Editorial of the Day – 31.01.2026

Index

1. A job well done - On the Economic Survey 2025-26 – (TH)

General Studies 3 - Economy **Topic -** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

SUB TOPIC - Government Budgeting (Economic Survey context).

Introduction

The Economic Survey 2025–26, presented by Chief Economic Advisor V. Anantha Nageswaran, is distinguished by its data-driven, non-sensational, and balanced approach. Moving beyond rhetoric, it serves as a credible "early-warning policy document" that prioritizes realism over populism. The document outlines a medium-term governance framework, advocating for an "entrepreneurial state" that is agile and risk-taking to navigate a volatile global landscape while consolidating domestic stability.

1. Key Themes & Policy Thrust

The "Entrepreneurial State"

Concept - The Survey introduces the paradigm of an "entrepreneurial state" that moves away from risk-aversion.

Characteristics - It calls for a state that is agile, experimental, and willing to take calculated risks.

Policy Shift - It advocates for a culture where failure is accepted as a part of the learning process, arguing that this shift is essential for accelerating growth now that the COVID-19 shock is past.

Data-Driven Realism

Approach - The assessment is grounded in hard data rather than optimistic speculation.

Objective - To provide clear-eyed analysis that informs future-oriented policymaking during a period of relative domestic stability but high global uncertainty.

2. Global Outlook & Crisis Warnings

Global Economic Crisis Probability

Risk Assessment - The Survey flags a significant 10–20% probability of a severe global economic crisis in 2026.

Severity - It warns that this potential crisis could be worse than the 2008 financial crisis.

Best-Case Scenario - Even the most optimistic global scenario envisages a deterioration in economic conditions compared to 2025.

Domestic Resilience

Contrast - Despite global gloom, the Indian economy is portrayed as fundamentally strong.

Basis - This confidence is supported by robust domestic data, though the Survey candidly acknowledges emerging vulnerabilities that need addressing.

3. Macroeconomic Analysis

Currency Dynamics (Rupee Depreciation)

Root Cause - Depreciation is attributed to global capital flows shifting towards -

1. AI-driven economies.
2. Safe-haven assets.

Fundamental Strength - The Survey asserts that currency volatility does not reflect weak Indian fundamentals.

Trade-off - While a weaker rupee benefits exporters, it increases import costs (due to India's high import dependence), creating inflationary pressure.

Global Supply Chain Position

Current Status - Data reveals that India is not yet strategically indispensable in global merchandise supply chains.

Strategic Goal - The Survey pushes for "Strategic Resilience" as a stepping stone to achieving "Strategic Indispensability" in the long run.

4. Fiscal Dynamics - Centre vs. States

Centre's Performance

Fiscal Consolidation - The Central Government has significantly improved its finances, more than halving its fiscal deficit ratio over the last five years.

Goal - This creates fiscal space/flexibility to manage potential geopolitical or geoeconomic shocks.

State-Level Concerns

Revenue Deficits - Several States have slipped into revenue deficits, contrasting with the Centre's consolidation.

Populism Warning - The Survey explicitly warns against fiscal populism by States, specifically targeting unconditional cash transfers.

Political Context - This warning is particularly significant given that 2026 is a politically sensitive election year for multiple major States.

5. Emerging Non-Traditional Challenges

The Survey highlights several specific, often overlooked risks -

Food vs. Fuel - It flags risks to food security arising from aggressive Ethanol production targets.

Green Transition Costs - It questions the true economic costs of the transition to renewable energy, suggesting they may be higher than currently accounted for.

Livestock Crisis - It notes inadequate fodder availability, which is negatively impacting both agriculture and the livestock sector.

Digital Wellbeing - It raises concerns about the social and productivity impacts of "compulsive scrolling" and excessive smartphone usage.

6. The Way Forward

Bold Policy Stance - Move towards a risk-aware governance model that embraces experimentation with accountability.

Strategic Depth - Focus on building depth in manufacturing and supply chains to enhance India's global relevance and indispensability.

Fiscal Coordination - Strengthen Centre–State fiscal coordination, with a strong discouragement of short-term populist measures that threaten long-term stability.

Evidence-Based Interventions - Address the flagged non-traditional risks (digital behavior, food-energy trade-offs) using data-backed policies.

Living Document - Use the Survey not just as a one-time report but as a living guide that is continuously updated with real-time data feedback.

Conclusion

The Economic Survey 2025–26 is a credible, forward-looking roadmap rather than a political manifesto. Its core strength lies in its honest diagnosis, analytical restraint, and policy pragmatism. By balancing optimism about India's fundamentals with caution about global headwinds, it equips policymakers to navigate uncertainty while pursuing sustainable growth.

Source - https -//www.thehindu.com/opinion/editorial/a-job-well-done-on-the-economic-survey-2025-26/article70570585.ece

2. India's cheapest power needs new buyers – (IE)

General Studies 3 - Economy & Environment **Topics -** Infrastructure - Energy, Ports, Roads, Airports, Railways etc. /

Conservation, environmental pollution and degradation, environmental impact assessment.

SUB TOPIC - Effect of policies and politics of developed and developing countries on India's interests. / Climate Change Mitigation (Decarbonization, CBAM).

Introduction

India's power sector is witnessing a paradigm shift from historical scarcity to a surplus of low-cost renewable energy. With annual capacity additions of approximately 40 GW—among the fastest globally—the critical bottleneck has moved from generation to demand creation and market absorption. Nearly 42 GW of auctioned renewable projects await buyer utilities, highlighting the urgent need to expand the consumer pool beyond traditional DISCOMs to sustain the clean energy transition.

1. Structural Shift in India's Power Sector

From Scarcity to Surplus

Historical Context - Historically plagued by shortages, high tariffs, and financially stressed DISCOMs despite the Electricity Act, 2003.

Current Boom - India now installs ~40 GW of renewable capacity annually, driven by supportive policy, competitive auctions, and falling technology costs.

Cost Leadership - Indian solar and wind power costs are among the lowest globally, undercutting fossil fuel generation in many nations.

Falling Prices & Price Stability

Reverse Auctions - Competitive bidding has driven solar tariffs down to ~₹3 per unit, even for projects paired with energy storage.

Long-term Certainty - 12–25 year contracts shield consumers from price volatility.

Grid Reliability - Storage-backed projects now offer near round-the-clock (RTC) supply, overcoming intermittency issues

2. Institutional Reforms & Market Expansion

Expanding Beyond DISCOMs

New Bottleneck - The primary challenge is no longer generation, but finding buyers for awarded projects.

Open Access Framework - Allows large consumers to bypass local monopolies and buy power directly from generators by paying network charges.

Captive Procurement - Industries are increasingly investing in dedicated renewable plants for self-consumption.

Current Impact - Approximately 25% of new renewable capacity is now driven by open access and captive consumers.

Role of Utilities

DISCOM Evolution - Transitioning from mere bulk buyers to grid managers and reliability service providers, facilitating a more flexible market.

3. New Demand Sources for Clean Electricity

Industrial & Commercial Demand

Data Centers & Manufacturing - High energy-consuming, export-oriented sectors benefit from cost certainty and carbon competitiveness.

CBAM Compliance - Access to clean energy is crucial for exports to withstand the EU's Carbon Border Adjustment Mechanism (CBAM).

Electrification of Industrial Heat

Current State - ~50% of industrial energy demand is for process heat, currently reliant on imported fossil fuels.

Solution - Deployment of electric heat pumps and thermal batteries to shift this demand to clean electricity.

4. Sectoral Transformation

Fertilizers - Green ammonia (via renewable electricity) is becoming cost-competitive, reducing reliance on imported natural gas.
Steel Sector - Green steel using clean power is emerging as a viable alternative to coking coal, aided by falling costs.
Transport - Electric buses and freight corridors offer flexible demand that aligns well with daytime solar generation peaks.
Distributed Solar - Rooftop solar adoption by MSMEs and households lowers electricity bills, reduces peak demand, and cuts subsidy burdens.

5. Financing & Supply Chain Resilience

Financial Innovation

Aggregated Contracts - Bundling long-term contracts for securitization through dedicated finance platforms.
Fintech Integration - Leveraging India Stack and digital platforms to lower transaction costs for smaller consumers.
Manufacturing Ecosystem
Solar Success - Policy certainty and scale have significantly reduced dependence on imported solar panels.
Battery Challenge - While currently import-dependent, a similar scaling approach supported by critical mineral partnerships is feasible for the battery ecosystem.

Conclusion

India's energy transition has evolved from a capacity-building phase to a market-deepening phase. The path forward relies less on adding generation and more on building institutions and end-use demand. By expanding clean electricity adoption across industries, transport, and households, India can absorb surplus capacity, enhance energy security, and leverage its robust domestic demand to power the journey towards a Viksit Bharat.
Source - https -//indianexpress.com/article/opinion/columns/indias-cheapest-power-needs-new-buyers-10504337/