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# India's GDP Grew 7.7% in FY26, Retaining Fastest-Growing Major Economy Tag

6 June 2026

ECONOMY

GS3

CURATED &amp; WRITTEN BY

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# India's GDP Grew 7.7% in FY26, Retaining Fastest-Growing Major Economy Tag

6 June 2026 · 3 min read · ·

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## WHY IN NEWS

The **Ministry of Statistics and Programme Implementation (MoSPI)** released **Provisional Estimates of National Income** on **June 5, 2026**, showing India's **real GDP grew 7.7% in FY2025-26**, up from 7.1% the previous year. The fourth quarter (January to March 2026) was particularly strong at **7.8%**. The numbers confirm India retained its position as the **fastest-growing major economy** despite the West Asia crisis and global headwinds.

## THE HEADLINE NUMBERS

INDICATOR	FY26 (2025-26)
Real GDP growth	7.7% (up from 7.1% in FY25)
Q4 (Jan-Mar 2026) growth	7.8%
Nominal GDP	Rs 346.36 lakh crore
Nominal growth	8.9%
Released by	National Statistics Office (NSO), MoSPI

Real GDP is measured at constant prices (stripping out inflation), so 7.7% reflects genuine expansion in output, not price rises. Nominal GDP (Rs 346.36 lakh crore) is at current prices.

## WHAT DROVE THE GROWTH

On the supply side, the services and industry sectors led:

SECTOR	GROWTH (CONSTANT PRICES)
Tertiary (services: finance, real estate, trade)	9.3%
Secondary (manufacturing, construction)	8.8%

Strong services and a robust secondary sector carried the economy, while both consumption and investment (gross fixed capital formation) held up well.

## WHY GDP GROWTH IS MEASURED CAREFULLY

Understanding how India measures GDP is itself a high-yield topic:

- **GDP** is the total monetary value of all final goods and services produced within a country in a period.
- India's GDP is estimated by the **National Statistics Office (NSO)** under **MoSPI**.
- Estimates are revised in stages: **Advance Estimates**, then **Provisional Estimates**, then **First/Second/Third Revised Estimates** as more data comes in.
- The data uses a **base year** to hold prices constant; India has been transitioning to a **new base year of 2022-23** (from 2011-12), which updates the basket of goods and methods to reflect the current economy.

## THE CAVEAT: QUALITY OF GROWTH

A strong headline number does not tell the whole story. UPSC answers must weigh:

- **Jobs and wages:** Does headline growth translate into employment and rising real wages, or is it “jobless growth”?
- **K-shaped recovery concerns:** Whether growth is broad-based or concentrated.
- **Headwinds ahead:** The West Asia oil shock, a forecast below-normal monsoon, and global slowdown could slow future quarters, even as FY26 closed strong.

## UPSC RELEVANCE

### Prelims

- FY26 real GDP growth: **7.7%** (up from 7.1%); Q4: **7.8%**
- Nominal GDP: **Rs 346.36 lakh crore**; nominal growth 8.9%
- Released by **NSO under MoSPI** (Provisional Estimates, June 5, 2026)
- New base year: **2022-23** (from 2011-12)

- Services grew 9.3%; industry 8.8% (constant prices)

## Mains Angles

- 1 **GS3 Growth:** India remains the fastest-growing major economy. Examine the drivers of this resilience and the risks (oil shock, monsoon) to sustaining it.
- 2 **GS3 Statistics:** Discuss the significance of a base-year revision (to 2022-23) for the accuracy of national-income estimates.
- 3 **GS3 Inclusive Growth:** “High GDP growth is necessary but not sufficient.” Evaluate in light of employment and distribution.

## FACTS CORNER

FACT	DETAIL
FY26 GDP growth	7.7%
FY25 GDP growth	7.1%
Q4 FY26 growth	7.8%
Nominal GDP FY26	Rs 346.36 lakh crore
Nominal growth	8.9%
Released by	NSO / MoSPI
Release date	June 5, 2026 (Provisional Estimates)
New base year	2022-23
Services growth	9.3%
Industry growth	8.8%

Sources: MoSPI, Business Standard, PIB

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