

Macro Insights

27th February 2026

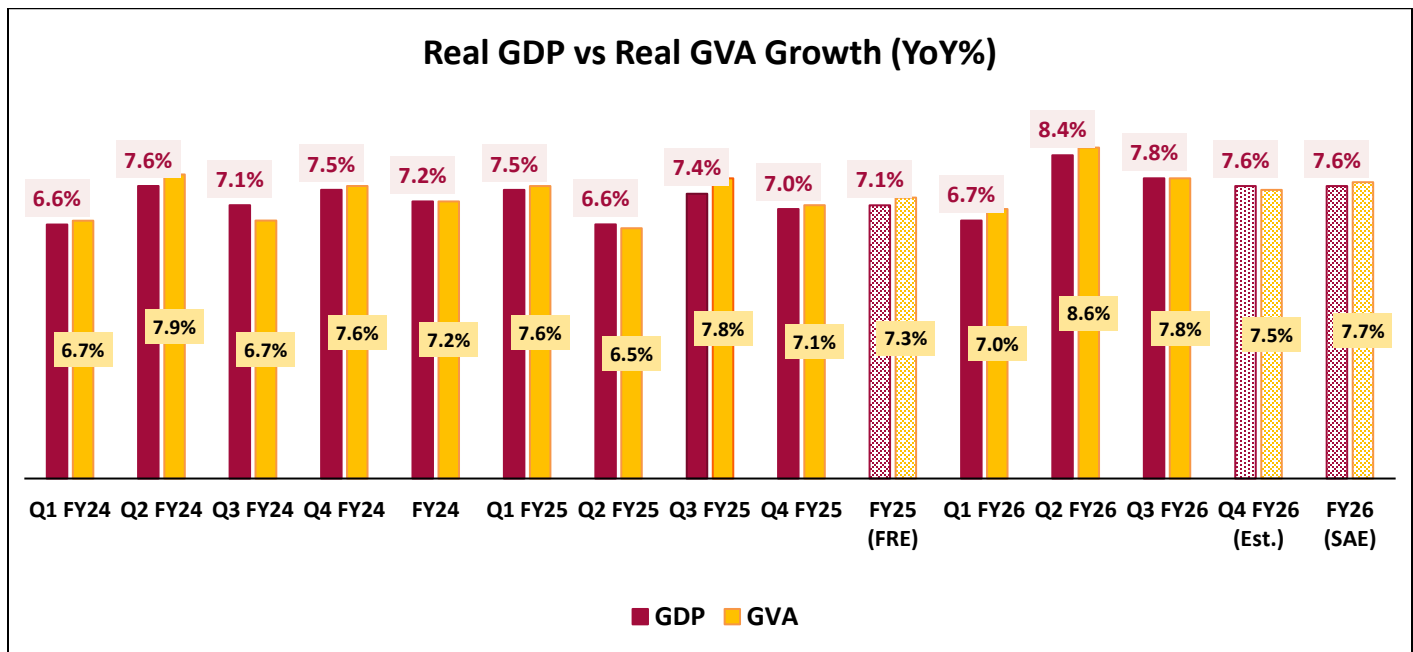
Both GDP and GVA growth came at 7.8% in Q3 FY26, under the new GDP series

India's Real Gross Domestic Product (GDP) for Q3 FY26 grew by 7.8%, against the growth rate of 8.4% recorded in Q2 FY26. **Nominal GDP growth** stood at 8.9%.

Real GVA grew by 7.8% while **Nominal GVA** grew at 8.2% in Q3 FY'26.

Highlights

- ☞ Agriculture Sector grew 1.4% in Q3FY'26 as against 5.8% in Q3'FY25.
- ☞ Secondary sector consisting of manufacturing and electricity industries recorded a growth of 10.1% against 8.4% in Q3 FY'25. Manufacturing Sector recorded the growth of 13.3% in Q3FY'26 as against growth 10.8% in Q3FY'25.
- ☞ The tertiary sector has shown the growth of 9.5% in Q3FY'26 against the growth of 8.2% in Q3FY'25.
- ☞ In tertiary sector highest growth was observed in Financial, Real Estate and Professional Services with 11.2% in Q3FY'26 against 11.1% in Corresponding period last year.



Source: MoSPI (NSO), PNB (EIC); FRE – First Revised Estimate, SAE – Second Advanced Estimate, Q4 FY26 is estimated from Annual SAE

Components of GDP

- **Growth in Private Final Consumption Expenditure**, which constitutes the highest share at 55.9% in GDP, grew by 8.7% in Q3 FY26, higher than 8.0% in Q2 FY26 and 6.0% in Q3 FY25.
- **Government Final Consumption Expenditure** increased by 4.7% on YoY basis in Q3 FY26, marking a significant decline from 6.6% growth in the previous quarter and 7.6% 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 7.8% in Q3 FY26, though came lower than 8.4% in Q2 FY26 but higher than Q3 FY25 at 6.3%.
- **Exports growth** moderated to 5.6% in Q3 FY26 from 10.5% in Q3 FY25. It was due to the imposition of a 50% US tariff on certain Indian goods, effective August 27, 2025. It is because of impact of tariff recorded for full quarter in Q3 FY26.

Components of GVA

- **India's agricultural GVA growth** moderated to 1.4% in Q3 FY26, down from 2.3% in Q2 FY26 and 5.8% in Q3 FY25.
- **The growth in the Industry Sector** was robust at 10.1% in Q3 FY26, from 8.4% in Q3 FY25.
- **Growth in Services sector** rose to 9.5% in Q3 FY26, higher than the 8.2% recorded in the same period last fiscal.

Views

- The first in the series of revised GDP base (2022-23) came higher than the estimates.
- The growth in **Gross Value Added (GVA)**, a measure of economic activity excluding subsidies and taxes, at 7.8% in Q3 FY26, however lower than the 8.6% recorded in Q2 FY26.
- The robust growth was driven by the Service and Manufacturing sector, benefitting from festive demand and tax reforms.
- According to the new series, the real gross domestic product (GDP) is estimated to grow at 7.6% during FY'2025-26, as against 7.4% in the advance estimates released in January 2026.
- Nominal GDP growth for 2025-26 at 8.6% continues to remain below 9%, implying that while real activity is robust, the nominal backdrop, crucial for revenue buoyancy and profit growth is relatively contained.
- The India's economy size is estimated at \$3.8 trillion for 2025-26. Projections indicate India will become the world's third-largest economy by 2030, crossing \$7 trillion in nominal GDP. The country also aims to reach a \$5 trillion economy by 2027-28, supported by ongoing momentum and economic reforms.

Table 1

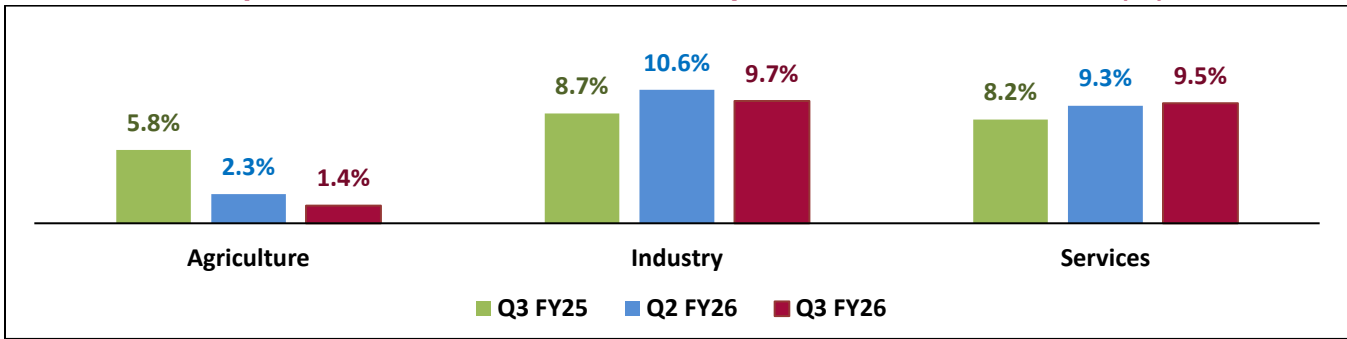
Quarter-wise - YoY Growth of the Major Components of GDP (%)			
Item	Q3 2024-25	Q2 2025-26	Q3 2025-26
Private Final Consumption Expenditure (PFCE)	6.0	8.0	8.7
Government Final Consumption Expenditure (GFCE)	7.6	6.6	4.7
Gross Fixed Capital Formation (GFCF)	6.3	8.4	7.8
Change in Stocks	-1.1	12.8	17.2
Valuables	14.5	-28.4	-2.8
Exports	10.5	10.2	5.6
(Less) Imports	2.9	5.9	8.6
Discrepancies	1.2	1.2	1.7
GDP	7.4	8.4	7.8

Table 2

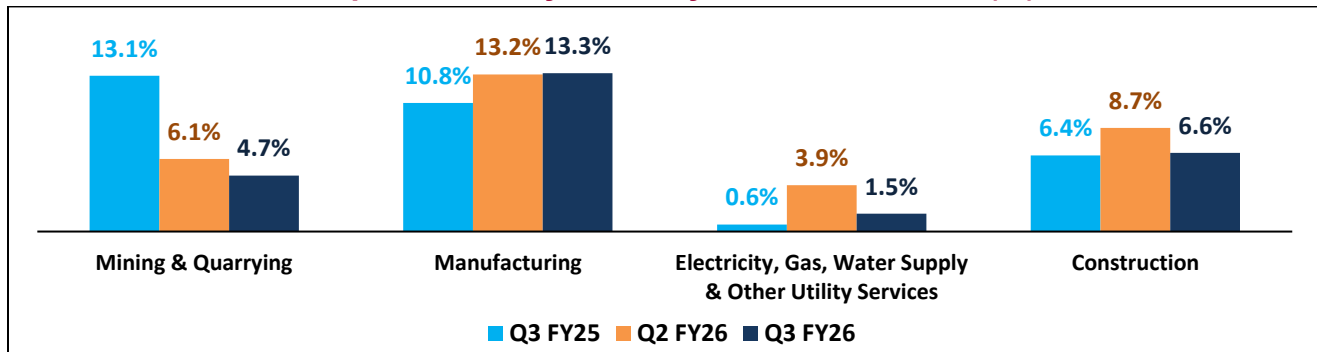
Quarter-wise - Change of the Share of Major Components in GDP				
Item		Share in GDP (%)		
		Q3 2024-25	Q2 2025-26	Q3 2025-26
A	Private Final Consumption Expenditure (PFCE)	56.5	53.7	57.0
B	Government Final Consumption Expenditure (GFCE)	9.9	11.0	9.6
C	Gross Fixed Capital Formation (GFCF)	30.7	34.7	30.7
D	Change in Stocks	1.2	1.3	1.3
E	Valuables	1.3	1.2	1.2
F	Exports	22.1	23.1	21.6
G	(Less) Imports	22.9	26.1	23.1
H	Discrepancies	1.2	1.2	1.7
GDP (A+B+C+D+E+F-G+H)		100.0	100.0	100.0

Source: MoSPI (NSO), PNB (EIC)

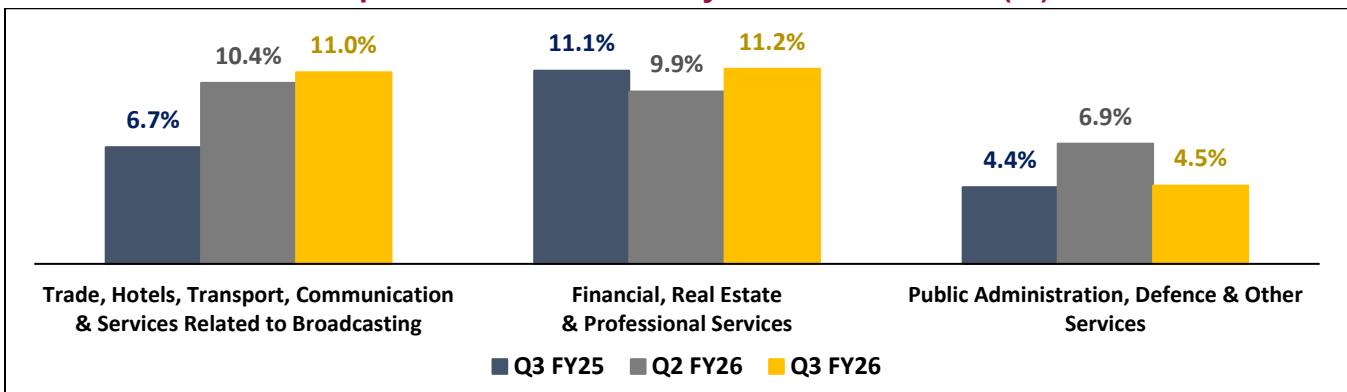
Graph 1: Gross Value Added – Component-wise YoY Growth (%)



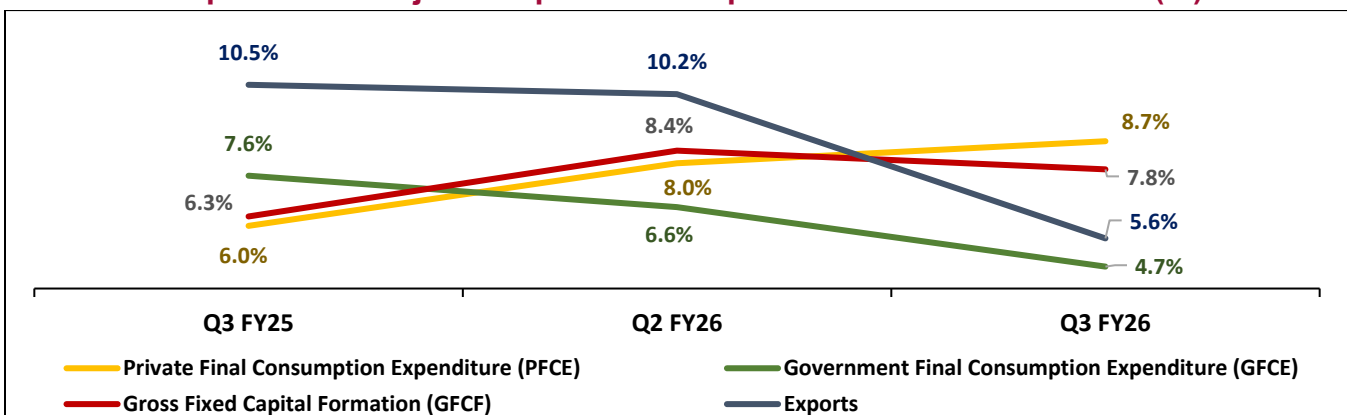
Graph 2: Industry - Activity-wise YoY Growth (%)



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



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



Source: MoSPI (NSO), PNB (EIC)

Key Changes in New GDP Series vs Old GDP Series

S.No.	Specification	GDP Old Series	GDP New Series
1.	Base year	2011-12	2022-23
3.	Segregation of activities in case of multi-activity enterprises	Entire Gross Value Added (GVA) allocated to one “major” activity	Activity wise segregation: activity wise revenue share for a company available in the MGT data is being used to segregate economic activities and consequently the value added by each business activity of the enterprise.
4.	Use of multipliers at disaggregated level	Multiplier based on Paid-up Capital (PUC) was used to derive the estimates of the non-reporting companies at overall level	Multipliers at disaggregated level are being used to account for the differences in capital intensity across industries and size classes.
5.	Household Sector	Indicator based extrapolation approach	Use of ASUSE and Periodic Labour Force Survey on annual basis.
6.	Data Source Enhancement	-	New data sources like GST Data for Quarterly National Accounts, use of Public Financial Management System data, e-vahan data
7.	Improved deflation method	Limited deflator/single aggregate deflator	More appropriate price indices used to derive real GVA
8.	Expanded Institutional Coverage	Partial NBFC and insurance coverage	Expanded coverage using RBI, MCA data
9.	Benchmarking	Prorata benchmarking was used	Shift towards proportional benchmarking, with internationally recommended Denton-proportional Benchmarking Method

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