

## Macro Insights

29.08.2025

### GDP growth rises to 7.8% in Q1 FY26

GDP for Q1 FY26 grew by 7.8%, as compared to 6.5% growth recorded in Q1 FY25. This growth is 5 quarters high which is indeed remarkable.

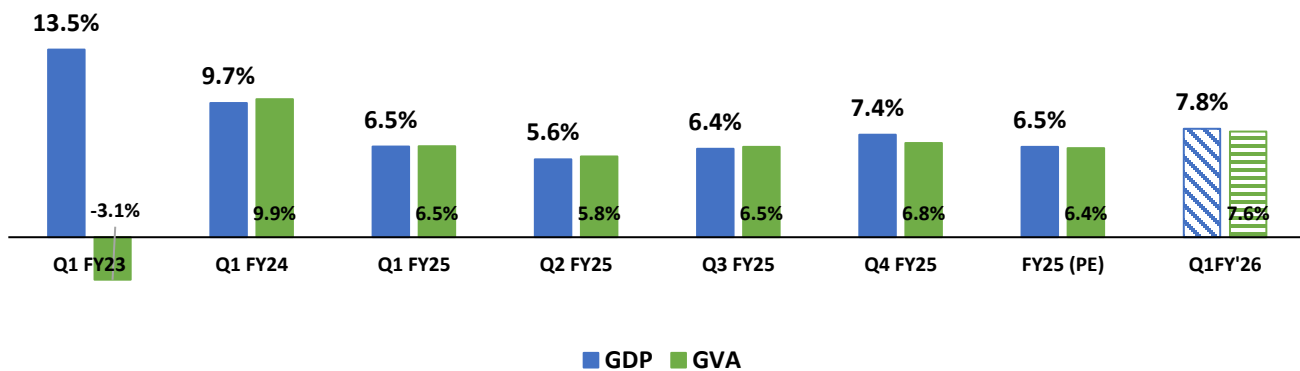
GVA for Q1FY'26 grew by 7.6 percent as compared to 6.5 percent in Q1FY'25.

The better comparative growth was observed in all the three segments of GVA

### Highlights

- ☞ Primary sector showed the growth of 2.8 % with Agriculture and Allied Sector observed growth of 3.7 %, up from 1.5% in Q1 FY'25 while Mining & Quarrying exhibited decline of 3.1% in Q1FY'26.
- ☞ The Secondary Sectors, particularly Manufacturing (7.7%) and Construction (7.6%), registered growth above 7.5% in Q1FY'26. Electricity, Gas, Water Supply, and Other Utility Services Sector (0.5%) experienced moderated growth during Q1 FY'26.
- ☞ Private Final Consumption Expenditure (PFCE) reported a 7.0 % growth in Q1 FY'26, compared to 8.3 % in Q1 FY'25.
- ☞ Government Final Consumption Expenditure (GFCE) grew by 7.4 % in Q1 FY'26 as compared to -0.3% in Q1 FY'25.
- ☞ Gross Fixed Capital Formation (GFCF) recorded a 7.8 % growth in Q1FY'26 up from 6.7% in Q1 FY'25

### GDP & GVA Growth (YoY%)

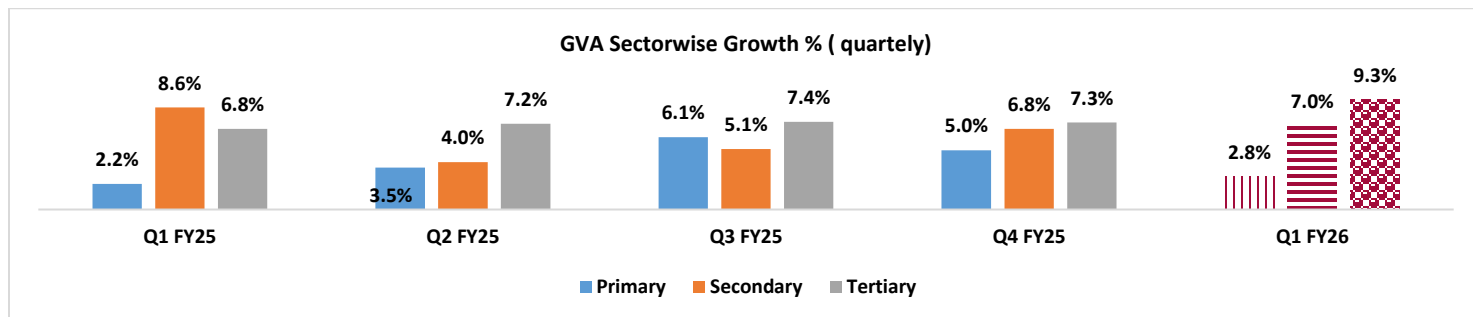


### Components of GDP

- **Private Final Consumption Expenditure**, which constitutes the highest share in GDP at 56.7 percent, grew by 7.0 per cent in Q1 FY26 as against 8.3 per cent in Q1 FY25.
- **Government Final Consumption Expenditure** increased to 7.4 percent in Q1 FY26 as against the decline of 0.3 percent shown in Q1FY'25.
- **Gross Fixed Capital Formation**, which denotes investment in the economy, witnessed growth of 7.8 per cent in Q1 FY25 as against a growth of 6.7 per cent in Q1 FY25.

### Components of GVA

- The GVA growth in the **Primary sector** grew by **2.8 per cent** in Q1FY'26 as compared to 2.2 percent in Q1FY'25. Under this, **Agriculture Sector** stood at 3.7 per cent in Q1 FY26 compared to 1.5 percent in Q1 FY25 and Mining & Quarrying showed negative growth in Q1FY'26 as compared to healthy growth of 6.6 percent in Q1FY'25.
- The growth in the **Industry Sector** increased to 6.3 per cent in Q1 FY26, significantly slowing from 8.5 per cent recorded in Q1 FY25.
- The growth rate of **Services Sector** increased to 9.3 per cent in Q1 FY26 compared to 6.8 per cent recorded in Q1 FY'25. All the heads of the Services Sector showed healthy growth.



Source: MoSPI, PIB

### Views & Analysis

- India's Q1 GDP figures are indeed impressive, especially considering the global challenges and continued uncertainties. India continues to remain the fastest growing major economy in the world.
- The latest growth spurt was powered by a combination of factors. Government-led capital expenditure programs, particularly investments in infrastructure, acted as a central growth engine. Rising rural demand offered additional support, signaling improved purchasing power outside urban centers.
- Going forward, much will depend on the ability of India's domestic economy to absorb external shocks which has been good so far. The policies that support manufacturing competitiveness, enhance export diversification, and strengthen supply chains will be crucial for the performance of the economy going forward.
- With the current momentum, it is expected that GDP growth may remain in the range of 6.3 percent to 6.5 percent for FY'26 as estimated by various agencies.

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