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### Survey Turns Bullish on Growth, Cautions on Uncertainty

The prescient and comprehensive Economic Survey for 2025-26 offers much food for thought. It has raised India's potential GDP growth to 7% from 6.5%; on the 2011-12 base, GDP expansion is projected to accelerate to 7.4% in the ongoing fiscal, from 6.5% in FY25, according to the NSO's First Advance Estimates. Reforms undertaken over time, along with stimulus measures rolled out over the past year—through tax rationalisation, including personal income tax and GST, and calibrated easing of policy rates amid subdued inflation—have clearly supported this uptick.

The revised potential growth estimate also anchors the survey's FY27 growth projection of 6.8-7.2%. It lays out three scenarios mapping global developments and the transmission of uncertainty to the Indian economy, a prudent approach given the scale of external volatility seen in 2025.

In our view, actions taken by the government and the central bank should help sustain domestic consumption through this year, with the impending pay revision likely to extend the momentum. Private investment, however, may remain uneven in the near term. Government spending will shape both growth and sentiment, partly guided by the yet-to-be-released recommendations of the 16th Finance Commission.