

# Macro Insights

7<sup>th</sup> June, 2026

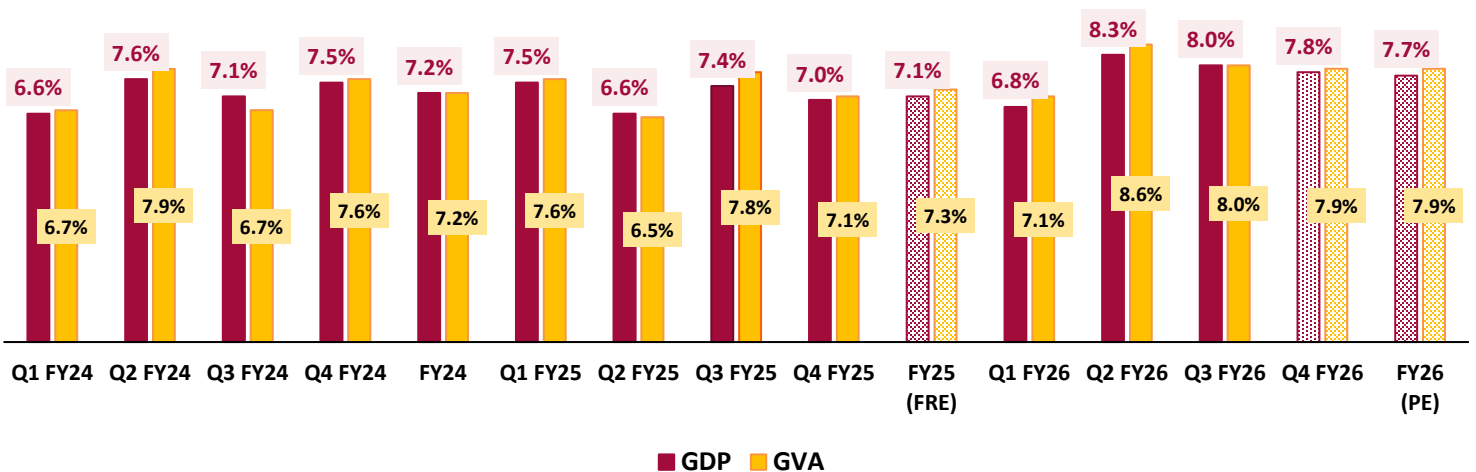
## Highlights:

### GDP grew by 7.7% for FY'26 & Q4 FY'26 GDP grew by 7.8%

- Real GDP growth for FY26 stood at 7.7% as compared to 7.1% in FY25
- Real GDP growth for Q4FY26 (January–March 2026 quarter) expanded at 7.8%.
- Real GVA grew at 7.9% in FY26 as compared to 7.3% in FY25.
- Real GVA in Q4 FY'26 has grown by 7.9% as compared to 7.1% in FY25..

- ☞ The Indian economy clocked a real GDP growth rate of 7.7% for the entire 2025-26 fiscal year. This outperformed FY25 growth rate of 7.1% and the estimate of 7.6% for FY'26 given by NSO.
- ☞ FY'26, real GDP is estimated to attain Rs 323.12 Lakh Crore, compared with the First Revised Estimate of Rs 299.89 Lakh Crore in FY'25, reflecting a growth rate of 7.7 per cent.
- ☞ Gross Value Added (GVA), has grown by 7.9 per cent in FY'26, In the fourth quarter, real GVA growth stood at 7.9 per cent.
- ☞ Per capita GDP increased to Rs. 2.27 lakh in FY'26 from Rs.2.13 Lakh in FY'25.

Real GDP vs Real GVA Growth (YoY%)



Source: MoSPI (NSO), PNB (EIC); FRE – First Revised Estimate, PE– Provisional Estimate, Q4 FY26

### Components of GDP

- **Growth in Private Final Consumption Expenditure**, which constitutes the highest share at 56.6% in GDP, grew by 7.1% in Q4 FY26, lower than 8.2% in Q3 FY26 and 8.7% in Q4 FY25.
- **Government Final Consumption Expenditure** increased by 4.9% on YoY basis in Q4 FY26, improving from 4.6% in previous quarter. The growth of 5.8% was recorded in the same quarter of the previous fiscal year.
- **The growth in Gross Fixed Capital Formation**, which denotes investment in the economy, remained resilient at 10.8% in Q4 FY26, improving from 8.2% in Q3 FY26 and 6.2% in Q4 FY25.
- **Exports** have come down to 3.7% in Q4FY'26 from 5.8% in Q3FY'26, also declined from 5.4% in Q4FY'25. Q4FY'26 has been hit by geopolitical disruptions.

### Components of GVA

- The GVA growth in the **Agriculture Sector** stood at 3.6 per cent in the fourth quarter of FY26 compared to 1.7 per cent in the previous quarter and 3.8 per cent in Q4 FY25.
- The growth in the **Industry Sector** has come down from 9.5% in Q3 FY'26 to 7.3% in Q4FY'26, it was 10.0% in Q4FY'25.
- The growth rate of **Services Sector** was broadly in line with the previous quarter. It grew at 9.9 per cent in Q4 FY26 compared to 9.9 per cent in the previous quarter. However, the growth was higher than 6.8 per cent recorded in the same period last fiscal.

### Views

- The actual expansion of **7.8%** for Q4FY'26 reflects deep internal economic insulation, while it represents a minor sequential cooling from the 8.0% recorded in Q3 FY26.
- The full-year real GDP growth of **7.7%** (up from 7.1% in FY25) outpaced the National Statistical Office's (NSO) own Second Advance Estimate of 7.6%. This secures India's status as the world's fastest-growing major economy under the newly structured 2022–23 base-year series.
- Continuous fiscal outlays by the government toward capital expenditure (Gross Fixed Capital Formation) provided boost to economic growth.
- While manufacturing sequentially moderated in Q4 (cooling to 7.3% from a massive 12.8% in Q3), the tertiary services sector and public utilities picked up the slack to keep the headline GVA expansion steady at **7.9%**.
- Though FY'26 has shown good performance on growth front however, high global raw material input costs and unpredictable monsoon conditions, the Reserve Bank of India (RBI) lowered its FY27 outlook to 6.6%.

**Table 1**

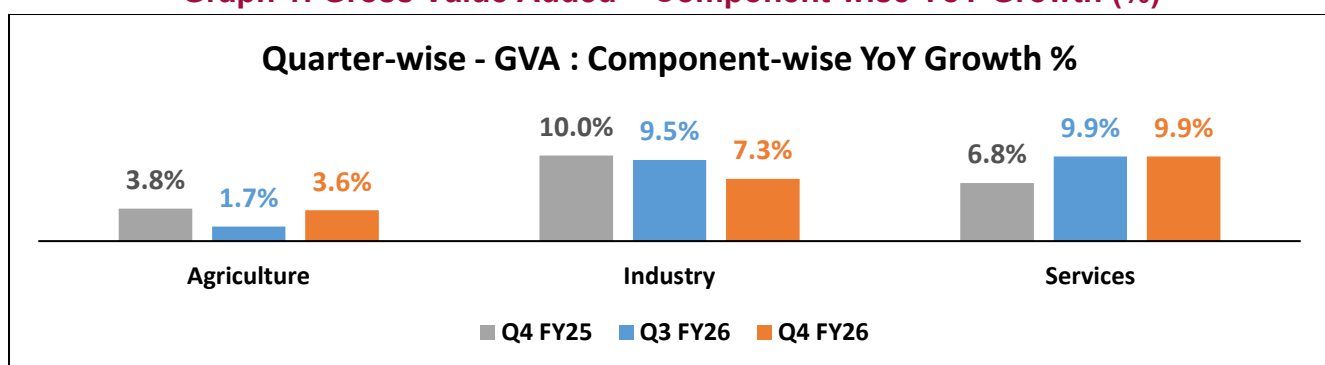
Quarter-wise - YoY Growth of the Major Components of GDP (%)			
Item	Q4 2024-25	Q3 2025-26	Q4 2025-26
Private Final Consumption Expenditure (PFCE)	5.6	8.2	7.1
Government Final Consumption Expenditure (GFCE)	3.6	4.6	4.9
Gross Fixed Capital Formation (GFCF)	6.2	8.2	10.8
Change in Stocks	-5.8	14.7	10.3
Valuables	-32.9	-2.8	41.3
Exports	5.4	5.8	3.7
(Less) Imports	5.5	7.2	1.9
Discrepancies	0.5	1.7	-0.3
<b>GDP</b>	<b>7.0</b>	<b>8.0</b>	<b>7.8</b>

**Table 2**

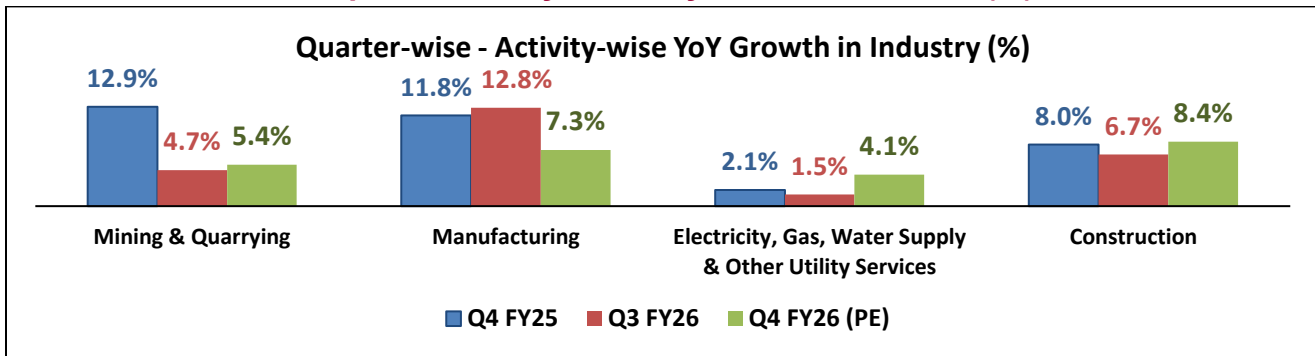
Quarter-wise - Change of the Share of Major Components in GDP				
Item		Share in GDP (%)		
		Q4 2024-25	Q3 2025-26	Q4 2025-26
A	Private Final Consumption Expenditure (PFCE)	57.0%	55.3%	56.6%
B	Government Final Consumption Expenditure (GFCE)	9.0%	9.3%	8.7%
C	Gross Fixed Capital Formation (GFCF)	30.9%	30.1%	31.8%
D	Change in Stocks	1.2%	1.3%	1.2%
E	Valuables	0.7%	1.1%	0.9%
F	Exports	22.1%	21.2%	21.3%
G	(Less) Imports	21.4%	19.9%	20.2%
H	Discrepancies	0.5%	1.7%	-0.3%
<b>GDP (A+B+C+D+E+F-G+H)</b>		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: MoSPI (NSO), PNB (EIC)

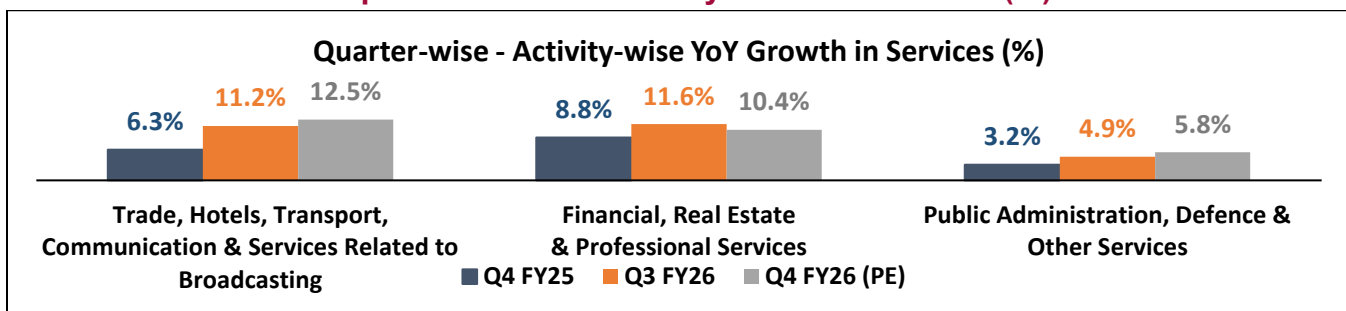
**Graph 1: Gross Value Added – Component-wise YoY Growth (%)**



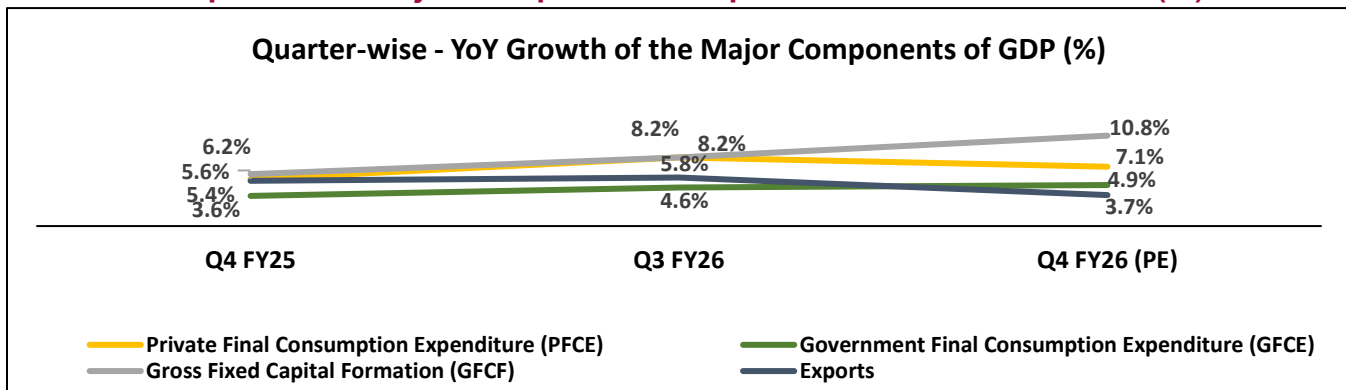
**Graph 2: Industry - Activity-wise YoY Growth (%)**



**Graph 3: Services - Activity-wise YoY Growth (%)**



**Graph 4: GDP Major Components - Expenditure-wise YoY Growth (%)**



Source: MoSPI (NSO), PNB (EIC)

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