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GDP Grows 7.8 Per Cent in Q1 FY27: The Number, the Revision Beneath It, and the Fiscal Backdrop

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Every fact web-verified against primary sources

> *India's* **real GDP grew 7.8 per cent in Q1 FY2026-27 (April to June 2026)**, *the National Statistics Office announced on* **August 31, 2026**, *beating every major pre-release forecast.* **Real Gross Value Added grew 8.2 per cent.** *The Controller General of Accounts, on the same day, put the* **April to July fiscal deficit at 26.8 per cent** *of the full-year target.*

THE HEADLINE NUMBERS

MEASURE	Q1 FY2026-27	COMPARISON
Real GDP growth	**7.8 per cent**	6.9 per cent in Q1 FY2025-26, as now measured
Real GDP level	**Rs 81.36 lakh crore**	Rs 75.46 lakh crore a year earlier
Nominal GDP growth	**10.3 per cent**	Rs 88.27 lakh crore, against Rs 80.00 lakh crore
Real GVA growth	**8.2 per cent**	Rs 73.82 lakh crore
Nominal GVA growth	**11.5 per cent**	Rs 80.53 lakh crore

The out-turn **exceeded the forecasts carried before the release**: ICRA had estimated 6.4 to 6.6 per cent, broad economist consensus sat near 7 to 7.2 per cent, and the figure also came in above the Reserve Bank's projection. Finance Minister **Nirmala Sitharaman** described the print as evidence that reforms are producing results.

> *Today's release shows the* **year-ago quarter, Q1 FY2025-26, at 6.9 per cent**. *When that quarter was first published in* **August 2025**, *it was estimated at* **7.8 per cent** *and reported as a five-quarter high. Quarterly national accounts are provisional: they are re-estimated as fuller data replaces the indicators used in the first pass. An answer that compares this quarter's first estimate against last year's first estimate is comparing two different vintages of data. Quote the comparison the release itself makes.*

WHERE THE GROWTH CAME FROM

Sectoral GVA at constant prices, Q1 FY2026-27:

SECTOR	GROWTH
Primary (agriculture, mining)	**2.9 per cent**
Agriculture and allied	**3.6 per cent**
Mining and quarrying	**minus 2.4 per cent**
Secondary	**8.6 per cent**
Manufacturing	**9.2 per cent**
Construction	**7.7 per cent**
Electricity and other utilities	**8.9 per cent**
Tertiary (services)	**10.0 per cent**
Financial, real estate and professional services	**12.1 per cent**
Trade, hotels, transport and communication	**8.5 per cent**
Public administration, defence and other services	**7.5 per cent**

On the demand side, Gross Fixed Capital Formation grew **11.9 per cent** against 5.8 per cent a year earlier and stood at **34.3 per cent of nominal GDP**; private consumption grew **7.1 per cent** (55.8 per cent of nominal GDP); government consumption grew **4.3 per cent**; exports rose **12.0 per cent** while imports fell **1.1 per cent** in real terms.

> *Services at 10 per cent and double-digit capital formation carried the quarter, while agriculture at 3.6 per cent reflected the uneven monsoon and mining contracted. When GVA growth (8.2) runs above GDP growth (7.8), net product taxes grew slower than output, and the gap is exactly the GVA-versus-GDP distinction examiners like. A sectoral argument should cite sectoral GVA, not headline GDP.*

HOW THE ESTIMATE IS BUILT

Quarterly GDP is compiled by the **National Statistics Office (NSO)** under the **Ministry of Statistics and Programme Implementation**. **GDP at constant prices** strips out price change and is the figure quoted as “growth”. **Gross Value Added** measures output net of intermediate consumption; **GDP equals GVA plus taxes on products minus subsidies on products**.

THE FISCAL DEFICIT RELEASE, SAME DAY

The **Controller General of Accounts (CGA)**, in the Department of Expenditure, Ministry of Finance, published the monthly accounts for July on August 31.

MEASURE	READING
Fiscal deficit, April to July 2026	**Rs 4.55 lakh crore**
As a share of the FY2026-27 target	**26.8 per cent**
Same four months a year earlier	About **Rs 4.7 lakh crore**
FY2026-27 budgeted target	**4.3 per cent of GDP**, about **Rs 16.96 lakh crore**

The framework behind the number

Fiscal deficit is the excess of total expenditure over total receipts excluding borrowings. The statutory frame is the **Fiscal Responsibility and Budget Management Act, 2003**. From FY2026-27 the Union's stated medium-term approach uses **central government debt as a share of GDP as the anchor**, with the annual deficit calibrated to keep that ratio on a declining path.

CONCEPT	DEFINITION
Revenue deficit	Revenue expenditure minus revenue receipts
Fiscal deficit	Total expenditure minus total receipts excluding borrowings
Primary deficit	Fiscal deficit minus interest payments
Effective revenue deficit	Revenue deficit minus grants for creation of capital assets

THE CORE SECTOR BACKGROUND

The **Index of Eight Core Industries** for July 2026, released earlier, on **August 20, 2026**, grew **5.4 per cent**, easing from **6 per cent in June** (revised up from 5). Cumulative growth for **April to July 2026 was 4.3 per cent** against **1.5 per cent** in the same four months a year earlier. **Cement grew 13.1 per cent**, electricity 9.0, coal 7.6, steel 2.9 and refinery products 2.7, while crude oil, natural gas and fertilisers contracted.

The index is compiled by the **Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT)**, Ministry of Commerce and Industry.

The number that matters most for Prelims. These eight industries carry a combined weight of **40.27 per cent in the Index of Industrial Production**. The base year is **2011-12**.

The standard confusion, corrected. The core sector index is **not** the IIP. It is a subset covering a little over 40 per cent of the IIP's weight, released earlier and treated as a leading indicator. The IIP itself comes from the **NSO under MoSPI**. Two different ministries, two different releases, and questions do exploit the gap.

UPSC RELEVANCE

GS Paper 3: Indian economy, growth and development, and mobilisation of resources. GDP against GVA, the sectoral composition of a strong quarter, data revisions, core sector composition and the deficit definitions are recurring Prelims material and standard Mains scaffolding.

A Mains angle that is better than "discuss growth". "First estimates of quarterly GDP are routinely revised as fuller data arrives. What does this imply for policy made on high-frequency data?" The 7.8-then-6.9 history of Q1 FY26 is the worked example.

📌 FACTS CORNER — KNOWLEDGEPEDIA

THE Q1 FY2026-27 GDP RELEASE (AUGUST 31, 2026):

Real GDP grew 7.8 per cent in Q1 FY2026-27, to Rs 81.36 lakh crore.

Nominal GDP grew 10.3 per cent, to Rs 88.27 lakh crore.

Real GVA grew 8.2 per cent; nominal GVA grew 11.5 per cent.

The release shows the year-ago quarter, Q1 FY2025-26, at 6.9 per cent after revision.

Q1 FY2025-26 had first been estimated at 7.8 per cent in August 2025.

Services grew 10.0 per cent, led by financial, real estate and professional services at 12.1 per cent.

Manufacturing grew 9.2 per cent; construction 7.7 per cent; agriculture and allied 3.6 per cent.

Mining and quarrying contracted 2.4 per cent in Q1 FY2026-27.

Gross Fixed Capital Formation grew 11.9 per cent and was 34.3 per cent of nominal GDP.

Quarterly GDP estimates are released by the NSO under MoSPI.

THE FISCAL ACCOUNTS (AUGUST 31, 2026):

The April to July 2026 fiscal deficit was Rs 4.55 lakh crore, 26.8 per cent of the target.

The FY2026-27 fiscal deficit target is 4.3 per cent of GDP, about Rs 16.96 lakh crore.

Monthly fiscal accounts are published by the Controller General of Accounts, Ministry of Finance.

The statutory fiscal framework is the Fiscal Responsibility and Budget Management Act, 2003.

GDP equals Gross Value Added plus product taxes minus product subsidies.

Primary deficit is fiscal deficit minus interest payments.

THE INDEX OF EIGHT CORE INDUSTRIES (RELEASED AUGUST 20, 2026):

The eight core industries grew 5.4 per cent in July 2026, easing from 6 per cent in June.

Cumulative core sector growth for April to July 2026 was 4.3 per cent, against 1.5 per cent a year earlier.

Cement grew 13.1 per cent in July 2026; crude oil, natural gas and fertilisers contracted.

The eight core industries carry a combined weight of 40.27 per cent in the IIP.

The core sector index uses base year 2011-12.

It is released by the Office of the Economic Adviser, DPIIT, Ministry of Commerce and Industry.

Sources: MoSPI, Business Standard, BusinessToday

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