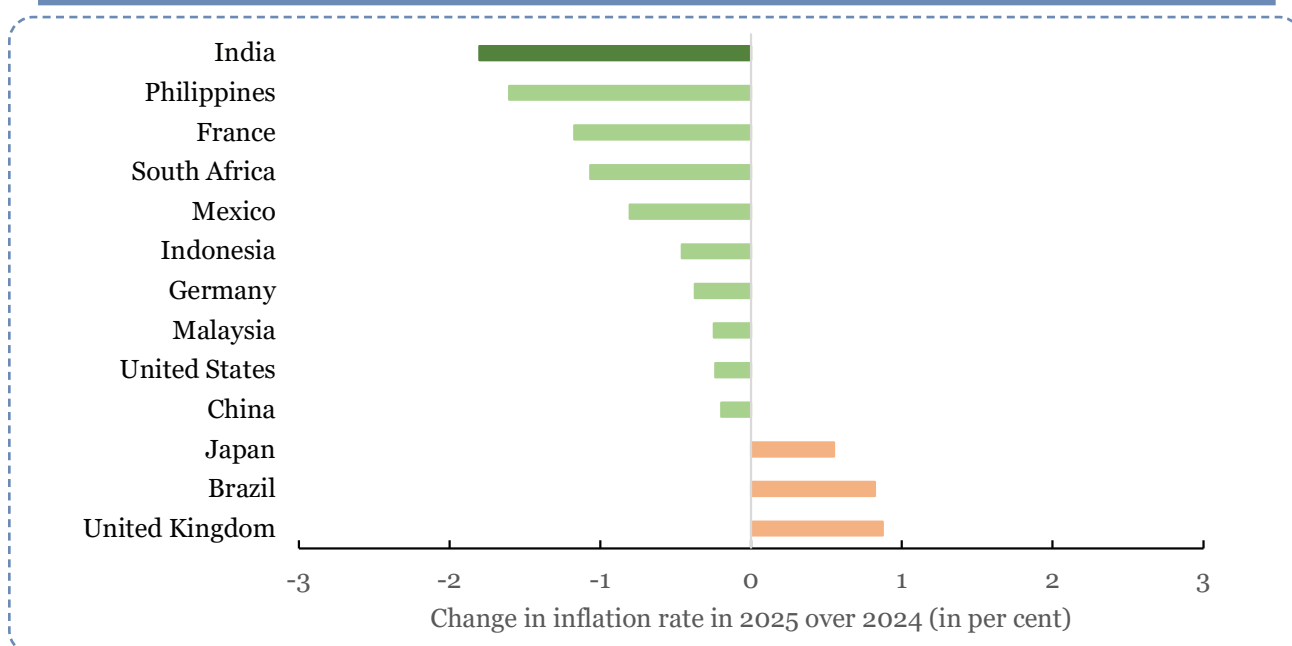
## Inflation: Tamed and Anchored

India recorded the lowest inflation rate since the beginning of the CPI series, with April-Dec '25 average headline inflation coming in at 1.7%; This was driven by a subdued food inflation



Source: Calculated using data from MoSPI

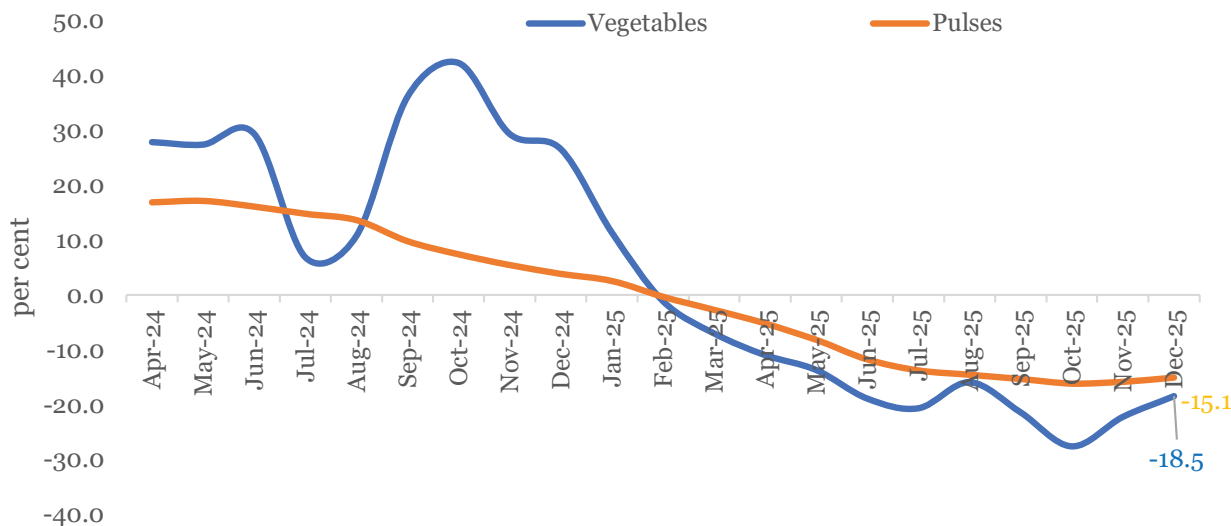
India has seen the highest reduction (1.8%) in headline inflation among major economies in 2025



Source: World Economic Outlook Database, IMF

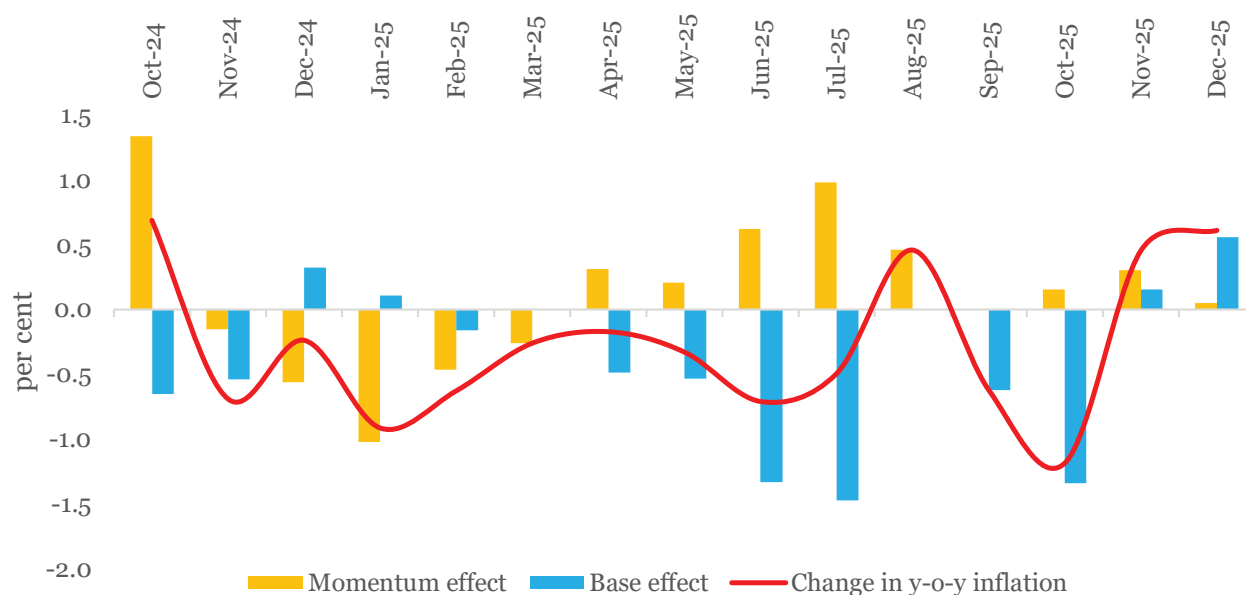


## Decline in food inflation was driven by a persistent contraction in prices of major commodities like vegetables and pulses



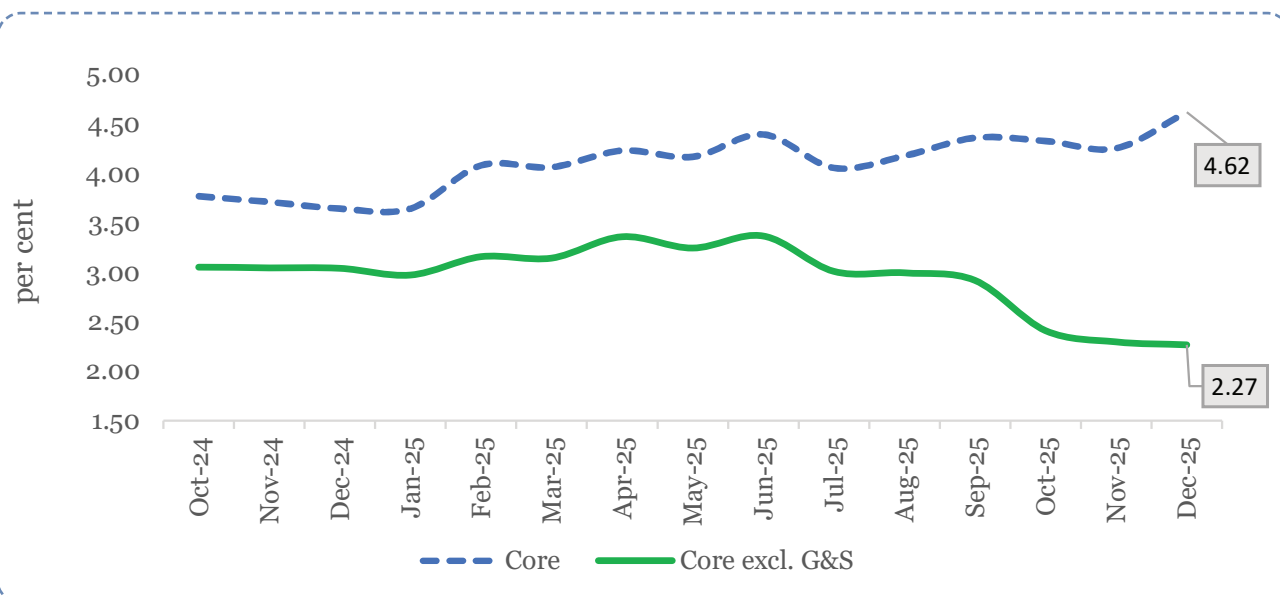
Source: MoSPI

## A strong base effect played a critical role in tempering headline inflation, especially in second half of 2025



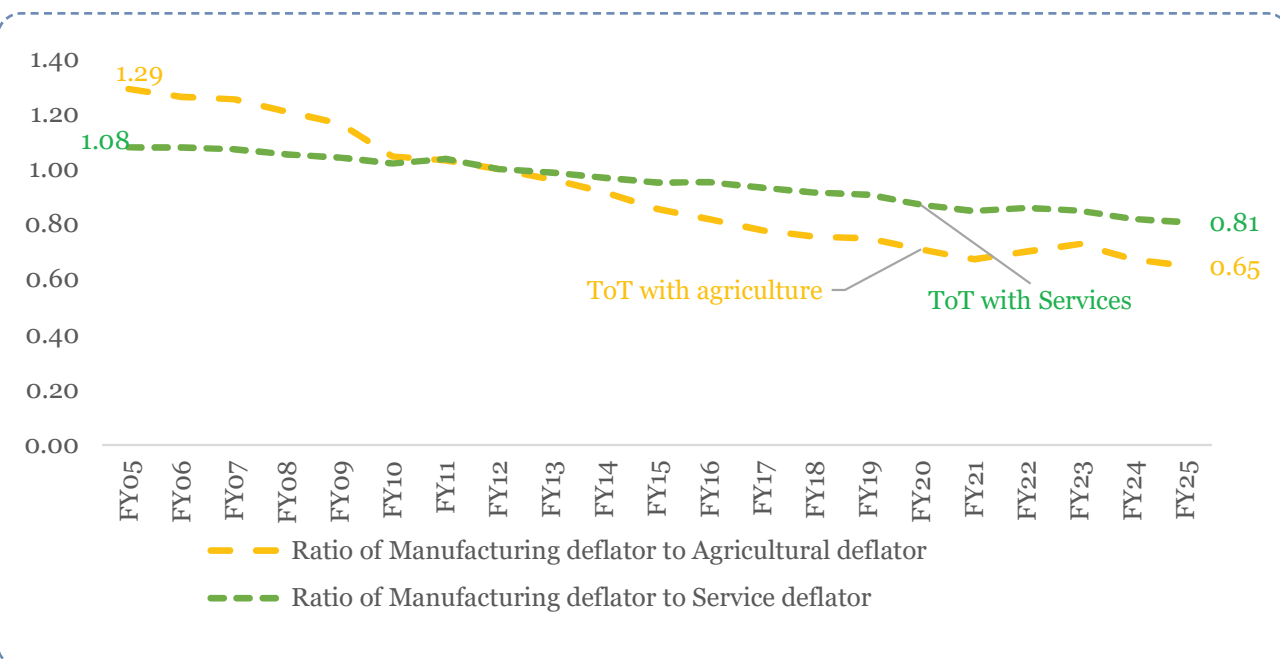
Source: Calculated from the CPI

**Steady pace of core inflation has been largely influenced by higher inflation in the prices of precious metals like gold and silver**



Source: Calculated from CPI numbers

**Terms of Trade (ToT) of the manufacturing sector has progressively declined with respect to other sectors - agriculture and services – resulting in compression in its sectoral share in GVA**



Source: Calculated from CPI numbers

## Factors that made inflation benign



Moderate inflation in the global prices of key metals



Below-normal temperature coupled with above-normal monsoon created very favourable agriculture conditions in the country

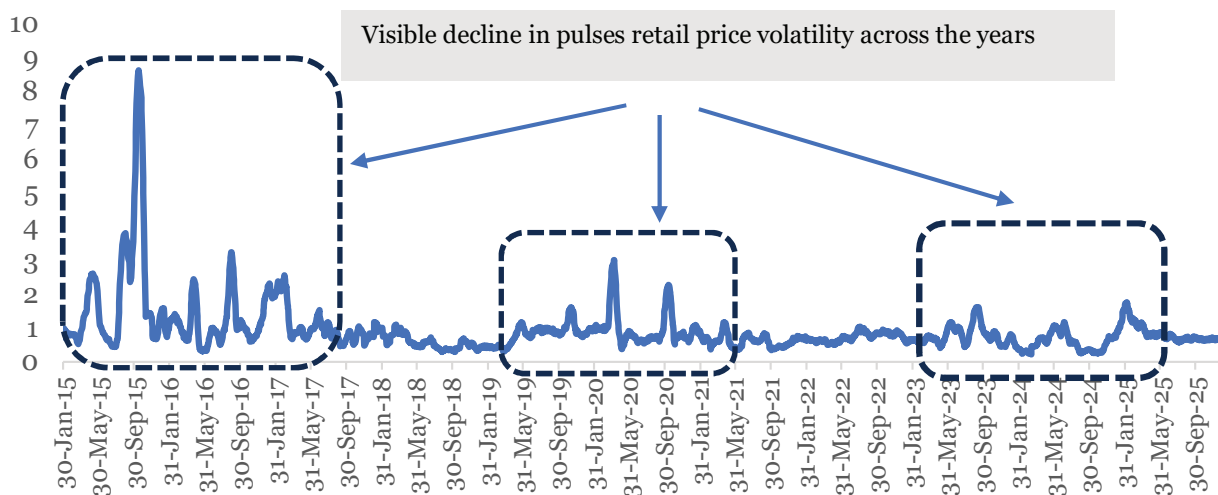


Improved stock position of foodgrains



Pass-through of GST rates rationalization into commodity prices

## Timely intervention helped in reducing the volatility in the prices of pulses over the years



Note: 30-day Rolling standard deviation of daily retail prices of pulses (unified price calculated basis CPI weight from Jan. 2015 to 11 Jan. 2026).

Source: Calculated from the daily data given by the Department of Consumer Affairs

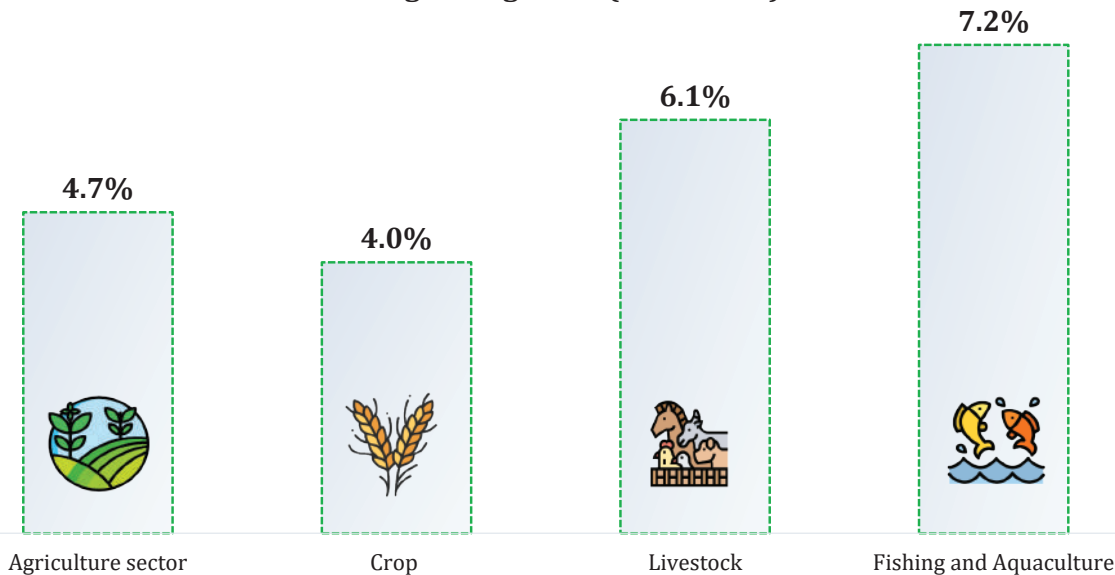
# 6

## Agriculture and Food Management: Raising productivity, Securing Incomes and Ensuring Food Security

### Raising Productivity, Securing Incomes and Ensuring Food Security

#### Diversifying Agriculture: Livestock and Fisheries Lead the Way

Average GVA growth (FY20-FY24)



### Policy Considerations

#### Ethanol Pricing and Cropping Incentives

- Careful calibration of incentives is required to avoid unintended concentration across crops.
- Ethanol expansion to be pursued that supports both energy security and food and nutritional security.

#### Aligning Fertiliser Use with Agronomic Needs

- Fertiliser decisions need to be guided by soil health and crop requirements
- Input Distortion to Acre-Based Support

#### A Calibrated Approach to Crop Diversification

- Crop choices should reflect local soil, rainfall, and market conditions, ensuring economic and agronomic viability.
- Per-acre / per-quintal incentives cover transition losses; lower input costs improve profits



## Government support to farmers

### POLICY AND INSTITUTIONAL SUPPORT

- National Food Security and Nutrition Mission
- National Mission on Edible oils-Oilseeds
- National Mission on Edible oil-Oil Palm
- Krishi Vigyan Kendras
- Promotion of FPOs and Cooperatives
- Insurance support through PM Fasal Bima Yojana
- Krishonnati Yojana
- Digital Agriculture Mission

- Providing access to High Yielding seeds
- Assured Irrigation through Pradhan Mandri Krishi Sinchayee Yojana
- Soil Heath Cards
- Fertiliser Subsidy
- Kisan Credit Card Scheme
- Establishing Custom Hiring Centres
- Food and Mouth disease control programme for livestock
- Pradhan Mantri Matsya Kisan Samridhi Sah-Yojana for fisheries

### INPUT SUPPORT

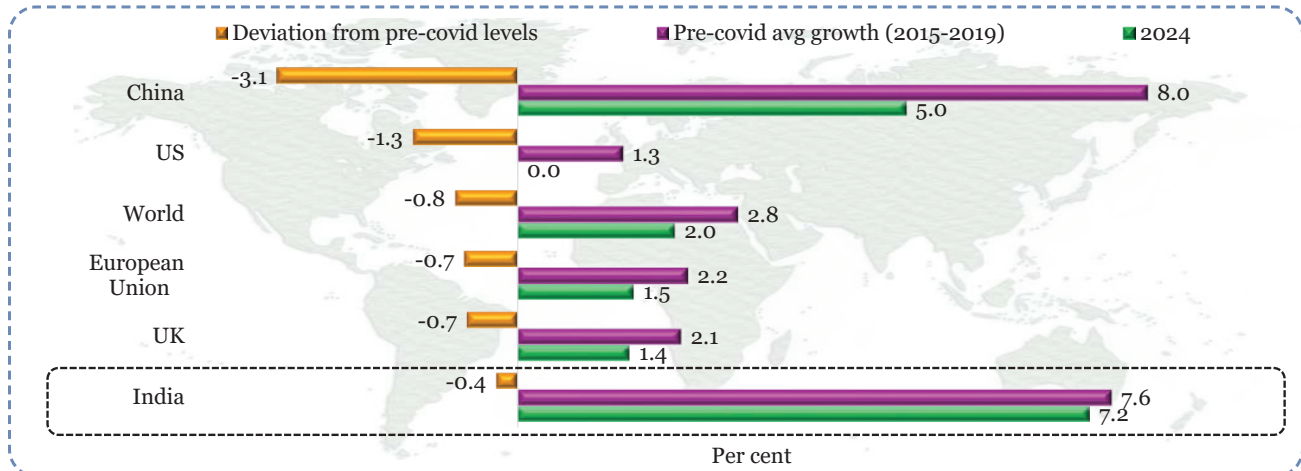
### INCOME SUPPORT

- Pradhan Mantri Kisan Samman Nidhi (PM Kisan)
- Minimum Support Prices
- PM Maandhan Yojana

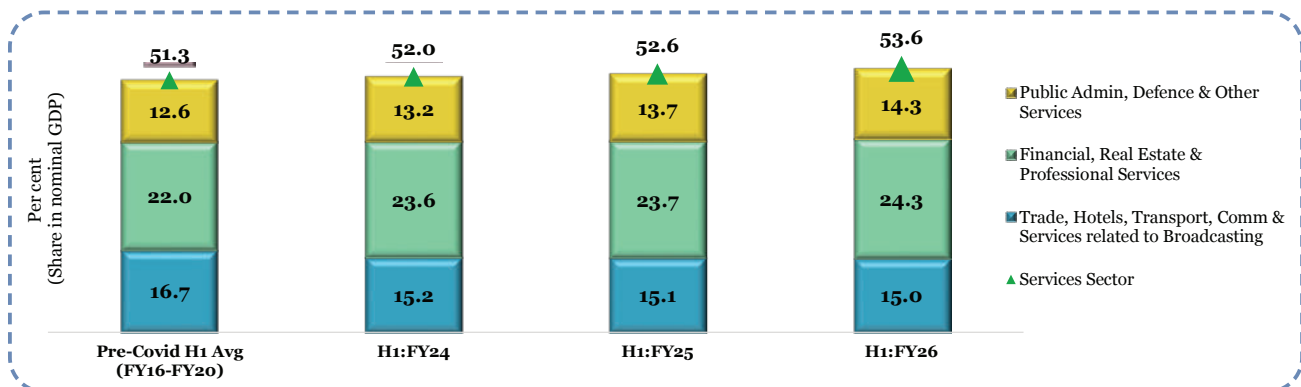


## Services – From Stability to New Frontiers

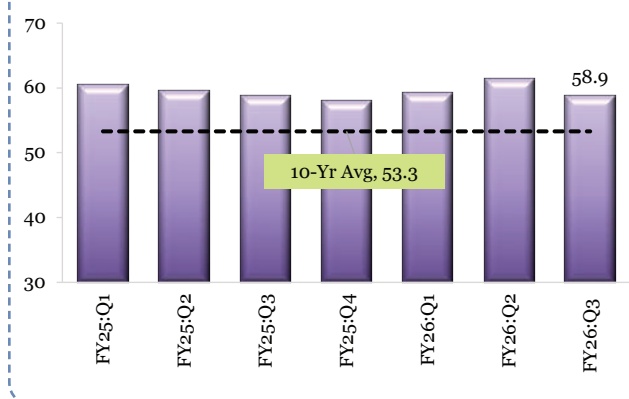
### Resilient and steady: India's Services GVA growth outperforms global trends



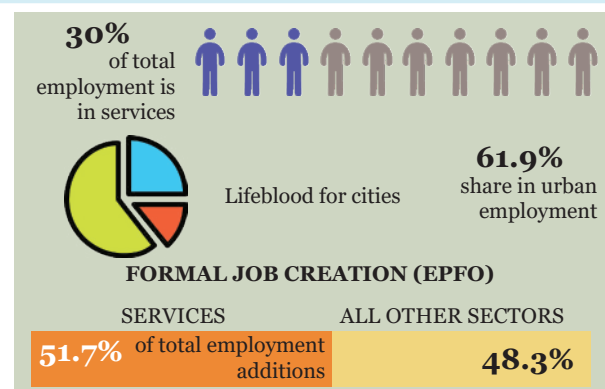
### Services sector continues to be the major driver of growth



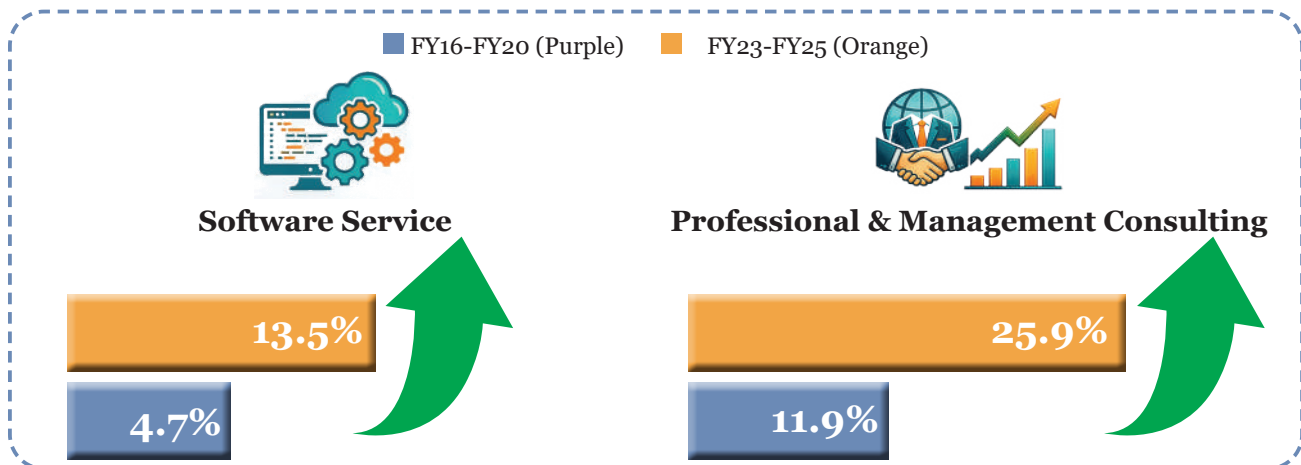
### Services PMI expands higher than the long-run average in Q3 of FY26



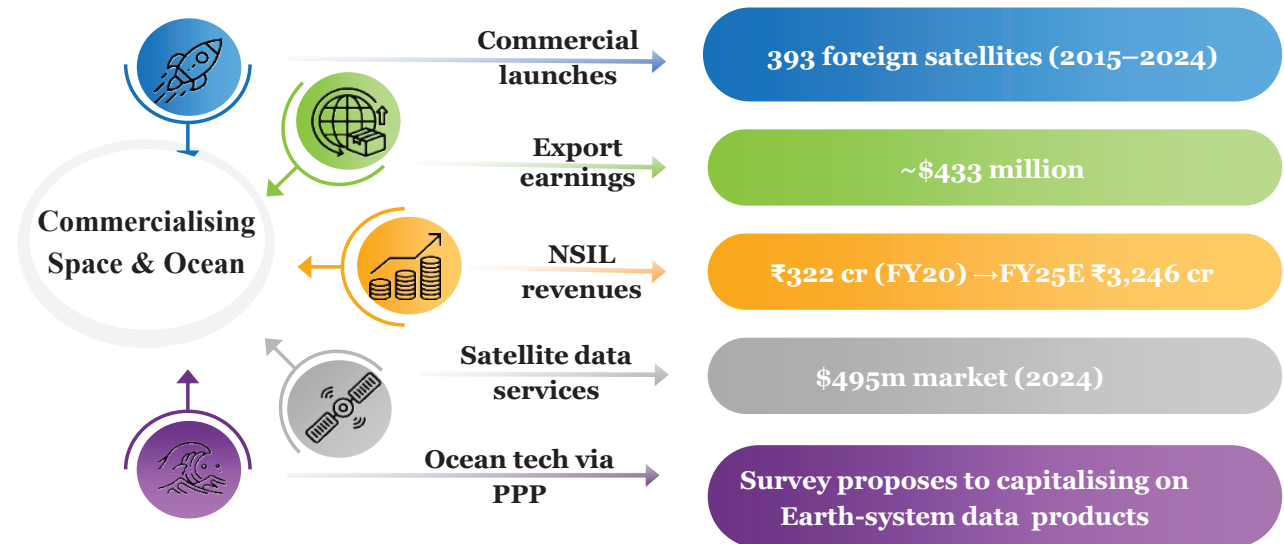
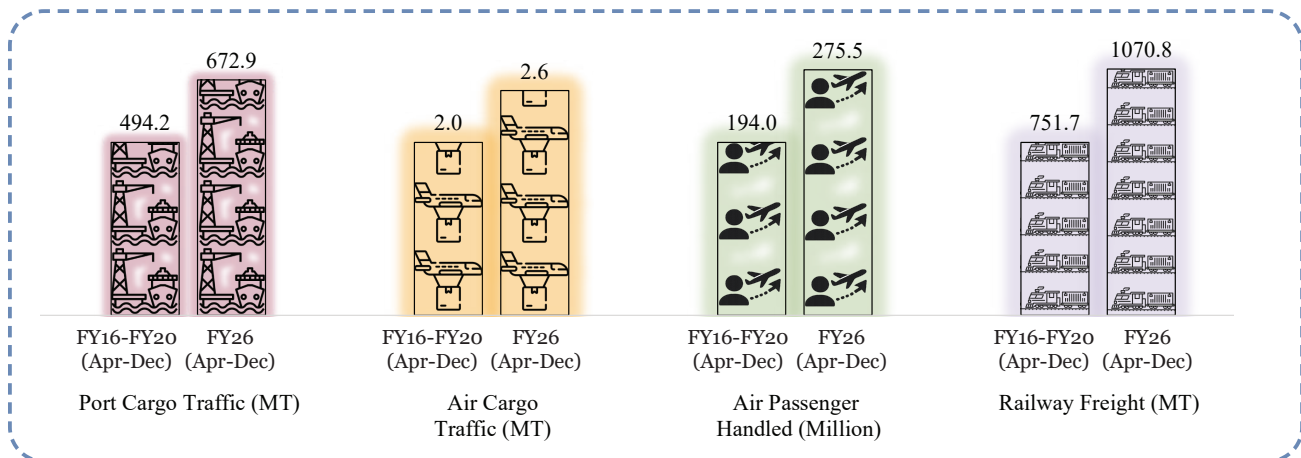
### Services sector drives urban employment



## Services exports expand on the back of high-value software and professional services



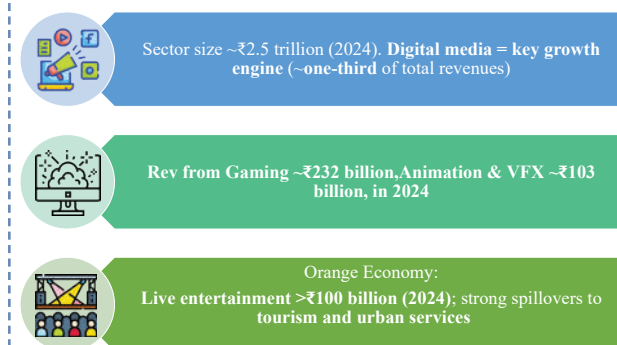
## Transport Services: Strengthening connectivity and logistics performance



## Tourism sector: Domestic resilience with emerging high-value segments

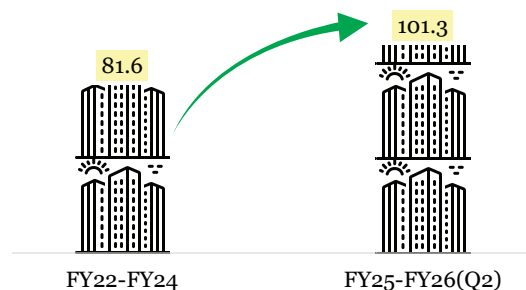


### Media and Entertainment



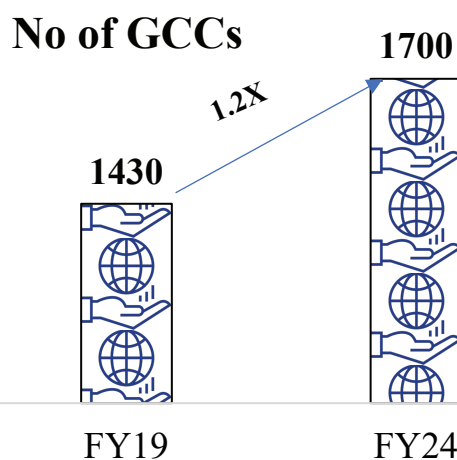
### Real estate and housing services: A sustained upcycle

#### Quarterly Avg Housing Sales (Thousands)



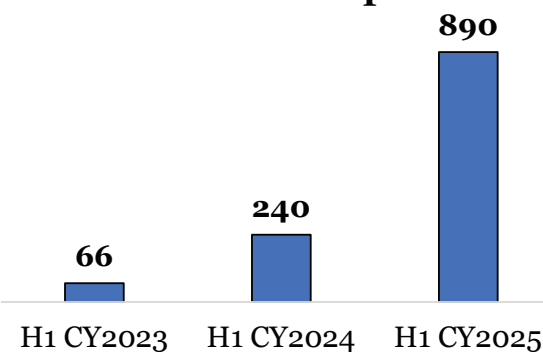
## IT Sector-Global Technology and Innovation hub

### Steady expansion of Global Capability Centres



### India's technology startup ecosystem is world's III largest

#### GenAI startups



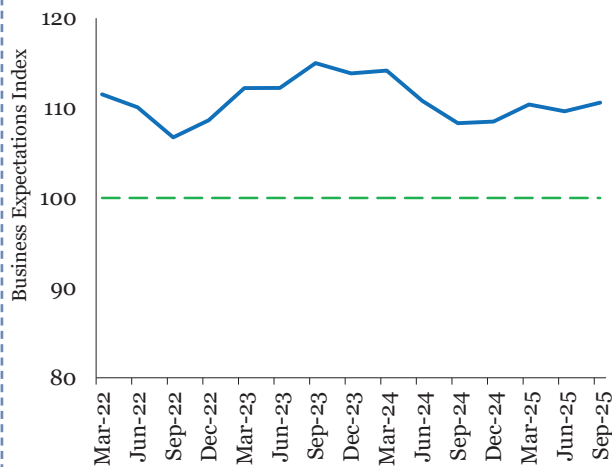


# 8

## Industry's Next Leap: Structural Transformation and Global Integration

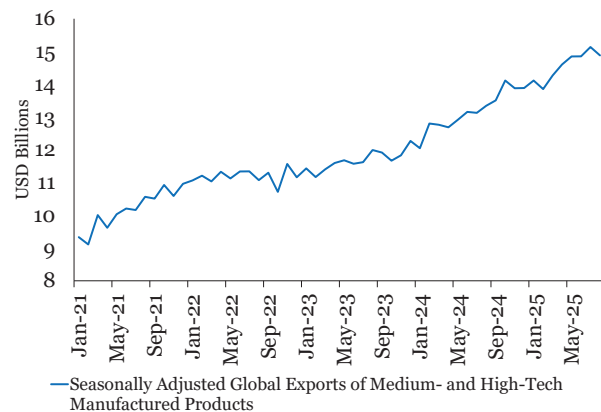
### Industry Performance: Growth, Resilience and Transformation

#### Optimism about prospects continues to remain high



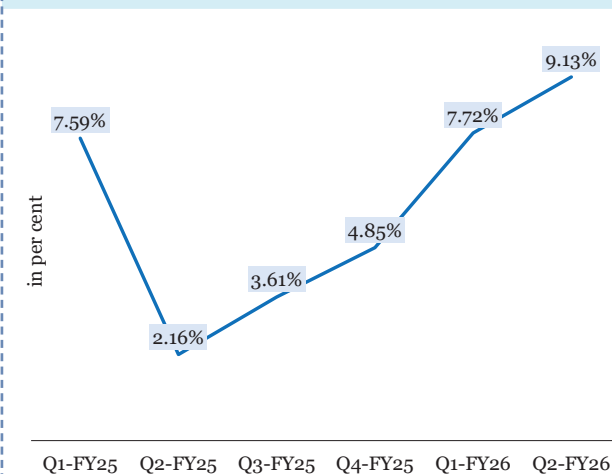
Source: Business Expectations Index (BEI) (RBI Industrial Outlook Survey of the Manufacturing Sector: Q2 FY26). Note: BEI >100-optimism; BEI <100 -pessimism.

#### Medium and high-technology activities now account for 46.3 per cent of India's total manufacturing value added



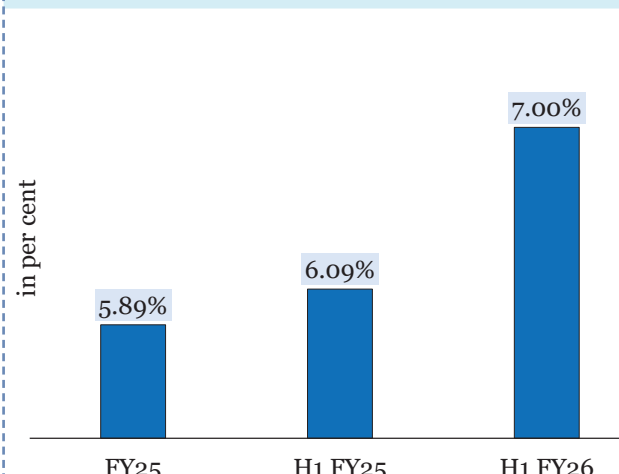
Source: UNIDO Statistics.

#### Sustained Momentum in Real Manufacturing GVA Growth (y-o-y)



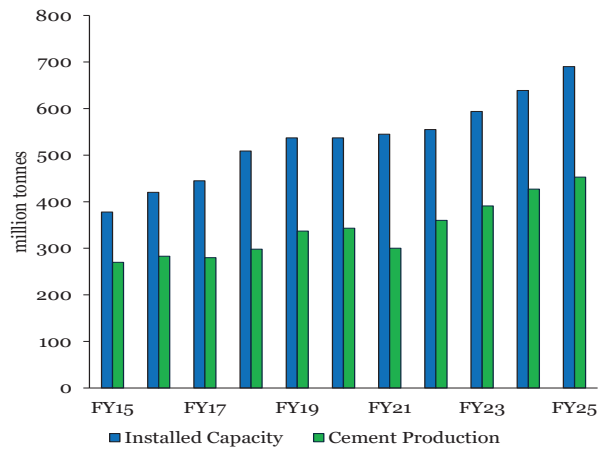
Source: National Accounts Statistics, MoSPI.

#### Real Industry Gross Value Added (GVA) Growth (y-o-y)



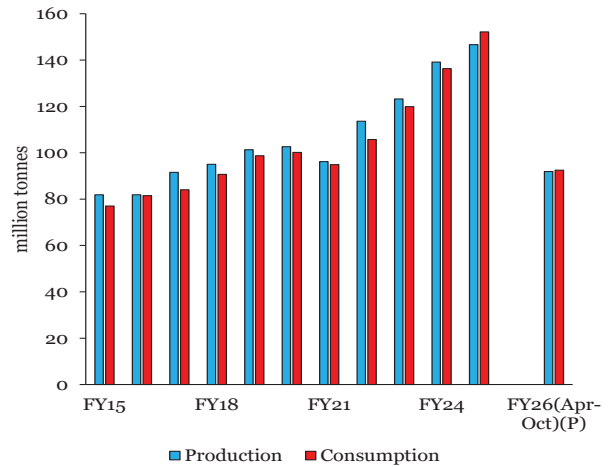
Note: Industry comprises of four sub-sectors- Manufacturing; Electricity, Gas, Water Supply & Other Utility Services; Construction and Mining & Quarrying.  
Source: National Accounts Statistics, MoSPI.

### Cement: Increasing Installed Capacity and Production



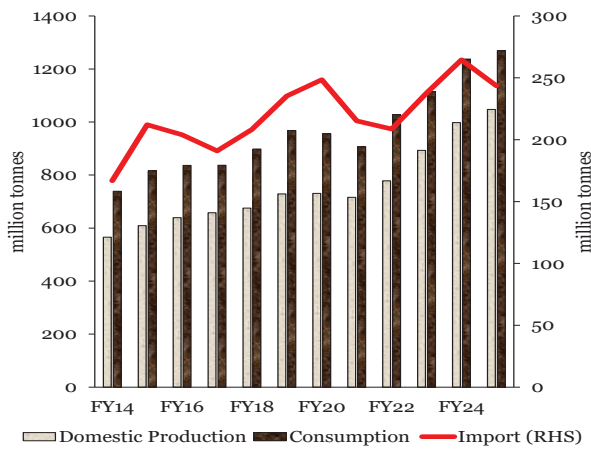
Source: Department for Promotion of Industry and Internal Trade (DPIIT).

### Finished Steel: Rising Production and Consumption



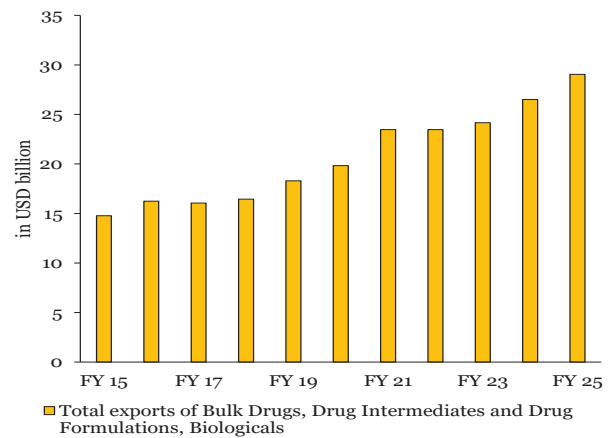
Source: Ministry of Steel.

### Coal: Rising Domestic Production and Lower Imports



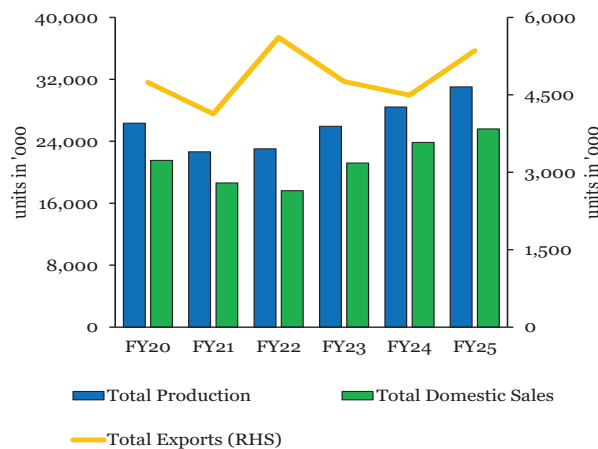
Source: Ministry of Coal.

### Growing Exports of Pharmaceutical Industry



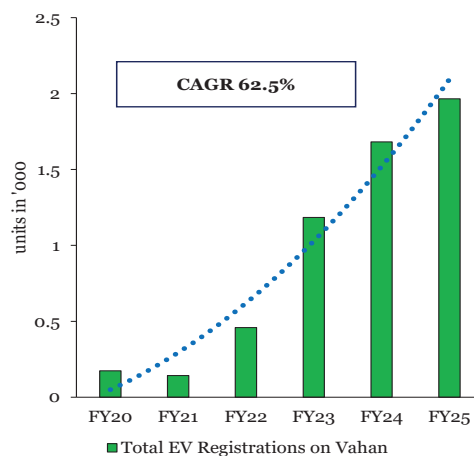
Source: Directorate General of Commercial Intelligence and Statistics.

### Production, Sales and Exports of Automobiles



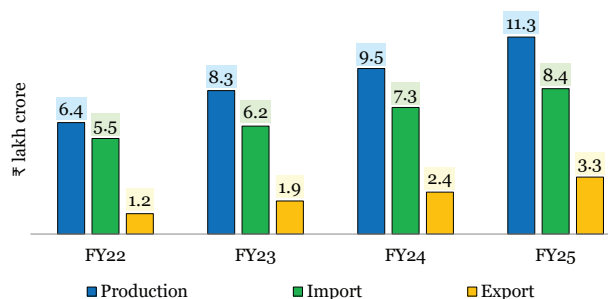
Source: SIAM; Ministry of Heavy Industries.

### Growing EV registrations



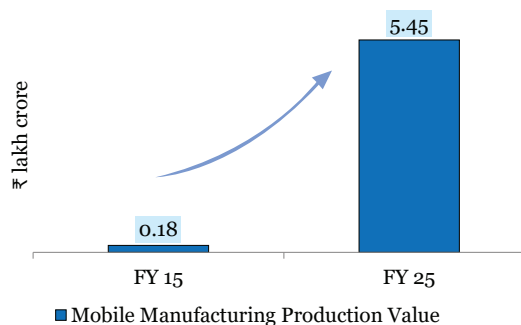
Source: Ministry of Heavy Industries.

### Growth of Electronics Production and Exports



Source: Ministry of Electronics and Information Technology.

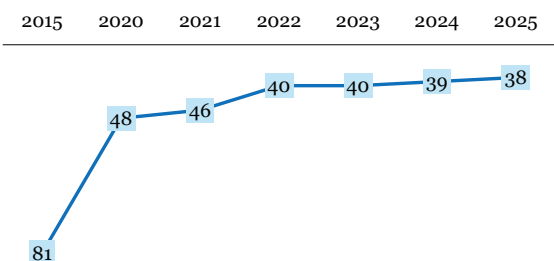
### Nearly 30-fold increase in Mobile manufacturing production value



Source: Ministry of Electronics and Information Technology.

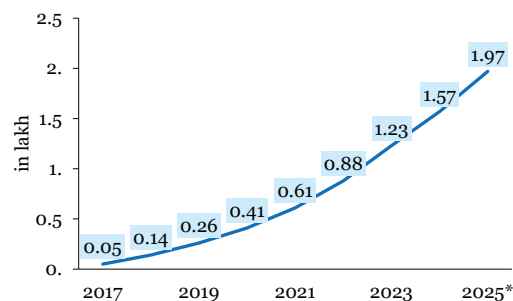
## Innovation Ecosystem: Research, IP and Entrepreneurship

### India's Ranking in the Global Innovation Index improving steadily



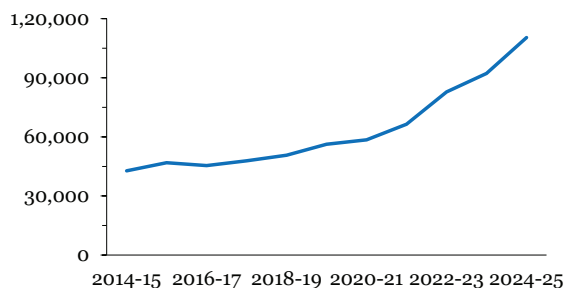
Source: World Intellectual Property Organization (WIPO).

### Rapid growth in DPIIT-Recognised Startups



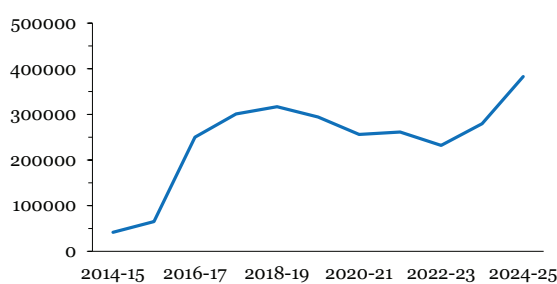
Source: DPIIT. Note: \*Data for 2025 is as on 31 October 2025

### Patent Applications nearly doubled from FY20 to FY25



Source: DPIIT.

### Trademark Registrations grew 1.5 times from FY20 to FY25



Source: DPIIT.

#### Global Innovation Leap:

India ranks globally

- **12<sup>th</sup> in entrepreneurship policy & culture**
- **4<sup>th</sup> in trademarks;**
- **6<sup>th</sup> in patents;**
- **7<sup>th</sup> in industrial designs in global filings**

(World Intellectual Property Organization (2024))

#### Critical Tech Breakthrough:

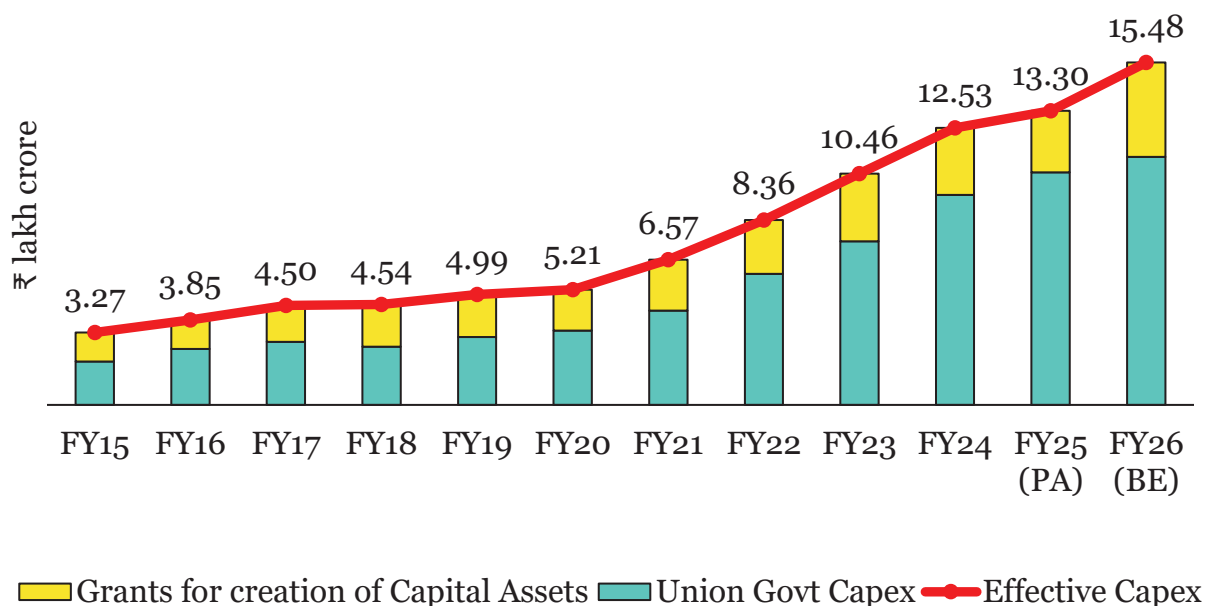
- **Top-5 globally in 45 of 64 critical technologies** (up from 4 in 2003–07)

(Australian Strategic Policy Institute)



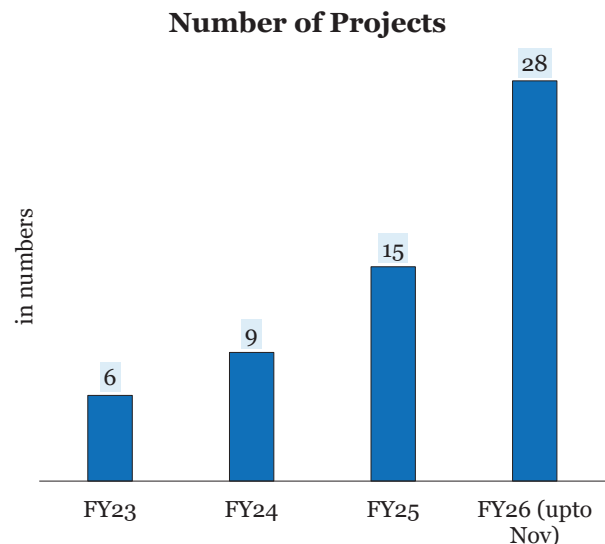
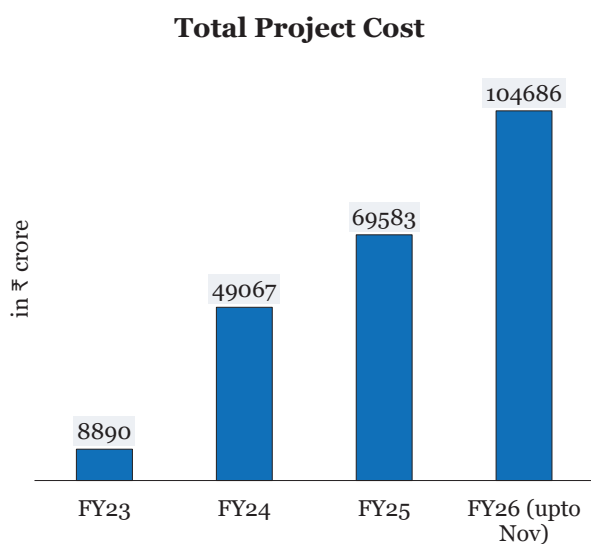
## Investment and Infrastructure: Strengthening Connectivity, Capacity and Competitiveness

Effective Capex has increased steadily since FY15



Source: Union Budget documents.

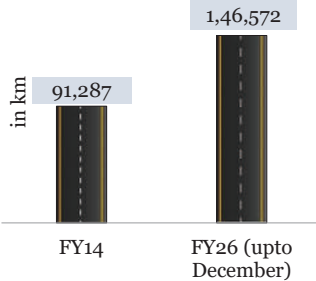
### Increase in Project Approvals by Public-Private Partnership Appraisal Committee



Source: PPP database, Department of Economic Affairs

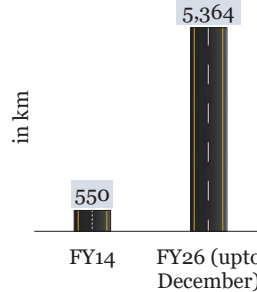
## Progress in Physical connectivity

### Total National Highway Network (60 per cent increase)



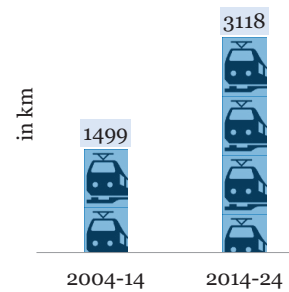
Source: Ministry of Roads, Transport & Highways.

### Operational High-Speed Corridors (~10 times increase)



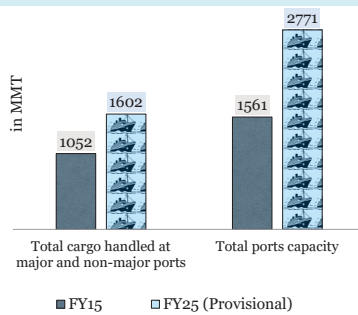
Source: Ministry of Roads, Transport & Highways.

### Average Commissioning of railway network per year



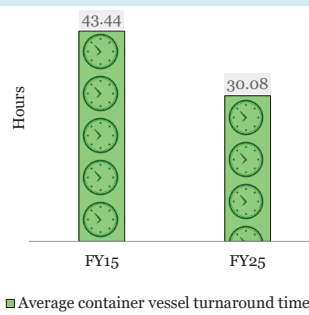
Source: Ministry of Railways.

### Port Infrastructure Expansion and Record Cargo Performance

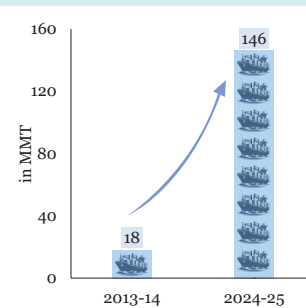


Source: Ministry of Ports, Shipping and Waterways.

### Reduction in average container vessel turnaround time

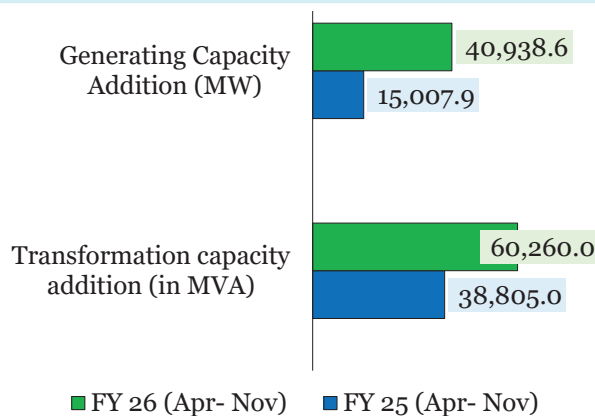


### Cargo movement through Inland Water Transport



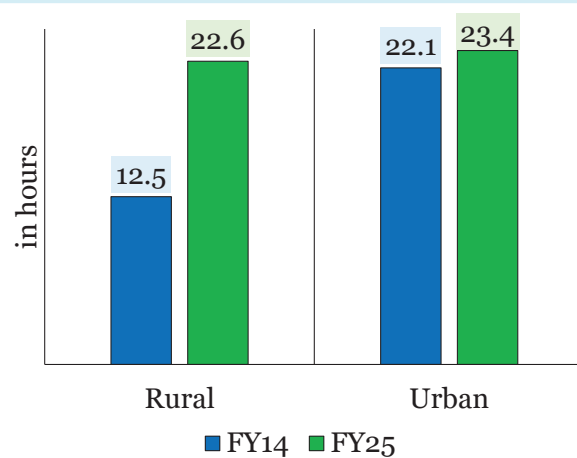
## Power Sector

### Capacity addition in the power sector



Source: Executive Summary Report (November 2025), Central Electricity Authority.

### Improvement in Daily Average Power Supply



Source: Ministry of Power.

### Power Distribution Turnaround:

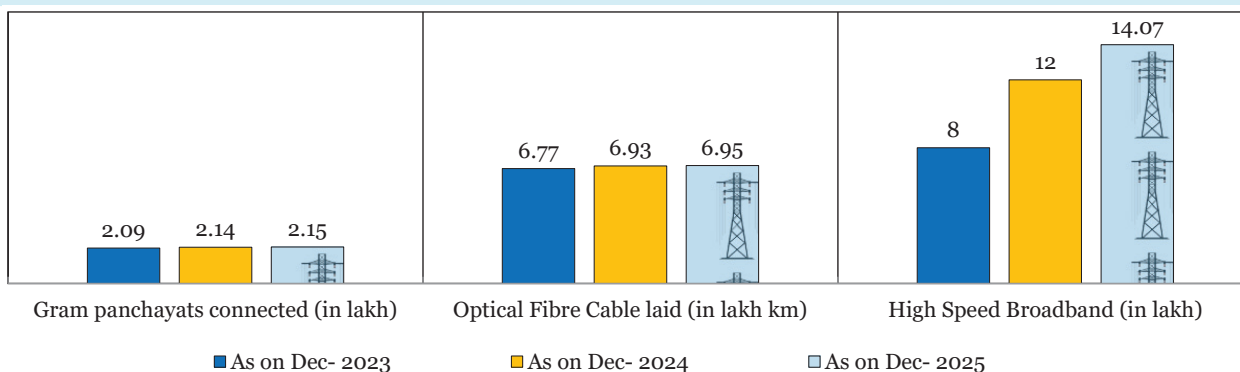
**Profit After Tax:** ₹67,962 crore loss (FY14) → ₹2,701 crore profit (FY25)

**AT&C Losses:** 22.62% (FY14) → 15.04% (FY25)



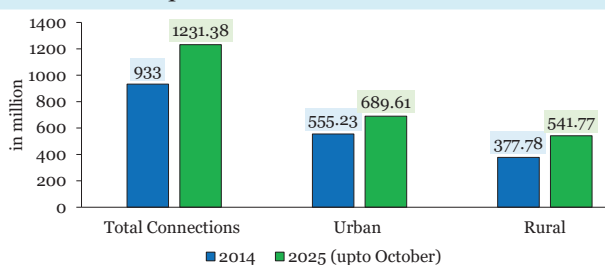
## Improving Digital Connectivity

### Progress in Telecommunication Infrastructure (Bharat Net Progress)



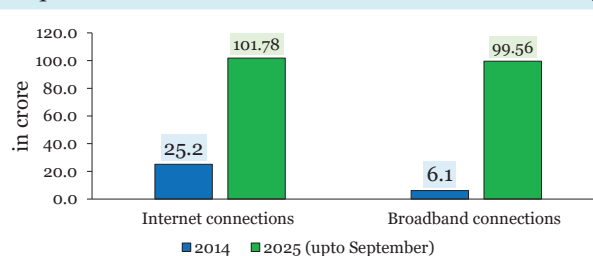
Source: Digital Bharat Nidhi Dashboard, Department of Telecommunications.

### Expansion of Telecom Access



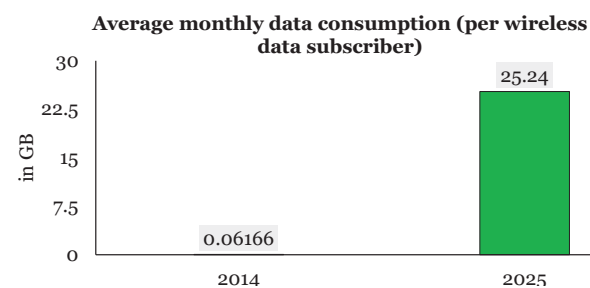
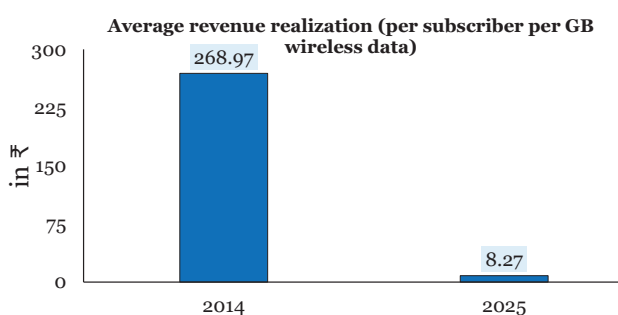
Source: Department of Telecommunications.

### Expansion of Internet and Broadband Connectivity



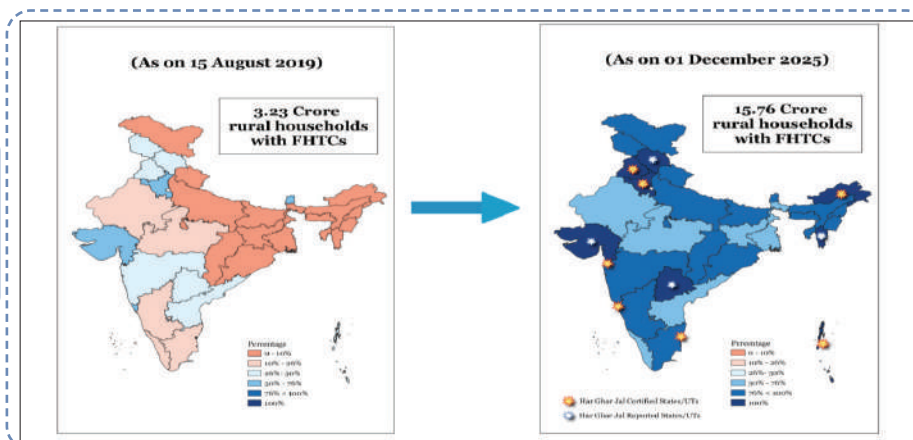
Source: Department of Telecommunications.

### Affordability Driving Surge in Monthly Data Consumption



Source: Department of Telecommunications. Note: Data for 2025 is as of September 2025

Over 81% of rural households now have access to tap water under Jal Jeevan Mission



Source: Jal Jeevan Mission Dashboard.



# Environment and Climate Change: Building a Resilient, Competitive and Development-Driven India

## The Resource Intensity Challenge of Renewable Energy

### SOLAR POWER per GW



#### Materials required



**Silver** ~ 18.5 t  
**Polysilicon** ~ 2–3  
thousand t  
**Aluminum** ~ 10,252 t

#### Energy required



**Silver:** 4,625 MWh  
~350–400 households/year  
**Aluminum:** 1,948,000 GJ  
~100,000+ households/year



### WIND POWER per GW

#### Materials required



**Copper:** 2,866 t  
with a 0.6 per cent yield  
Total material =  
477,666.6t

#### Truckload



~ 1,194 truckloads (400-ton  
trucks)

Scaling renewables is also a materials, mining, and energy challenge

## Nuclear Energy: A Pillar of India's Clean & Secure Energy Transition

### Why Nuclear?



**24/7 Clean Power**  
**Low-carbon**

No intermittency  
Energy security



**Supports Heavy**  
**Industry**

Reliable baseload  
Tech-ready power



**Hydrogen Production**

Transport fuel  
Industrial use

## National Nuclear Energy Mission (2025–26)



₹20,000 cr allocation in Union Budget 2025–26

- Development of 5 indigenously designed SMRs
- Target: Operational by 2033
- Focus on Energy security & clean power

8,780 MW

Current Nuclear Capacity



100 GW by 2047

Target capacity

## SHANTI Act – December 2025



- Enables **private & state participation**
- Graded **liability framework**
- Protects **victim compensation**
- **Boosts manufacturing, R&D & innovation**

## India's Energy Storage Requirement & Policy Push



Energy storage is positioned as a key enabler for renewable integration, peak management, and long-term resource adequacy



### Requirements

India will require around 411 GWh of energy storage by 2031–32



## Policy Support

National Framework  
for Promoting  
Energy Storage  
Systems

Formally recognised  
under the Electricity  
Rules

Included in the  
Harmonised Master  
List of Infrastructure

A core resource in  
power system planning  
under Resource  
Adequacy Plans.



## Market enablers and Deployment support

Waiver of Inter-State  
Transmission System  
charges

Storage assets  
allowed to provide  
ancillary services

PLI scheme -  
₹18,100 crore for 50  
GWh ACC  
manufacturing

VGF schemes  
targeting ~43 GWh  
of BESS

## Recent Environmental Governance Reforms



### PARIVESH 3.0 – Single Window Clearances

Digital approvals & post-clearance monitoring



### Nation-wide uniform guidelines

Consent to Establish/Operate through amendments in Water & Air Acts



### Streamlined Mining Regulations

Critical, Strategic, and Atomic Minerals



### Third-Party Environmental Audits

Environment Audit Rules, 2025



### Updated Graded Industry classifications

Encourage better compliance



### Promoting Circular Economy

Circular Economy Action Plans covering 10 waste categories, Extended Producer Responsibility (EPR) frameworks for multiple waste streams, ban on Single use Plastics



### Decriminalisation through the Jan Vishwas Act

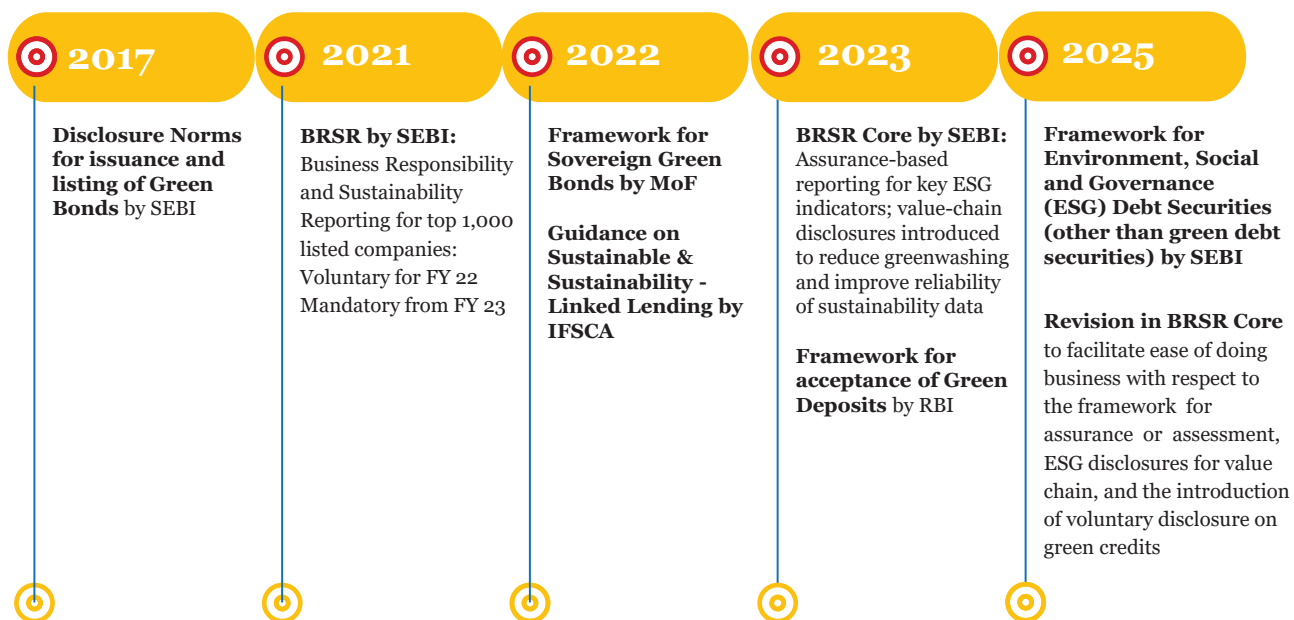
Public Liability Insurance Act, Environment (Protection) Act, 1986, Air Act, 1981 Indian Forest Act, 1927 and the Water Act, 1974



### Rationalised Green belt requirements for industries

based on the pollution potential of industrial estates/parks and individual industries

## Key Milestones in India's Climate and Sustainable Finance Framework



## Evolution of State Action Plans on Climate Change

### SAPCC (2010–15)

Broad alignment with NAPCC missions  
Predominantly mitigation-oriented sectors  
Standalone climate projects  
Limited budgetary linkage

### SAPCC (2020 onwards)

Adaptation-led development approach  
State- and district-specific climate risk analysis  
Integration with Planning & Finance Departments  
Convergence with flagship social sector schemes (water, agriculture, urban)  
Strong role of communities & local institutions  
Outcome- and resilience-focused monitoring.



## India's education landscape: Key achievements of NEP

### Universal access



School Education



Higher Education

#### Achieving 100 % GER by 2030

- ~25 crore students enrolled in 14.7 lakh schools supported by over 1 crore teachers.
- GER\*: 90.9 for Grades I to V, 90.3 for Grades VI to VIII, 78.7 for Grades IX and X and 58.4 for Grades XI and XII. (UDISE+).

#### Achieving 50 % GER by 2035

- 4.46 crore students enrolled in over 70018 institutions.
- GER increased from 27.1 in 2019-20 to 29.5 in 2022-23 (AISHE).



#### Inclusivity & Equity

- 500 hostels approved under PM-Janjati Adivasi Nyaya Maha Abhiyan.
- 2682 Kasturba Gandhi Balika Vidyalayas upgraded.
- 692 hostels sanctioned under Dharti Aaba Janjatiya Gram Utkarsh Abhiyan.



#### Multilingualism

- Over 3000 AI-driven interactive e-content in multiple languages.
- Digital study material in 22 Indian languages under Bhartiya Bhasha Pustak Scheme.



#### Universal FLN\* under NIPUN Bharat

Improved proficiency at the foundational level (Grade III) (PARAKH 2024):

- From 39 % in 2021 to 57% in 2024 in language.
- From 42% in 2021 to 65% in 2024 in mathematics.



#### Academic Structure +Curriculum reforms

- Curriculum reform undertaken as per NEP recommended 5+3+3+4 structure.
- Competency-based assessments are being done under PARAKH.
- Teacher capacity strengthened through DIETs\* and SCERTs\*.



#### Learner centric education

- APAAR\* IDs track learner progress across school, higher and skill education.
- Vidya Samiksha Kendra monitors learning progress for timely intervention.



#### Internationalisation

- 100 per cent FDI allowed in higher education.
- 15 foreign institutions are expected to set up campuses in India.

GER: Gross Enrolment Ratio; APAAR: Automated Permanent Academic Account Registry; DIET: District Institute of Education and Training; SCERT: State Council of Educational Research and Training; FLN : Foundational literacy and numeracy

## Strengthening healthcare



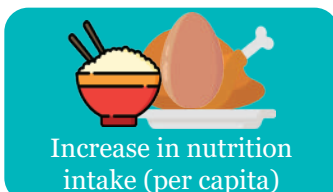
**37%**

**Drop in IMR  
over the past  
decade.**

**Life expectancy  
of  
70.3  
years in 2023  
compared to  
49.7 in 1976.**



Source: Sample registration system 2023 & MoSPI



**Increase in nutrition  
intake (per capita)**

### Calories

(Kcal/day)

	2009-10	2023-24
Rural	2147	2212
Urban	2123	2240

### Protein

(g/day)

	2009-10	2023-24
Rural	59.3	61.8
Urban	58.8	63.4

Rising nutritional intake, life expectancy and declining Infant Mortality Rate together point to sustained improvements in population health and overall well-being.

## Government Initiatives towards a healthier lifestyle



### Awareness initiatives for tackling obesity

- Eat right campaign
- 10% reduction in oil consumption
- Khelo India and Fit India Movement
- Aaj se Thoda kam Campaign
- Stop Obesity & Fight Obesity Campaign



### Technology driven initiatives

- Centre of Excellence for AI driven reforms at AIIMS Delhi, AIIMS Rishikesh & PGIMER, Chandigarh
- Clinical decision support system integrated with e-Sanjeevani.
- AI-based diabetic retinopathy screening.
- 14.32 crore beneficiaries registered under U-Win portal.



### Mental health: Combating digital addiction

- Safe Internet Guidelines for schools
- Pragyatah Framework for screen-time planning for digital education
- NCPCR\* guidelines on screen-time limits and online safety
- Online Gaming Regulation Act, 2025
- Tele-MANAS\* (14416): 24x7 national mental health helpline
- Specialised treatment: SHUT\* Clinic, NIMHANS



## Infrastructure strengthening



**1.8+ lakh Ayushman  
Arogya Mandir oper-  
ational with footfall of  
506.50 crore.**



**Nearly 3.78 lakh  
human resources  
provided to states.**



**42.78 crore Ayushman  
Bharat cards generated.**

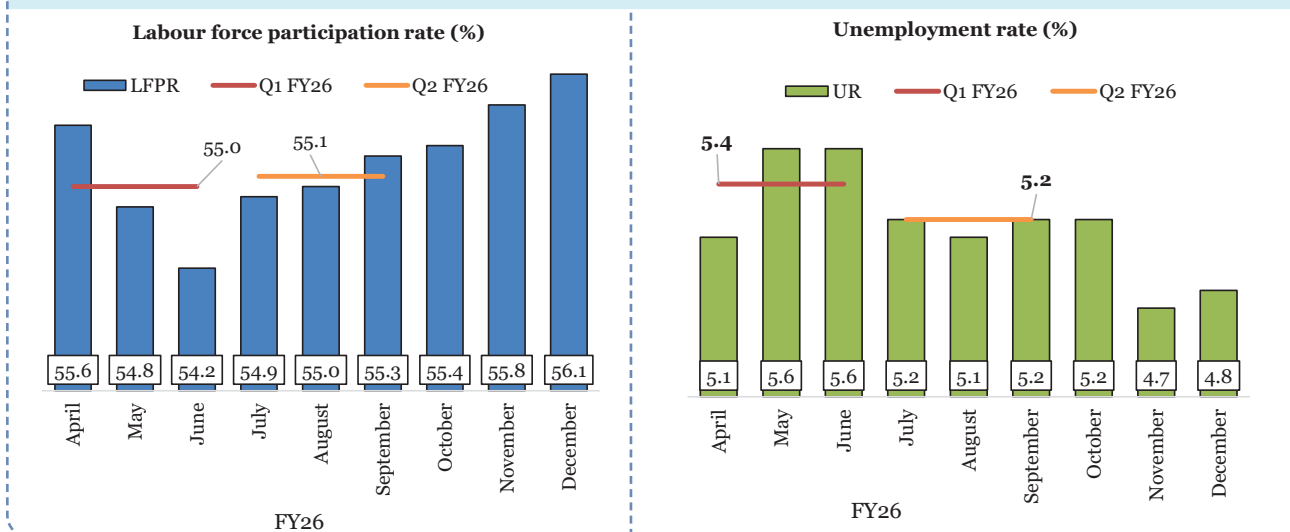
\*NCPCR: National Commission for Protection of Child Rights; Tele-MANAS: Tele Mental Health Assistance and Networking Across States ; SHUT: Service for Healthy Use of Technology;



# 12 Employment and Skill Development : Getting Skilling Right

## Catalysing job growth

### Labour market dynamics for FY26



Source: Monthly and Quarterly PLFS Bulletin

## Labour Codes: Balancing worker protection and flexibility

29 labour laws consolidated into 4 labour codes, enacted on 21 November 2025.

Code on wages,  
2019.

Code on Social  
Security, 2020.

Industrial Rela-  
tions Code, 2020.

Occupational Safety, Health and  
Working Conditions Code, 2020.



### Boost to formalisation

- Recognition of fixed-term employment (FTE) as formal engagement.
- Equal benefits for FTE and contract workers
- Mandatory employment letter for all.



### Enhanced Social Security

- Portability of benefits via Universal Account Number.
- Formal recognition of gig workers.



### Female participation

- Provision of creches and enabling night shifts.
- Expansion of maternity benefit.
- Flexible work provisions.
- Work across all establishments.



### Growth in income

- Introduction of a statutory National floor wage.
- Ensuring equal pay for equal work.



### Ease of doing business

- 'Inspector' role shifts to 'Inspector-cum-Facilitator' under Code on Wages, 2019, focusing on guidance.
- Introduction of Single Registration, Single Return, and Single License for businesses.



### Employment expansion

- Higher layoff, retrenchment and closure thresholds to discourage firms from staying small.
- Provision of direct hiring and FTE to boost training and hiring.

Implementation could result in the creation of ~77 lakh jobs (SBI, November 2025).

## Enhancing female participation

### Increase in female labour force participation rate

2017-18



23.3%



2023-24



41.7%

### A fall in female unemployment rate

2017-18



5.6%



2023-24



3.2%

Source: Annual PLFS report 2023-24



### Flexible work structure

- Code on Social Security, 2020 (CSS) provides for flexible work models and gender-responsive work standards.



### Affordable housing

- Sakhi Niwas, Ministry of Women & Child Development.
- Thozhi hostel, Tamil Nadu



### Public-private partnership

#### Innovative models to enhance private participation

- Telangana's WE-Hub
- Maharashtra's *Mahila Arthik Vikas Mahamandal*
- Kerala's *Kudumbashree*



### Skill development

- Aligning skilling with industry demand.
- Enhancing STEM enrolment.
- Initiatives such as 'Back to Work' and 'Returnship programme'.



### Enhanced urban mobility

#### Extending safety infrastructure

- Kochi's Women Police Control Room
- Hyderabad's SHE Team.
- Chennai's inclusive street design manual
- Bhubaneswar's Janpath Street



### Removal of statutory restrictions

- 17 States/UTs removed prohibitions on women's employment in hazardous industries.
- 22 States/UTs permit night work for women in factories.
- 33 States/UTs allow night work in commercial establishments.



### Care economy

- Expanding network of Anganwadi centres.
- Provision of creches under CSS.

## Getting Skilling Right

### Industry-driven skilling



#### National Scheme for Upgradation of Industrial Training Institutes (ITIs)

- To upgrade 1,000 ITIs
- Smart classrooms, modern labs, digital content, and industry-aligned courses being provided



#### Flexi-MoU Scheme

- Firms providing customised training.
- Nearly 10,000 trained by prominent enterprises



#### PMKVY 4.0

- Training in NSQF-aligned job roles
- Collaboration with industry-led sector skill councils.
- Rozgar & Apprenticeship Melas linking employers with job seekers.

## Innovative financing for skill development

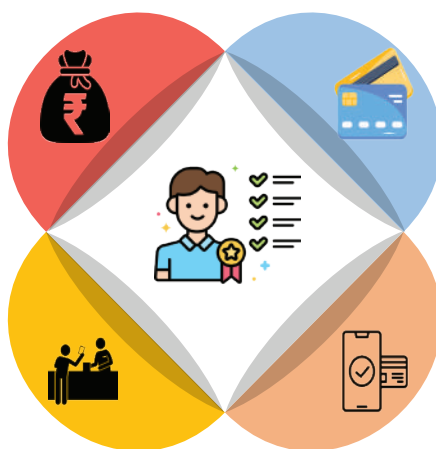
#### DBT under NAPS\* 2.0 and NATS\* 2.0

- Over 12 lakh DBT stipend transfers made under NATS 2.0.
- Under NAPS 2.0, 25% of the stipend directly transferred to apprentices via DBT.

#### Skill Vouchers

Demand-side financing instrument providing choice to learners.

- Maharashtra's Vikalp Skill Voucher Programme.
- Tamil Nadu skill voucher scheme.



#### Model Skill Loan Scheme

- Credit-based skilling expanded by raising loan limits and widening eligible lenders.
- Coverage extended to non-NSQF courses from MSDE-SIDH\* registered providers.

#### Skill Impact Bond of NSDC\*

Links funding with verified placement and retention outcomes.

\*NSDC: National Skill Development Corporation; DBT: Direct Benefit Transfer; NAPS: National Apprenticeship Promotion Scheme; NATS: National Apprenticeship Training Scheme; NSQF: National Skills Qualifications Framework; SIDH: Skill India Digital Hub; PMKVY: PM Kaushal Vikas Yojana





## Rural Development and Social Progress: From Participation To Partnership



### India's progress against poverty.

Extreme poverty rate down to 5.3% in 2022-23 as per the revised international poverty line of USD 3.0 per day (World Bank).

### Tech-driven initiatives

- 3.28 lakh villages mapped; 2.76 crore property cards issued under **SVAMITVA**
- Empowering women through **Namo Drone Didi**: 500 drones provided (2023-24)
- Leverage technology, drones, solar & telemedicine for smart villages: **RuTAGE Smart Village Centre**

### Participatory budgeting

- **Samarth application** for effective tax collection.
- **Meri Panchayat App** for monitoring.
- **eGramSwaraj**: Unified interface for reporting and tracking of Panchayat activities.

\*:DDU-GKY: Deen Dayal Upadhyaya Grameen Kaushalya Yojana.

DAY-NRLM: Deendayal Antyodaya Yojana - National Rural Livelihood Mission.

RSETI: Rural Self-Employment Training Institutes.

### Infrastructure

- **Enhanced rural connectivity**: Over 99.6% eligible habitations have been provided with connectivity.
- **Har Ghar Jal**: Over 81% of rural households have a tap water connection.
- **Housing for all**: Over 2.9 crore houses constructed.

### Skill Development

- **DDU-GKY**: State-led, skill programme for rural poor youth focusing on employment, retention, progression, and third-party quality certification.
- **Upskilling through RSETIs**: 629 functional centres across 616 districts in 33 States/UTs.

### Harnessing social capital

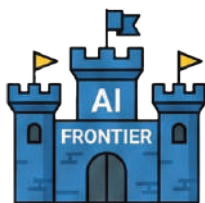
- **Under DAY-NRLM** support provided for self-employment and skilled wage work via women-led SHGs.
- Over 9 lakh community resource persons work towards food security and stable incomes of households.

# 14

## Evolution of the AI Ecosystem in India: The Way Forward

### AI Ecosystem: Trade-Offs for India

#### Navigating Constraints for Policy Choices



AI Frontier

Few Firms;  
Greater AI  
Capability

#### FRONTIER vs APPLICATION

##### TRADE-OFF:

Scale & Control **OR** Local  
Alignment

Sector-Specific  
Solutions;  
Diverse set  
of Firms



AI Applications



Rapid Scale

Cost Reduction;  
Higher  
Productivity

#### SCALE vs INCLUSION

##### TRADE-OFF:

Productivity **OR** Absorption

Labour  
Augmentation;  
Slower  
Diffusion



Inclusion



Proprietary

Incentive to  
Innovate;  
Pushing  
Frontiers

#### PROPRIETARY vs OPEN

##### TRADE-OFF:

Competitive Edge **OR** Openness

Shared  
Innovation;  
Adaptability



Open-Source



Compute Scale

Larger  
Models;  
Availability  
of powerful  
compute

#### DATA CENTRE SCALE vs LOCAL COMPUTE

##### TRADE-OFF:

Centralised Scale **OR** Distributed  
Efficiency

Small Models;  
Decentralised  
Compute



Local Compute



Regulation

Fixed Costs &  
Compliance;  
Safety & Risk  
Mitigation

#### REGULATION vs INNOVATION

##### TRADE-OFF:

Safety & Trust **OR** Sustaining  
Innovation

Speed;  
Diffusion;  
Possible Risks  
of Misuse



Innovation

## HUMAN CAPITAL FOR AI

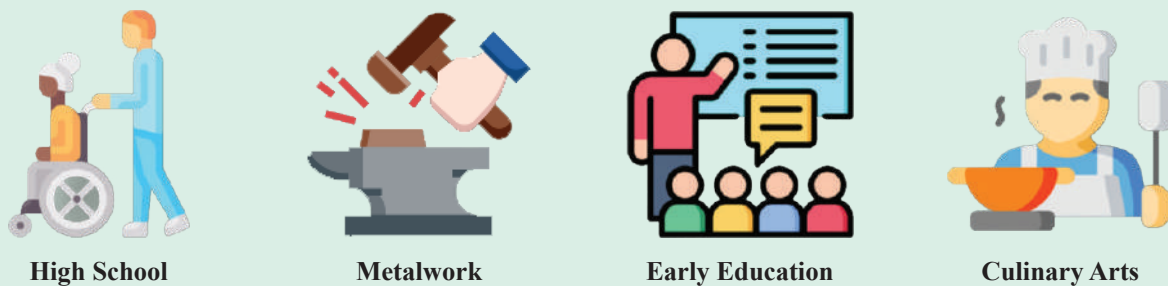
### Building a Future-Ready Workforce

#### Redefining Education & Work



Flexible, Integrated, Credit-Bearing Pathways start early, building experience with education

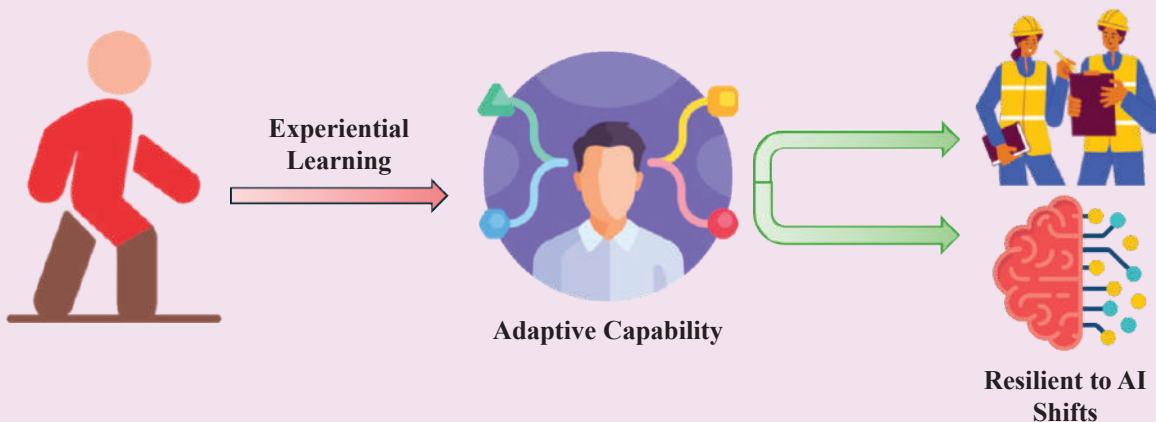
#### Beyond White-Collar: Filling Gaps in High-Skill, Human-Centric Jobs



HIGH POTENTIAL, UNDERSTAFFED SECTORS REQUIRING HANDS-ON EXPERTISE

#### Future-Ready System

#### Emphasising experience and flexibility over solely cognitive specialisation



## DATA AS A STRATEGIC RESOURCE: INDIA'S AI ERA FRAMEWORK

### Trusted Cross-Border Flows & Domestic Value Retention

#### The Context: India's Digital Scale

~ 1 Billion Connected People  
(Wireless/Broadband)



The Asset: Massive Human-Generated Data



High School

Core AI  
Factor

#### Three Core Objectives for the Data Localisation Framework



1. Preserve Openness  
Innovation & Investment Flows



2. Ensure Oversight  
Auditability, Transparency



3. Retain Domestic Value  
Build India's AI Capabilities

#### Value Retention from Domestic Data is critical

##### Using Domestic Data to solve India's Developmental Challenges

1. Data from Healthcare, Education, and Agriculture are valuable factor inputs for training sector-specific models.
2. Sector-specific AI is needed to fulfil gaps in the availability of skilled talent, enhance the productivity of existing workers, and address India's challenges from the bottom up.

##### Menu-based compliance options for Domestic Value Creation



Local Training  
of Models



Running  
Upskilling  
Programs



Financial Contributions towards  
Domestic R&D

#### Regulating via Incentives

##### FOCUS ON POSITIVE INCENTIVES



**BENEFITS:**  
Contribute to Domestic Capacity-> Reduced Audits, Faster Clearances



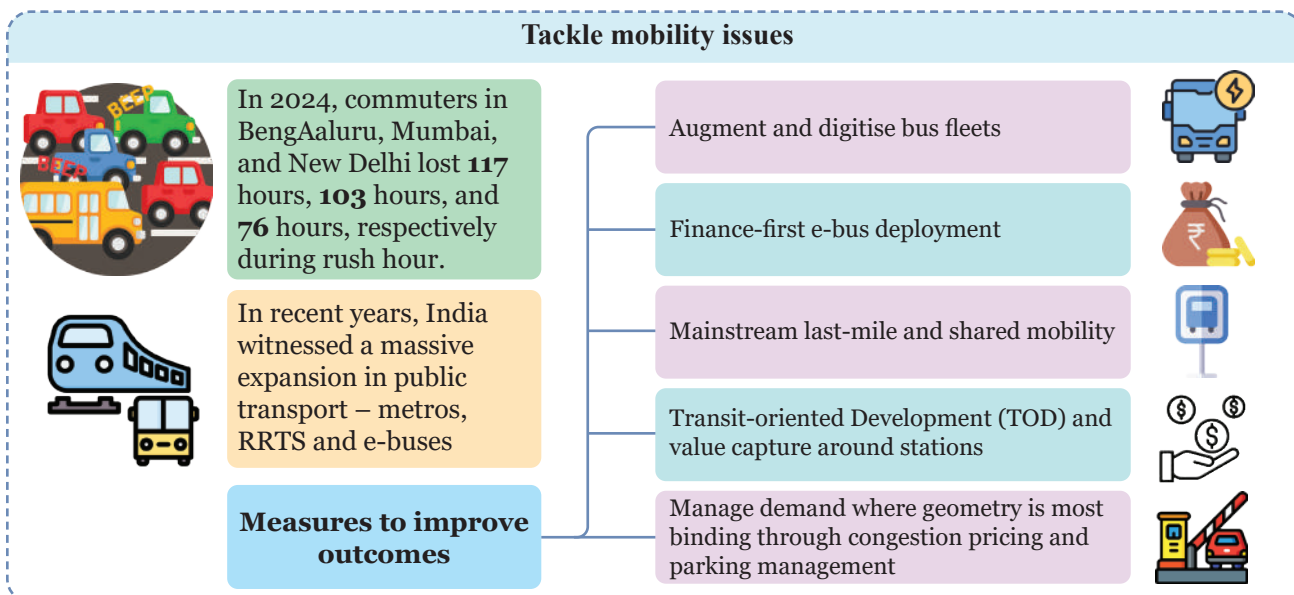
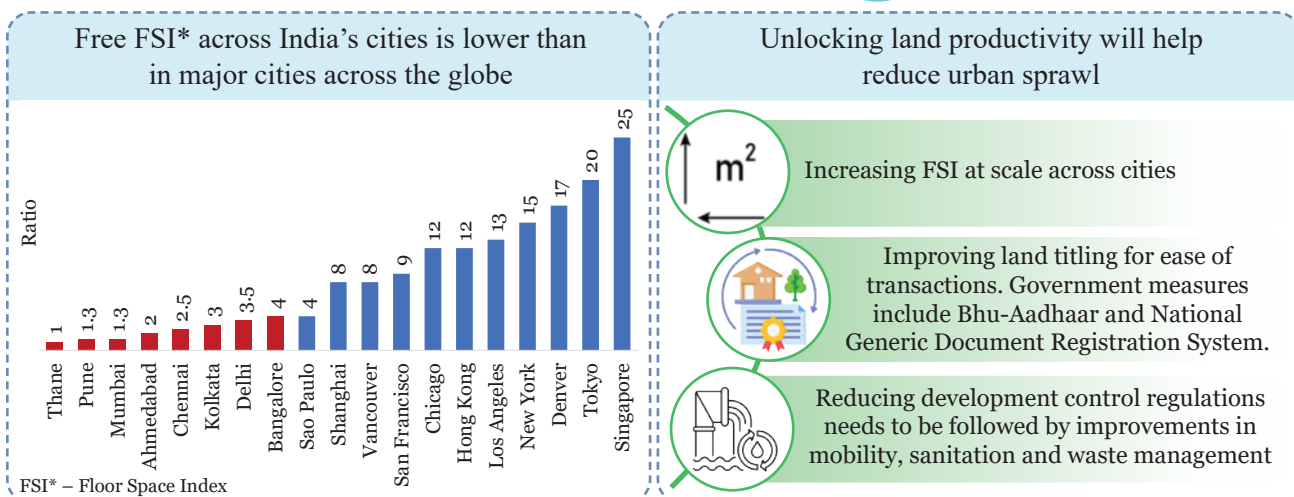
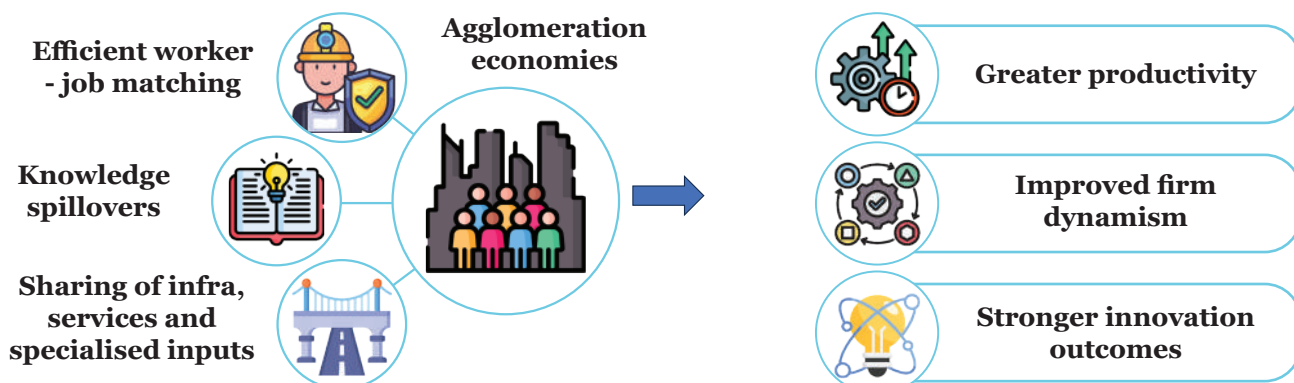
**STATE LEVER:**  
Access to Govt Datasets and Incentives





# Urbanisation: Making India's cities work for its citizens

## Agglomeration economies underpin the logic of urbanisation





## Government measures have made significant progress in waste management



Door-to door collection of MSW: negligible in 2014-15; covers 98% of urban wards in 2024-25



2.5 lakh waste collection vehicles nationwide



GPS-enabled vehicles and integrated command centres in many cities to monitor collection routes



Waste processing: 2014-15 – 16%  
2024-25 – 80%

## Changing the attitude of the public towards Waste Management – The case of Indore



## Developing social order and civic sense

Cities must prioritise rule certainty over rule proliferation

Urban design and service delivery must be used as behavioural instruments

Incentives should be aligned with correct behaviour

Using behavioural nudges to encourage social contract around civic sense

System-based civic-sense awareness rather than episodic messaging

Efforts to strengthen civic order must recognise the distributional aspect of urban rules

## Non-tangible aspects of future cities

