

VIEW India's GDP growth slips to 7.8% in third quarter amid data revamp

By Reuters

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Bags made of leather are hung on a stand at a leather garments shop in New Delhi, India, January 27, 2026.

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Feb 27 (Reuters) - India's economy ([INGDPQ=ECI, opens new tab](#)) grew 7.8% in October-December from the same period a year earlier, down from an 8.4% expansion in the previous quarter as growth in government spending and investment slowed, even as private consumption rose strongly.

For the full fiscal year ending in March, the government expects the South Asian economy to have grown by 7.6%, the National Statistics Office [said as it unveiled a revised series of national output data](#). It had been forecast to grow by 7.4% under the old data series. At this pace, India remains the fastest-growing major economy globally.

COMMENTARY:

RADHIKA RAO, SENIOR ECONOMIST, DBS BANK, SINGAPORE:

"At first glance, the momentum in the rebased growth numbers appears to be marginally stronger than the previous trend, with methodological changes expected to have captured updated production structures, wider coverage of segments, new ratios, and improved government data sets, including those that capture activity in the informal sector.

Service sector performance signals a strong lift, besides double-digit growth in manufacturing. The October-December quarter also benefited from indirect tax rationalisation and festive demand, in addition to a better faring rural farm sector. The rebased numbers are close to our forecast of 7.7% YoY for FY26."

SUJAN HAJRA, CHIEF ECONOMIST & EXECUTIVE DIRECTOR, ANAND RATHI GROUP, MUMBAI:

"India's GDP data for Q3 FY26 and the Second Advance Estimates for FY26 have both come in above 7.5%, marginally exceeding our expectations. Importantly, the headline GDP and GVA trajectories under the new series are not materially different from those under the old series, suggesting continuity in the underlying growth narrative rather than a statistical distortion.

That said, nominal GDP growth for the year continues to remain below 9%, implying that while real activity is robust, the nominal backdrop — crucial for revenue buoyancy and profit growth — is relatively contained.

These better-than-expected numbers have clear market implications. For equities, the improved growth impulse strengthens the outlook for corporate earnings, especially for cyclical and domestic-demand-oriented sectors. For the debt market, stronger real growth — even with moderate nominal expansion — improves the outlook for government finances by supporting tax collections and reducing fiscal slippage risks."

ALEXANDRA HERMANN, LEAD ECONOMIST AT OXFORD ECONOMICS, UNITED KINGDOM:

"The GDP data exceeded both our and consensus expectations, although the methodological changes mean that like-for-like comparisons are not straightforward. The improved capture of faster-growing segments of the economy suggests that the measured growth trajectory is likely to be structurally higher under the new series.

With food price volatility set to play a smaller role for headline inflation and measured growth stronger following the methodological revisions to both inflation and the national account series, further rate cuts look highly unlikely. In fact, firm demand pushing up core inflation skews risks toward a rate hike before end-2026, in our view."

VIKRANT CHATURVEDI, ASSOCIATE DIRECTOR – RESEARCH, BRICKWORK RATINGS, MUMBAI: