

4. India GDP Growth Revised To 7.6%- Economy

India's Revised GDP Estimates and the New Measurement Framework. The 2022-23 Rebasing is a "Techno-Statistical" leap. While the real growth of 7.6% makes India the world's fastest-growing major economy, the Nominal GDP reduction creates a tighter fiscal room for the government to meet its Debt-to-GDP and Fiscal Deficit targets. For the first time, "unincorporated" and "gig" workers are being systematically captured in the national accounts.

1. The New GDP Series (Base Year 2022-23)

The rebasing of the GDP is a periodic exercise to capture structural changes, new data sources, and evolving consumption patterns in the economy.

Rationale for 2022-23- This year was selected as the most recent "normal" period after the pandemic-induced disruptions of 2020-2022.

Methodological Improvements- * Double Deflation- For the first time, India has moved entirely away from single deflation. It now deflates input and output prices separately for manufacturing and agriculture, ensuring a more accurate measure of Gross Value Added (GVA).

1. Granular Deflators- Uses over 300 item-level indices (CPI and WPI) instead of aggregate-level proxies.
2. Better Data Integration- Incorporates real-time data from GSTN, e-Vahan (vehicle registrations), PFMS (government expenditure), and regular surveys like PLFS and ASUSE (unincorporated enterprises).

Household Sector- Now includes "activities of households as employers of domestic personnel" (hired cooks, drivers, etc.) for a more comprehensive view.

2. Revised Growth Estimates- FY 2025-26

The second advance estimates show an upward revision in the real growth rate, though the nominal size of the economy has shrunk due to the base-year shift.

Real GDP Growth- Revised to 7.6% (up from the 7.4% projected in the First Advance Estimates).

Nominal GDP Growth- Projected at 8.6% for the full fiscal year.

Q3 Performance- The economy grew by 7.8% in the October-December 2025 quarter, primarily driven by industrial and service sectors.

3. Sector-wise Performance Breakdown

Sector	Expected Growth (SAE FY26)	Primary Drivers / Reasons
Primary (Agriculture & Mining)	2.8%	Slowdown- Lower agricultural output (2.5%) compared to the previous year (5%).
Secondary (Manufacturing & Construction)	9.5%	Strong Push- Manufacturing grew at a stellar 12.5% due to "Make in India" and PLI schemes.
Tertiary (Services)	8.9%	Broad-based- Trade, Hotels, and Transport grew by 10.3%; Financial & IT services grew by 10.0%.

4. Impact on Fiscal and Macro Indicators

A downward revision of the Nominal GDP base (the absolute rupee value of the economy) has significant knock-on effects on policy ratios.

Denominator Effect- Since GDP is the denominator in many key ratios, a lower absolute GDP increases the resulting percentage even if the numerator (debt/deficit) remains the same.

Fiscal Deficit-to-GDP- The budget target of 4.4% for FY26 now edges up toward 4.5% due to the smaller nominal base.

Debt-to-GDP Ratio- This is expected to rise from the previously estimated 56.2% to approximately 58.1% for FY26.

\$4 Trillion Milestone- While the nominal reduction is a hurdle, the economy is still on track to exceed the \$4 trillion mark in early 2026-27, assuming 10% nominal growth.

5. Understanding the Advance Estimates Framework

First Advance Estimates (FAE)- Released in January, these are based on 7-8 months of data and are crucial for the Union Budget.

Second Advance Estimates (SAE)- Released in February, these incorporate Q3 (October-December) data and offer a more refined picture.

Provisional Estimates (PE)- Released on May 29, covering the full financial year.

Back Series- MoSPI is expected to release a "back series" (historical data adjusted to the new base) by December 2026 to allow for meaningful long-term comparisons.

Source- <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2233792®=3&lang=1>

