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&reg=3&lang=1