



**VAJIRAM & RAVI**  
Institute for IAS Examination

# **ECONOMIC SURVEY**

## **2025-2026**

**BY DR. JAYANT PARIKSHIT SIR**

**(Delhi School of Economics, IIM Lucknow)**

# ECONOMIC SURVEY

# HANDOUT-1

**THEME OF SURVEY & STATE OF INDIAN ECONOMY**

**ECONOMIC SURVEY LECTURES**



**Economic Survey Part 1**



**Economic Survey Part 2**



**Economic Survey Part 3**

**BUDGET LECTURES**



**Budget Session Part 1**



**Budget Session Part 2**



**Budget Session Part 3**

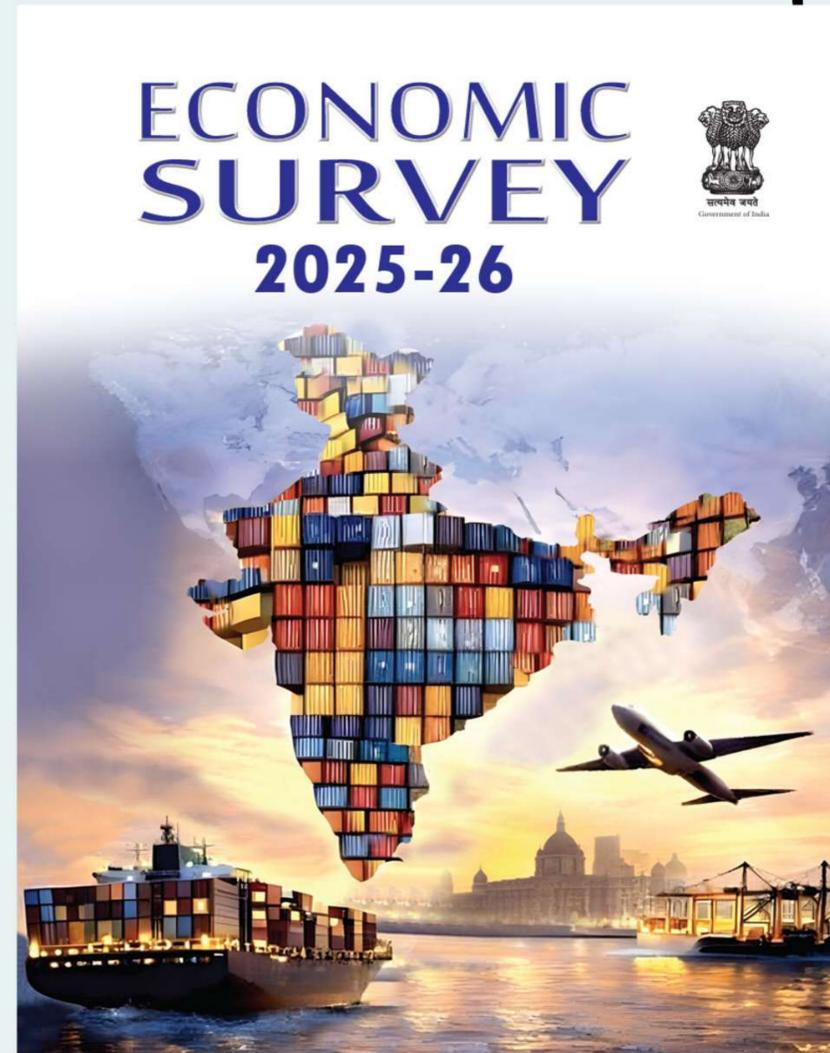
# ECONOMIC SURVEY 2025-26 What is special?

1. More chapters
2. Re-alignment:  
\*important
3. Medium-to-Long  
Term issues:

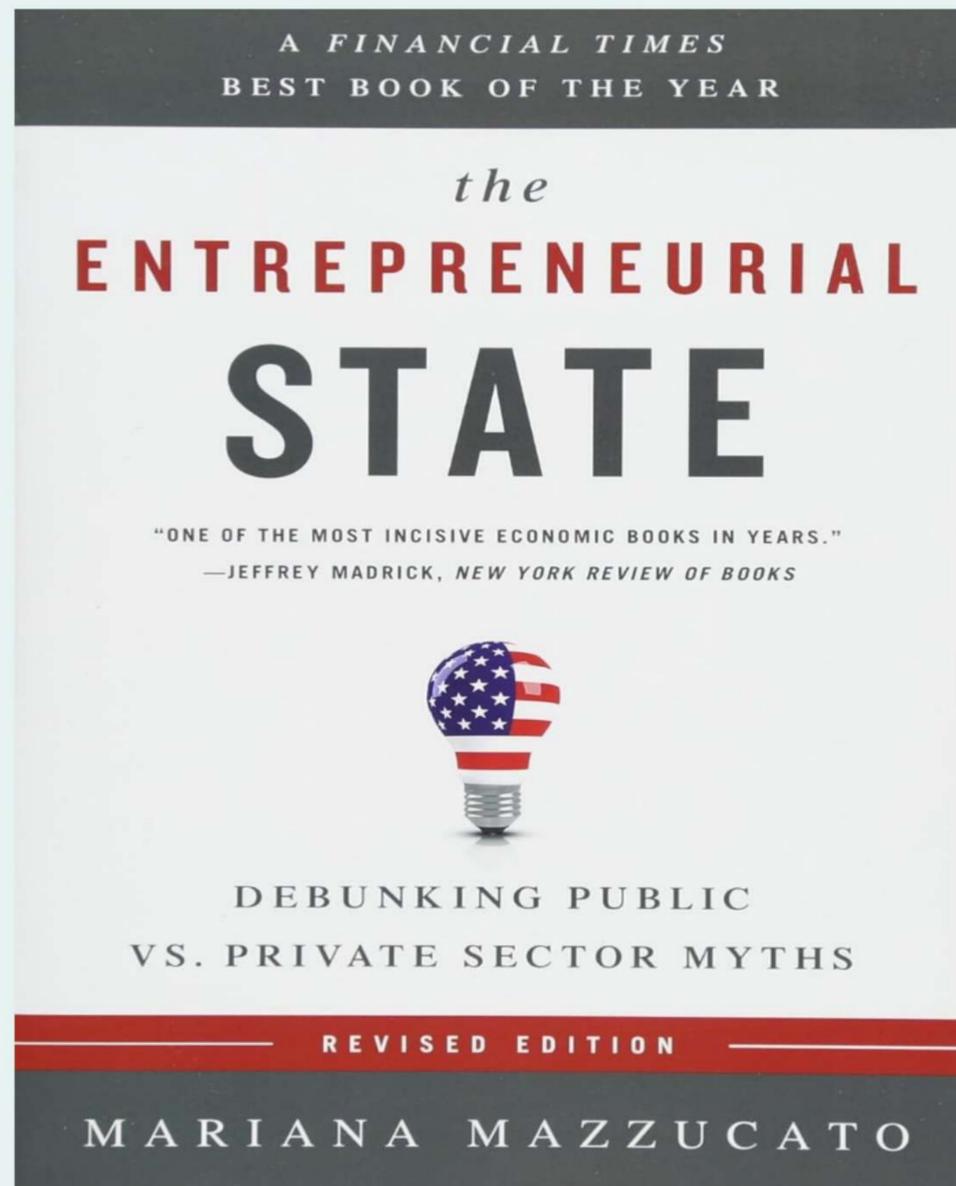
a. AI

b. Challenges of  
quality of life  
in Indian cities

c. Role of state capacity & private sector  
in achieving strategic resilience & indispensability



## THEME: ENTREPRENEURIAL POLICY UNDER UNCERTAINTY:

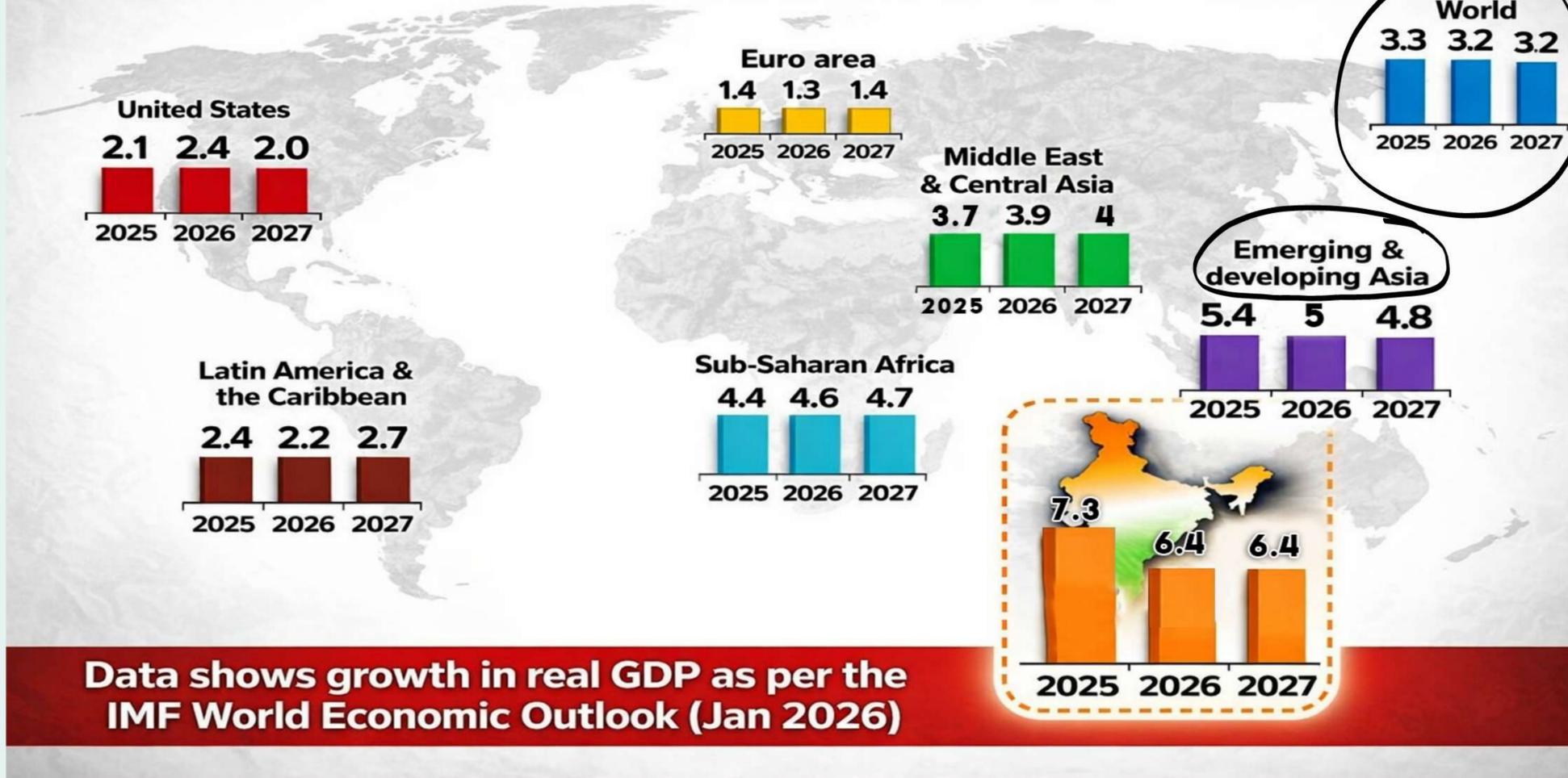


A state that :

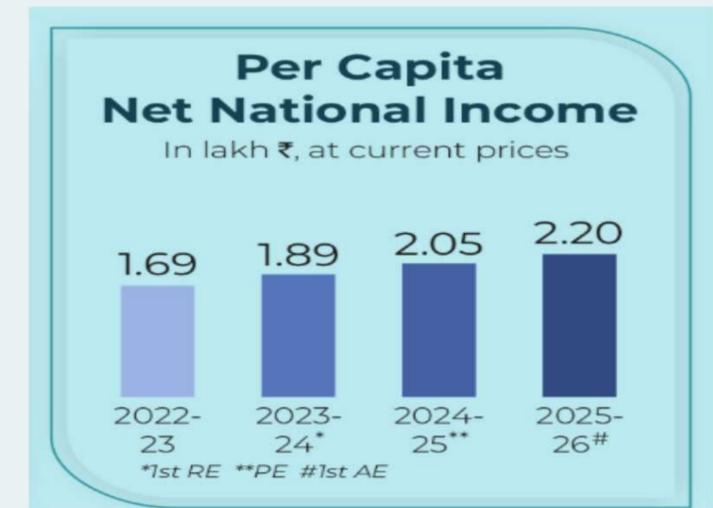
- (a) structures risk rather than avoids it
- (b) can act before certainty emerges
- (c) learns from experimentation
- (d) corrects course without paralysis!

# INDIA'S REPORT CARD:

## India as an Oasis of Macro Stability in a Turbulent World

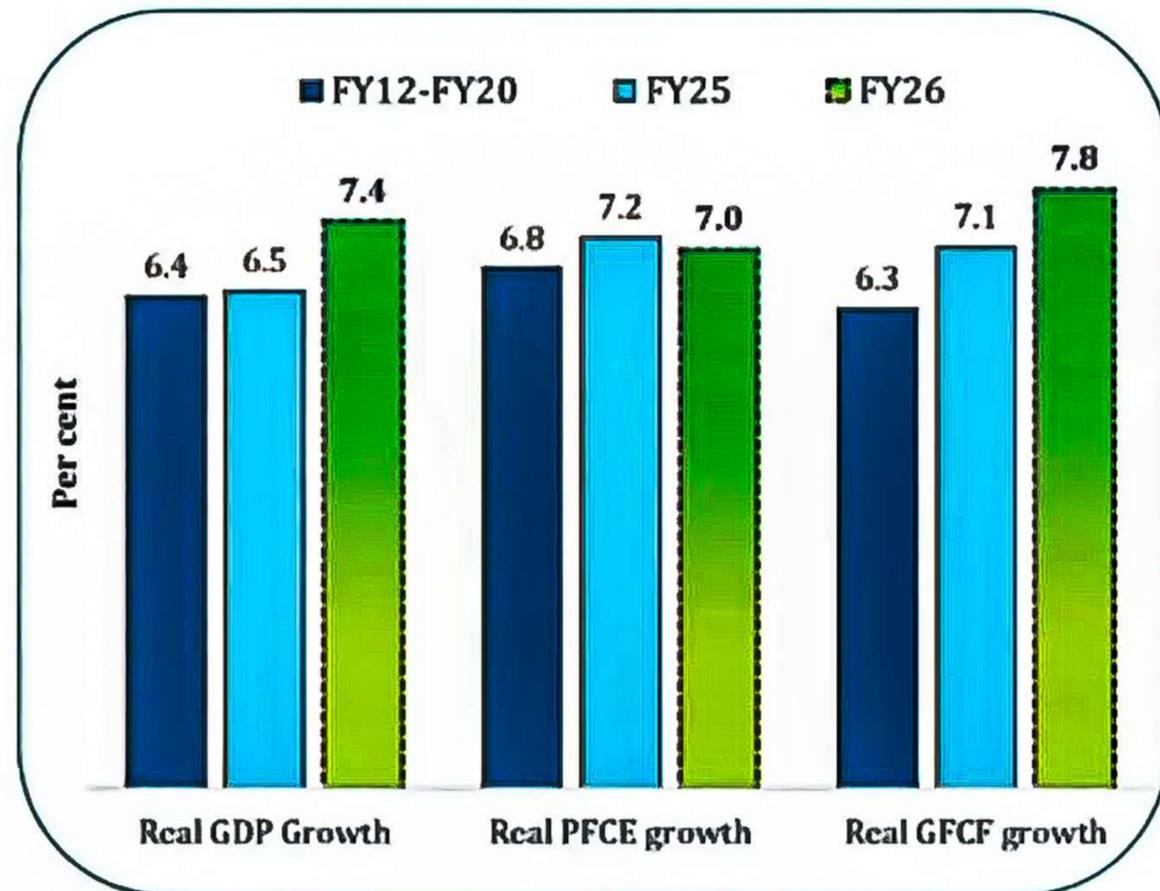


Potential = 7%

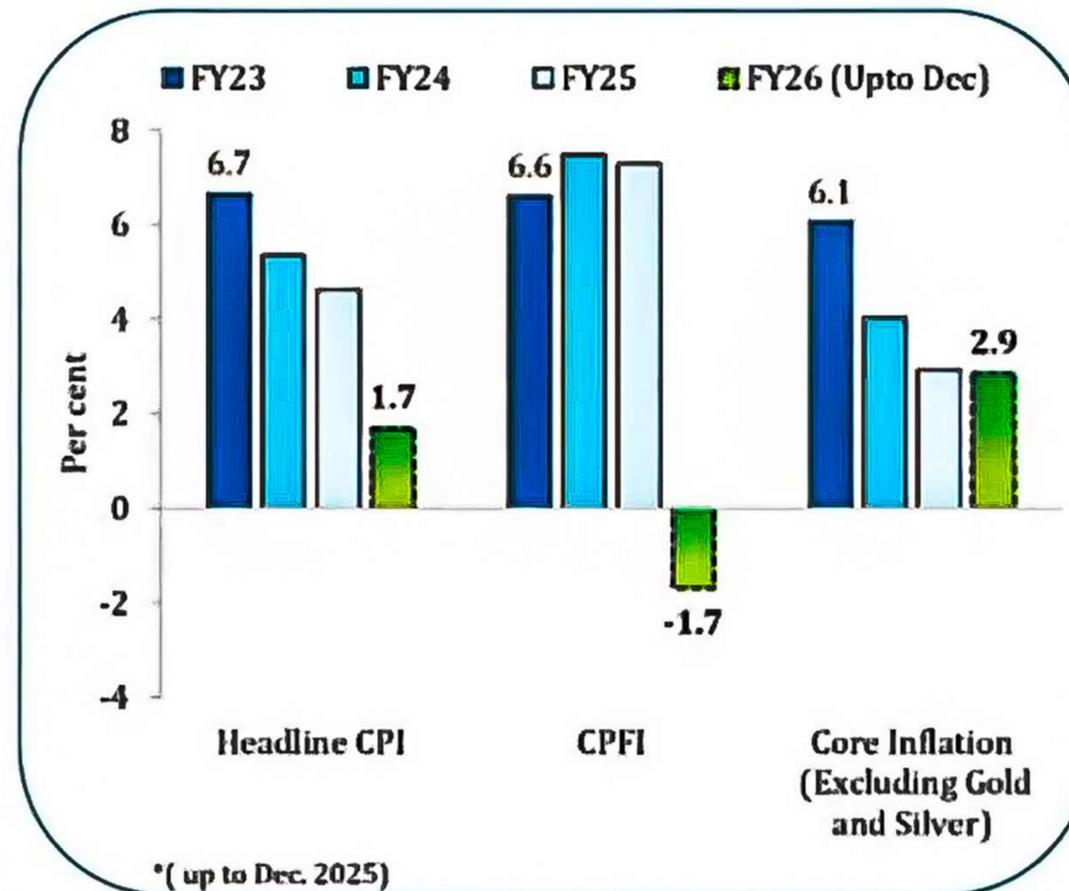


# From Stability to Strength: Growth accelerates along with lower inflation

### Growth momentum sustained by domestic drivers



### Inflation softened to all time low in FY26\*



$$Y = C + G + I + NX$$

# B O P

Current A/c

Capital A/c

Forex Reserves (Fx)

\* India's share in Global Merchandise Export  
 - 2005 = 1%, 2024 = 1.8%

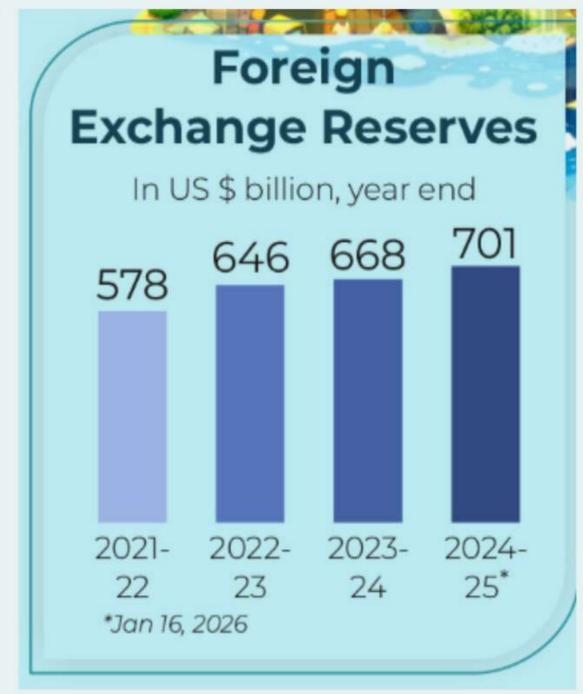
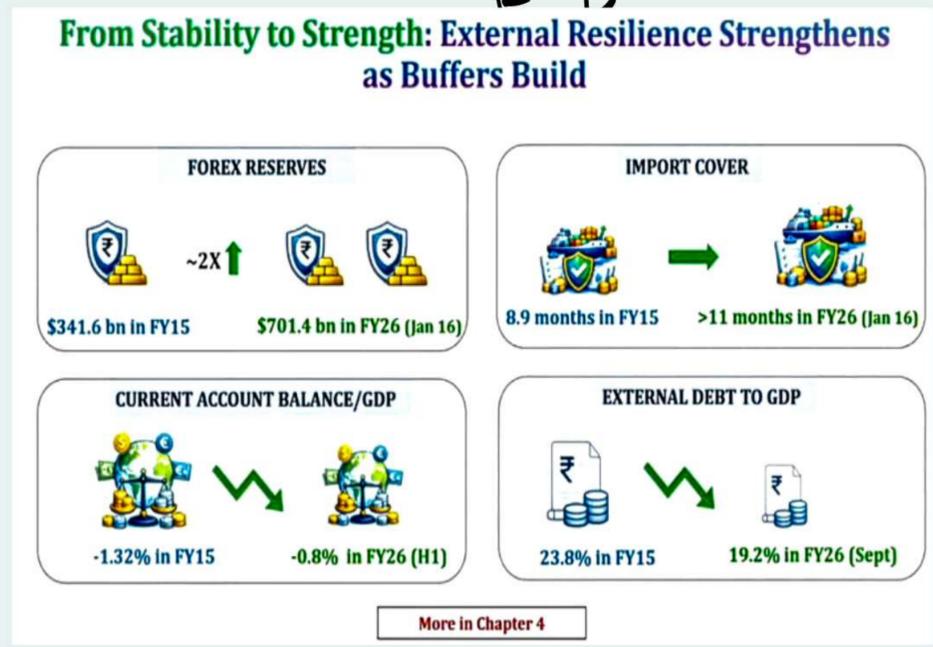
\* Rog of service export = 13.6%

\* Remittance = \$135.4 bn (2024)  
 World's highest

\* Jan 16, 2026 : \$701.4 bn

\* Import cover = 11m

\*  $\frac{FX}{FD} \sim 94\%$



# Fiscal Health/Budget

Revenue

Capital

R.R

R.E

YoY = 9.2%  
(FY 25)

YoY = 1.8%  
(FY 25)

DT Base — 6.9 Cr (FY22)  
— 9.2 Cr (FY25)

8 yrs GST collection: YoY ≈ 6.7%

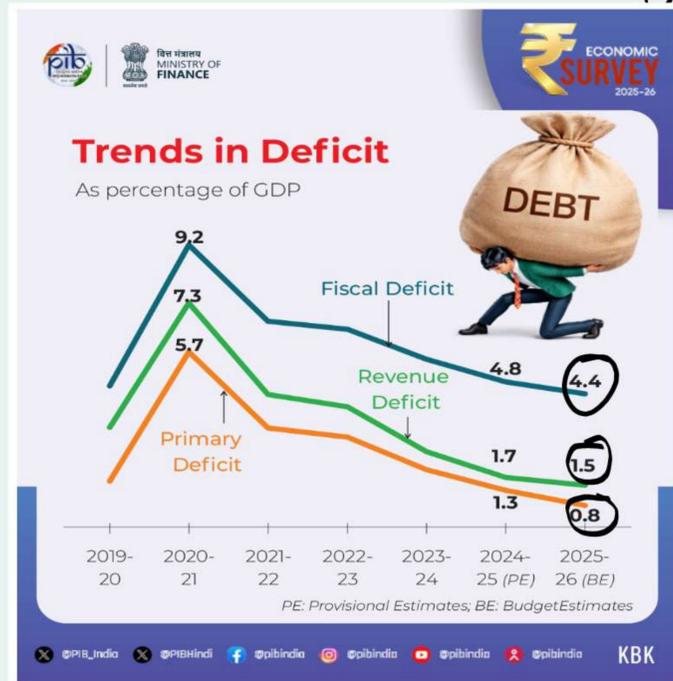
C.E

E.CapEx

YoY = 6.7%  
(FY 26)

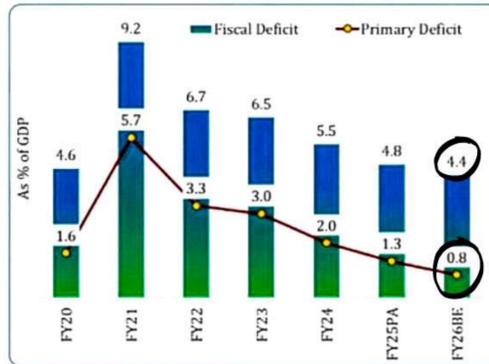
2.7% of GDP (pre-covid)

4% of GDP (2024)



## From Stability to Strength: Public finances on a firmer footing

### Credible fiscal consolidation path



### Sustained revenue buoyancy and broadening of the Direct Tax Base

	Pre-pandemic avg (FY16-FY20)	Post-pandemic avg (FY22-FY25)
Gross tax revenue (% of GDP)	10.8%	11.5%
Personal income tax collections (% of GDP)	2.4%	3.3%

No. of income tax payers increased from 6.9 crore in FY22 to 9.2 crore in FY25

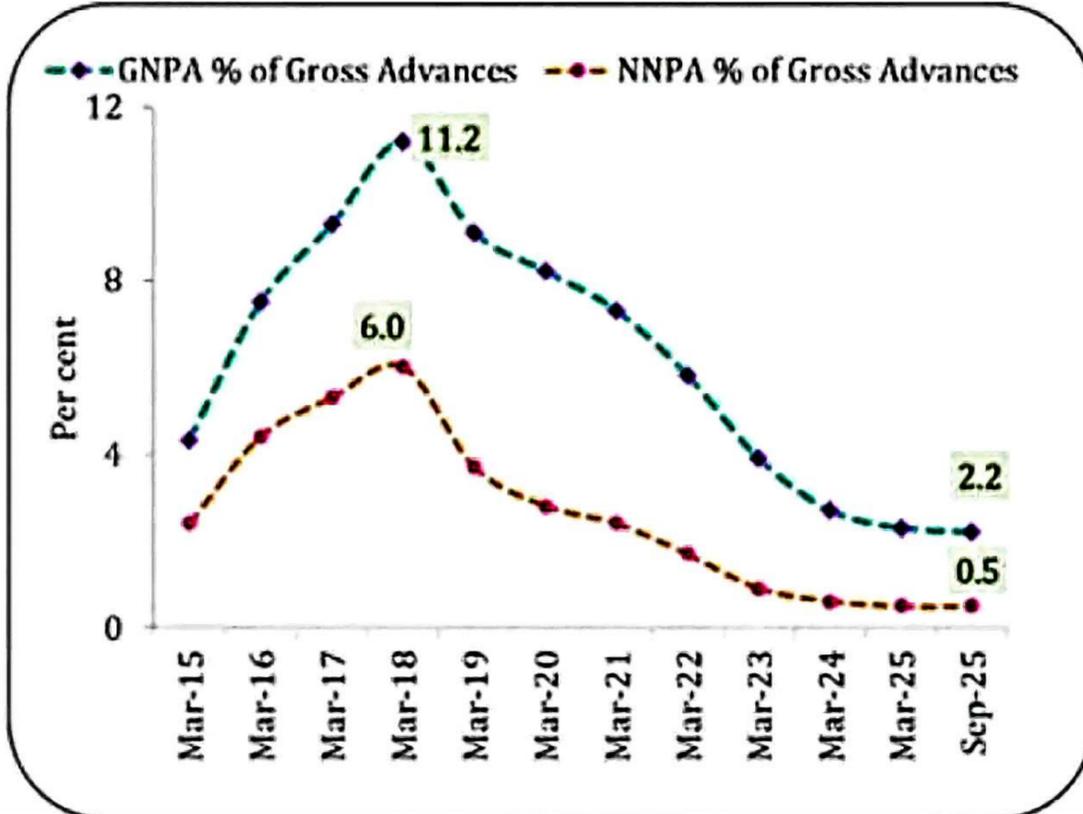
### Improving quality of expenditure

Effective Capex (% of GDP)	2.7%	3.9%
----------------------------	------	------

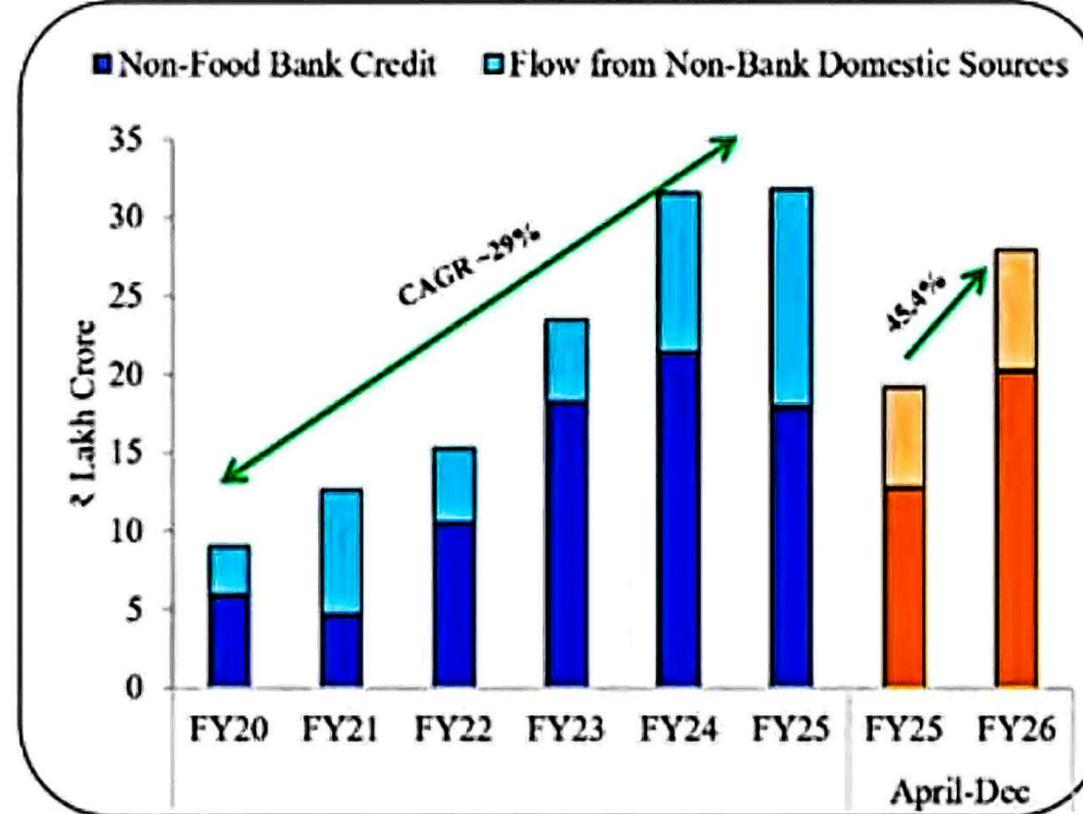
More in Chapter 2

# From Stability to Strength: Healthy banking fundamentals and stronger credit momentum

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

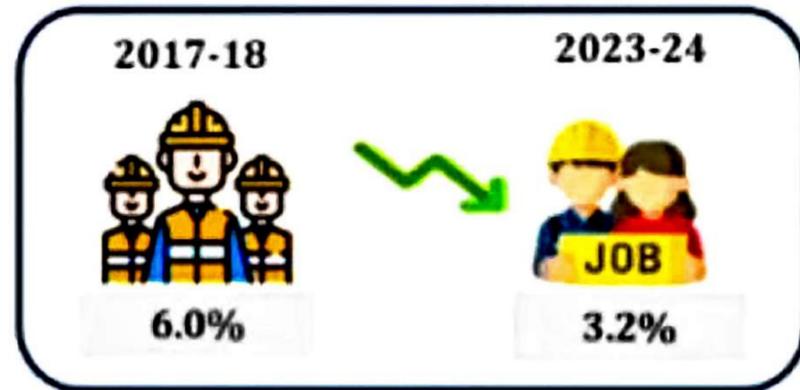


Flow of Resources to the Commercial sector expanding at a healthy pace

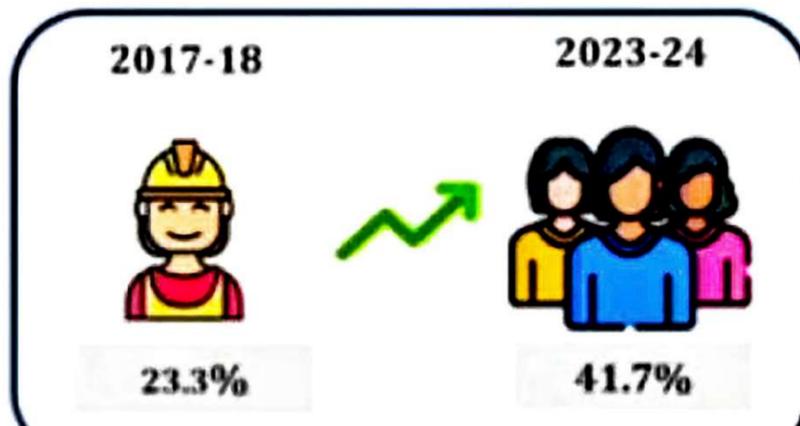


# From Stability to Strength: Employment conditions improve amid structural reforms

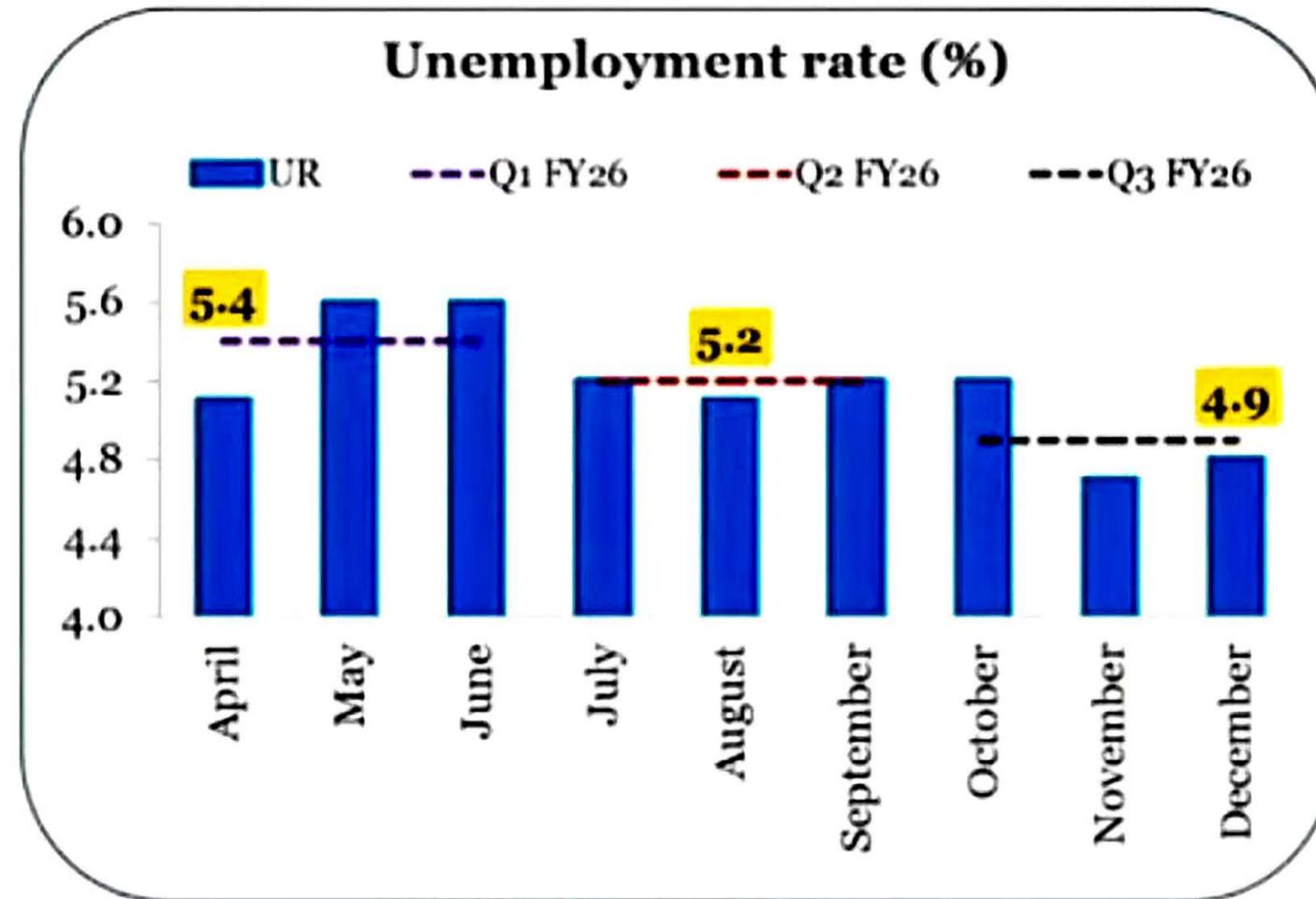
## A fall in the overall unemployment rate



## Increase in female labour force participation rate



## Labour market dynamics for FY26



Note: The quarterly estimates are based on the average of monthly number.

## THREE GLOBAL SCENARIOS:

Scenario-1: Business as in 2025 but with less security & more fragility

- \* ↑ Geopolitical & Economic volatility
- \* Gov. intervention needed

Scenario-2: Disorderly Multipolar Breakdown

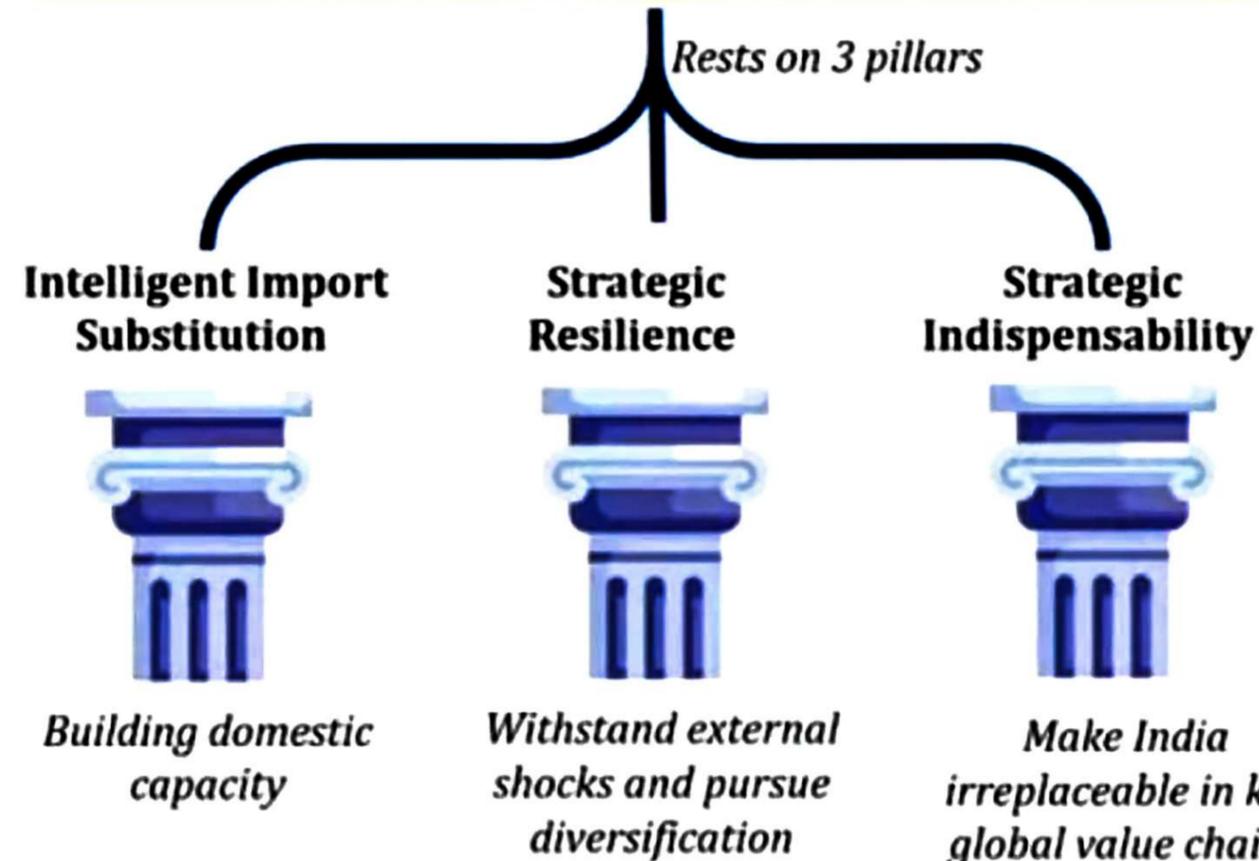
- \* Deep Geopolitical rivalry, Trade weaponisation, security issues
- \* politicised supply chain & Financial mkt
- \* Autonomy Vs Growth Vs stability

Scenario-3: Systemic Shock Cascade

- \* AI-Infra → expose fragile business models
- \* Financial, Tech, Geopolitical shocks amplify each other
- \* Macro Risk > GFC 2008

# So, we have to keep evolving: from Import Substitution and Strategic Resilience to Strategic Indispensability

**"Aatmanirbharta" is Investment in National Strength**



In other words,

**"Can we make it at home competitively?"**

**"Can we keep functioning if the world breaks down?"**

**"Can the world keep functioning if we break down?"**

1. Deregulate
2. Infr
3. Bureaucracy
4. Business mindset

econjayant@gmail.com

jayantparikshit → Telegram

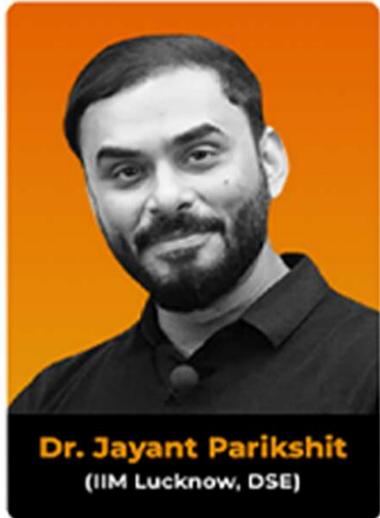


**VAJIRAM & RAVI**  
Institute for IAS Examination

# SMART

**CURRENT AFFAIRS  
FOR UPSC 2026**

One expert is never enough for  
current affairs so **WE GIVE YOU 3**



**Dr. Jayant Parikshit**  
(IIM Lucknow, DSE)

Macro analysis and  
economic perspectives



**Srivatsan**  
(Ex-IRS)

Insights from governance  
and public service



**Abhinav Srivastav**  
(IIT Roorkee)

Analytical and data-driven  
approach

**Admissions open**

**SMART**  
**CURRENT AFFAIRS PRELIMS**

**SMART**  
**CURRENT AFFAIRS  
PRELIMS AND MAINS**

**SCAN  
HERE**



**SCAN  
HERE**

# ECONOMIC SURVEY

## HANDOUT-2

### INDUSTRY'S NEXT LEAP: STRUCTURAL TRANSFORMATION AND GLOBAL INTEGRATION

#### ECONOMIC SURVEY LECTURES



Economic Survey Part 1



Economic Survey Part 2



Economic Survey Part 3

#### BUDGET LECTURES



Budget Session Part 1



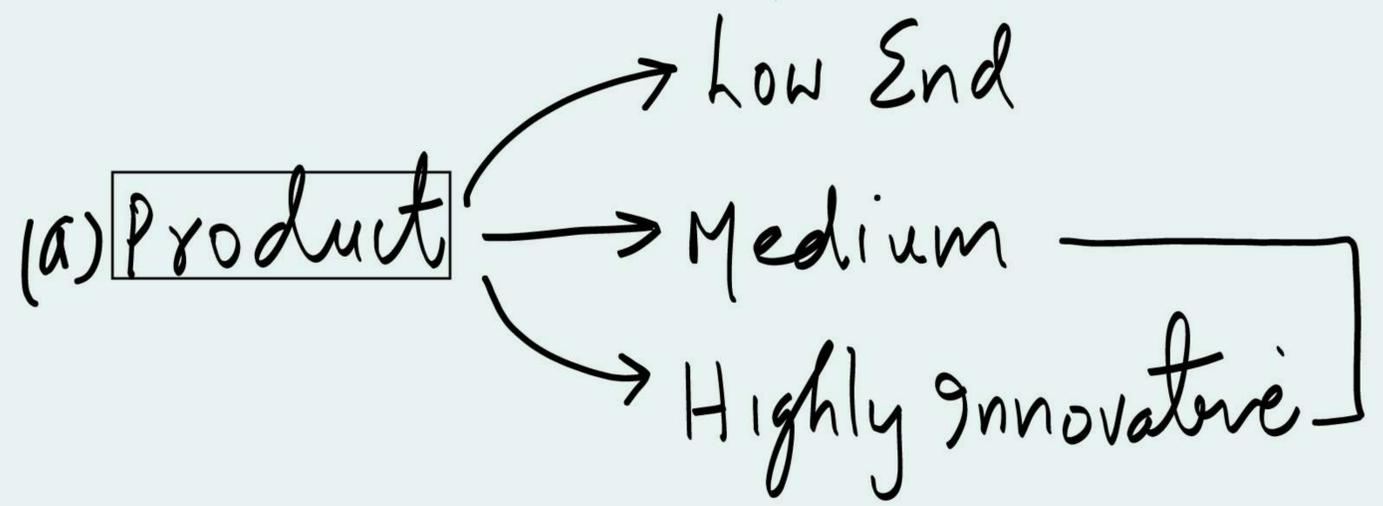
Budget Session Part 2



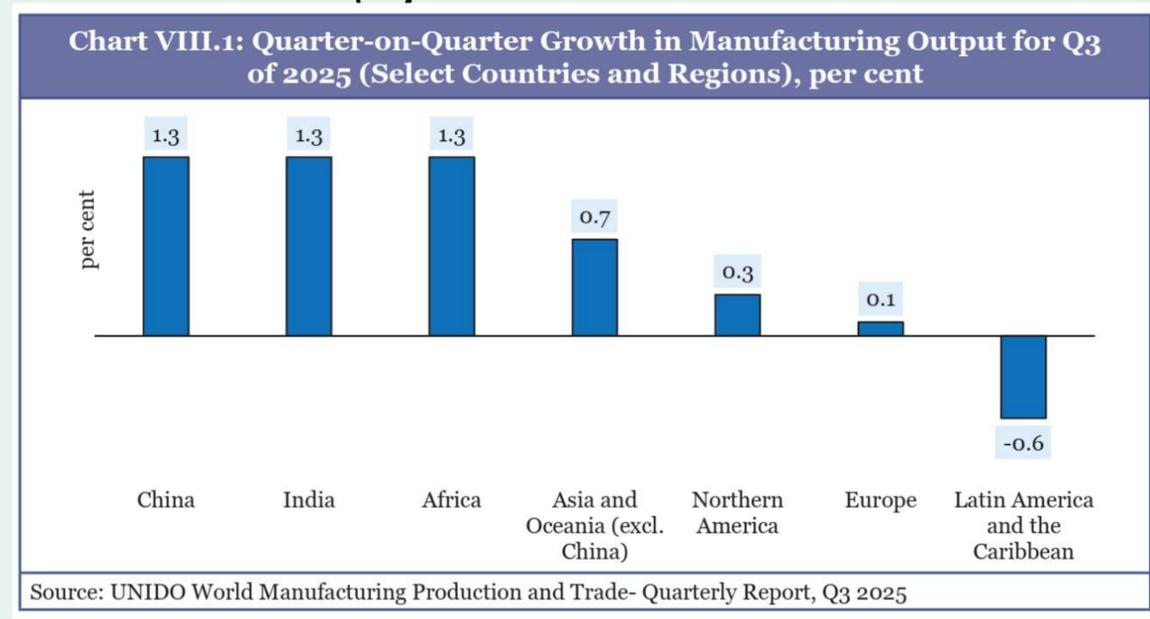
Budget Session Part 3

# GLOBAL TREND & PROJECTIONS:

Manufacturing → Tech  
→ Strategic Indispensability



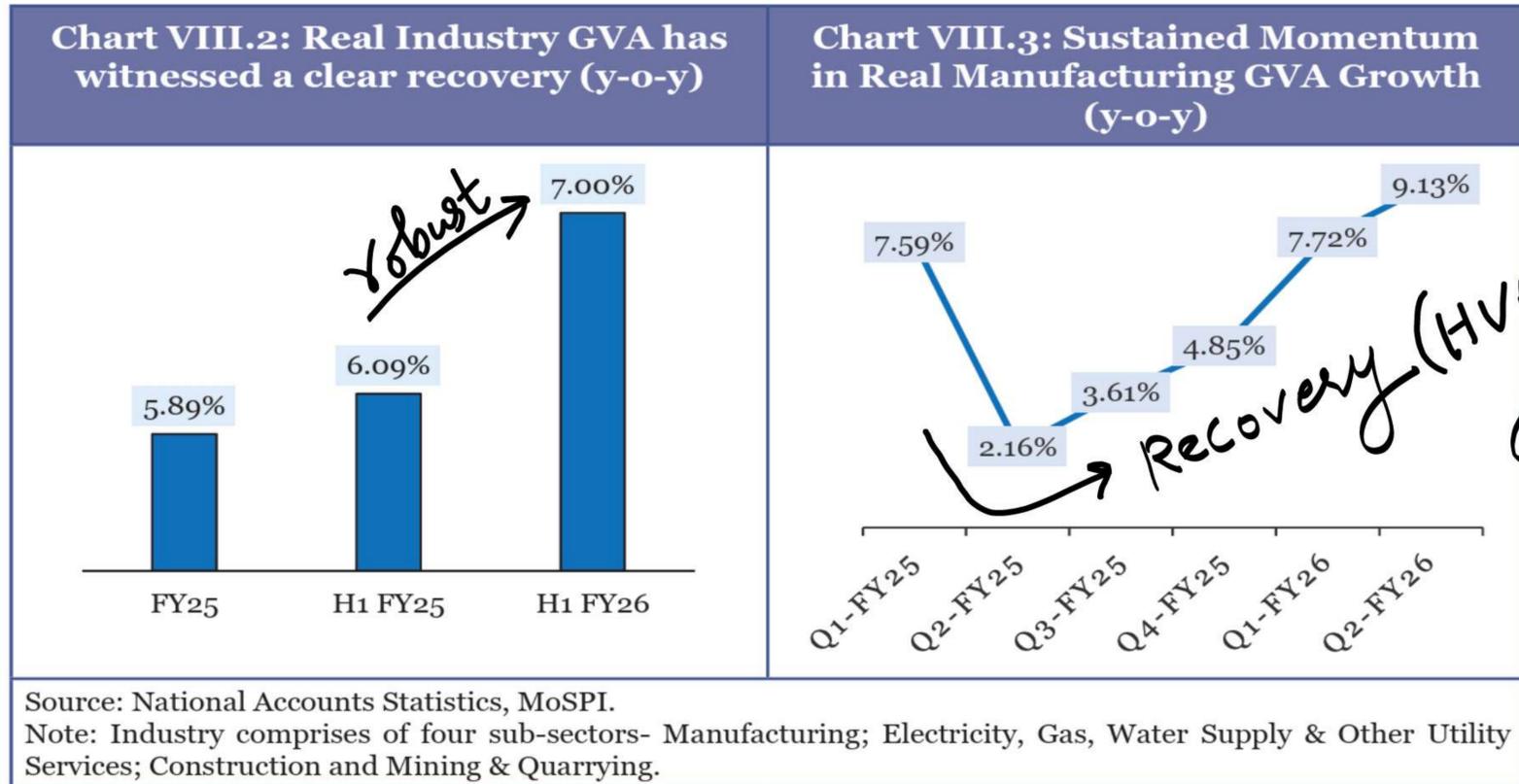
(b) Direction of Global Manufacturing: Strategic Indispensability → position a country in GVC = high tech + high productive mfg + stable



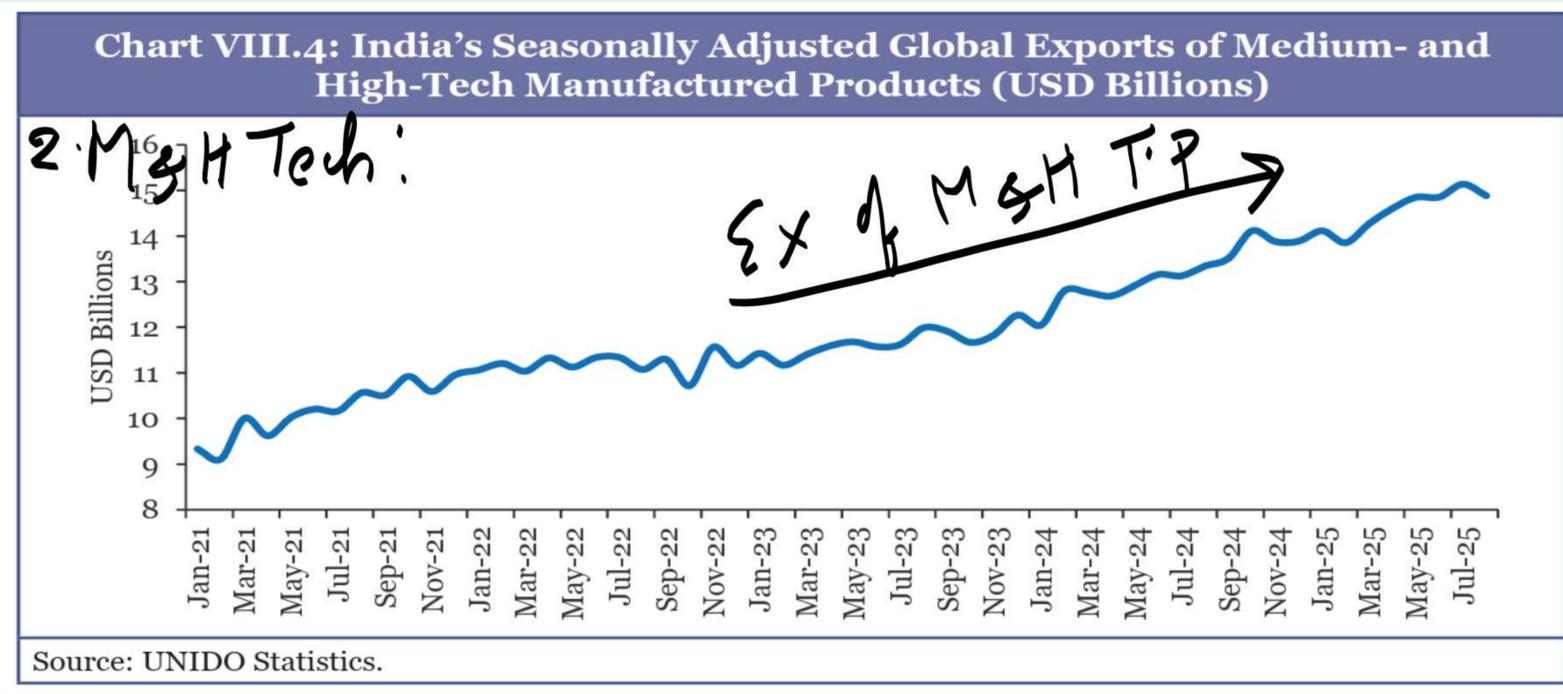
## DOMESTIC PERFORMANCE:

1. % of Manufacturing GVA  $\rightarrow$  Robust Recovery
2. Share of Medium & High Tech product =  $\uparrow$
3. PMI-Mfg  $\rightarrow$   $\uparrow$
4. RBI's Business Expectation Index (BEI):  $\uparrow$
5. Competitive Industrial Performance (CIP):  $\uparrow$
6. Bank Credit (BC) & Total Credit:  $\uparrow$

# 1. Ind. GVA :

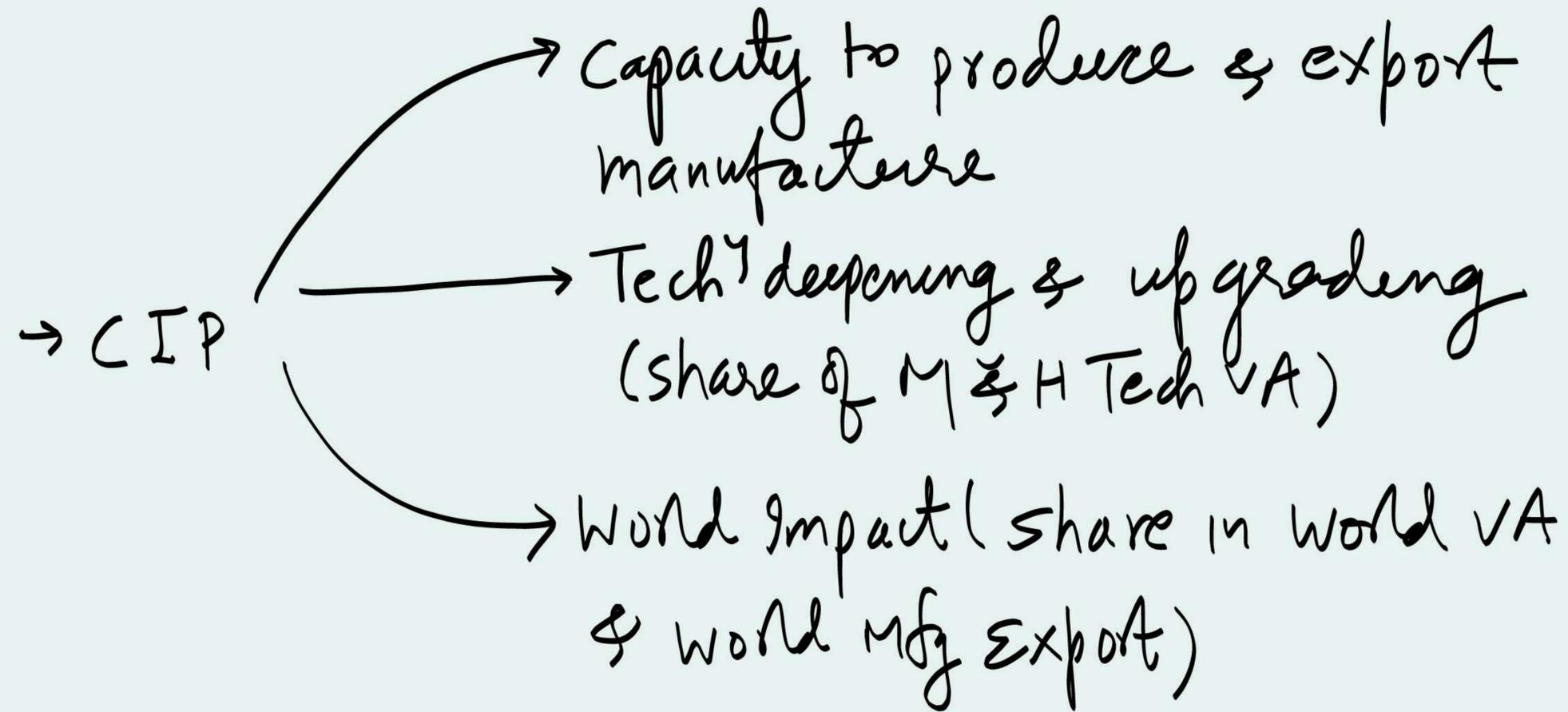


Recovery (HVM, Ind. Infra via corridors, ↑ tech, ↑ formalisation)



M & H Tech act<sup>y</sup> = 46.3% of Indian Mfg VA (UNCTAD-2025)  
 India = MIC → moving to HVM

### 3. Competitive Industrial Performance (CIP):



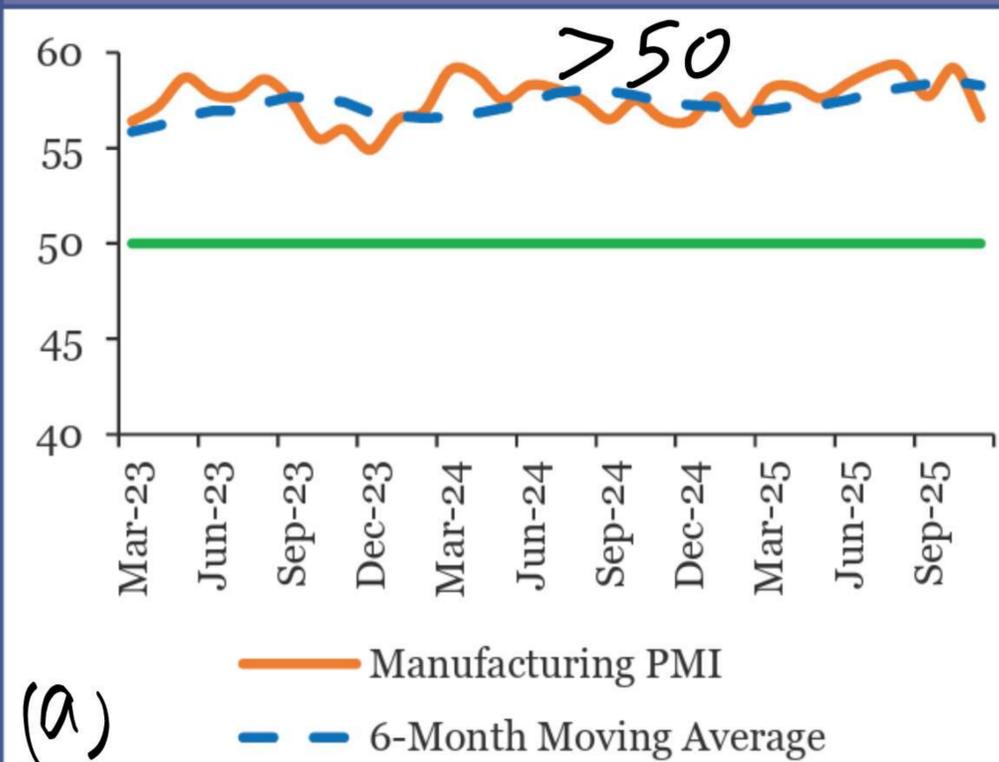
→ Rank of India — 40<sup>th</sup> (2022)  
— 37<sup>th</sup> (2023)

### 5 pillars to ↑

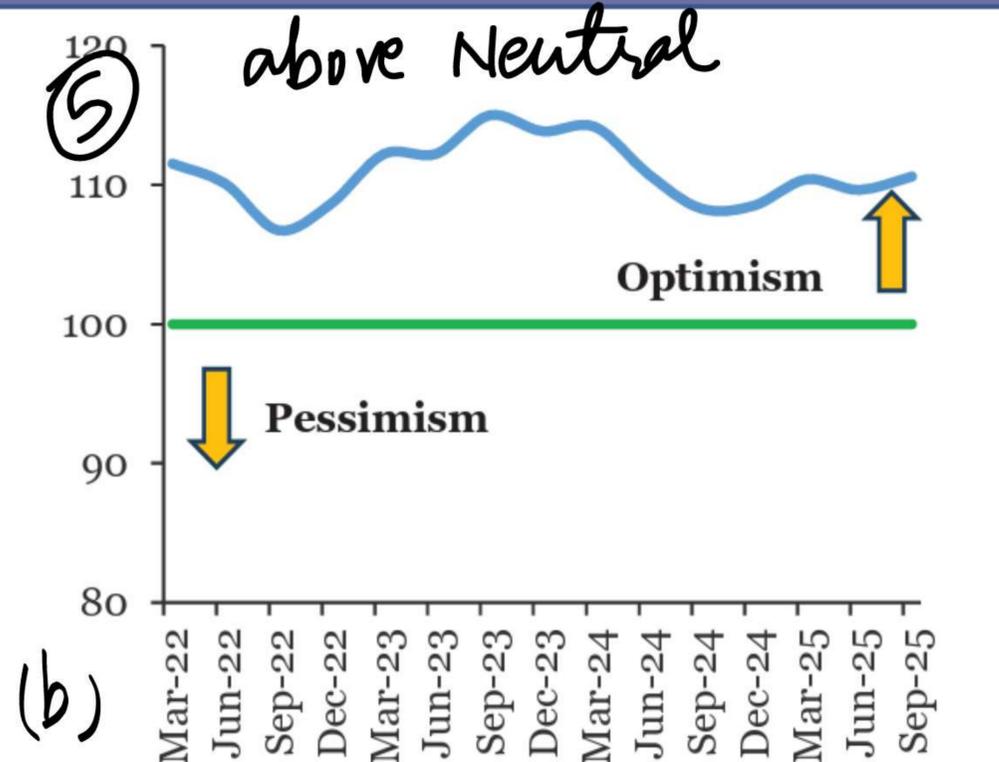
### Competitiveness:

1. Regulation of EoDB
2. Boost R&D
3. Skill
4. Infra & Logistics
5. Scale up MSME

**Chart VIII.5: Optimism about prospects continue to remain high (Y-Axis represents Index Values on both charts)**



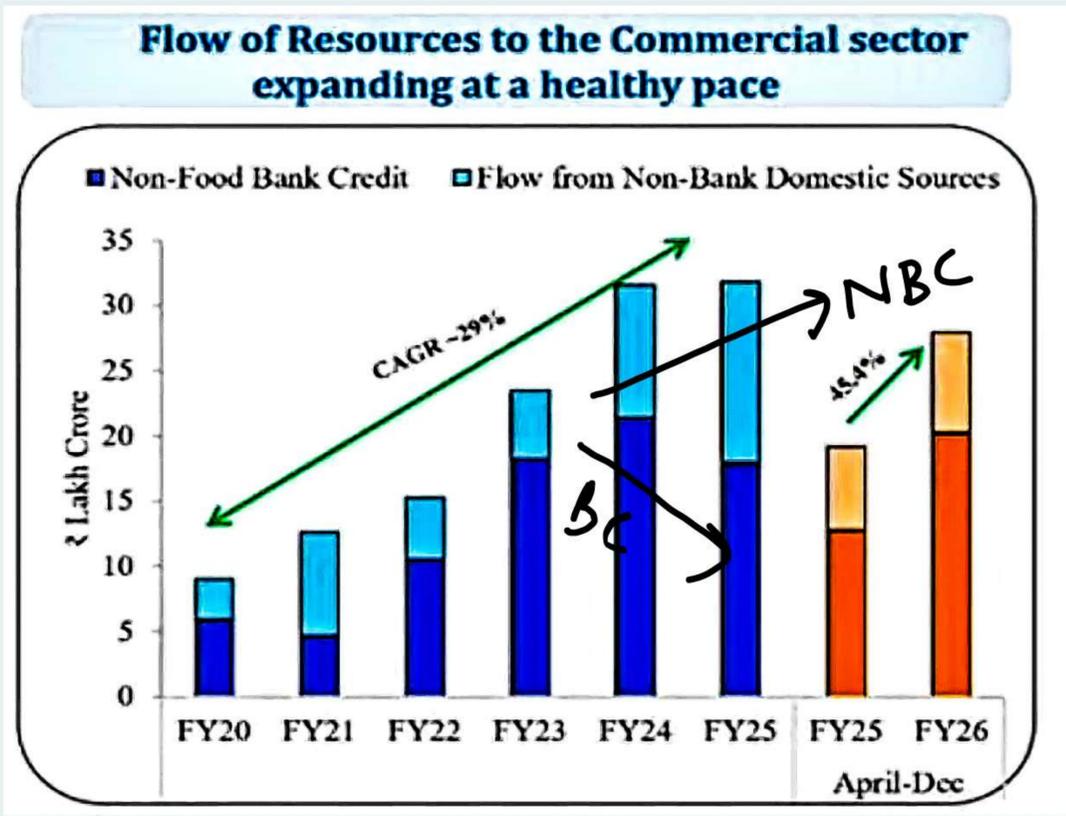
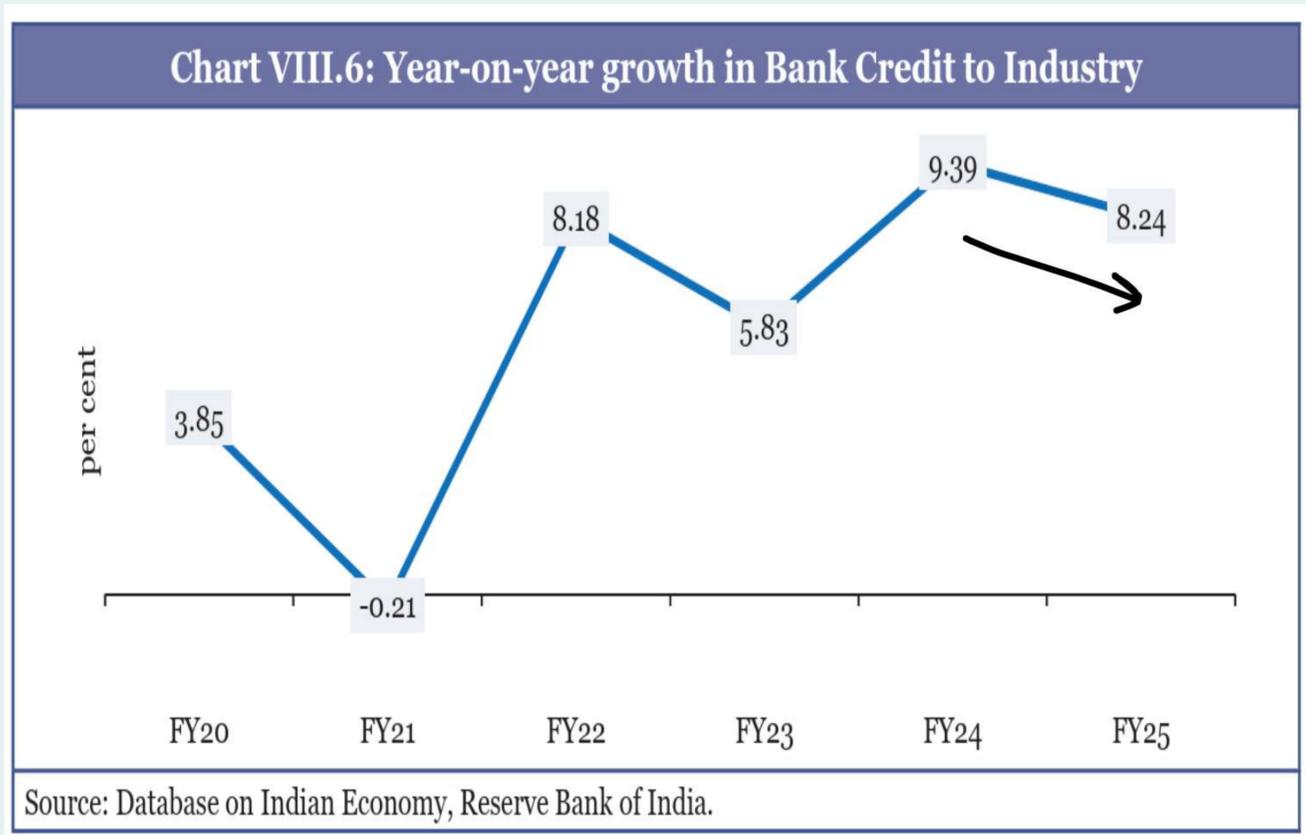
Source: HSBC Purchasing Managers Index.



Source: Business Expectations Index (RBI Industrial Outlook Survey of the Manufacturing Sector: Q2 FY26).

(a+b) — Resilient industry sentiment  
 — Firm's confident about global demand & growth

# \* Bank Credit (BC):



Top Industrial Sector with high

BC:

1. M & Q
2. FPI
3. Beverage & Tobacco
4. Textile
5. Leather

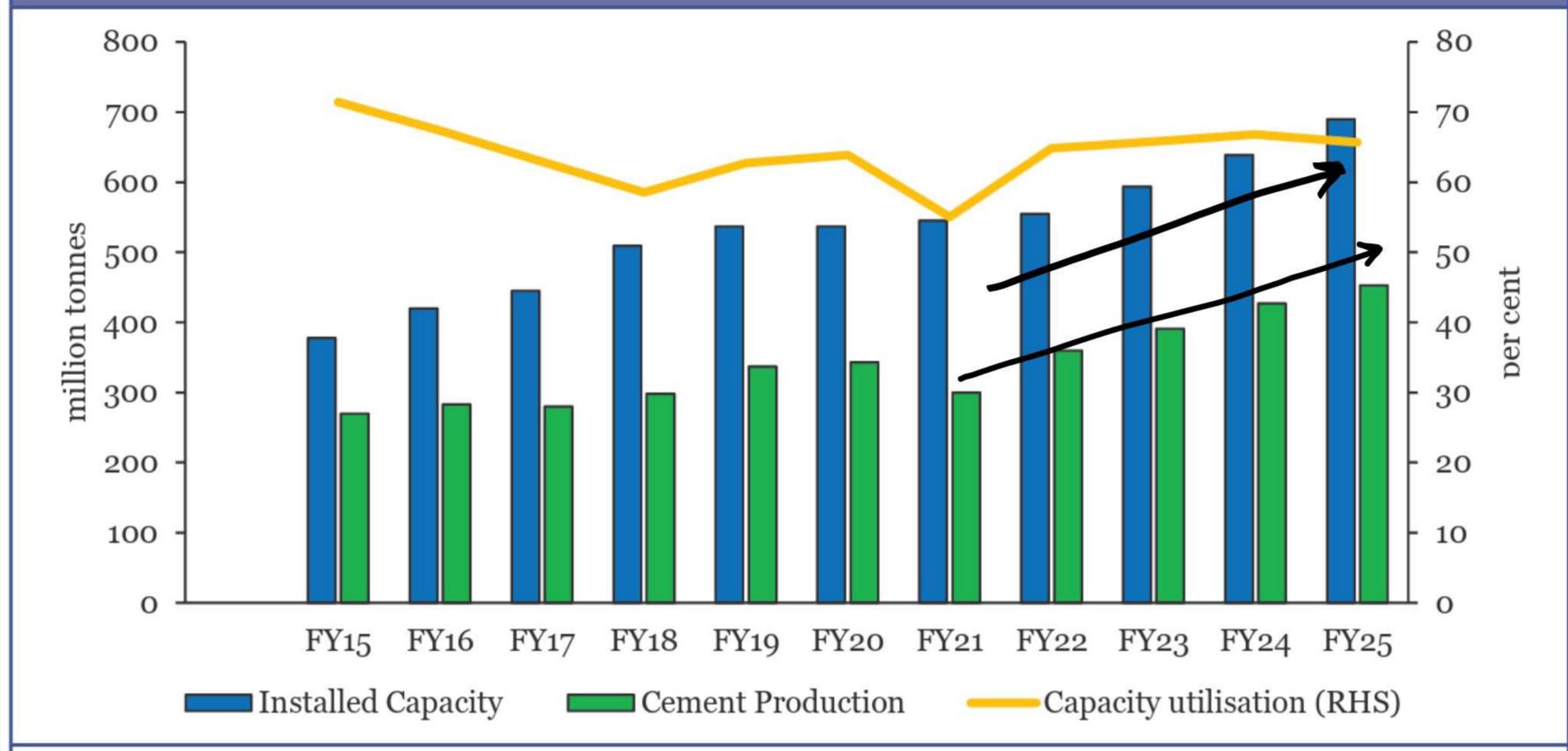
$$B.C \downarrow + NBC \uparrow = TC \uparrow$$



INDUSTRIAL SECTOR  
PERFORMANCE

# CEMENT:

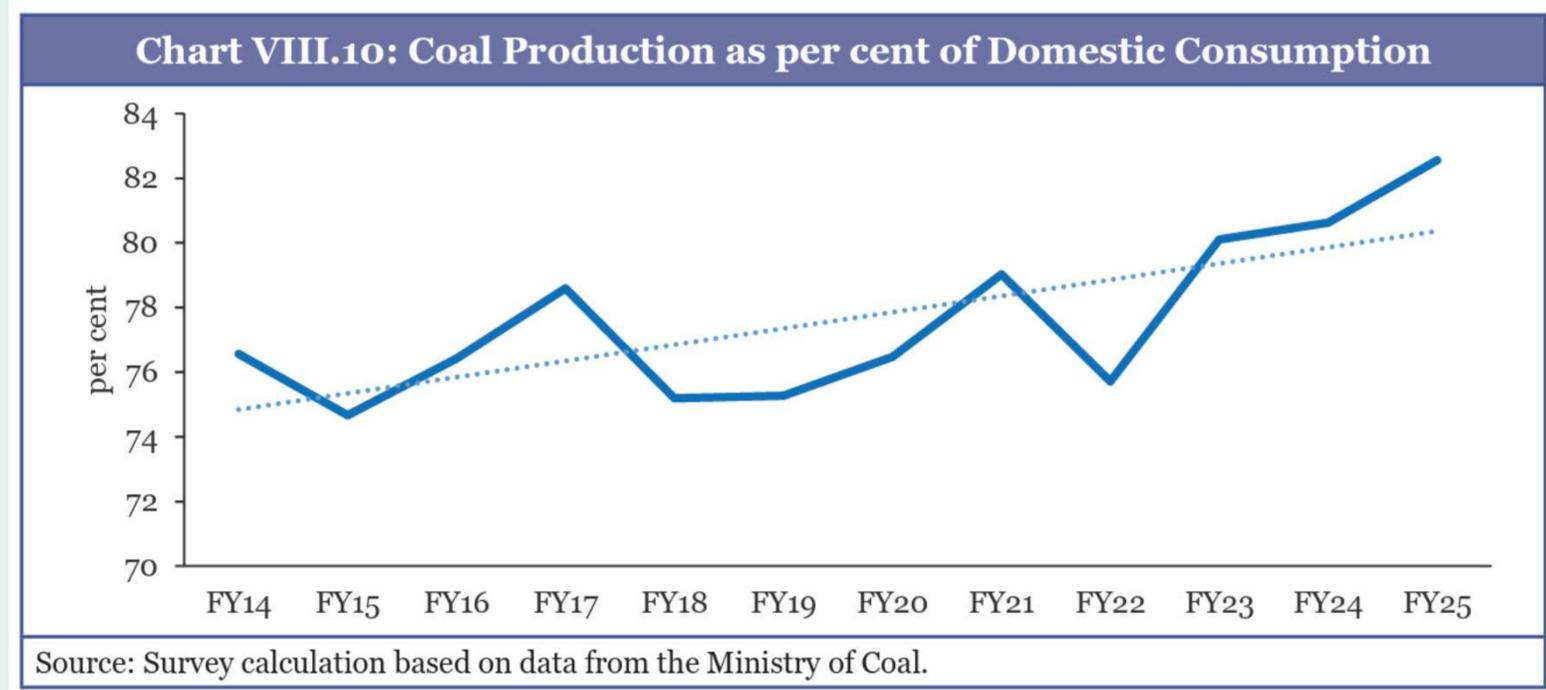
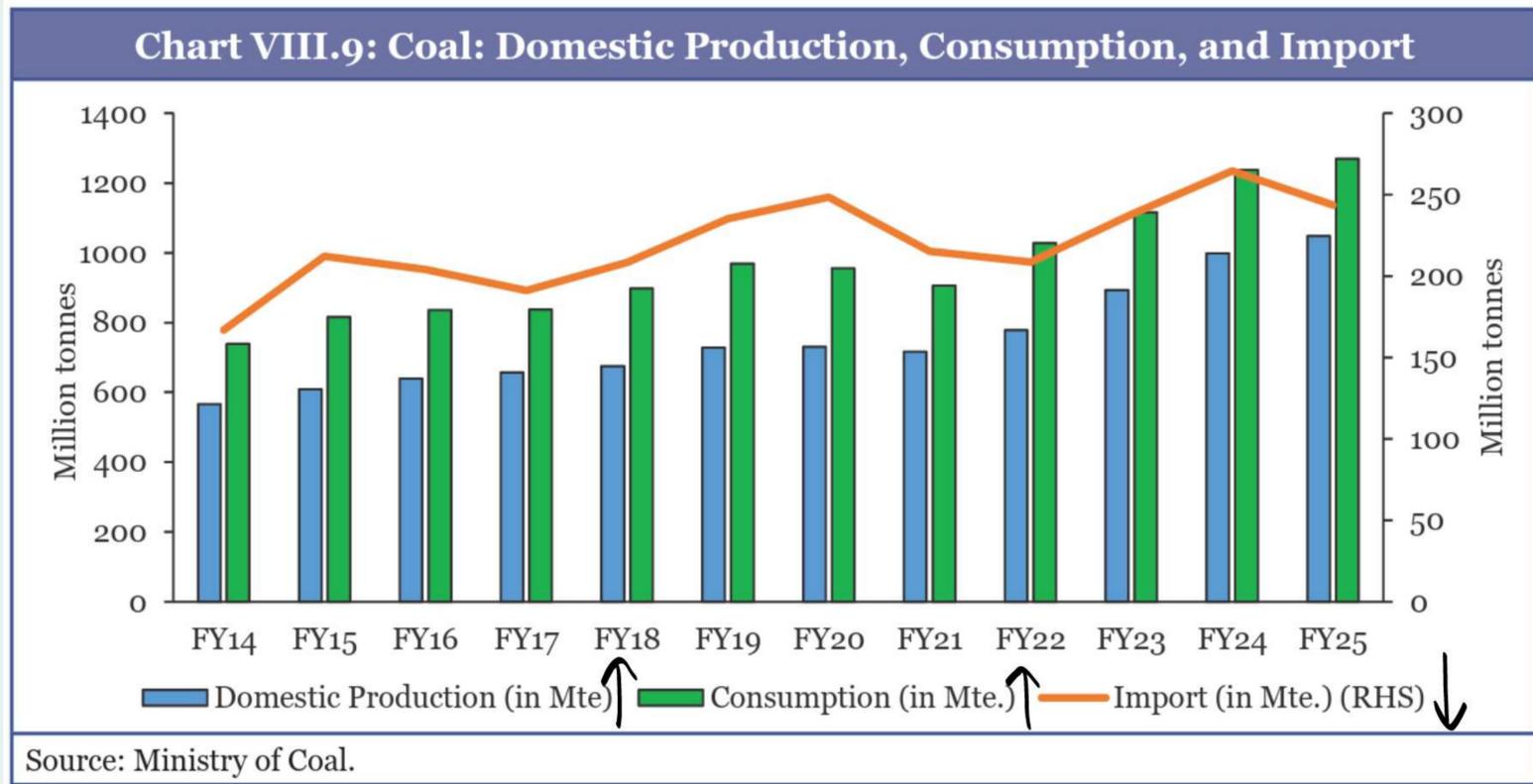
Chart VIII.7: Installed capacity, production and capacity utilisation of cement industry



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

- \* India = Rank-2 (China = 1)
- \* 85% cement prod<sup>n</sup>: 11 states  
 Raj, Andhra, Tel, Kar, M.P, Guj,  
 TN, Mah, UP, Chatt, WB
- \* India's c<sup>n</sup> = ₹ 290 kg/capita  
 Global c<sup>n</sup> = ₹ 540 kg/capita

# COAL:



India's Rank:

\* Coal Reserves = 5

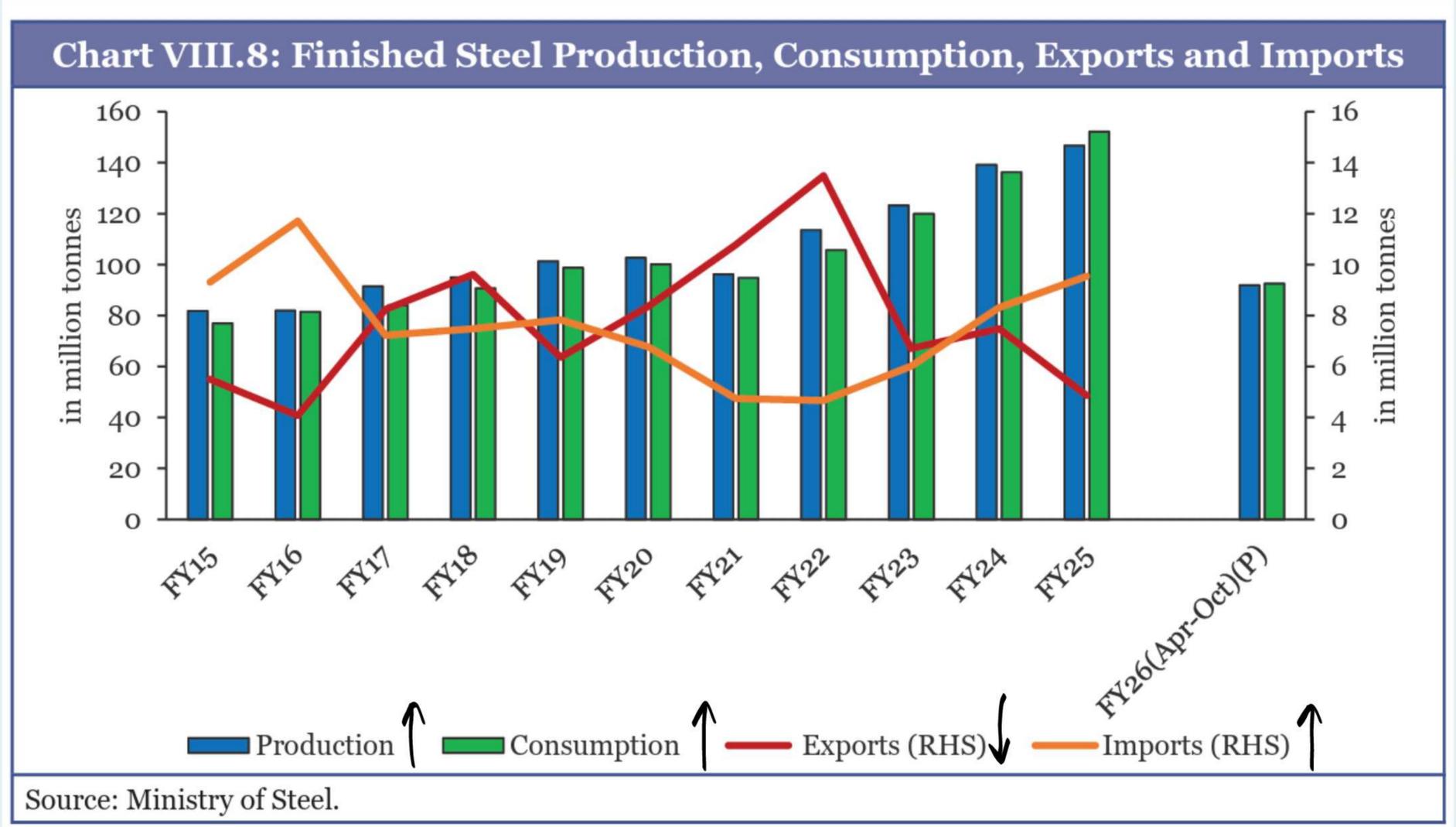
\* Consumer = 2

Coal contri { 55% National Energy Mix  
74% of Total Power Generation

\* 2024: prod<sup>n</sup> = 1047 MT → India's highest ever

Ratio of  $\left[ \frac{\text{Domestic Prod}^n}{\text{Domestic C}^n} \right] \uparrow$

# STEEL:



India = 2<sup>nd</sup> largest crude steel pr

India imports coking coal } ↑ price of Indian Steel

Global steel price = ↓

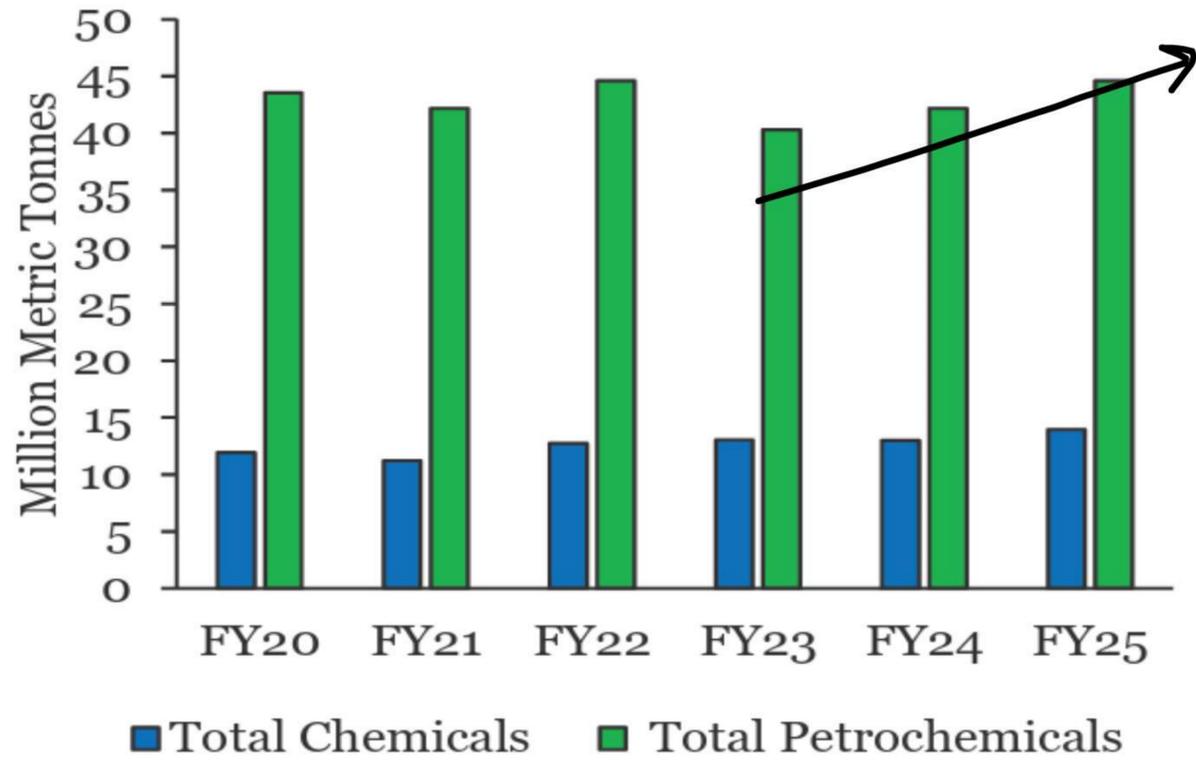
Aust, USA, Russia, Canada

## Schemes:

- a. PLI 2021: @ ₹ 6322 cr
- b. Mission Coking Coal-2022: 45 MT to 140 MT by 2030
  - ↳ block alloc<sup>n</sup>, revive old mines, ↑ washeries

# CHEMICALS & PETROCHEMICALS:

Chart VIII.11: Production of Chemicals and Petro-chemicals



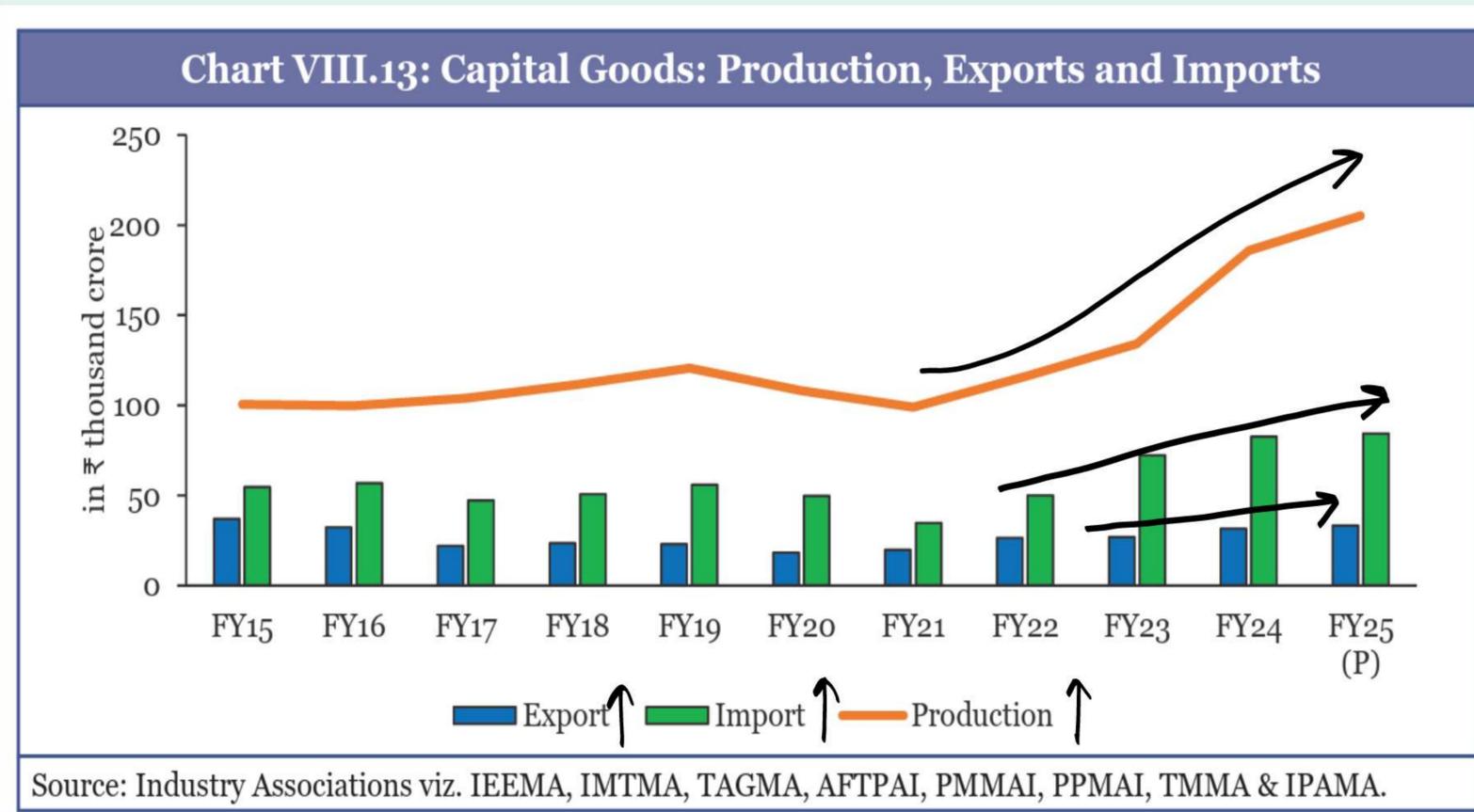
Source: Department of Chemicals and Petrochemicals.

\* C & P contri in Mfg GVA = 8.1% (FY24)

\* consistent ↑

\*  $\% \text{ chg (FY16 - FY25)} = 2.8\%$

# CAPITAL GOODS:



C.G.S = 2% of GDP

India: Investment ↑

domestic prod<sup>n</sup>  
Capacity ↑

↑ Imports of  
tech. advance  
machinery

## Scheme on Enhancement of Competitiveness in Indian Capital Goods sector:

a. Phase-I: 2014-2021: @ ₹ 583 cr → 30 niche indig. tech (machine tools, textile machines, welding robot, sensor tech<sup>y</sup> etc)

b. Phase-II: 2022: @ ₹ 964 cr (skill, Testing service etc)

→ brings I<sup>ty</sup> & academia for R & D

exported  
to France,  
Belgium,  
Qatar etc

# AUTOMOBILE:

Chart VIII.14: Production, sales and exports of automobiles

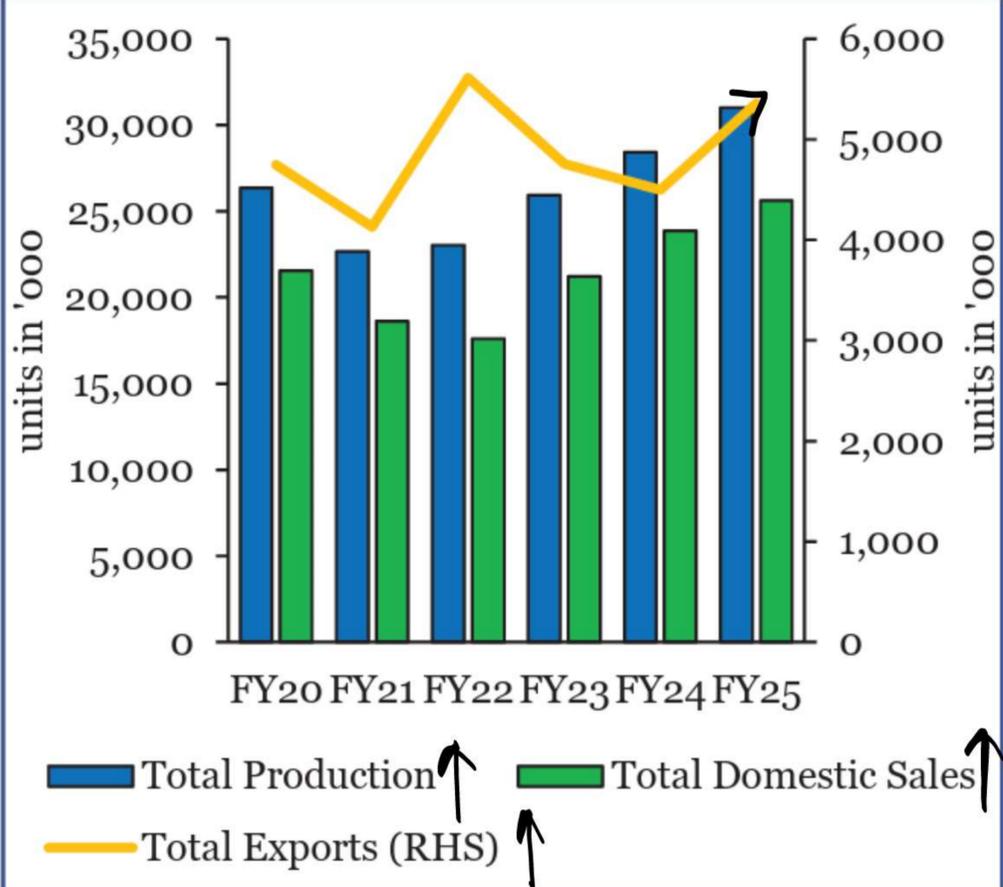
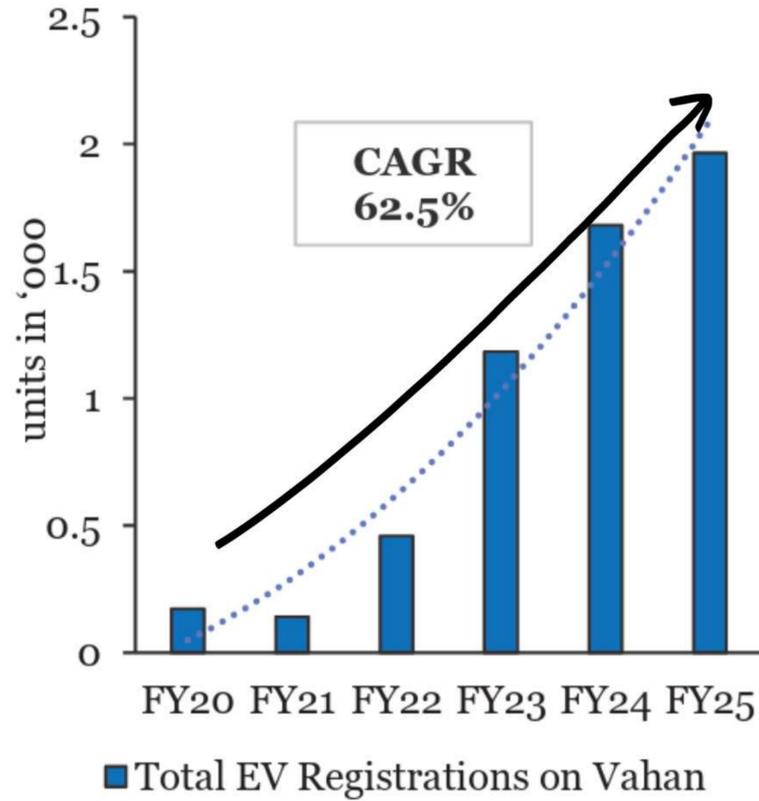


Chart VIII.15: Growing EV registrations



Source: SIAM; Ministry of Heavy Industries.

\* 9 ndea :

→ Rank-1 : 2W, 3W

→ Rank-3 : Passenger Vch & Commercial vch

→ 15% of Total GST collection

→ Emplt = 3cr

→ FY14 to FY25 : 33% ↑ in prod<sup>n</sup>

**SCHEMES FOR AUTOMOBILES:****National Electric Mobility Mission Plan 2020:**

- NEMMP-2020 was launched in 2013. It aimed to achieve national fuel security by promoting hybrid and electric vehicles in the country. It set an ambitious target to achieve 6-7 million sales of hybrid and electric vehicles year on year from 2020 onwards.
- Government aimed to provide fiscal and monetary incentives to kick start this nascent technology.

**FAME-India Scheme (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) (Phase I: 2015–2019; Phase II: 2019–2024)**

- It aimed to promote hybrid and electric vehicles through demand incentives and charging infrastructure development. Phase-I focused on market creation with ₹895 crore, while Phase-II, (initially ₹10,000 crore, later increased), accelerated adoption of electric two-wheelers, three-wheelers, and e-buses.

**1. FAME Phase 1 (2015–2019)**

- Budget: Approximately ₹895 crore.
- Objectives:
  - Market development for hybrid and electric vehicles.
  - Provide demand incentives (upfront purchase price reduction) to encourage consumers.
  - Focus areas: Technology development, pilot projects, and initial charging infrastructure.

**2. FAME Phase 2 (2019–2024)**

- Budget: ~₹11,500 crore (updated from initial ₹10,000 crore).
- Objectives:
  - Drive adoption, especially in public and shared transport.
  - Build a robust EV manufacturing ecosystem to achieve self-sufficiency.
  - Set up public charging infrastructure across the nation.

**Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry in India (PLI-Auto)-2021:**

- It aims to enhance India's manufacturing capabilities for advanced automotive technology (AAT) products with a budgetary outlay of ₹25,938 Crore. The scheme proposes financial incentives to boost domestic manufacturing of AAT products with minimum 50% Domestic Value Addition (DVA) and attract investments in the automotive manufacturing value chain.

**PLI Scheme for Advanced Chemistry Cell (ACC)-2021:**

- It has a budgetary outlay of Rs.18,100 crore. The scheme aims to establish a competitive domestic manufacturing ecosystem for 50 GWh of ACC batteries. Beneficiary firms must ensure to achieve a value addition of at least 25% within 2 years and raise it to 60% value addition within 5 years from the appointed date.

**PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme-2024:**

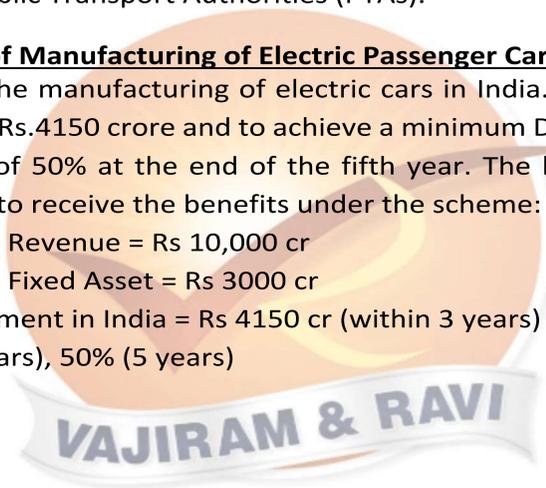
- It has an outlay of Rs.10,900 crore. It is a two-year scheme which aims to support electric vehicles including e-2W, e-3W, e-Trucks, e-buses, e-Ambulances, EV public charging stations and upgradation of testing agencies.
- Direct EV Subsidy: The scheme provides incentives up to:**
1. Rs.10,000 for e-2 wheelers
  2. Rs.50,000 for high-end e-3 wheelers
  3. Rs.35 lakh for large e-buses

**PM e-Bus Sewa-Payment Security Mechanism (PSM) Scheme-2024:**

- It has an outlay of Rs. 3,435.33 crore and aims to support deployment of more than 38,000 electric buses. The objective of scheme is to provide payment security to e-bus operators in case of default by Public Transport Authorities (PTAs).

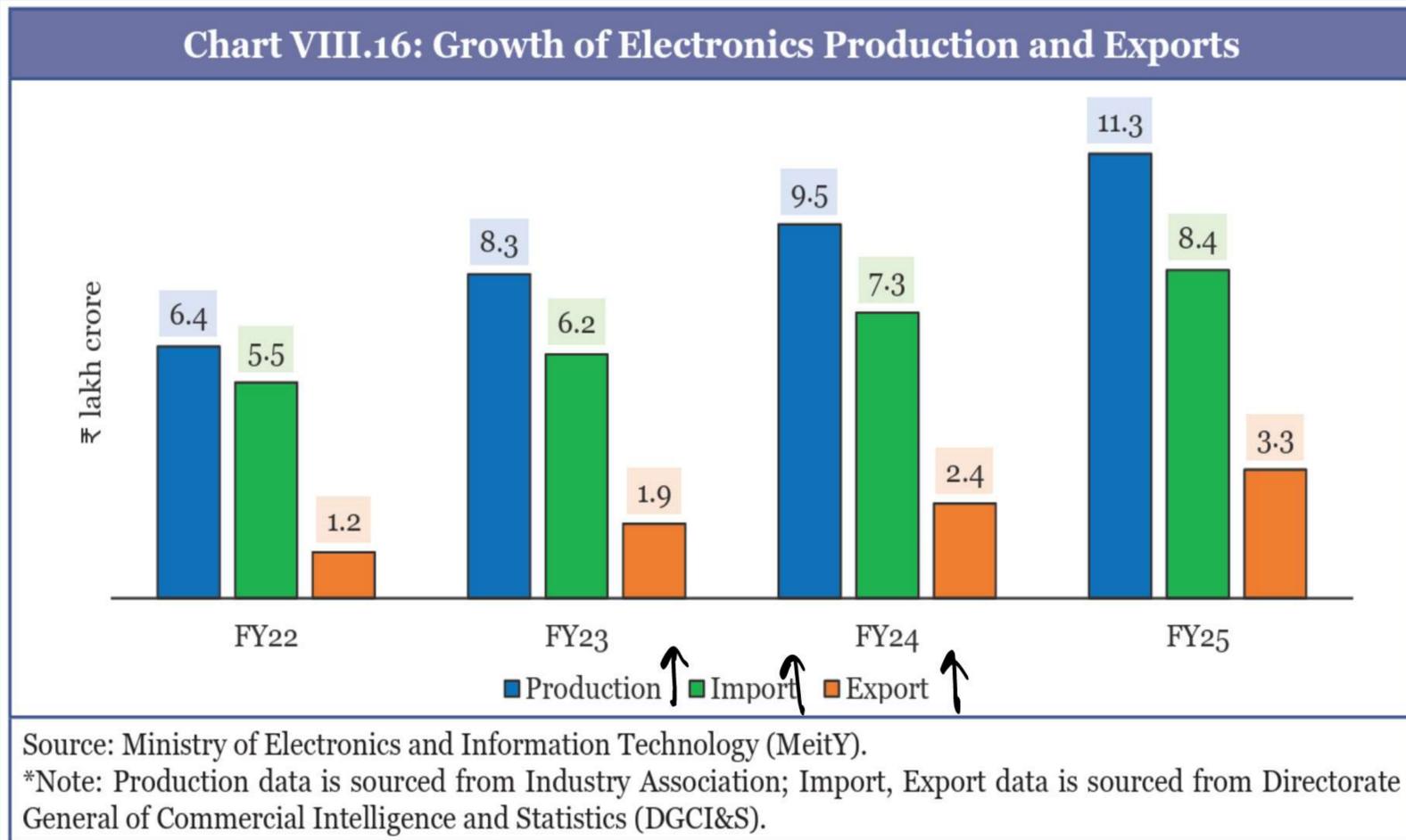
**Scheme for Promotion of Manufacturing of Electric Passenger Cars in India (SPMEPCI)-2024:**

- It aims to promote the manufacturing of electric cars in India. This requires applicants to invest a minimum of Rs.4150 crore and to achieve a minimum DVA of 25% at the end of the third year and DVA of 50% at the end of the fifth year. The beneficiaries must fulfil the following conditions to receive the benefits under the scheme:
  - a. Minimum Global Revenue = Rs 10,000 cr
  - b. Minimum Global Fixed Asset = Rs 3000 cr
  - c. Minimum Investment in India = Rs 4150 cr (within 3 years)
  - d. DVA = 25% (3 years), 50% (5 years)



**VAJIRAM & RAVI**

# ELECTRONICS :



\* FY22 = Rank 7<sup>th</sup> to FY26 = Rank 2<sup>nd</sup>  
largest export category  
\* exp. ↑ in Mobile Mfg (World's 2<sup>nd</sup> largest P<sup>r</sup>)

### 1. PLI for LSEM-2020 @ ₹47645 Cr

- \* mobile mfg, semi-conductors, capacitors etc
- \* 3-6% incentives

### 2. PLI 2.0 for IT Hardware-2023: @ ₹17000 Cr

- \* Laptop, Tablet, PC, server etc
- \* 1-4% incentives

### 3. ELECTRONICS COMPONENT MANUFACTURING SCHEME (ECMS)-2025: @ ₹22919 Cr

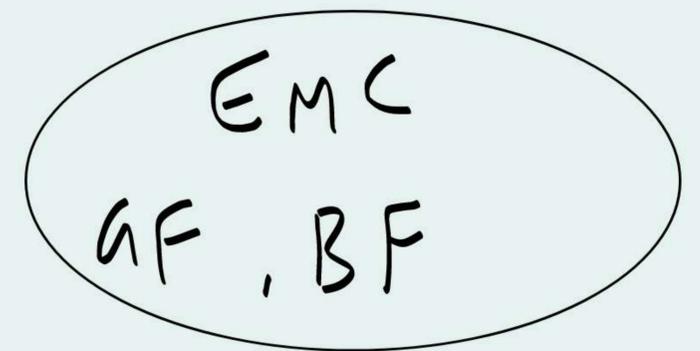
- \* Integrate Indian elec. with GVC via prod<sup>n</sup> of essential components, RM, assembly

- \* Incentives
  - Turnover incentive: 4-6%
  - Capex incentive: 25% on eligible capex
    - ↳ 5% on min emp't generation
  - Hybrid incentive: TO + CapEX

### 4. ELECTRONICS MANUFACTURING CLUSTER (2012, 2020):

→ plug & play infra to attract global firms & make India global player

- Grant
  - ↳ GF EMC: 50% of proj. cost (Max ₹50 Cr/100 acre land)
  - ↳ BF EMC: 75% " " " (Max ₹50 Cr/project)



## 5. SCHEME FOR PROMOTION OF MANUFACTURING OF ELECTRONIC COMPONENT & SEMICONDUCTOR (SPECES): 2020

\* Electronics → 25% of Capex as Grants

## 6. INDIA SEMICONDUCTOR MISSION (ISM): 2021, MeitY, ₹7600 Cr

1. Modified semi-conductor Fab:

2. Modified Display Fabs Scheme:

e.g. LCD, AMOLED

3. Modified Compound semi-conductors & ATMP/OSAT scheme:

e.g. semi-conductor, silicon photonics, sensors etc

4. Modified Design Linked scheme: @ ₹1000 Cr outlay

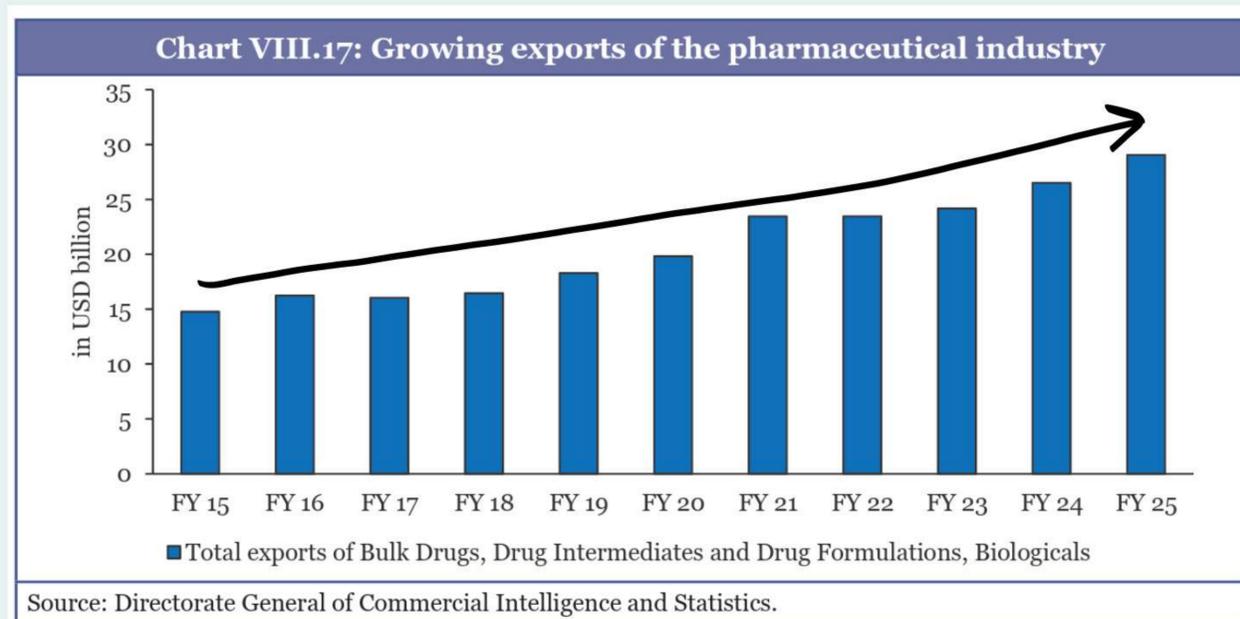
→ reimburses R & D cost, access to design tools, promote SUs & MSME

→ ₹ 15 Cr / Company for chip design innovation

} 50% support

## PHARMACEUTICALS:

- \* Indian Pharma
  - Rank-3 by Vol<sup>m</sup>
  - 20% global generic demand
  - export to 191 countries → > 50% export to highly regulated mkt like US, Europe etc (Export Rank=11, 3% global share)
  - global leader in low cost vaccines e.g. Diphtheria, Tetanus, BCG etc



- \* Medical Devices → export to 187 countries  
e.g. High end MRI, CT scanners, ventilators etc

Schemes: PLI for Bulk Drugs, PLI Medical Devices, Strengthening of Medical Device Industry (SMDI)-2024, @ ₹ 500 Cr

# TEXTILES:

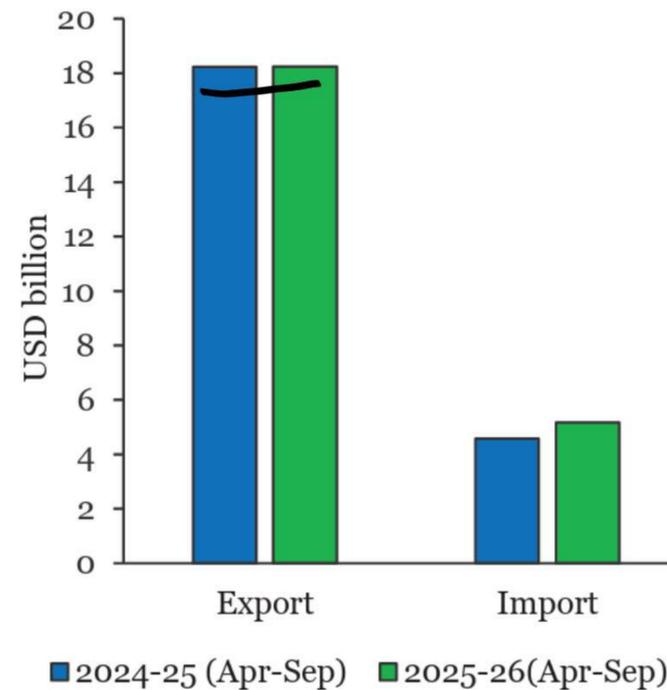
India — Export Rank = 6  
 — World Export share = 3.9%  
 — Jobs = 3.5 cr  
 — GDP contri = 2%  
 — 11% of Mfg GVA

## Advantage:

\* India = world No.1 cotton & Jute cultivator  
 = world No.2 in silk

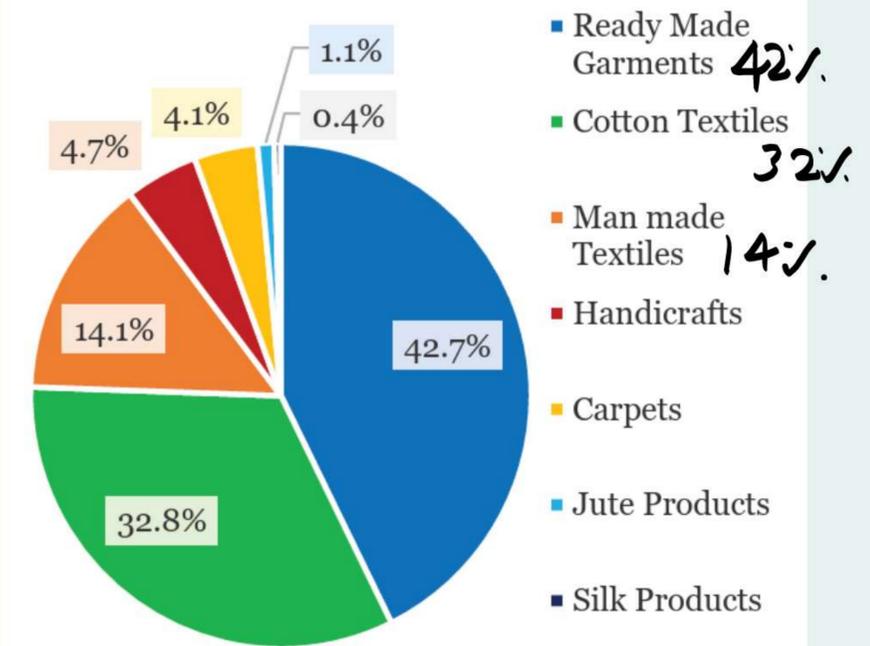
\* India = major hub in MME, Rank = 2, eg polyester

Chart VIII.18: Trade in Textiles and Apparels



Source: Ministry of Textiles.

Chart VIII.19: Share of components in India's Textile Exports in FY 25 (in per cent)



Source: Ministry of Textiles.

## 1. PLI FOR MMF & TECHNICAL TEXTILES: 2021

@ ₹10683 Cr

## 2. PM-MEGA INTEGRATED TEXTILE REGION & APPAREL PARK (PM-MITRA)

Min 1000 acre

GF

BF

VISION: 5F = Farm, Fibre, Factory, Fashion, Foreign

Goal — attract I<sup>+</sup> = ₹70000 Cr

— Empl<sup>t</sup> = 20L

At least 1000 acres

• Development Capital Support

• Competitiveness Incentive Support (3% of TO)

1. GF Park = ₹500/park (DCS) + ₹300/park (CIS)

2. BF Park = ₹200/park (DCS) + ₹300/park (CIS)

## 3. NATIONAL TECHNICAL TEXTILE MISSION (NTTM) - 2020, ₹1480 Cr, MOT

→ Train 50,000 ind<sup>i</sup> in tech. textile:

1. Research, Innov<sup>n</sup> & Devt:

2. Promotion & Mkt development

3. Export promotion

4. Education, Training, & Skill Devt

## 4. QUALITY CONTROL ORDERS (QCOs): 2025

→ for MMF,

## KEY INITIATIVES TO PROMOTE MANUFACTURING

### 1. Production Linked Incentives (PLI) - 2020

→ ₹ 1.97 L cr, 14 sectors

→ performance

- Investment = ₹ 2 L cr
- Incremental sale = ₹ 18.7 L cr
- Empl't = 12.6 L
- Incentives = ₹ 23946 cr in 12 sectors
- export = ₹ 8.2 L cr (elect, pharma, Telecom etc)

→ Electronics = success → major smartph. firms relocated to India

→ Pharma: Prod<sup>n</sup>, export

### 2. National Manufacturing Mission (NMM): 2025

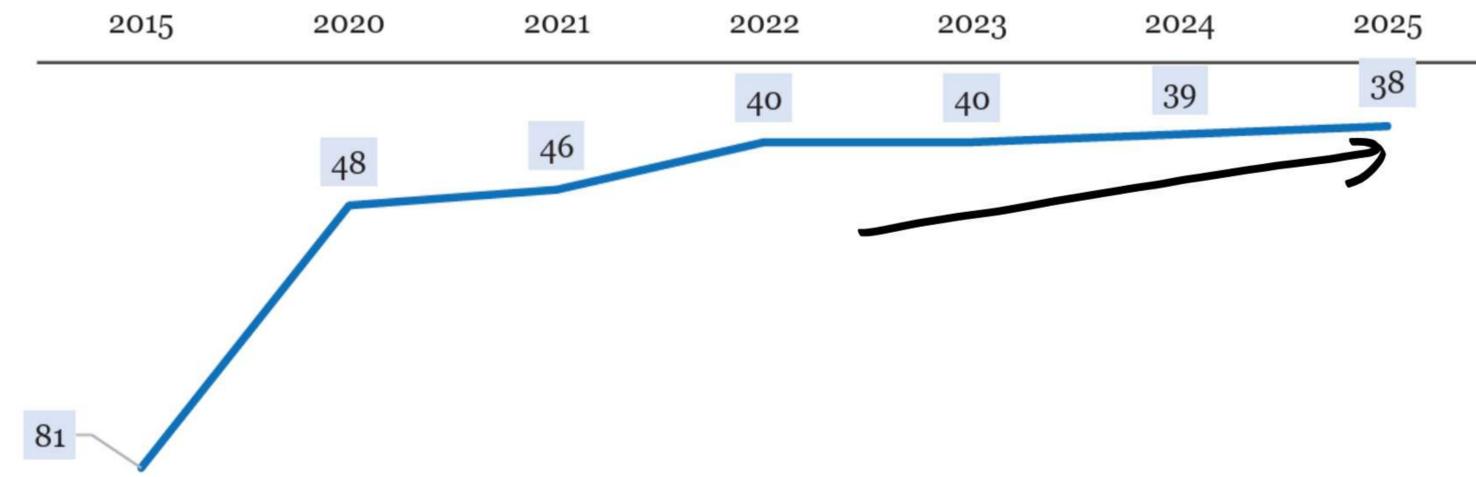
\* Target 2035

- ↑ mfg contri to 25% of GDP
- Generate 143 mn jobs
- ↑ Merchandise export to \$1.2 tr via GVC integration
- Focus on 20-30 ind. clusters across sectors based on demand, empl't capacity etc

### 3. Innovation and R & D:

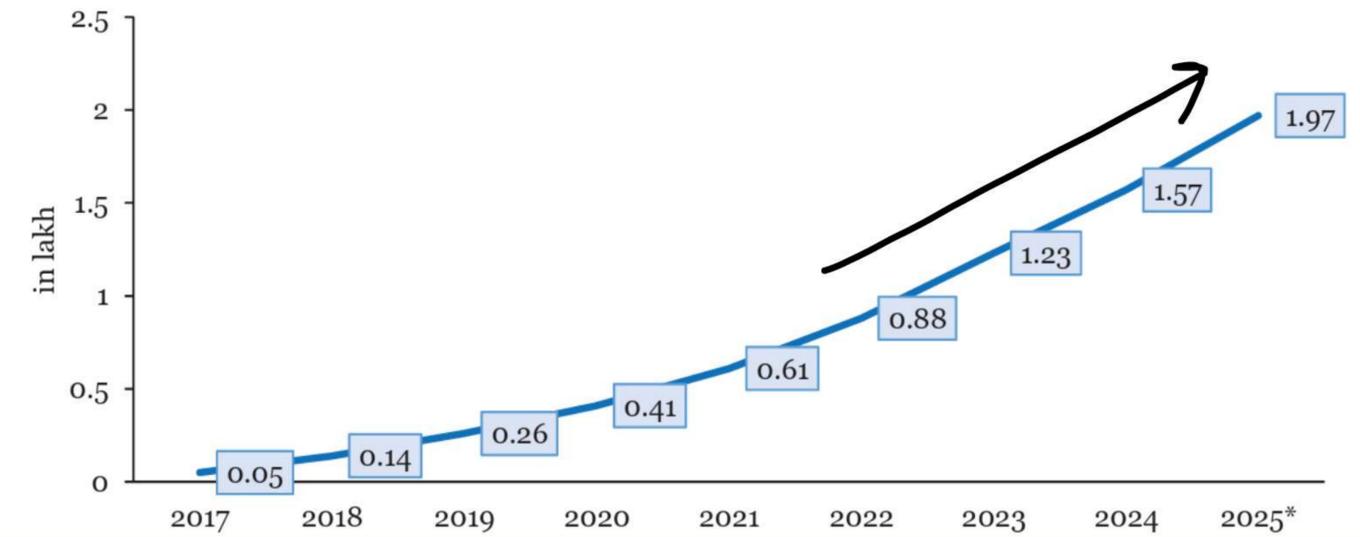
- \* Scientific Research Output Rank (Scholarly Pub.):
  - 2010 = 7<sup>th</sup>
  - 2025 = 3<sup>rd</sup>
- \* Global Innovation Index (GII) - WIPO  
2019 = 66<sup>th</sup>, 2025 = 38<sup>th</sup>
- \* Enterprise Policy & Culture (WIPO): 12<sup>th</sup>
- \* B'luu, Delhi, Mumbai = World's Top 50 Innovative clusters
- \* India's Rank in IPR
  - Trademark = 4<sup>th</sup> (brand logo, name, slogan)
  - Patent = 6<sup>th</sup> (process, f<sup>h</sup> etc)
  - Industrial Design = 7<sup>th</sup>
- \* Critical Tech Tracker (Pub. by Australian Strategic Policy Institute):  
→ India among top 5 in 45 out of 64 critical tech

**Chart VIII.20: India's Ranking in the Global Innovation Index over the years**



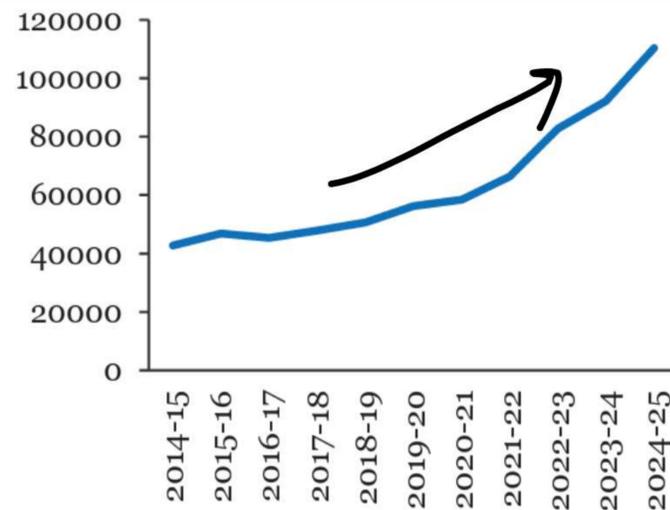
Source: World Intellectual Property Organization (WIPO).

**Chart VIII.23: Rapid growth in DPIIT-Recognised Startups (Cumulative no. of Startups)**



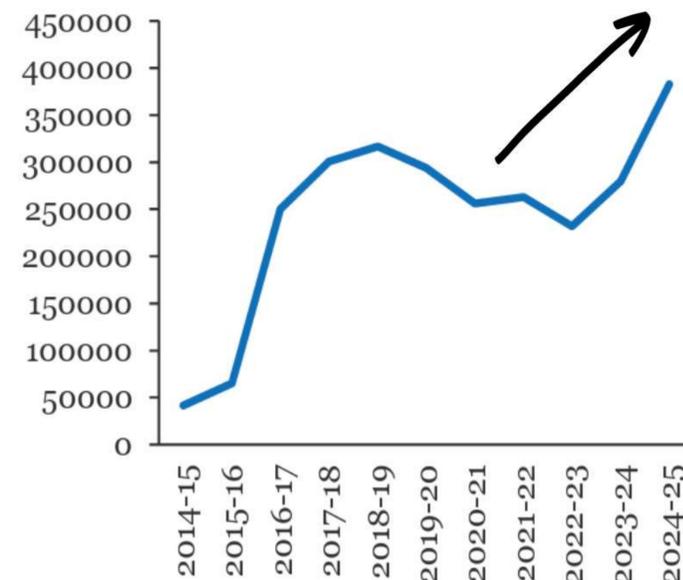
Source: DPIIT. Note: \*Data for 2025 is as on 31 October 2025.

**Chart VIII.21: Patent Applications**



Source: DPIIT.

**Chart VIII.22: Trademark Registrations**



Source: DPIIT.

**Box VIII.6: India's Rankings\* in Critical Technology Research Output**

Defence, space, robotics & transportation	<ul style="list-style-type: none"> <li>3<sup>rd</sup> in Advanced Aircraft Engines</li> <li>3<sup>rd</sup> in Autonomous underwater vehicles</li> <li>4<sup>th</sup> in Drones, Swarming and collaborative robots</li> </ul>
Quantum Computing	<ul style="list-style-type: none"> <li>3<sup>rd</sup> in post-quantum cryptography</li> <li>4<sup>th</sup> in Quantum Sensors</li> </ul>
Biotech, gene tech and vaccines	<ul style="list-style-type: none"> <li>2<sup>nd</sup> in Biological Manufacturing</li> <li>3<sup>rd</sup> in Novel Antibiotics and Antivirals</li> </ul>
Artificial Intelligence, Computing and Communications	<ul style="list-style-type: none"> <li>2<sup>nd</sup> in Mesh and Infrastructure Independent Networks</li> <li>3<sup>rd</sup> in Advanced radiofrequency communication, Protective cybersecurity technologies</li> <li>3<sup>rd</sup> in AI algorithms, machine learning, Natural Language Processing</li> </ul>
Advanced Materials	<ul style="list-style-type: none"> <li>2<sup>nd</sup> in Advanced Composite Materials, Smart Materials</li> <li>3<sup>rd</sup> in Nanoscale Materials, Coatings, Advanced Explosives</li> </ul>
Energy	<ul style="list-style-type: none"> <li>2<sup>nd</sup> in Biofuels</li> <li>3<sup>rd</sup> in Supercapacitors, Nuclear waste management &amp; recycling</li> <li>4<sup>th</sup> in Nuclear Energy, Hydrogen and ammonia for power</li> </ul>

\*Note: ASPI's rankings are research-output based and indicate relative scientific leadership and do not necessarily capture industrial maturity, commercial deployment, or production capabilities.  
Source: ASPI Critical Technology Tracker.

Crises Expend on R&D (GERD) = 0.64% of GDP < Global Avg

US = 3.48%, China = 2.43%, SK = 4.91%.

low R&D by Pvt sector in Total Exp. on R&D

India = 41%, China = 77%, US = 75%, SK = 79%.

Anushandhan National Research Foundation (ANRF) Act - 2023

↳ funding, direction, collab b/w academia & industry

Research Development & Innovation Scheme (RDIS) - 2025

→ @ ₹ 1 L Cr (AI, Robotics, Space, C.C, Digital Eco)

→ GOI → ANRF → DST (Nodal Agency)

↳ AIF, NBFCs, DFI = Loan & Equity

MISSIONS: India AI Mission, National Green Hydrogen Mission  
(5 MMT/yr GH by 2030), Quantum Mission

## 4. Quality Control

\* QCO → regulatory instruments mandated to meet quality std.

\* 2019-2023: No. of QCOs = X 3

Chart VIII.25: Growth in terms of number of QCOs and coverage

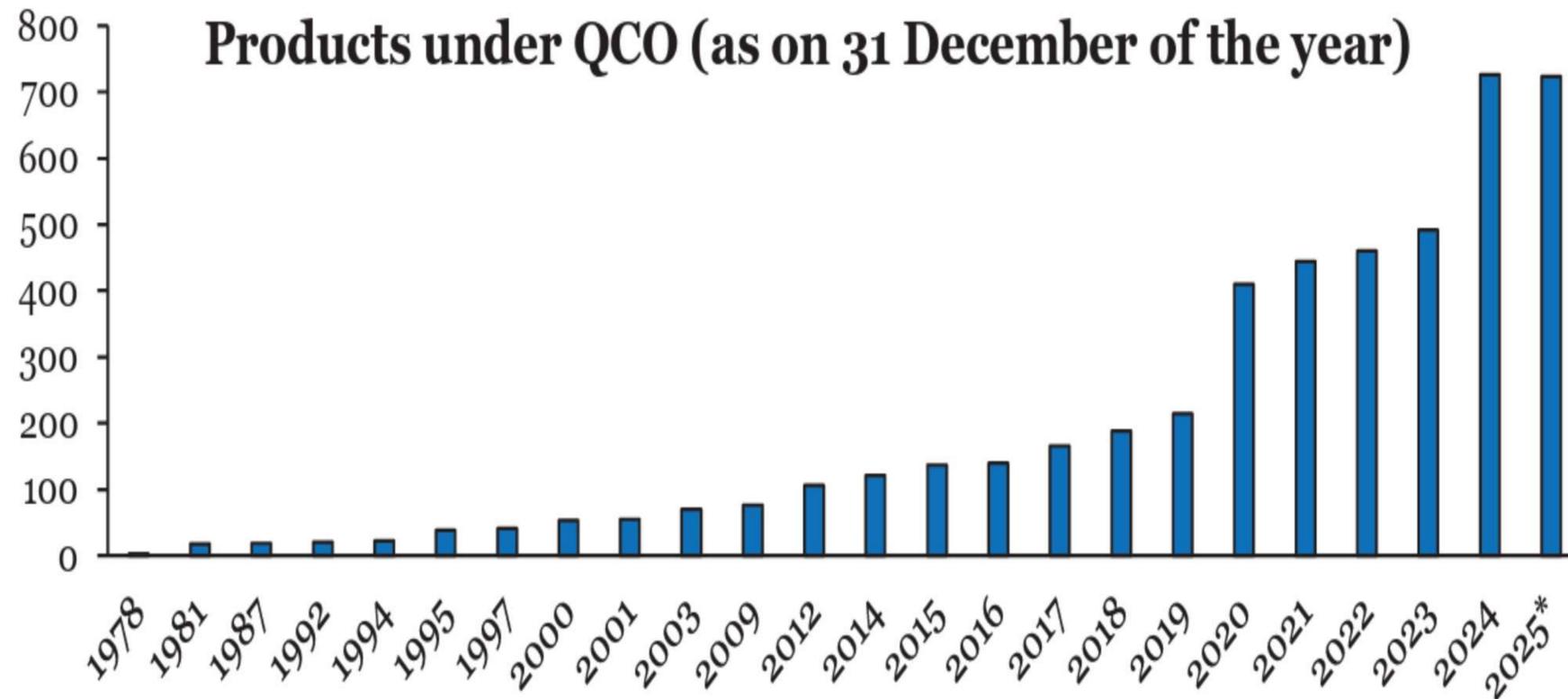
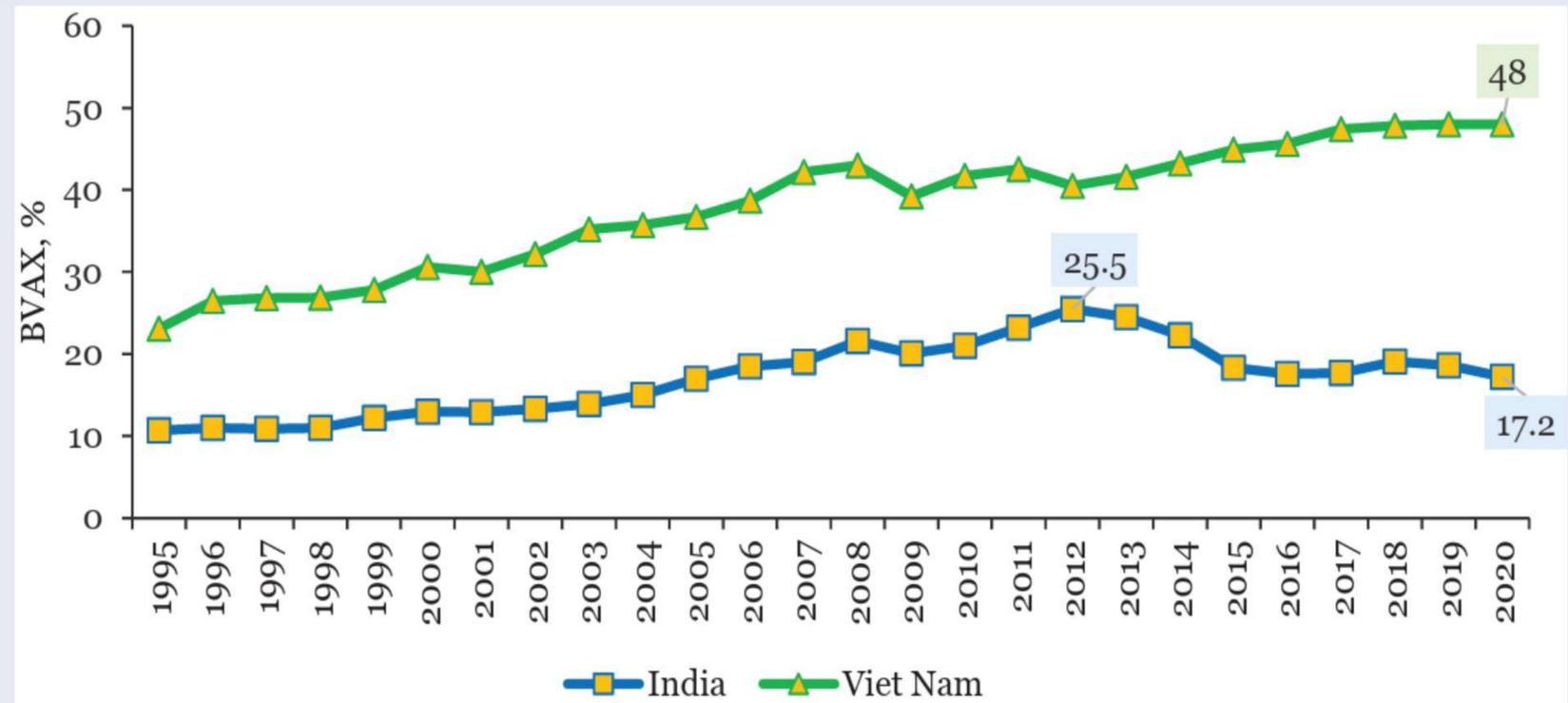


Chart VIII.29: Backward GVC Participation – BVAX (as per cent of Gross Exports), India and Vietnam



Source: OECD-TiVA database.

High BVAX → ↑ participation in GVA

	<u>1995</u>	<u>2012</u>	<u>2020</u>
India	10.7%	25.5%	17.2%
Vietnam	20%	35%	48%

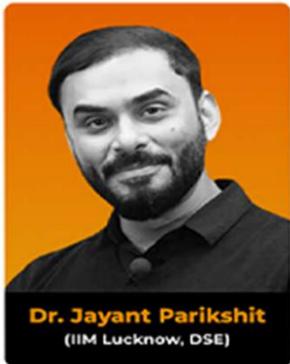
$$\text{BVAX Ratio} = \frac{\text{Foreign VA}}{\text{Gross Export}}$$

↓  
% of input contents in a country's export

# SMART

**CURRENT AFFAIRS  
FOR UPSC 2026**

One expert is never enough for  
current affairs so **WE GIVE YOU 3**



**Dr. Jayant Parikshit**  
(IIM Lucknow, DSE)

Macro analysis and  
economic perspectives



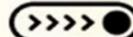
**Srivatsan**  
(Ex-IRS)

Insights from governance  
and public service



**Abhinav Srivastav**  
(IIT Roorkee)

Analytical and data-driven  
approach



**Admissions open**

**SMART**  
CURRENT AFFAIRS PRELIMS

**SCAN  
HERE**



**SMART**  
CURRENT AFFAIRS  
PRELIMS AND MAINS



**SCAN  
HERE**



**Budget Session Part 1**



**Budget Session Part 2**



**Budget Session Part 3**



**Economic Survey Part 1**



**Economic Survey Part 2**

# ECONOMIC SURVEY

## HANDOUT-3

### INFLATION TAMED AND ANCHORED

#### ECONOMIC SURVEY LECTURES



Economic Survey Part 1



Economic Survey Part 2



Economic Survey Part 3

#### BUDGET LECTURES



Budget Session Part 1



Budget Session Part 2



Budget Session Part 3

# CHAPTER-5: INFLATION-TAMED AND ANCHORED

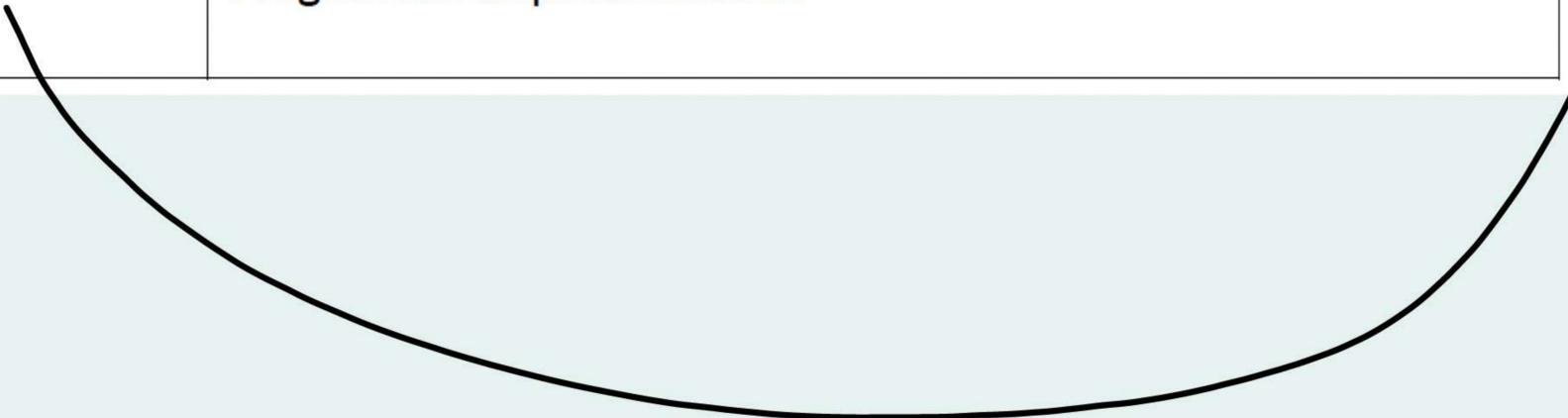
INFLATION TYPES & SOURCES		
INDICES	BASE YEAR	COMPILED BY
WPI	2011-12	Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry
CPI-IW	2016	Labour Bureau, in Ministry of Labour & Employment
CPI-AL	1986-87	
CPI-RL	1986-87	
CPI-R CPI-U CPI-C	2012	National Statistical Office (NSO), Ministry of Statistics & Programme Implementation

**GOVERNMENT OF INDIA**  
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

**NSD, MoSPI's Base Year Revision Schedule for India's Key Economic Indicators: CPI, GDP, and IIP**

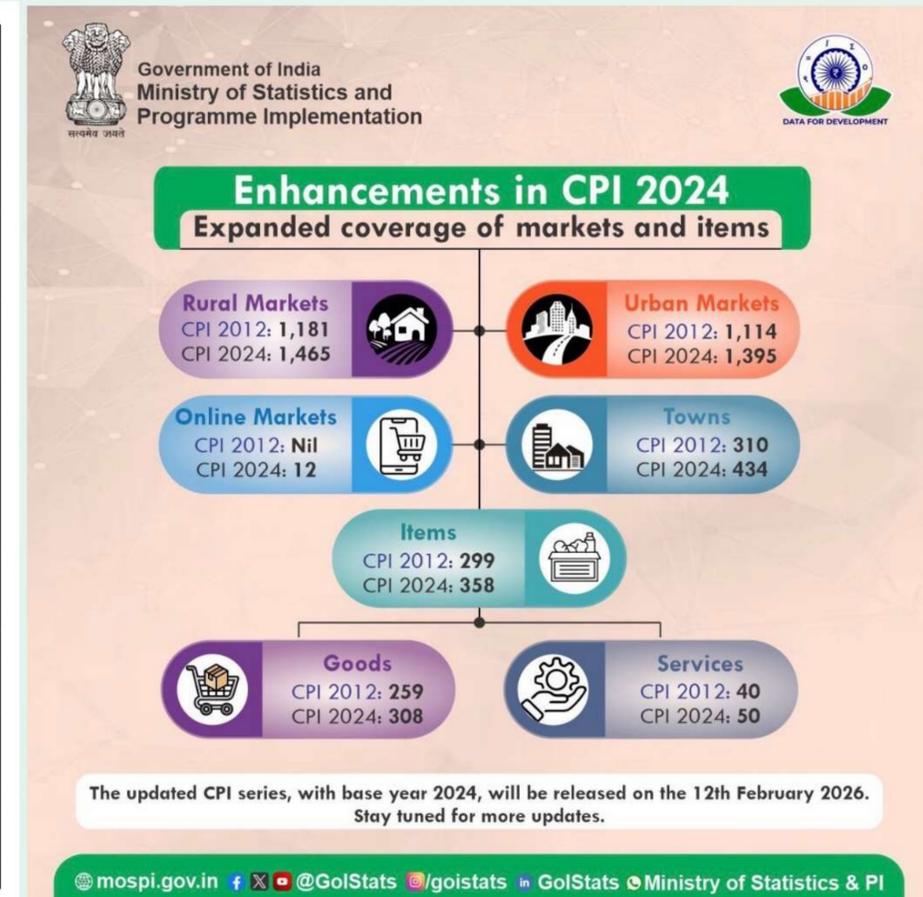
- CPI:** Revised Base Year: 2024, Release Date: 12th February 2026
- GDP:** Revised Base Year: 2022-23, Release Date: 27th February 2026
- IIP:** Revised Base Year: 2022-23, Release Date: 28th May 2026

mospi.gov.in @GoStats /goistats GoStats Ministry of Statistics & PI



# CPI:

SL.NO	Group Description	Revised Series of CPI (Base Year 2012)		
		Rural	Urban	Combined
1	Food & beverages	54.18	36.29	45.86
2	Pan, tobacco & intoxicants	3.26	1.36	2.38
3	Clothing & Footwear	7.36	5.57	6.53
4	Housing	-	21.67	10.07
5	Fuel & Light	7.94	5.58	6.84
6	Miscellaneous	27.26	29.53	28.32
	<b>Total</b>	100	100	100
	<b>Consumer Food Price Index (CFPI)</b>	<b>47.25</b>	<b>29.62</b>	<b>39.06</b>



$$299 \text{ items} = 259G + 40S$$

$$358 \text{ Items} \begin{cases} G = 308 \\ S = 50 \end{cases}$$

SL.NO	Group Description	Revised Series of CPI (Base Year 2012)
		Combined
1	Food & beverages	45.86
2	Pan, tobacco & intoxicants	2.38
3	Clothing & Footwear	6.53
4	Housing	10.07
5	Fuel & Light	6.84
6	Miscellaneous	28.32
	<b>Total</b>	<b>100</b>
	<b>Consumer Food Price Index (CFPI)</b>	<b>39.06</b>

Non-Food,  
Non-Fuel

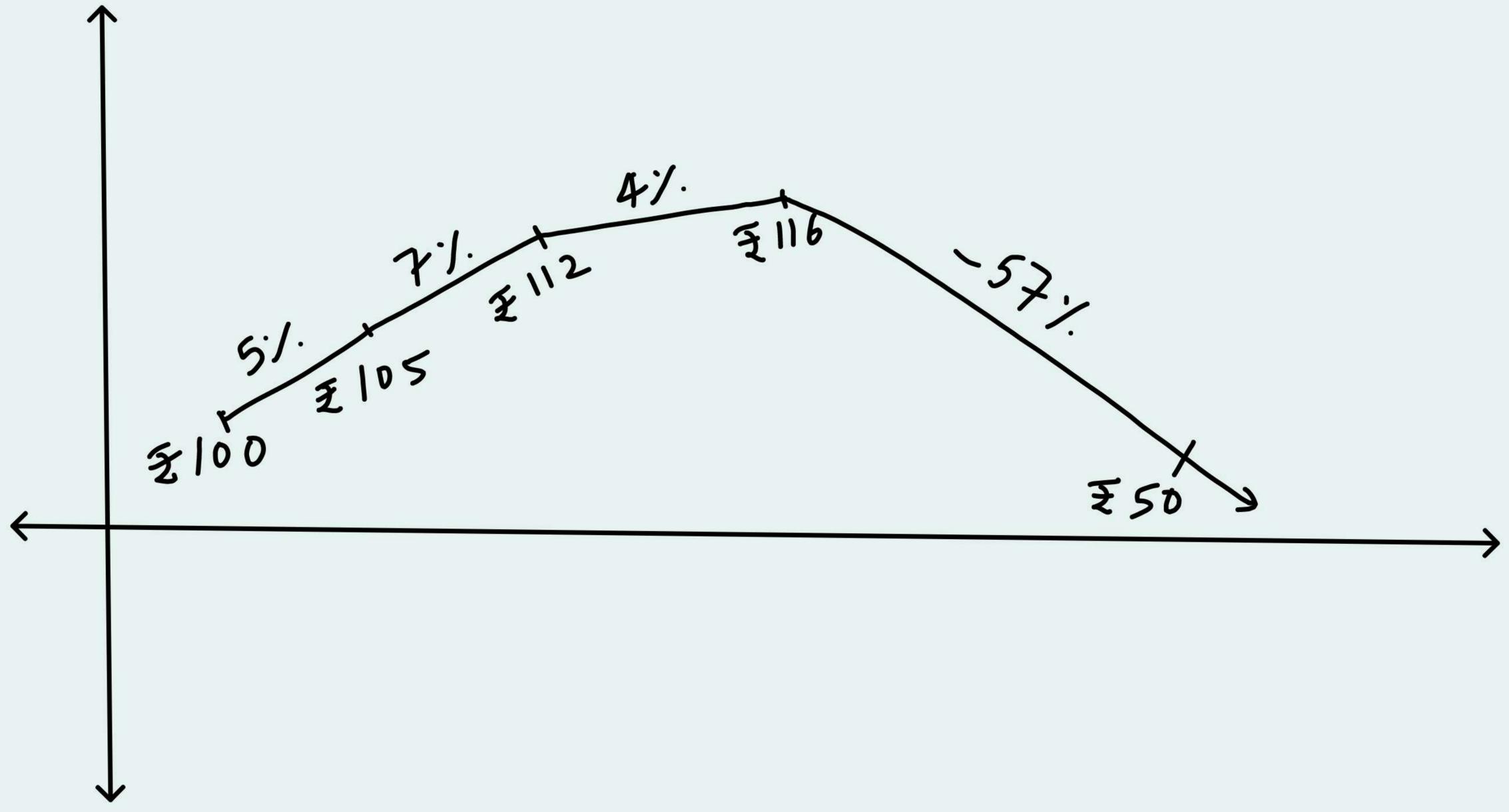
CPI-core

(C & F, Housing, Health,  
Tr & C) +  
other Non-Food +  
other Non-Fuel

CPI-core

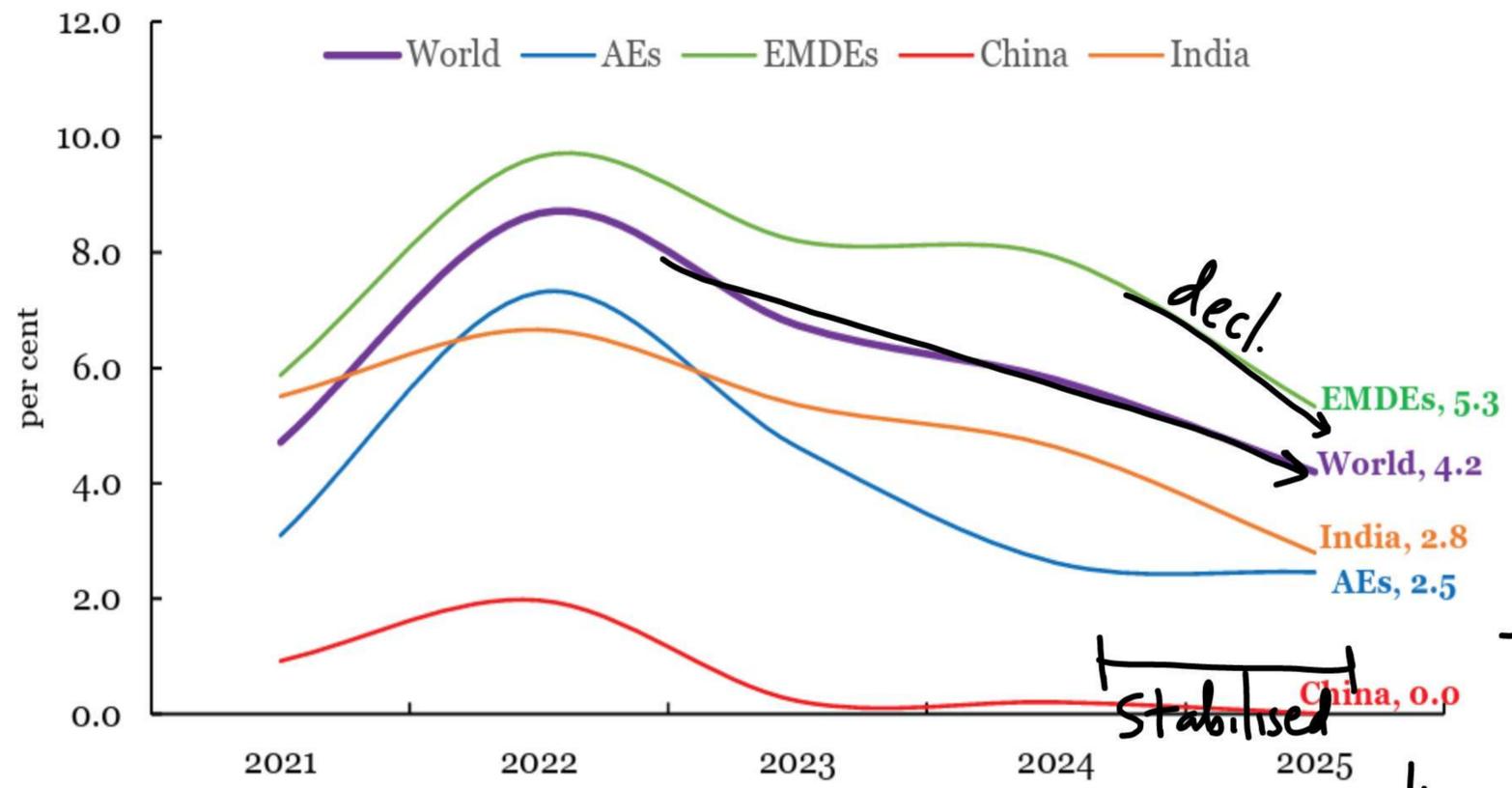
WPI :

<b>Sl.No</b>	<b>Component</b>	<b>Weight</b>
1	Primary Articles: (117) *Out of which Food = 15.26%	22.62%
2	Fuel & Power (16)	13.15%
3	Manufactured Products (564) *Out of which Food = 9.12%	64.23%
	Total	100%



# GLOBAL INFLATION!

Chart V. 1: Global Headline Inflation



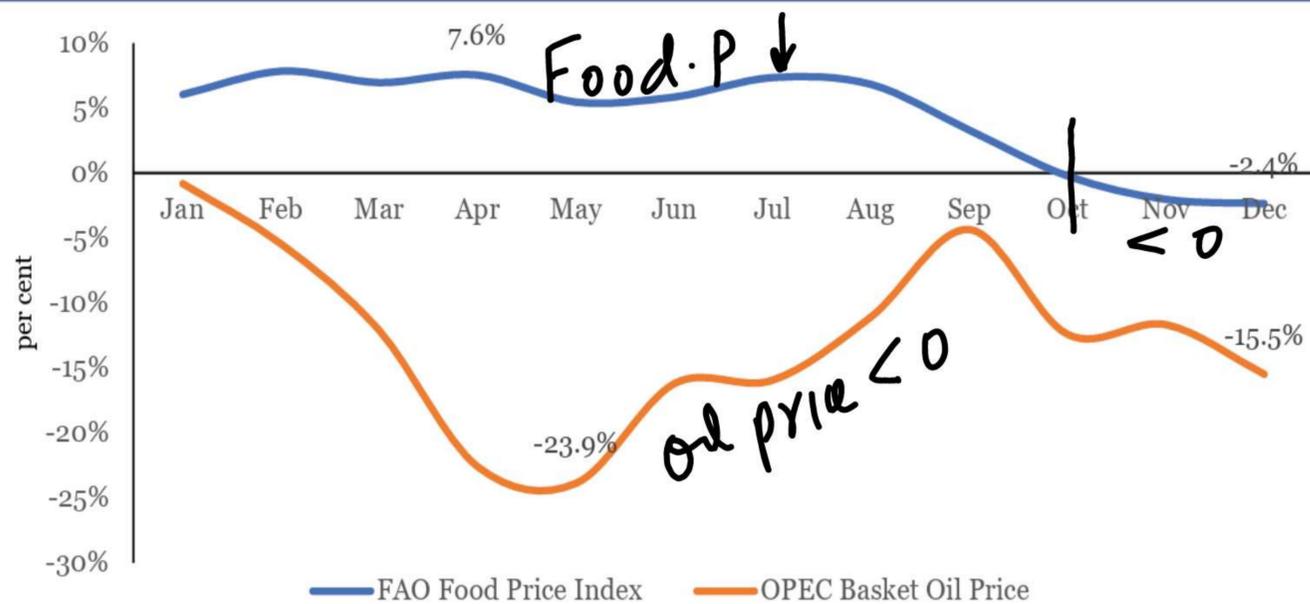
Source: IMF World Economic Outlook Database; EMDEs include China and India

↓  
US ↓  
Europe ↓  
UK ↑ (due to services)  
Japan ↑

↓  
price stagnation

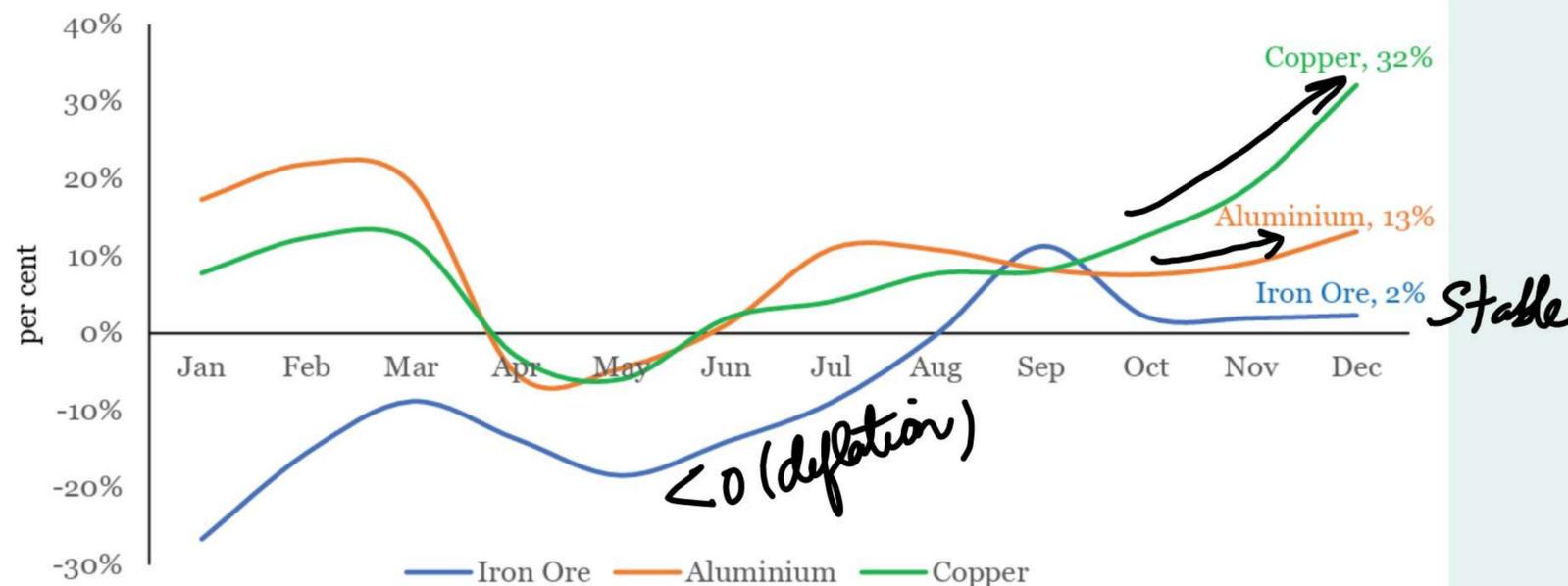
# DRIVERS OF GLOBAL INFLATION:

Chart V.2: Global Food and Oil Inflation Trends in 2025



Source: FAO, OPEC

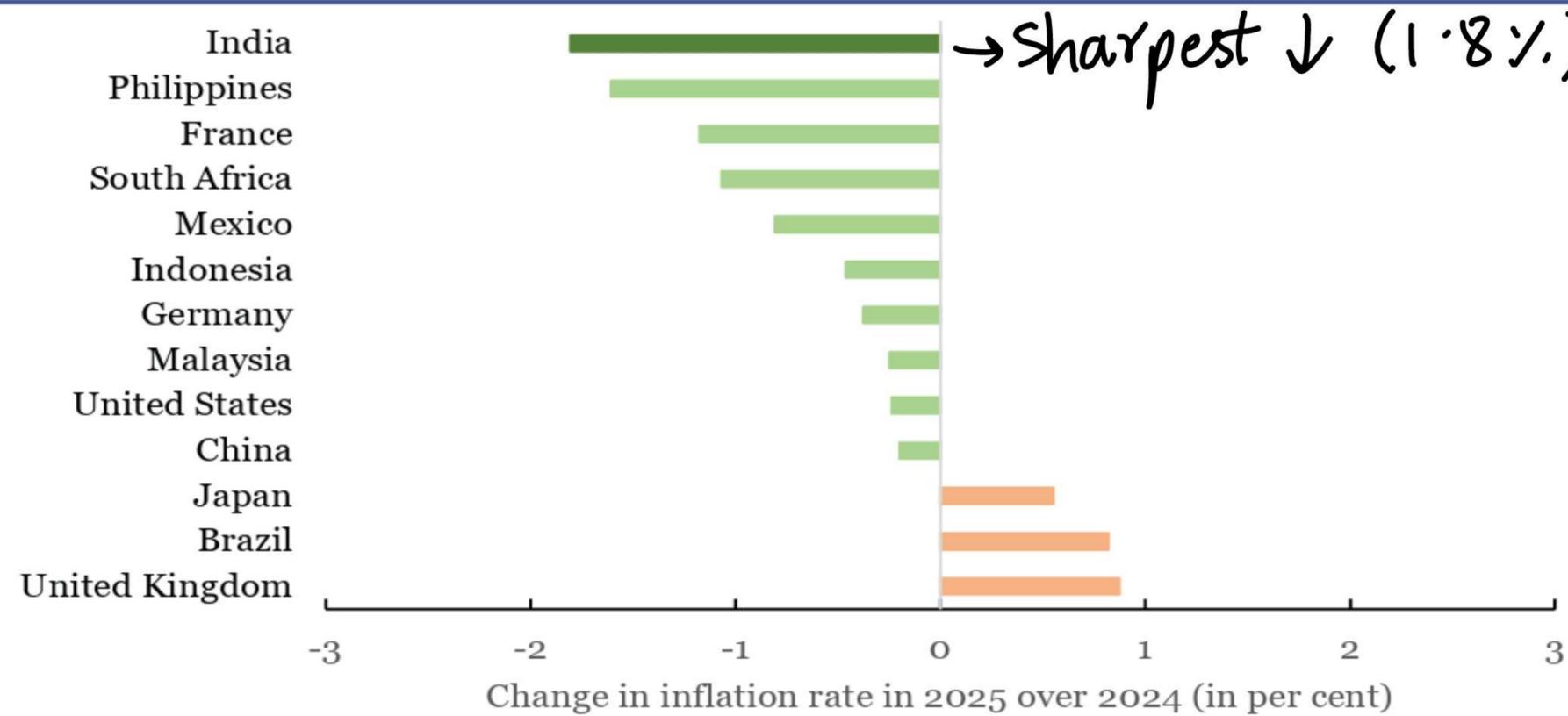
Chart V.3: Key Metals - Inflation Trends in 2025



World Bank Pink Sheet

Overall: oil & metal (esp. iron) price ~ low → COP ~ low for many industries for most part of the year

Chart V. 5: Change in Inflation Rate in Major Economies (2025 over 2024)



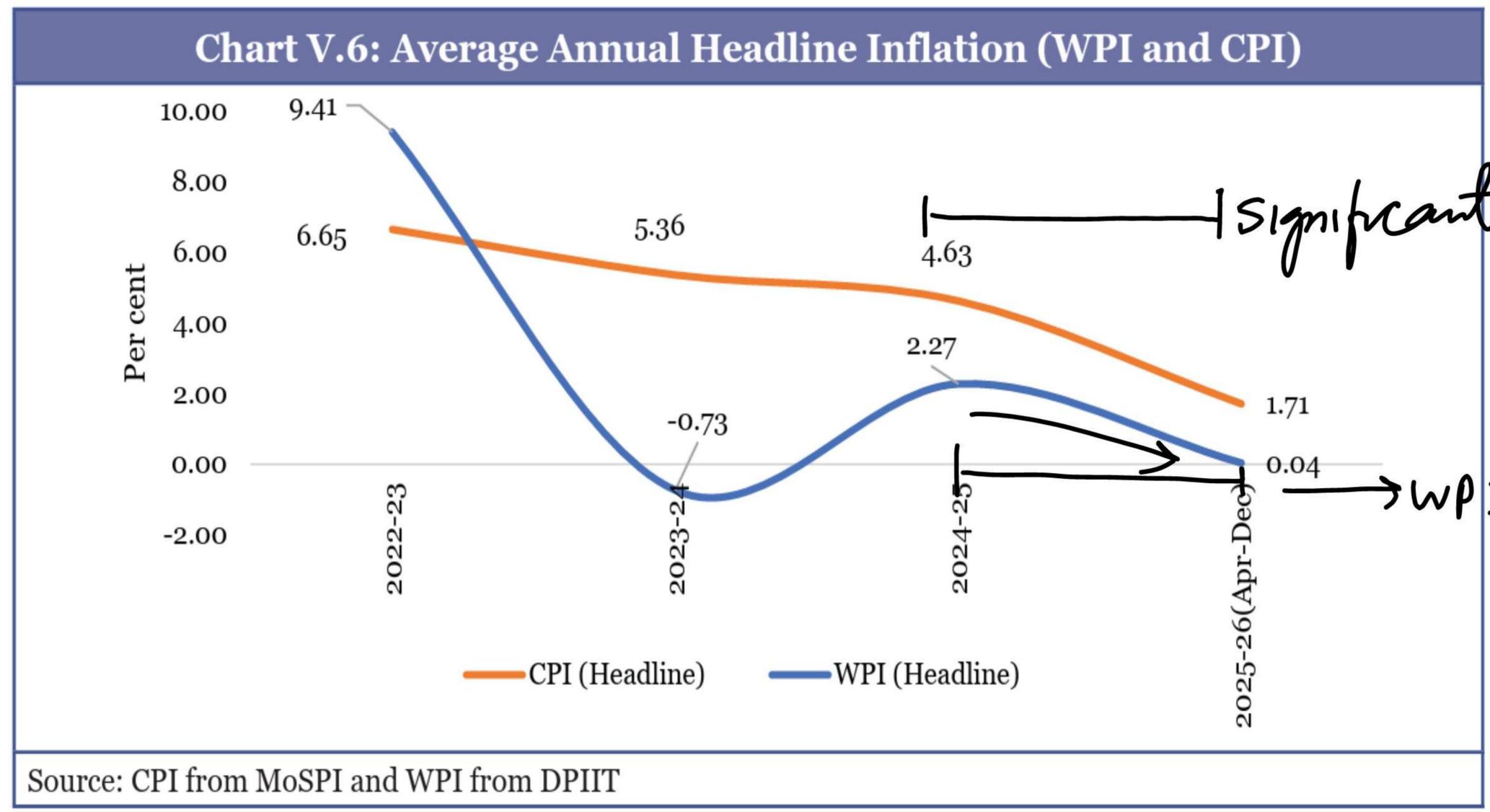
Source: World Economic Outlook Database, IMF

\* Low Inflation  
\* High GDP  
↓  
a. M.P targeting  
b. Inflation expectations are anchored well

## DOMESTIC INFLATION:

1. Sustained moderation of Retail Inflation
2. Softening core, if precious metals excluded
3. Dominance of Base effect
4. Drivers of Food Disinflation (Agriculture)
5. Drivers of Core Inflation

# ① Sustained Moderation in retail inflation:

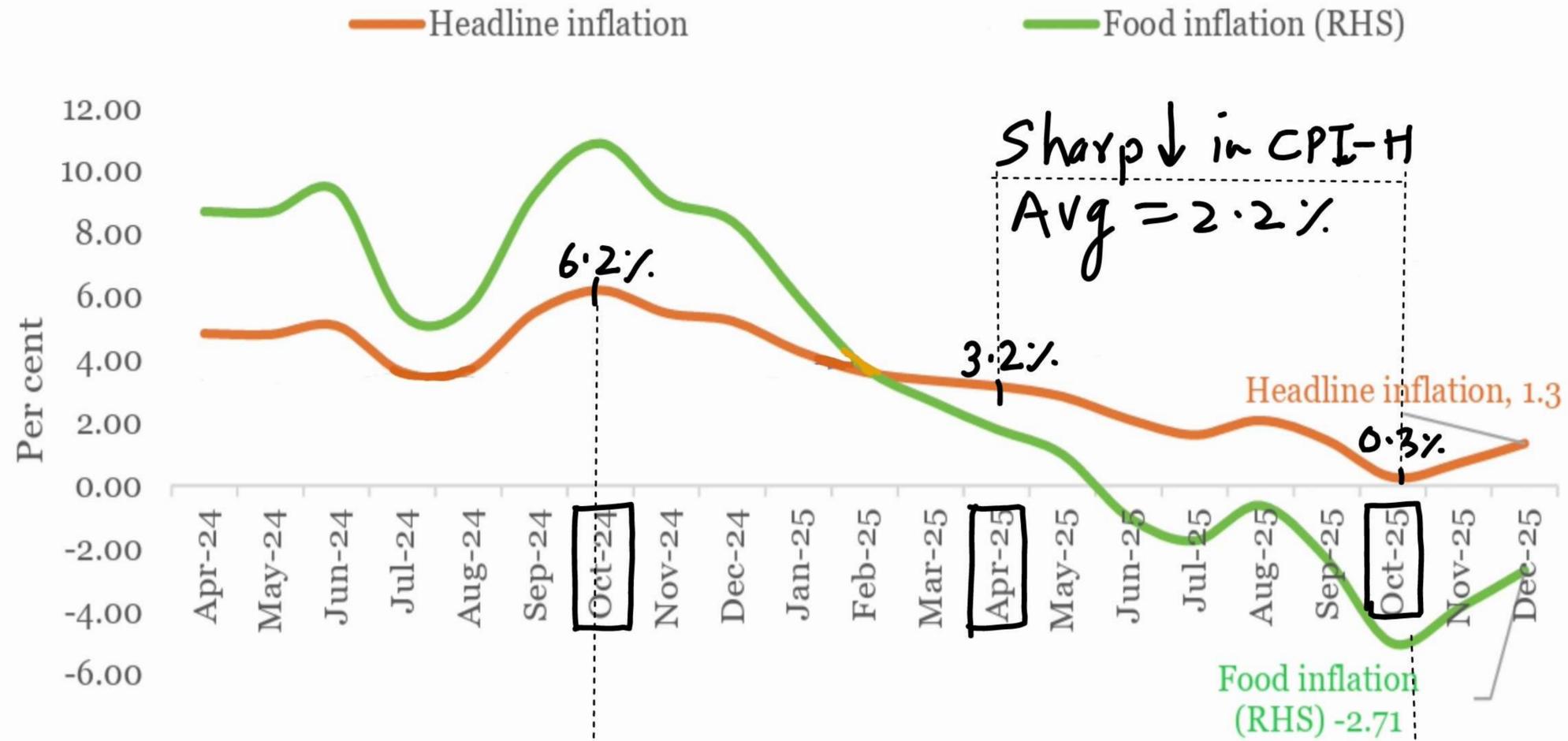


Significant CPI decline (24-25)

WPI < CPI → moderating impact on CPI

# CPI-H, C & F:

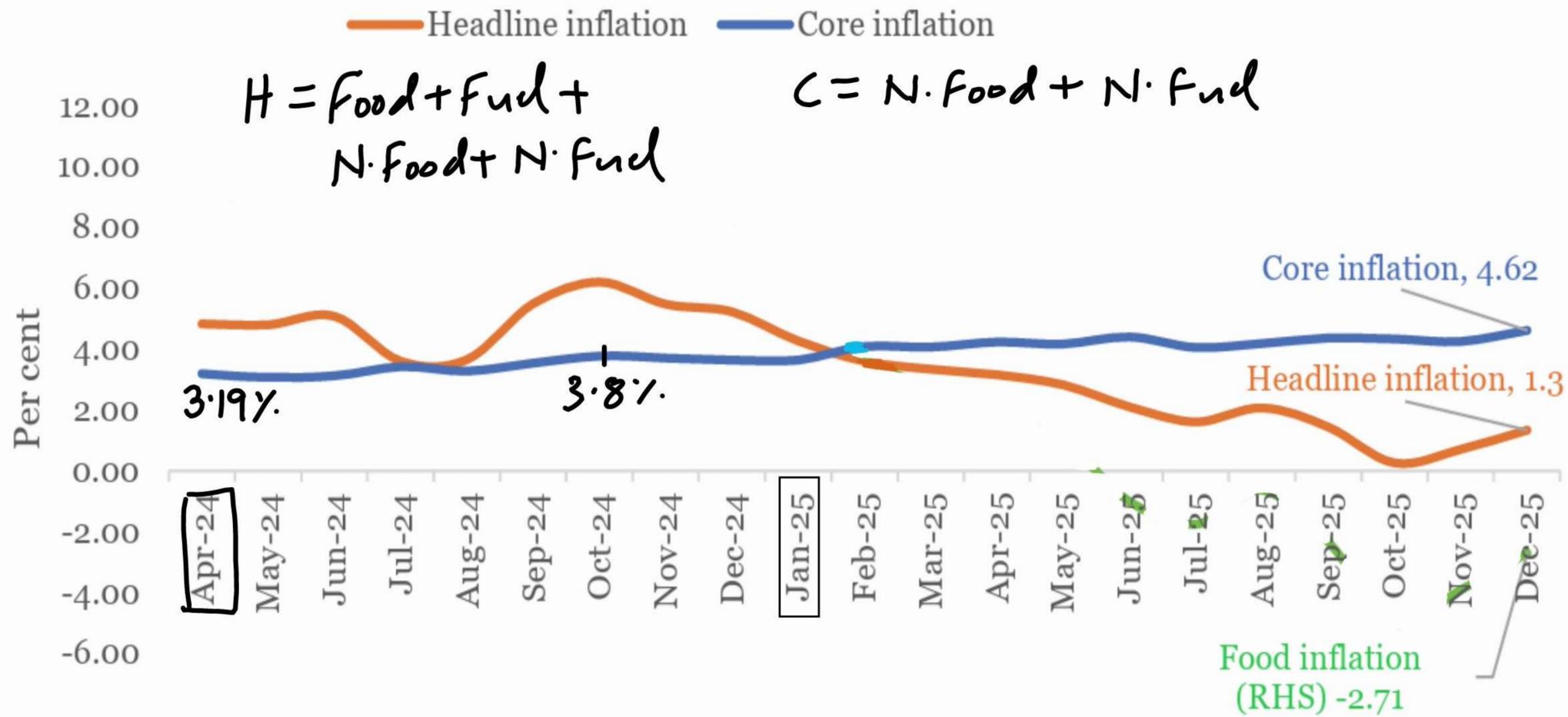
## Chart V.7: Monthly CPI (Headline, Core and Food) Inflation



Source: Calculated using data from MoSPI

Disinflation Period

Chart V.7: Monthly CPI (Headline, Core and Food) Inflation



Source: Calculated using data from MoSPI

Jan25:  $CPI-C > CPI-H$

Core

- 2024: 3.5%
- 2025: 4.3%

→ Mainly: Gold, Silver (Global uncertainty & safe heaven demand)

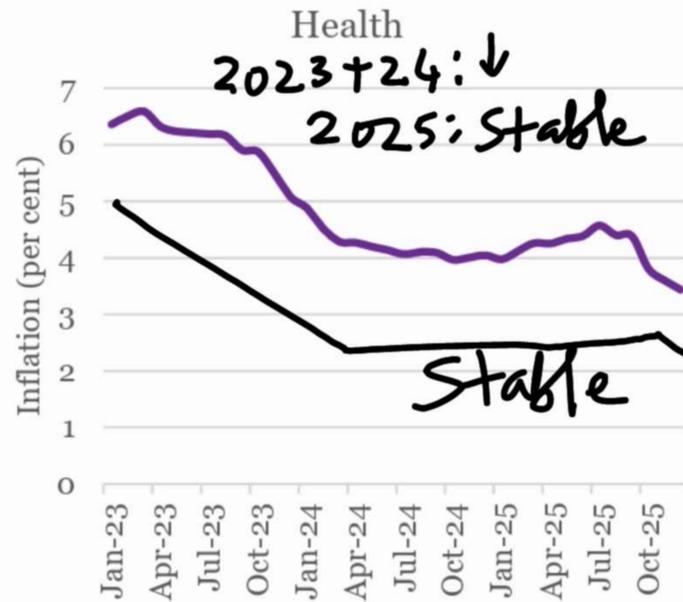
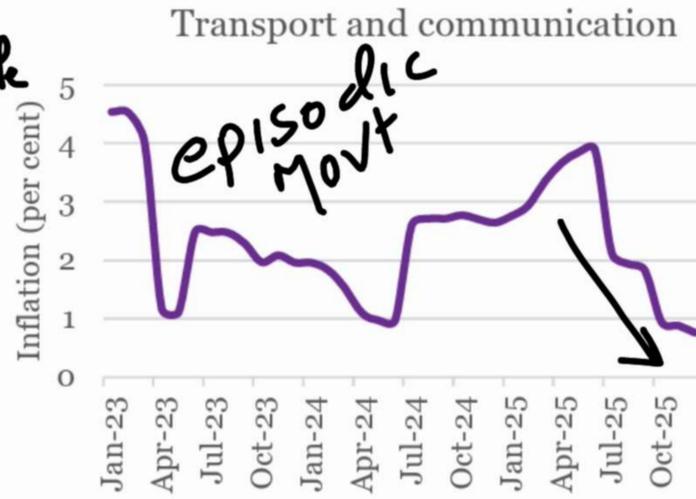
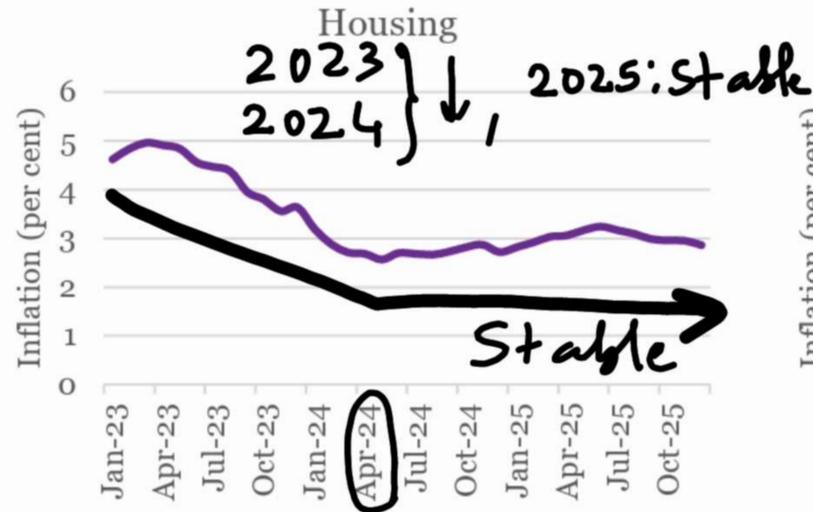
\* Core-Infl<sup>n</sup> = sticky

↓

CPI-H ↓

# DRIVERS OF CORE INFLATION!

Chart V.15: Major Components of Core Inflation

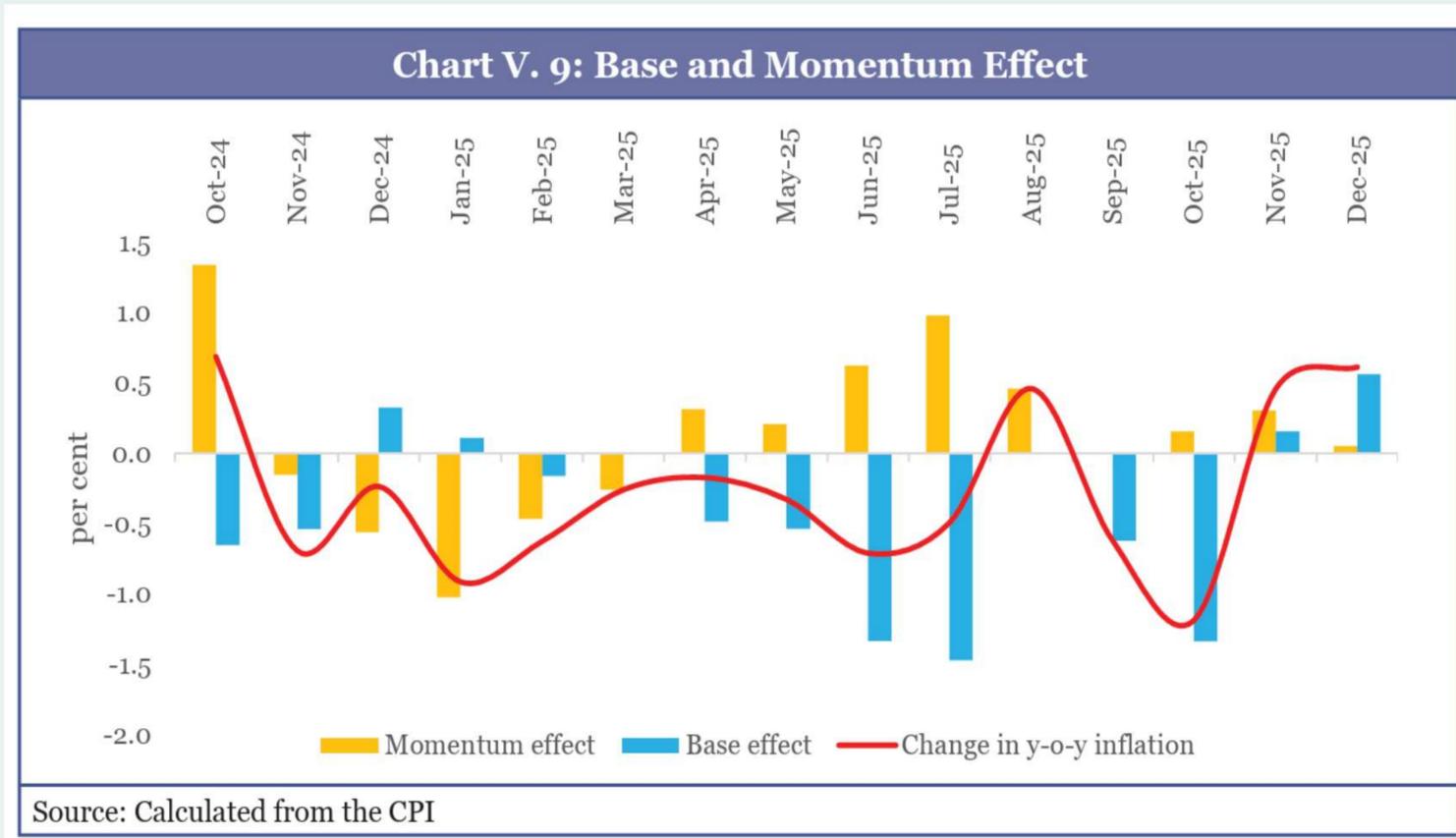


Source: MoSPI

}  
 = 1/3 of CPI  
 = 60% of CORE

# Dominance of Base Effect:

Inflation:   
 Momentum Effect - captures month-on-month  $\Delta P$  in current yr   
 Base Effect: y-o-y  $\Delta P$



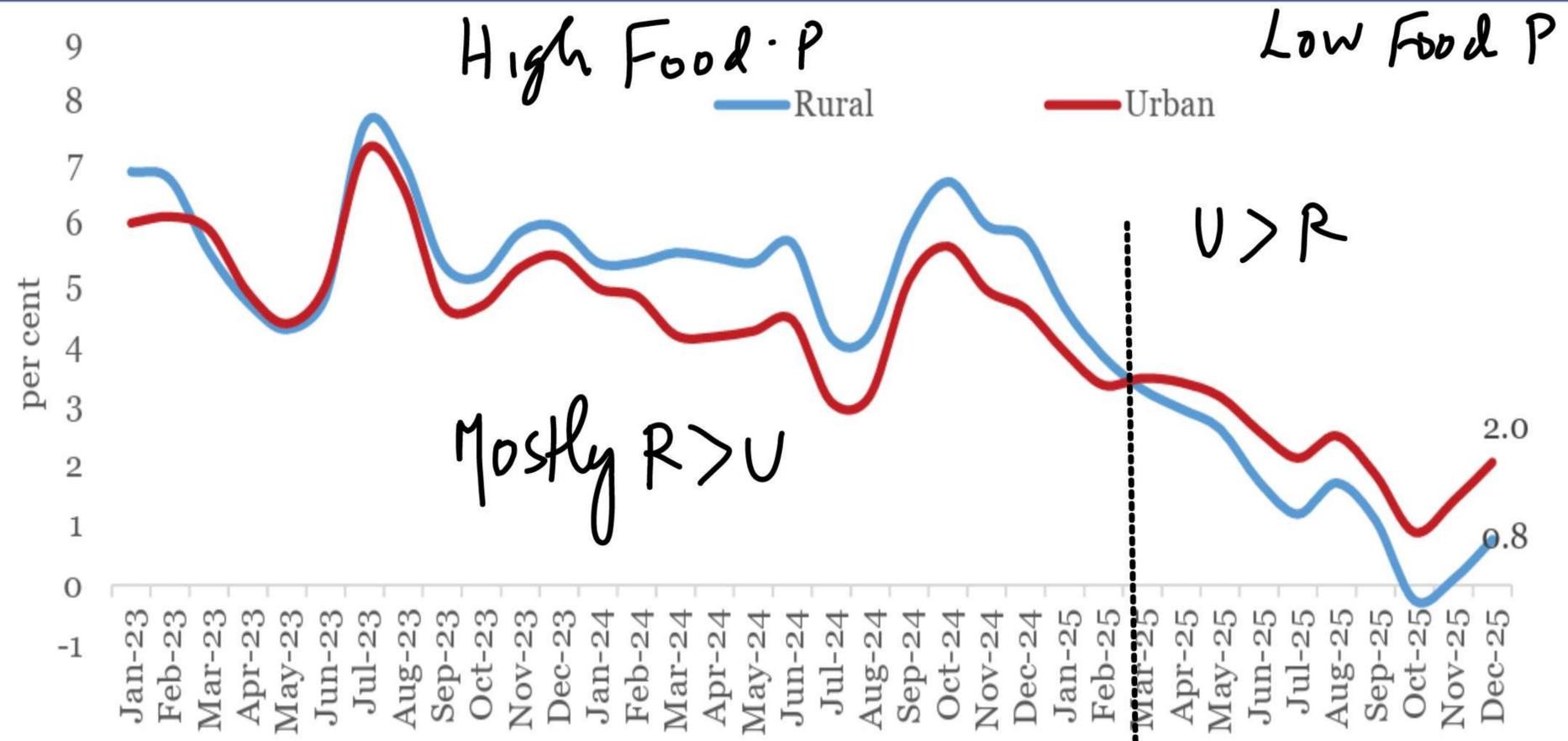
2025:  $BE > M-E \Rightarrow$  disinflation

# DRIVERS OF FOOD INFLATION:

DRIVERS OF FOOD DISINFLATION		
Agricultural Items	2024	2025
<b>Vegetables</b>	decline	<0
<i>Tomatoes</i>	<i>Mixed</i>	<0 (Ag 2025: >0)
<i>Onions</i>	<i>Mixed</i>	<0
<i>Potatoes</i>	<i>Mixed</i>	<0
<i>Garlic</i>	<i>Mixed</i>	<0
<b>Pulses</b>	Inflation (Less volatile) ✖	<0 (Less volatile)
<b>Spice</b>	<0 (June 2024)	<0
<b>Cereals</b>	Decline ✖	<0 by Dec 2025
<b>Edible Oil</b>	Slow Price Rise(Aug to Dec 2024) (BCD increased to 20%) <i>Global Price = ↓</i>	<ul style="list-style-type: none"> <li>▪ Slow Price Rise Jan to May 2025 (so BCD =20%)</li> <li>▪ Sharp Price Rise in June-Aug 2025 (BCD = 10%)</li> <li>▪ Decline from Aug 2025</li> </ul>
<b>Egg, Meat &amp; Fish</b>	Overall Decline	Decline but then Increase (recovered) wef. July 2025
<b>Milk</b>	Stable	Stable @ 2.6%

# RURAL VS URBAN INFLATION:

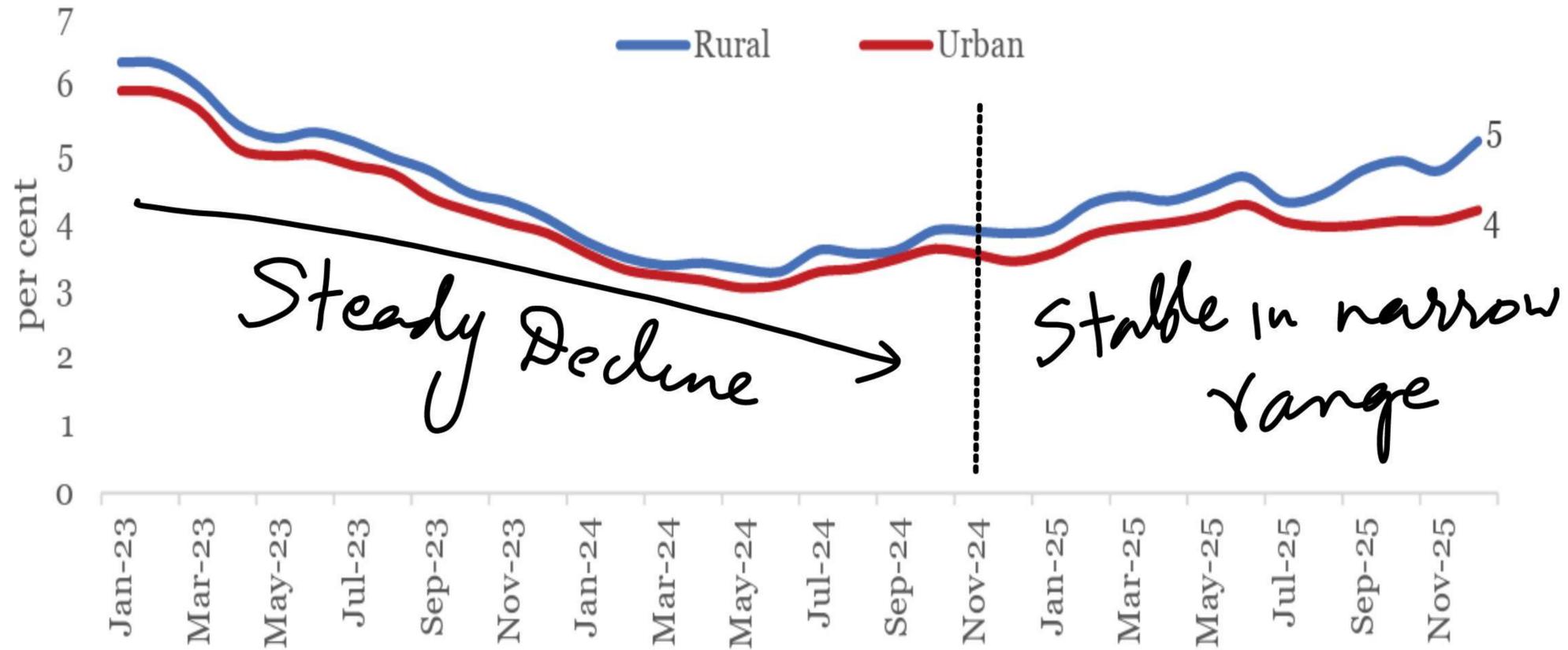
Chart V. 17: Headline Inflation: Rural and Urban



$CPI-R (Food) = 47.25\%$   
 $CPI-U (Food) = 29.62\%$

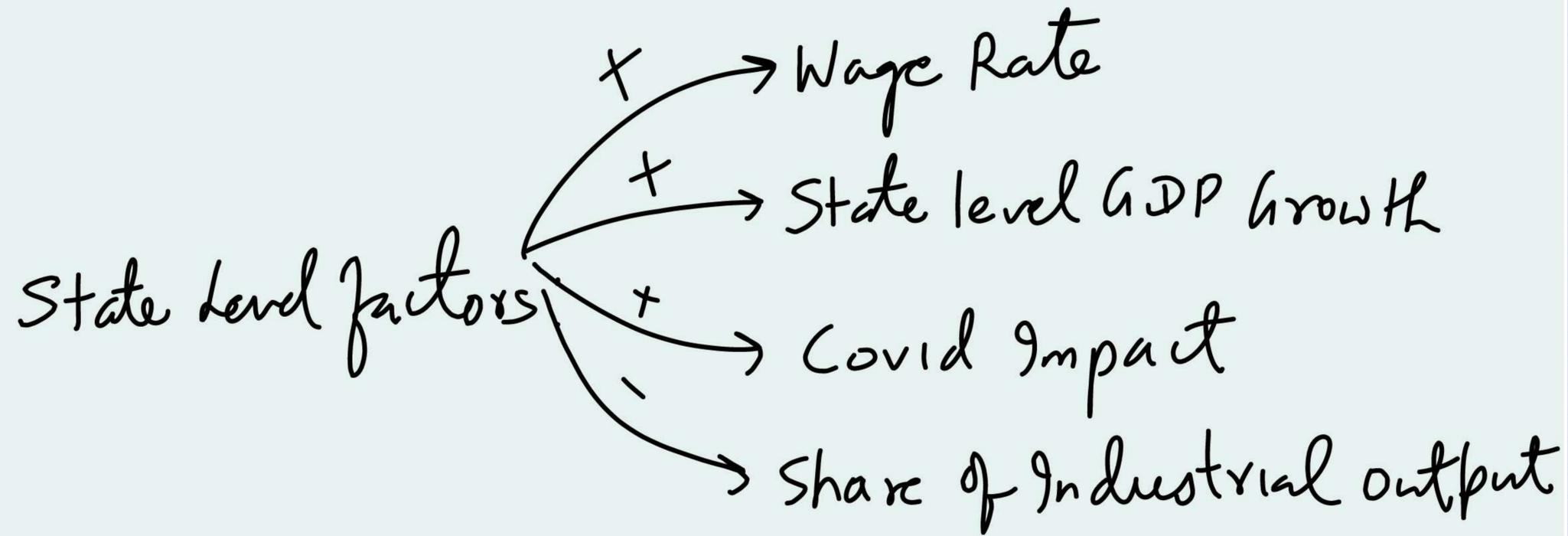
Source: MoSPI

Chart V. 18: Core Inflation: Rural and Urban



Source: Calculated using data from MoSPI

# STATE-WISE INFLATION:



States/UTs	2022-23	2023-24	2024-25	2025-26 (Apr-Dec)
Andaman and Nicobar Islands	6.12	3.47	2.73	2.16
Andhra Pradesh	7.57	5.54	4.41	1.39
Assam	6.54	4.59	5.06	0.16
Bihar	5.74	5.84	6.04	0.01
Chandigarh	5.87	4.28	4.25	1.95
Chhattisgarh	4.72	3.43	5.78	1.25
Dadra and Nagar Haveli	6.43	6.49	4.75	0.36
Daman and Diu	5.62	4.83	4.88	2.60
Delhi	4.00	2.55	2.40	0.96
Goa	3.16	2.94	3.54	4.77
Gujarat	6.94	5.70	4.42	1.31
Haryana	7.51	6.60	5.23	1.61
Himachal Pradesh	4.51	5.04	4.04	2.17
Jammu and Kashmir	6.34	4.15	4.48	3.60
Jharkhand	6.16	5.73	3.78	1.29
Karnataka	5.49	5.79	4.93	3.14
Kerala	5.79	4.97	5.89	8.05
Lakshadweep	7.28	3.57	3.05	6.69
Madhya Pradesh	7.48	4.36	4.74	0.75
Maharashtra	7.33	5.12	4.07	2.13
Manipur	1.43	9.96	6.50	-0.15
Meghalaya	4.28	4.07	4.03	1.50
Mizoram	7.89	4.46	3.37	2.47
Nagaland	6.06	3.36	3.99	2.79
Odisha	6.02	6.54	5.98	0.12
Puducherry	6.20	5.28	4.74	2.58
Punjab	6.08	5.53	4.16	3.27
Rajasthan	6.92	6.39	4.34	0.81
Sikkim	6.81	3.52	2.45	1.60
Tamil Nadu	5.95	5.42	4.65	2.45
Telangana	8.61	6.36	3.67	0.20
Tripura	6.98	6.07	4.60	0.57
Uttar Pradesh	7.07	5.76	5.30	0.30
Uttarakhand	6.51	5.56	4.19	2.16
West Bengal	7.09	4.47	3.87	1.52
All India	<b>6.66</b>	<b>5.36</b>	<b>4.63</b>	<b>1.72</b>

Source: MoSPI

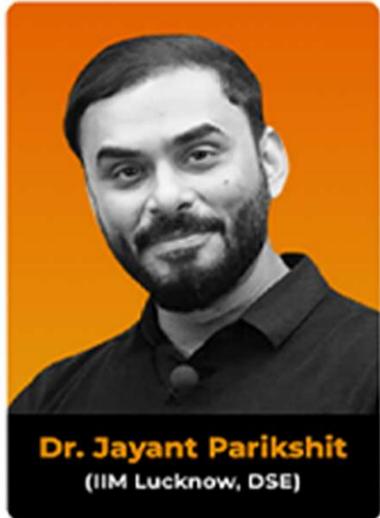


**VAJIRAM & RAVI**  
Institute for IAS Examination

# SMART

**CURRENT AFFAIRS  
FOR UPSC 2026**

One expert is never enough for  
current affairs so **WE GIVE YOU 3**



**Dr. Jayant Parikshit**  
(IIM Lucknow, DSE)

Macro analysis and  
economic perspectives



**Srivatsan**  
(Ex-IRS)

Insights from governance  
and public service



**Abhinav Srivastav**  
(IIT Roorkee)

Analytical and data-driven  
approach

**Admissions open**

**SMART**  
**CURRENT AFFAIRS PRELIMS**

**SMART**  
**CURRENT AFFAIRS  
PRELIMS AND MAINS**

**SCAN  
HERE**



**SCAN  
HERE**