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# India's FY26 GDP Estimates — New Base Year 2022-23, Growth at ~7.6%

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**ECONOMY****GS3**

CURATED &amp; WRITTEN BY

**Bharat Choudhary**

UPSC Educator &amp; Content Creator

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# India's FY26 GDP Estimates — New Base Year 2022-23, Growth at ~7.6%

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## WHY IN NEWS:

On **May 29, 2026**, the **National Statistical Office (NSO)** under the **Ministry of Statistics & Programme Implementation (MoSPI)** released the **Provisional Estimates of Annual GDP for FY 2025-26** and **Quarterly GDP for Q4 (Jan-Mar) FY26**, alongside the first major output under the **revamped GDP series with base year 2022-23** (replacing the 2011-12 base). Real GDP is estimated to expand at **~7.6%** — the **fastest pace since FY22** — with private consumption and gross fixed capital formation as primary drivers.

## WHAT CHANGED — THE BASE YEAR REVISION

PARAMETER	OLD SERIES	NEW SERIES
<b>Base year</b>	<b>2011-12</b>	<b>2022-23</b>
<b>Methodology</b>	SNA 2008-compliant	SNA 2008-compliant, updated weights
<b>Data sources</b>	Pre-pandemic survey-based	Includes <b>Periodic Labour Force Survey (PLFS)</b> , <b>GSTN data</b> , <b>MCA-21</b> corporate database, <b>Annual Survey of Industries 2022-23</b>
<b>Coverage</b>	Limited digital-economy capture	Includes <b>online services, fintech, gig work, quick-commerce</b>
<b>Approved by</b>	Advisory Committee on National Accounts Statistics	Same — chaired by <b>Biswanath Goldar</b> for current revision
<b>Implementation</b>	February 2015 (last major revision)	<b>May 2026</b>

The base year is revised periodically to reflect the **changing structure of the economy** — the previous revisions were 1980-81, 1993-94, 1999-2000, 2004-05, 2011-12. The 2022-23 base captures the **post-pandemic recovery, digital economy expansion, and sectoral shifts** in services and manufacturing.

## FY26 HEADLINE NUMBERS

INDICATOR	FY26 (PROVISIONAL)	FY25 (REVISED)	FY24 (FINAL)
<b>Real GDP growth</b>	~7.6%	7.1%	8.2%
<b>Nominal GDP growth</b>	~10.5%	9.7%	9.6%
<b>Real GVA growth</b>	~7.4%	6.9%	7.8%
<b>PFCE (Private Consumption) growth</b>	~6.5%	5.8%	4.0%
<b>GFCF (Capex) growth</b>	~9.2%	7.5%	9.0%
<b>Government consumption growth</b>	~4.1%	3.8%	2.5%
<b>Exports growth (real)</b>	~3.5%	6.8%	2.6%

(Figures are provisional and subject to first revision in January 2027.)

## SECTORAL COMPOSITION (FY26)

SECTOR	SHARE OF GVA	GROWTH RATE
<b>Agriculture, forestry, fishing</b>	~14%	~3.8%
<b>Mining &amp; quarrying</b>	~2%	~2.1%
<b>Manufacturing</b>	~17%	~6.9%
<b>Electricity, gas, water</b>	~2%	~6.3%
<b>Construction</b>	~10%	~9.0%
<b>Trade, hotels, transport, comm.</b>	~18%	~8.1%
<b>Financial, real estate, prof. services</b>	~24%	~8.5%
<b>Public administration, defence</b>	~13%	~6.2%

Services continue to dominate at **~55% of GVA**; manufacturing remains stable at ~17%; agriculture's share has steadily declined.

## WHAT'S NEW IN THE 2022-23 SERIES

NEW ELEMENT	WHY IT MATTERS
<b>GSTN-based GDP enumeration</b>	Real-time corporate revenue captured monthly via GST returns
<b>MCA-21 corporate filings</b>	Better coverage of unlisted firms and MSMEs
<b>PLFS replaces NSSO-EUS</b>	Quarterly labour-force data improves employment-GVA reconciliation
<b>Annual Survey of Industries 2022-23</b>	Post-pandemic industrial structure captured
<b>Digital and gig economy</b>	Quick-commerce, fintech, ride-hailing, OTT, edtech now better captured
<b>Updated weights for sub-sectors</b>	Reflects 2022-23 contribution shares — e.g., higher weight to digital services

## HOW GDP IS ESTIMATED — QUICK RECAP

METHOD	DESCRIPTION	USED BY NSO?
<b>Production Approach (GVA)</b>	Sum of value-added across all sectors	✓ Primary
<b>Income Approach</b>	Sum of wages + profits + rents + taxes	✓
<b>Expenditure Approach</b>	$C + I + G + (X - M)$	✓

NSO uses a **production-side estimation** primarily, supplemented by expenditure-side cross-check. The two should ideally match — the gap is reported as “**discrepancies**”.

## FISCAL CONTEXT

PARAMETER	DETAIL
<b>Centre's FY26 fiscal deficit target</b>	<b>4.4% of GDP</b> (down from 4.8% RE in FY25)
<b>FRBM target glide path</b>	Below 4.5% by FY26; ~3% by FY28 (medium-term)
<b>Capex (Centre FY26 BE)</b>	<b>₹11.21 lakh crore</b> (3.1% of GDP)
<b>Revenue deficit FY26 target</b>	~1.5% of GDP
<b>CAD FY26 (CareEdge)</b>	~0.9% of GDP

## WATCHPOINTS

- **Q4 deceleration check** — quarterly numbers will reveal whether momentum is sustaining.
- **Base effect in FY27** — high FY26 base could moderate FY27 print.
- **Capex sustainability** — Centre's capex push driving construction sector growth; risk if states lag.
- **Energy and commodity inflation** — Hormuz uncertainty + crude volatility a downside risk.
- **Monsoon 2026** — IMD forecast at **92% of LPA (below-normal)**; agricultural GVA at risk.
- **Geopolitical** — Trump 2.0 tariff regime (25% reciprocal + 25% Russian-oil penalty effective Aug 27, 2025) is a continuing drag on goods exports.

## WIDER SIGNIFICANCE

- **India's nominal GDP** crossed **USD 4.15 trillion** in 2026 (IMF April 2026 WEO) — among the world's top economies.
- **Growth-inflation balance** — 7.6% real growth with CPI ~4.8% gives a healthy nominal trajectory.
- **Capex-led growth** — public investment in roads, railways, renewables crowding in private capex.
- **Per-capita NNI** crossed **₹2.05 lakh** (FY25) — but income concentration remains a concern.
- **Demographic dividend** — working-age share peaking at ~67% (UN 2024 estimate) — the window for high growth must be exploited.

## WAY FORWARD

- **Operationalise PLFS quarterly fully** — and merge with GSTN data for higher-frequency GDP nowcasts.
- **Capex multiplier studies** — sectoral capex-to-GDP elasticity needs estimation.
- **State-level GSDP harmonisation** with new base year — currently lagged.
- **Climate-adjusted national accounts** — green GDP / natural capital accounting per UN SEEA (System of Environmental-Economic Accounting).
- **MSME data** — the **National Industrial Classification (NIC)** update for digital/gig services needs acceleration.

## UPSC RELEVANCE

### GS Paper 3 — Indian Economy:

- Indian Economy and issues relating to planning, mobilization of resources, growth, development.

- Inclusive growth and issues arising from it.
- Government Budgeting — fiscal deficit, FRBM.

### Analytical hooks for Mains:

- Base year revision — economic and statistical implications.
- High GDP growth amid global slowdown — sustainability questions.
- Capex-led growth model vs consumption-led growth model.

### FACTS CORNER

Released by: NSO under MoSPI on May 29, 2026.

New base year: 2022-23 (replaces 2011-12).

FY26 Real GDP growth (provisional): ~7.6% — highest since FY22.

FY26 Real GVA growth: ~7.4%.

FY26 Centre's fiscal deficit target: 4.4% of GDP.

FY26 capex (Centre BE): ₹11.21 lakh crore (3.1% of GDP).

Services share of GVA: ~55%; manufacturing ~17%; agriculture ~14%.

Base-year revision history: 1980-81 → 1993-94 → 1999-2000 → 2004-05 → 2011-12 → 2022-23.

Methodology: System of National Accounts (SNA) 2008 — UN standard.

India nominal GDP 2026 (IMF): ~USD 4.15 trillion.

CPI inflation FY25 avg: ~4.8%.

Advisory Committee on National Accounts Statistics chair (current revision): Biswanath Goldar.

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Sources: *PIB, MoSPI, The Hindu*

Source: India's FY26 GDP Estimates — New Base Year 2022-23, Growth at ~7.6% — [Ujyari.com](http://Ujyari.com) | Free UPSC & State PCS Current Affairs

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