

A Study on Indian GDP Growth Rate For 2026

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Abstract—India maintains its position as the fastest-growing major economy globally, with the India GDP growth rate trajectory for 2026 reaffirming this status. The Reserve Bank of India has upwardly revised the real GDP growth for FY 2025-26 to 7.6%, indicating strong consumption demand, robust services momentum, and a resilient manufacturing base. This solidifies India's growth story amidst a globally uncertain economic environment. As the PHD Chamber of Commerce and Industry (PHDCCI), we closely monitor these macroeconomic indicators to assist Indian businesses, investors, and policymakers in their planning for the upcoming year. This article provides a comprehensive, data-driven analysis of the current India GDP growth rate, its comparison with the growth rate over the past decade, the trends indicated for 2025, and a sector-specific forecast for 2026 and beyond.

Index Terms—Sector-Wise Analysis, India's GDP Growth Forecast, Key Risks and Watch Points.

I. INTRODUCTION

India's GDP growth rate in 2026 reflects the country's strong economic momentum and growing domestic demand. India's real GDP grew by an estimated 7.6% in FY 2025–26, while the economy continued to benefit from strong consumption, investment, manufacturing, and services activity. (Press Information Bureau)

For FY 2026–27, the outlook remains positive, although growth is expected to face challenges from global economic uncertainty, energy prices, and geopolitical tensions. The Economic Survey projected growth of 6.8%–7.2%, while more recent data showed GDP growth of 7.8% in the April–June 2026 quarter. (PRS Legislative Research)

Overall, India remains one of the world's fastest-growing major economies, supported by resilient domestic demand, public investment, and continued expansion in key sectors such as manufacturing and services.

India's GDP growth rate is a key indicator of the country's economic performance. Gross Domestic Product (GDP) reflects the percentage increase in the economic output of a country over a specific period, serving as a key indicator of its economic performance. Understanding where India stands in terms of GDP growth provides valuable insights into its economic health and potential for investment and development.

II. INDIA'S GDP GROWTH RATE TODAY: WHERE WE STAND

India's economy has started FY 2025-26 with considerable strength. The Reserve Bank of India has revised the India GDP growth rate for FY 2025-26 multiple times, increasing it from an initial estimate of 6.7% to 7.4% and finally to 7.6% due to the outperformance of domestic demand, services activity, and manufacturing expansion. The Ministry of Statistics and Programme Implementation (MOSPI) has confirmed this positive momentum, reporting a real GDP growth of 7.8% in Q1 FY26 and an impressive 8.2% in Q2 FY26, marking the sharpest quarterly expansion in recent years. This acceleration is particularly noteworthy as the government's Economic Survey had initially projected a growth range of 6.3-6.8% for FY26, while global agencies were more conservative. The stronger-than-expected outcome can be attributed to buoyant private consumption, an increase in gross fixed capital formation, GST rationalization, easing inflation, and monetary policy adjustments by the RBI. Looking ahead to FY 2026-27, the RBI anticipates a moderation in growth to around 6.9%, reflecting the diminishing cyclical tailwinds and ongoing global uncertainties, despite India maintaining its position as the fastest-growing large economy within the G20.

III. A SUMMARY OF INDIA'S GDP GROWTH RATE FOR 2025

The India GDP growth rate in 2025, spanning FY 2024-25 and calendar year 2025, exhibited a pattern of moderation followed by resurgence. During FY 2024-25, the real GDP growth stood at 6.5%, marking the slowest pace in four years. This deceleration was influenced by subdued manufacturing activity and a temporary reduction in government capital expenditure due to the general election cycle. Despite the moderation in real GDP growth, the nominal GDP for the year reached approximately ₹330.68 lakh crore, registering a substantial 9.8% growth. However, a notable shift occurred in the second half of FY25 and the early quarters of FY26, marked by a significant turnaround in the GDP growth trajectory. Several multilateral agencies revised their forecasts upward through late 2025 and into 2026, indicating a positive momentum. The IMF raised its FY26 forecast to 7.3%, the World Bank projected 6.5% for 2026, citing strong consumption and GST reform benefits, and the OECD raised its 2025 forecast to 6.7%. This cycle of upward revisions across institutions, including the IMF, World Bank, OECD, Moody's, and S&P, reflects a growing confidence in India's structural growth drivers such as a young workforce, digital public infrastructure, rising formalization, and sustained government capital expenditure.

IV. GDP GROWTH RATE IN INDIA OVER THE LAST TEN YEARS: A COMPREHENSIVE ANALYSIS

Understanding the India GDP growth rate over the last 10 years is essential for gaining perspective on the current economic momentum. India's growth path in the past decade has been characterized by various influential factors such as demonetization, GST implementation, the pandemic shock, and a robust post-pandemic recovery, making it anything but linear. Despite the pandemic-induced contraction, the average India GDP growth rate over the decade has remained around 6-7%, showcasing resilience. This has propelled India from being the world's 10th-largest economy to being among the top five. According to IMF data, India's GDP in dollar terms has nearly doubled over ten years, from approximately USD 2.1 trillion in 2015 to over USD 4 trillion in 2025. A

significant structural shift is also underway, as MOSPI has recently introduced a new GDP series with the base year 2022-23, replacing the earlier 2011-12 base. Under this new series, the real GDP for FY 2023-24 and FY 2024-25 stood at 7.2% and 7.1% respectively. This methodological recalibration is crucial for businesses and analysts to monitor, as it will serve as the reference series for GDP growth rate reporting from 2026 onward.

V. 2026 SECTOR-WIDE ANALYSIS: WHAT DRIVES GROWTH

In order to understand the quality and sustainability of India's growth, it is essential to take a granular, sector-wise view. Traditionally, the economy is analyzed across three broad sectors: Primary, Secondary, and Tertiary. Each of these sectors has played a distinct role in the growth acceleration witnessed in FY26.

- The primary sector, which includes agriculture, forestry, fishing, and mining, has demonstrated consistent but moderate growth. During the second quarter of the financial year 2025-26, the primary sector experienced a real GVA growth of approximately 3.1-3.5%. This growth was supported by favorable monsoon conditions and promising prospects for the rabi crop. While agriculture remains a stabilizing factor for rural consumption, its contribution to the overall GDP has been gradually decreasing as the economy diversifies. This trend aligns with India's structural transformation towards a greater focus on manufacturing and services, as observed by PHDCCI.
- The secondary sector has shown significant growth in the fiscal year 2025-26, with a notable expansion of approximately 8.1% in the second quarter. The manufacturing sector experienced a robust growth of around 9.1%, driven by the implementation of Production Linked Incentive (PLI) schemes, increased focus on import substitution, and higher capacity utilization in key segments such as electronics, automobiles, textiles, and pharmaceuticals. Construction also witnessed rapid growth, ranging between 7.2% to 9.4%, reflecting substantial investments from both the government and private sector in infrastructure, housing, and urban development. Meanwhile, the electricity, gas, and utilities

segment demonstrated moderate growth, in line with the prevailing industrial power demand trends. This resurgence in manufacturing and construction aligns with the PHDCCI's consistent advocacy for labor-intensive manufacturing, reforms to facilitate ease of doing business, and deeper integration into global value chains as pivotal drivers for India's economic growth.

- The tertiary sector, also known as the services sector, is the largest contributor to India's GDP, accounting for well over half of the total output. In the second quarter of the fiscal year 2025-26, the services sector expanded by around 9.2%, making it the fastest-growing segment of the economy. Within the services sector, there was particularly strong growth in Financial, Real Estate, and Professional Services, with a growth rate of over 10%. This growth was driven by robust credit growth, a buoyant capital market, demand for IT and business process outsourcing, and the expansion of digital financial services. Additionally, the Trade, Hotels, Transport, and Communication subsectors also made meaningful contributions to the overall growth, supported by resilient urban and rural consumption.

On the demand side, private final consumption expenditure increased by approximately 7.9% in Q2 FY26, a significant rise from the previous year. Gross fixed capital formation (investment) also experienced an acceleration, aided by government capex and a positive shift in private sector investment sentiment. India's exports have displayed resilience in the face of global trade challenges, such as US tariff actions, highlighting the country's relatively low reliance on external trade as a percentage of GDP.

Forecasts for India's GDP growth rate in the coming years remain optimistic, with slight variations among different agencies. The Reserve Bank of India (RBI) projects a growth rate of 7.6% for the fiscal year 2025-26 and approximately 6.9% for 2026-27. The International Monetary Fund (IMF) forecasts a growth rate of 7.3% for FY26, which is expected to moderate to around 6.4% over the following two fiscal years. The World Bank anticipates a growth rate of 6.5% for the year 2026, while the OECD predicts a rate of 6.2% for the same year. Moody's expects a growth rate of 6.4% for 2026 and 6.5% for 2027, and S&P Global forecasts 6.5% for FY26 and 6.7% for FY27. According to the United Nations (WESP 2026),

the expected growth rate for the current and coming year is in the range of 6.6-6.7%. Although specific figures vary due to different methodologies and timing, the consensus is that India is likely to maintain its position as one of the fastest-growing large economies globally through 2026 and beyond. This growth is expected to moderate from the exceptional pace of FY26 to a more sustainable long-term trend of 6.5-7%. PHDCCI's research consistently underscores India's trajectory towards achieving a USD 5 trillion economy by FY 2026-27 and a USD 7 trillion economy by 2030. This growth is expected to be driven by structural reforms, digital infrastructure, favorable demographics, and sustained public investment. Key sectors identified by PHDCCI as growth engines for the future include agriculture and food processing, infrastructure, textiles and apparel, pharmaceuticals, defense manufacturing, electronics, renewable energy, fintech, and semiconductors.

VI. KEY RISKS AND WATCH POINTS

When considering investments, it is important to be aware of the key risks and watch points. One of the key risks to be mindful of is market risk, which refers to the potential for investments to decline in value due to market factors such as economic conditions and market sentiment. Another important risk to consider is liquidity risk, which relates to the ease of buying or selling an investment without causing a significant impact on its price. Credit risk is also a crucial factor, as it pertains to the possibility of the issuer of a debt instrument failing to make interest payments or repay the principal amount. Furthermore, operational risk should not be overlooked, as it encompasses the potential for losses resulting from inadequate or failed internal processes, people, and systems or from external events. In addition to these risks, it is essential to keep an eye on geopolitical and regulatory developments that could impact the performance of investments. Overall, being aware of these key risks and watch points is vital for making informed investment decisions.

There are several risks that may threaten the growth rate trajectory of the Indian GDP in 2026 despite the encouraging outlook

- Export-oriented sectors could be affected by global trade tensions and tariff actions, particularly from the United States
- Rupee is periodically under pressure due to currency and bond market volatility
- Despite being within the RBI's target band currently, inflation rates remain sensitive to changes in food and energy prices
- Conflicts in regional areas, such as those affecting energy supplies and investor sentiment, can disrupt geopolitical development
- Since FY26 was a challenging year for comparisons because of its high growth rate, FY27 comparisons will be more challenging due to base effects

VII. CONCLUSION

India's growth story is characterized by resilience, diversification, and structural transformation. The India GDP growth rate for FY 2025-26 is currently at its fastest pace in years, with momentum seen across manufacturing, construction, and services sectors. The outlook for 2026 is notably positive as global institutions are revising their India forecasts upward. Businesses, investors, and policymakers are receiving a clear signal that India's domestic demand-led growth model, supported by reforms and infrastructure investment, is well-positioned to sustain its position as the world's fastest-growing major economy.

The PHDCCI is dedicated to closely monitoring these trends through its ongoing research initiatives. It will persist in advocating for policies that bolster the ease of doing business, capital expenditure, and export competitiveness. This advocacy aims to support India in realizing its full growth potential as it progresses towards achieving Viksit Bharat @2047.