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ECONOMIC SURVEY 2025-26
IMPORTANT TERMS YOU MUST KNOW

(Non-intrusive Usage of Data to Guide
WHAT IS NUDGE ?

➤ Using behavioural science like gentle prompts and information sharing to encourage voluntary compliance, instead of coercive enforcement.



Example: Prompting taxpayers to self-correct filings.

Virtuous Cycle of Investment:

A virtuous cycle of investment is a self-reinforcing economic process where increased investment drives productivity, higher income, and demand, which in turn encourages further investment

The Survey emphasizes that India is currently on the threshold of a self-sustaining "**Virtuous Cycle**," where one economic success triggers the next. Unlike a "vicious cycle" of debt and stagnation, this framework views growth not as a set of separate problems, but as a series of complementary gears.

- **The Mechanism:** It starts with **Public Capex** (Capital Expenditure), which "crowds in" private investment. This investment creates infrastructure and industrial capacity, leading to higher productivity and job creation. Increased employment boosts household income, which fuels **Private Consumption**, further incentivizing businesses to invest more.



Key Drivers:

- **Balance Sheet Advantage:** The Survey notes that Indian corporates and banks now have "leaner and stronger" balance sheets, allowing them to fund this cycle.
- **Savings & Exports:** High savings rates provide the capital for investment, while strong exports ensure the cycle isn't limited by domestic demand alone.
- **Example:** The government's massive investment in the **National Infrastructure Pipeline (NIP)**. By building world-class highways and ports, the cost of logistics drops, making it profitable for a private car manufacturer to set up a new plant, which in turn creates thousands of local jobs.

Physical-Digital Convergence:

This term refers to the "synergy" between traditional physical infrastructure (roads, rail, electricity) and India's world-leading **Digital Public Infrastructure (DPI)**. The Survey argues that growth in the 2020s cannot rely on physical assets alone; they must be "digitally enabled."

- **The Mechanism:** Convergence happens when digital layers are added to physical services to remove friction, reduce transaction costs, and increase transparency. It

transforms "fancy tools of convenience" into "life-changing measures" for the masses.

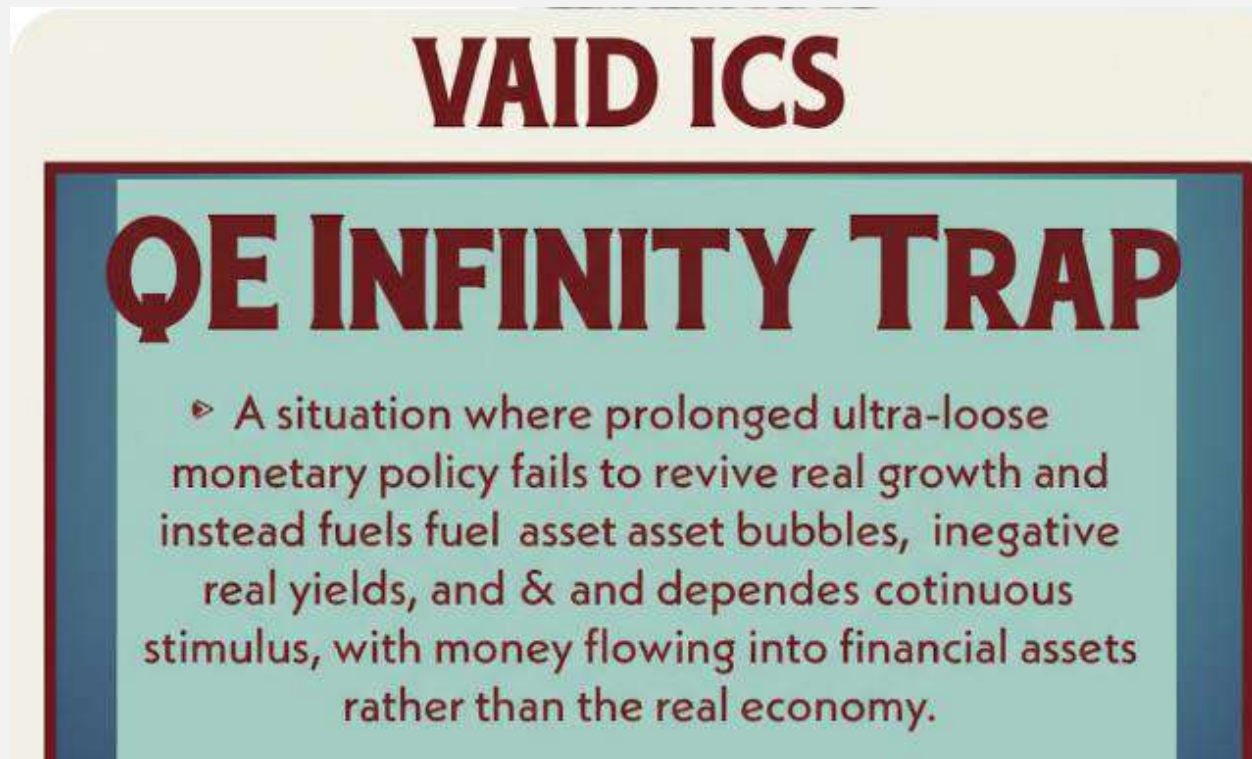
- **Core Pillars:**
 - **The "Jan Dhan-Aadhaar-Mobile" (JAM) Trinity:** The foundation of this convergence.
 - **PM GatiShakti:** Using digital geospatial mapping to plan physical infrastructure projects, ensuring different departments (like Rail and Telecom) don't work in silos.
- **Example: FASTag and UPI.** A physical highway (Physical) becomes significantly more efficient when toll collection is automated via a digital wallet (Digital). Similarly, **ONDC (Open Network for Digital Commerce)** allows a small physical Kirana store to compete with e-commerce giants by providing a digital discovery layer.

Existential Priorities in Employment:

The Survey titles its employment chapter with this heavy phrase to signal that job creation is no longer just an "economic goal" but a **national necessity** to harness India's demographic dividend, which is expected to peak around 2030.

- **The Mechanism:** The focus has shifted from the *quantity* of jobs to the **quality and sustainability** of work. It addresses the "Existential" risk that if the 65% of the population in the working-age group is not gainfully employed, the demographic dividend could turn into a demographic disaster.
- **Strategic Focus:**
 - **Skill-Employability Gap:** Moving beyond basic literacy to "high-competency" vocational training.
 - **Agro-Processing & MSMEs:** Moving labor from low-productivity agriculture to high-value food processing and small industries.
 - **The "Orange Economy":** Tapping into creativity, arts, and digital content creation as a legitimate source of mass employment.
- **Example: The PM Internship Scheme.** By placing youth in top companies, the government is addressing the "existential" need for real-world experience. Another example is the **Gig Economy regulation**, which seeks to provide social

security to platform workers, ensuring their employment is "existential-proof" against health or economic shocks.



In the **Economic Survey 2025-26**, the **QE Infinity Trap** is highlighted as a primary external risk facing the global economy. It refers to a situation where developed nations have become "addicted" to **Quantitative Easing (QE)**—the massive injection of liquidity by central banks—making it nearly impossible to stop without triggering a financial collapse.

The Mechanics of the Trap:

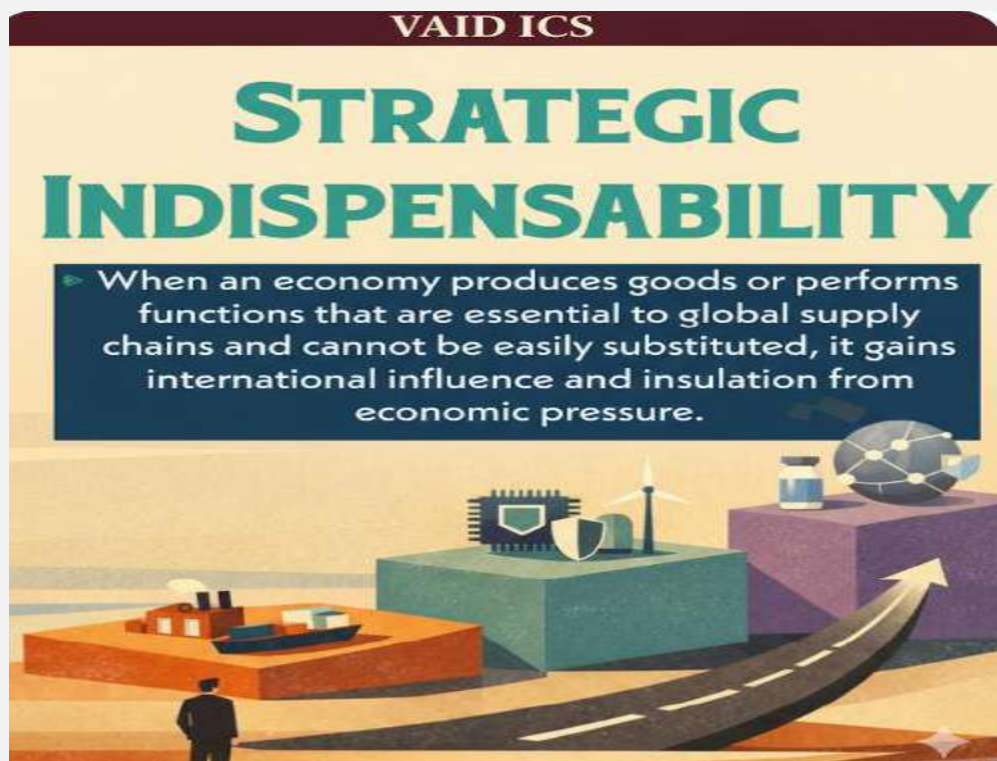
1. **Diminishing Returns:** After a decade of QE, additional money printing no longer stimulates productive investment in the real economy (factories, jobs, infrastructure).
2. **Asset Price Inflation:** Instead of real growth, the liquidity flows into "safe-haven" and interest-rate-sensitive assets. This inflates bubbles in stock markets, real estate, and even gold/crypto, while real yields for savers turn negative.

3. **The "Infinity" Problem:** Because the global financial system is now built on this cheap money, any attempt by central banks to pull back (quantitative tightening) or raise rates causes immediate market panics. This forces central banks to start QE again, creating an "infinite" loop of money printing.

Impact on India:

The Survey warns that India is a "victim of this global strategic power gap." When developed nations are stuck in this trap, it leads to:

- **Currency Volatility:** Sudden shifts in global liquidity cause the Rupee to fluctuate wildly, regardless of India's strong internal economic fundamentals.
- **Imported Inflation:** As global liquidity stays high, prices for commodities like copper and oil remain artificially high, even if demand is low.
- **Fragmented Capital Flows:** Investment becomes "defensive" and speculative rather than focusing on long-term productive projects in emerging markets like India.



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ORANGE ECONOMY

► A part of the economy driven by creativity, culture, and intellectual property, where value

Example: live music, corltural industries.

Orange Economy: The Creative Revolution:

The **Economic Survey 2025-26** identifies the **Orange Economy** (also known as the **Creative Economy**) as a powerful new lever for India's services-led growth. It moves the focus from physical manufacturing to "mindfacturing"—where value is created through ideas, culture, and artistry.

What is it?

The "Orange" in the name symbolizes **creativity and cultural identity**. It includes all sectors whose value stems from intellectual property and artistic expression.

- **Global Impact:** Contributes roughly **3% to global GDP** and supports 30 million jobs.
- **India's Status:** The Survey highlights that India's live entertainment sector alone surpassed **10,000 crore in 2024**.

The "Multiplier Effect" of Concerts:

The Survey uses the **Concert Economy** (e.g., major international tours like Coldplay or Bryan Adams in India) as a prime example of high-multiplier growth.

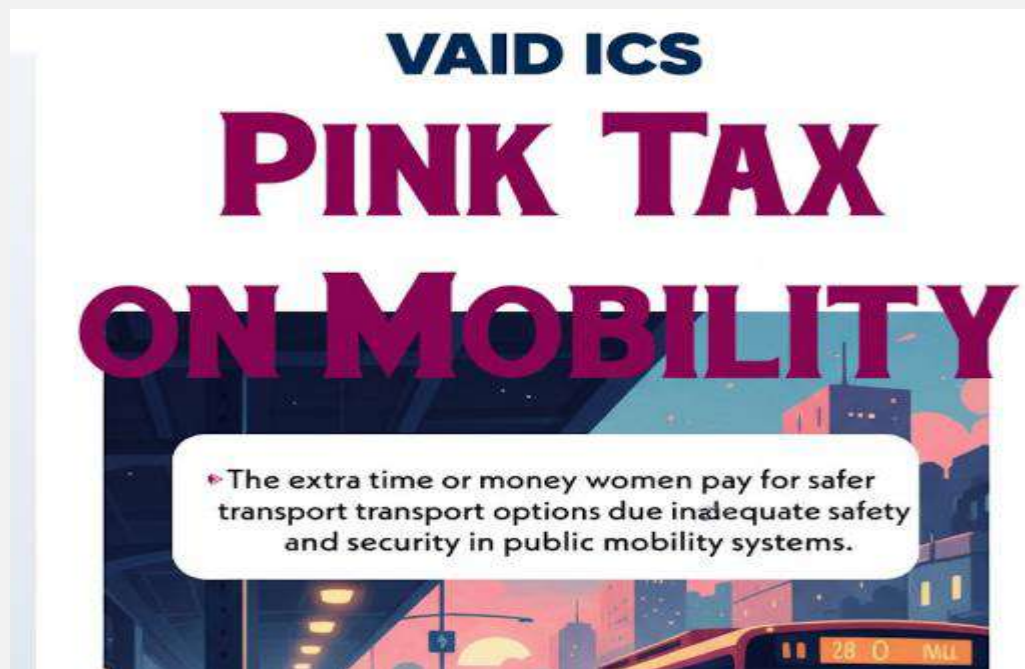
- **Beyond the Ticket:** A single concert doesn't just sell seats; it triggers a ripple effect across:
 - **Hospitality:** Sold-out hotels.

- **Transport:** Spikes in ride-hailing and flights.
- **Employment:** Temporary jobs in security, logistics, food stalls, and sound engineering.
- **Urban Readiness:** The Survey notes that for the Orange Economy to thrive, cities must improve **last-mile connectivity** and "facilitative governance."

Key Strategic Proposals:

To "squeeze the juice" out of this sector, the Survey suggests:

1. **Opening Heritage Monuments:** Using historical sites as venues for cultural events to boost tourism.
2. **Single-Window Permissions:** Reducing the current **10–15 clearances** required for a live event to a single simplified process.
3. **Visa & FX Ease:** Facilitating easier permissions for foreign artists to perform in India



Pink Tax on Mobility refers to the additional costs—both in terms of **money** and **time**—that women incur to ensure their safety while traveling.

The Two Layers of Pink Tax on Mobility:

Economic Cost (Money):

- Women often choose more expensive transport options (like private cabs or women-only taxis) instead of cheaper public buses or trains, especially late at night or in poorly lit areas, to avoid harassment.
- **Example:** A woman might pay ₹400 for a cab home after a late shift, whereas a man might feel safe taking a ₹20 bus or walking.

Temporal Cost (Time):

- Women often "trip-chain"—making multiple short stops (e.g., dropping kids at school, buying groceries) before reaching work. Because public transport is often designed for direct "home-to-work" routes, women spend more time waiting or taking longer routes to stay in crowded, safer zones.
- **Example:** Avoiding a shortcut through a deserted park and instead taking a 20-minute longer detour via a main, well-lit road.

Why it matters for the Economy?

The Economic Survey highlights this because if mobility is "expensive" for women, it acts as a barrier to **Female Labour Force Participation (FLFP)**. Reducing this "tax" through better street lighting, CCTV, and gender-sensitive urban planning is essential for India to reach its growth targets.

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ENTROPY EFFECT

► The risk that rapid policy transitions (like green energy shifts) may increase systemic volatility and fragility if infrastructure, institutions, and buffers are not adequately prepared.

Understanding the Entropy Effect:

In physics, entropy represents a state of disorder or randomness. In economics, the **Entropy Effect** refers to the **systemic volatility and fragility** created when an economy moves too quickly toward a new goal (like Green Energy or AI integration) without having the necessary "buffers" or infrastructure in place.

Key Components:

- **Policy Speed vs. Institutional Capacity:** If a government enforces a "Green Only" policy faster than the grid can handle, it creates energy shortages and price hikes.
- **The "Disorder" Factor:** Rapidly dismantling old systems (like coal or traditional banking) before new systems (like Hydrogen or Digital Currency) are fully stable can lead to economic chaos.
- **Buffer Depletion:** The Survey warns that "Entropy" increases when we use up our reserves (financial or natural) without a plan for replenishment during the transition phase.

Examples:

The Green Energy Shift: Moving away from fossil fuels is necessary, but doing it overnight without massive battery storage capacity leads to **power grid instability**. This "disorder" in the energy market is the Entropy Effect.

Rapid Digitalization: Shifting an entire population to digital payments is great for transparency. However, if the cybersecurity infrastructure isn't equally strong, the "Entropy" manifests as a **surge in financial fraud**, which destabilizes public trust.

Agriculture Transition: Moving farmers from traditional crops to high-value exports. If the cold-chain logistics aren't ready, the "Entropy" results in **massive crop wastage** and farmer debt, despite the "good" policy intention.

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STRATEGIC RESILIENCE

- The capacity of an economy to absorb shocks - geopolitical, technological, environmental and continue functioning, adapting, and growing.

In the **Economic Survey 2025-26**, **Strategic Resilience** is defined as the nation's ability to not only "survive" global shocks but to **thrive and adapt** through them. It moves away from the old concept of "self-sufficiency" toward a more proactive, globalized strength.

The Three Pillars of Strategic Resilience:

Diversified Supply Chains:

The Survey emphasizes that resilience comes from reducing dependence on a single geography (the "**China+1**" strategy). By building domestic manufacturing capacity in critical sectors, India ensures that global disruptions (like wars or pandemics) don't stop the local economy.

- **Example:** The **PLI (Production Linked Incentive) Schemes** for semiconductors and active pharmaceutical ingredients (APIs). By making these at home, India avoids "supply chain blackmail."

Strategic Indispensability:

True resilience isn't just about being independent; it's about being so essential to the rest of the world that others cannot afford to let your economy fail.

- **Example:** India's role as the "Pharmacy of the World" or its growing dominance in **Global Capability Centres (GCCs)**. When global firms rely on India for their R&D and back-end operations, India's stability becomes a global priority.

Institutional Buffers:

This refers to the "financial and physical shock absorbers" the government maintains.

- **Example:** Maintaining **High Foreign Exchange Reserves** to protect the Rupee and creating **Strategic Petroleum Reserves** to shield the economy from sudden spikes in global oil prices.

निवेश का सकारात्मक चक्र (Virtuous Cycle of Investment)

यह एक ऐसी आर्थिक प्रक्रिया है जो स्वयं को सुदृढ़ करती है। इसमें बढ़ा हुआ निवेश उत्पादकता बढ़ाता है, जिससे आय और मांग बढ़ती है, और अंततः यह और अधिक निवेश को प्रोत्साहित करता है। समीक्षा के अनुसार, भारत इस समय इस चक्र की दहलीज पर है।

- **कार्यप्रणाली:** यह **सार्वजनिक पूंजीगत व्यय (Public Capex)** से शुरू होता है, जो निजी निवेश को आकर्षित (crowd in) करता है। इससे बुनियादी ढांचे और औद्योगिक क्षमता का निर्माण होता है, जिससे रोजगार और उत्पादकता बढ़ती है।
- **उदाहरण:** **राष्ट्रीय बुनियादी ढांचा पाइपलाइन (NIP)** में सरकारी निवेश। बेहतर सड़कों और बंदरगाहों से लॉजिस्टिक्स लागत कम होती है, जिससे निजी कंपनियां नए प्लांट लगाने के लिए प्रेरित होती हैं।

भौतिक-डिजिटल संगम (Physical-Digital Convergence)

इसका अर्थ पारंपरिक भौतिक बुनियादी ढांचे (सड़क, रेल, बिजली) और भारत के **डिजिटल सार्वजनिक बुनियादी ढांचे (DPI)** के बीच का तालमेल है। समीक्षा का तर्क है कि अब विकास केवल भौतिक संपत्तियों पर निर्भर नहीं रह सकता; उन्हें "डिजिटल रूप से सक्षम" होना चाहिए।

- **मुख्य स्तंभ: JAM त्रय** (जन धन-आधार-मोबाइल) और **पीएम गतिशक्ति** (Geospatial Mapping के जरिए योजना बनाना)।
- **उदाहरण: FASTag और UPI**। एक भौतिक राजमार्ग (Physical) तब अधिक कुशल हो जाता है जब टोल संग्रह डिजिटल वॉलेट (Digital) के माध्यम से स्वचालित होता है।

रोजगार में अस्तित्वगत प्राथमिकताएं (Existential Priorities in Employment)

यह वाक्यांश दर्शाता है कि रोजगार सृजन अब केवल एक आर्थिक लक्ष्य नहीं, बल्कि भारत के **जनसांख्यिकीय लाभांश (Demographic Dividend)** का लाभ उठाने के लिए एक "अस्तित्व की आवश्यकता" है।

- **रणनीतिक फोकस:** कौशल-रोजगार अंतर को कम करना, **कृषि-प्रसंस्करण (Agro-processing)** को बढ़ावा देना और '**ऑरेंज इकोनॉमी**' (रचनात्मक क्षेत्र) को रोजगार के स्रोत के रूप में विकसित करना।
- **उदाहरण:** पीएम इंटरशिप योजना और गिग इकोनॉमी के लिए सामाजिक सुरक्षा नियम।

क्यूई इनफिनिटी ट्रैप (QE Infinity Trap)

यह उस स्थिति को संदर्भित करता है जहाँ विकसित देश **मात्रात्मक सहजता (Quantitative Easing - QE)** यानी बाजार में अत्यधिक नकदी डालने के "आदि" हो गए हैं। इसे रोकना अब वित्तीय पतन के डर के बिना लगभग असंभव हो गया है।

- **प्रभाव:** इसके कारण वास्तविक विकास के बजाय शेयर बाजार और रियल एस्टेट जैसी संपत्तियों की कीमतों में कृत्रिम उछाल आता है।
- **भारत पर प्रभाव:** विकसित देशों की इस नीति से वैश्विक तरलता (Liquidity) में अचानक बदलाव आता है, जिससे **रुपये की विनिमय दर में अस्थिरता और आयातित मुद्रास्फीति** (जैसे तेल की कीमतों में वृद्धि) का खतरा बना रहता है।

ऑरेंज इकोनॉमी: रचनात्मक क्रांति (Orange Economy)

इसे **रचनात्मक अर्थव्यवस्था (Creative Economy)** भी कहा जाता है। यह उन क्षेत्रों पर केंद्रित है जहाँ मूल्य का निर्माण विचारों, संस्कृति और कलात्मकता (बौद्धिक संपदा) के माध्यम से होता है।

- **महत्व:** इसमें फिल्म, संगीत, डिजाइन, गेमिंग और सांस्कृतिक पर्यटन शामिल हैं।
- **कंसर्ट इकोनॉमी:** समीक्षा कोल्डप्ले जैसे बड़े अंतरराष्ट्रीय संगीत कार्यक्रमों का उदाहरण देती है, जो न केवल टिकट बेचते हैं बल्कि पर्यटन, होटल और परिवहन क्षेत्रों में भी आय और रोजगार पैदा करते हैं।

गतिशीलता पर पिंक टैक्स (Pink Tax on Mobility)

यह उन अतिरिक्त खर्चों (पैसे और समय दोनों) को संदर्भित करता है जो महिलाओं को अपनी सुरक्षा सुनिश्चित करने के लिए यात्रा के दौरान उठाने पड़ते हैं।

- **आर्थिक लागत:** सुरक्षा के लिए महिलाएं सस्ते सार्वजनिक परिवहन के बजाय महंगे निजी कैब का चुनाव करती हैं।
- **समय की लागत:** असुरक्षित रास्तों से बचने के लिए महिलाएं अक्सर लंबे और भीड़भाड़ वाले रास्तों का चुनाव करती हैं।
- **महत्व:** यह महिलाओं की श्रम बल भागीदारी (FLFP) में एक बड़ी बाधा है।

एंट्रॉपी प्रभाव (Entropy Effect)

अर्थशास्त्र में, यह उस **अस्थिरता और कमजोरी** को दर्शाता है जो तब उत्पन्न होती है जब कोई अर्थव्यवस्था आवश्यक बुनियादी ढांचे या "बफ़र्स" के बिना बहुत तेजी से नए बदलावों (जैसे ग्रीन एनर्जी या AI) की ओर बढ़ती है।

- **उदाहरण:** बिना पर्याप्त बैटरी स्टोरेज क्षमता के अचानक कोयले से सौर ऊर्जा की ओर शिफ्ट होना, जिससे बिजली ग्रिड में अस्थिरता आ सकती है।

रणनीतिक लचीलापन (Strategic Resilience)

यह केवल वैश्विक झटकों से बचने की क्षमता नहीं है, बल्कि उनके बीच **विकसित होने और खुद को ढालने** की क्षमता है।

- **तीन स्तंभ:** 1. आपूर्ति श्रृंखला का विविधीकरण (जैसे चीन+1 नीति)। 2. **रणनीतिक अपरिहार्यता:** विश्व के लिए इतना महत्वपूर्ण बनना कि कोई देश आपको नजरअंदाज न कर सके (जैसे भारत का 'दुनिया की फार्मसी' होना)। 3. **संस्थागत बफर:** पर्याप्त विदेशी मुद्रा भंडार और रणनीतिक पेट्रोलियम भंडार बनाए रखना।

