

# India on track to surpass \$4 trn GDP in FY26: CEA

## Says need to engage with MSMEs to instil a culture of innovation

**UDISHA SRIVASTAV &  
RUCHIKA CHITRAVANSHI**  
New Delhi, 25 November

India is on track to exceed the \$4 trillion milestone in 2025-26 (FY26), surpassing the \$3.9 trillion gross domestic product (GDP) mark recorded at the end of March 2025, Chief Economic Advisor (CEA) V Anantha Nageswaran said on Tuesday.

Delivering a keynote address at the IVCA GreenReturns Summit 2025, Nageswaran said: "The economy is already sort of crossing the \$4 trillion mark in the course of the current financial year. We were at \$3.9 trillion at the end of March 2025, and geopolitics is in a huge state of flux. There is a lot of discontinuity, and economic growth is a very vital prerequisite not only for delivering prosperity but also for maintaining our standing and leverage in the global scheme of things."



The CEA said economic growth is a necessary condition for achieving environmental and ecological sustainability. "If we have to create 8 million jobs a year, at least for the next 10-15 years, economic growth is a necessary condition. As a country, if we have to rise from \$3.9 trillion to meet milestones along the way, our energy requirements are bound to rise," he added.

Nageswaran noted that the country should register growth and progress, with the environment taken into account. "Whatever we do with respect to greening the economy, energy transition, environment, dealing with climate change, and climate volatility has to be aligned with our priorities both in the near term and the medium term," he noted.

Mentioning that India should prioritise climate adaptation as most climate-related losses arise from vulnerability rather than emissions, he said that strengthening coastal protection, water systems, heat resilience, and climate-smart agriculture will reduce systemic risks and make India's transition more stable.

Nageswaran said given that the country's energy demand is bound to rise, startups that focus on cutting energy intensity are far more crucial than those focusing solely on energy transition. He said while most countries that committed to Net Zero by 2050 decided (to do so) after their energy consumption peaked due to their development status, India is yet to reach peak energy as it is still a low-middle-income country.

"Ensuring the availability of afford-

able energy for all Indian households and businesses is the government's responsibility and priority. That is where startups and their products and innovations that will bring down the energy intensity of our growth are far more important than the ones that focus on energy transition and identifying renewable energy sources," he said.

### **"Timely access to capital crucial for MSMEs"**

Timely access to finance and capital is crucial for micro, small, and medium enterprises (MSMEs) to grow, modernise and integrate into the formal financial and supply chains, the CEA said.

Speaking at the launch of the third Delayed Payments report by Global Alliance of Mass Entrepreneurship, Nageswaran added: "On the MSME side, we need to continuously engage with them in instilling a culture of innovation, competitiveness, and breaking through into markets via quality."

Highlighting that the amount of delayed payments to MSMEs has been coming down, he stressed the need for a culture where MSME suppliers are treated on a par with larger players.

According to the report, delayed payments to MSMEs have come down from ₹10.7 trillion in FY22 to ₹8.1 trillion in FY24.

Responding to the issue of MSMEs losing access to credit after being classified as special mention accounts, Nageswaran said: "When an account becomes a special mention account, the idea is that you nurse it back to health. But if they are denied credit, then you actually accelerate the very thing that you wanted to avoid. That is something we need to think about."

Nageswaran also said that the problems of MSMEs are not only in terms of finance but also include maintaining the distinction between personal and corporate accounts.

**“IF WE HAVE TO CREATE  
8 MILLION JOBS A YEAR, AT LEAST  
FOR THE NEXT 10-15 YEARS,  
ECONOMIC GROWTH IS A  
NECESSARY CONDITION”**

Chief economic advisor  
V Anantha Nageswaran