Macro Insights

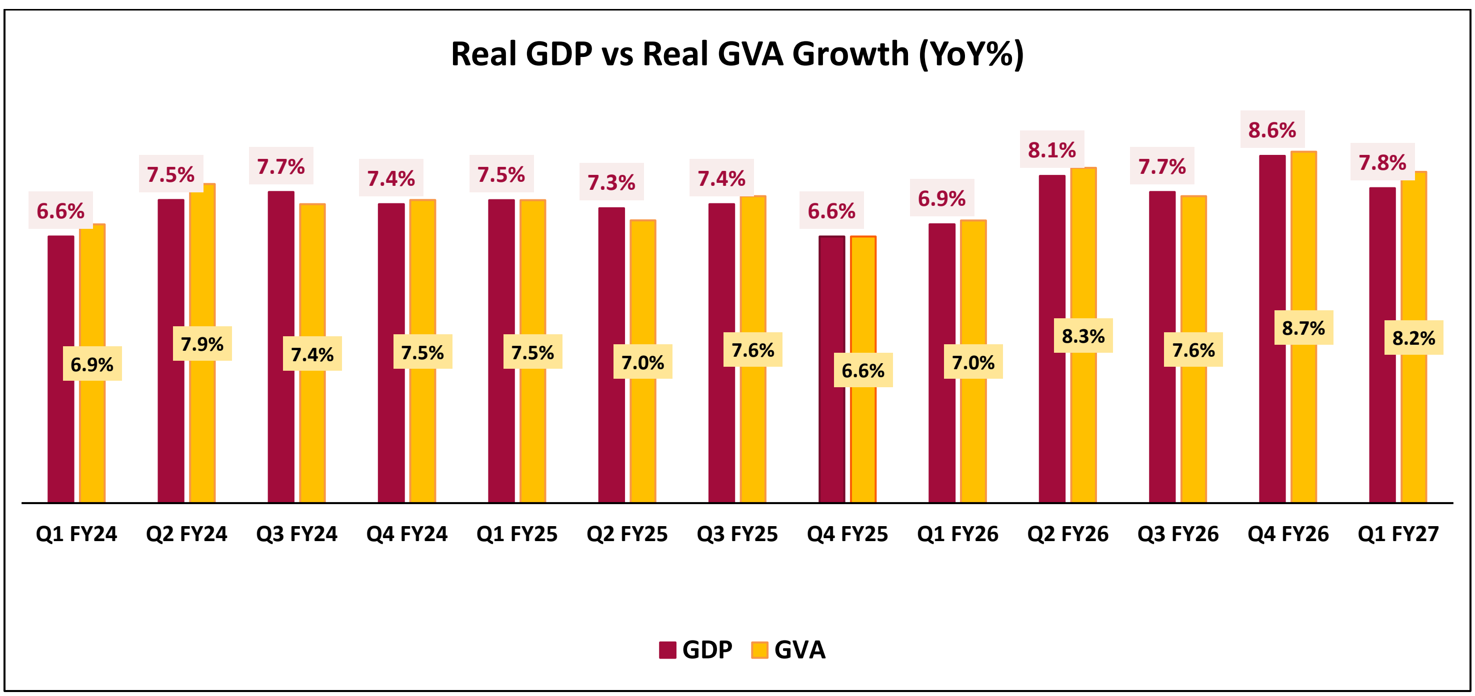
Analysis and Key Takeaways: India's GDP & GVA – Q1 FY27

Real GDP grew by 7.8% during Q1 FY27

Real GDP growth for Q1FY27 stood at 7.8% as compared to 6.9% in Q1FY26. Nominal GDP growth has witnessed a growth of 10.3% in Q1FY27, against the growth of 8.1% during Q1FY26. Real and Nominal GVA has been assessed to grow by 8.2% and 11.5% respectively in Q1 of FY 2026-27.

Highlights

- *Real GDP is estimated at Rs 81.36 lakh crore, against Rs 75.46 lakh crore in Q1 of FY 2025-26, showing a growth rate of 7.8%.*
- *Nominal GDP is estimated at Rs 88.27 Lakh Crore in Q1FY27, against Rs 80.00 Lakh Crore in Q1 FY26, showing a growth rate of 10.3%.*
- *Real GVA in Q1FY27 is estimated at Rs 73.82 Lakh Crore, against Rs 68.21 lakh crore in same period last year, showing a YoY growth rate of 8.2%.*



Source: MoSPI

Components of GDP

- **Growth in Private Final Consumption Expenditure**, which constitutes the highest share at 55.6% in GDP, grew by 7.1% in Q1 FY27, higher than 6.8% in Q1 FY26.
- **Government Final Consumption Expenditure** increased by 4.3% on YoY basis in Q1 FY27, lower than 4.5% in corresponding quarter of the previous fiscal year.
- **The growth in Gross Fixed Capital Formation**, which denotes investment in the economy, improved to 11.9% in Q1 FY27 from 5.8% in Q1 FY26.
- **Exports** have displayed resilience in the face of geopolitical tensions, growing at 12.0% in Q1 FY27 compared to 6.0% in Q1 FY26.

Components of GVA

- The GVA growth in the **Agriculture Sector** stood at 3.6% in Q1 FY27 compared to 4.4% in Q1 FY26.
- The growth in the **Industry Sector** increased to 7.7% in Q1 FY27 from 6.6% in Q1 FY26.
- The growth rate of **Services Sector** rose to 10.0% in Q1FY27 compared to 8.0% in Q1 FY26.

Views

- The Indian economy sustained growth momentum, recording an expansion of **7.8%** for Q1FY27 despite global headwinds reflecting continued strength and strong macroeconomic fundamentals. The growth was even higher than RBI's estimate of 7.0%.
- Real GDP growth in Q1 FY27 has been led by investments and exports showcasing a balance of domestic and external demand.
- Gross fixed capital formation, which is an indicator of investment activity, strengthened in the first quarter with the Centre's capital expenditure rising 18.6% in Q1FY27, compared with 9.1% in the previous quarter.
- The service sector recorded an impressive year-on-year growth rate of 10.0% in Q1FY27 compared to 8.0% in Q1FY26. This strong economic performance is mirrored across key operational indicators, with the average services PMI climbing to 58.6 (up from 58.0 in the preceding quarter) and services export growth quickening to 13.1% from 8.9%.
- Going forward, we expect GDP to remain strong, driven by domestic consumption and a pick-up in investment cycle. However, risks remain from global geopolitics.

****

Annexure - A

Table1

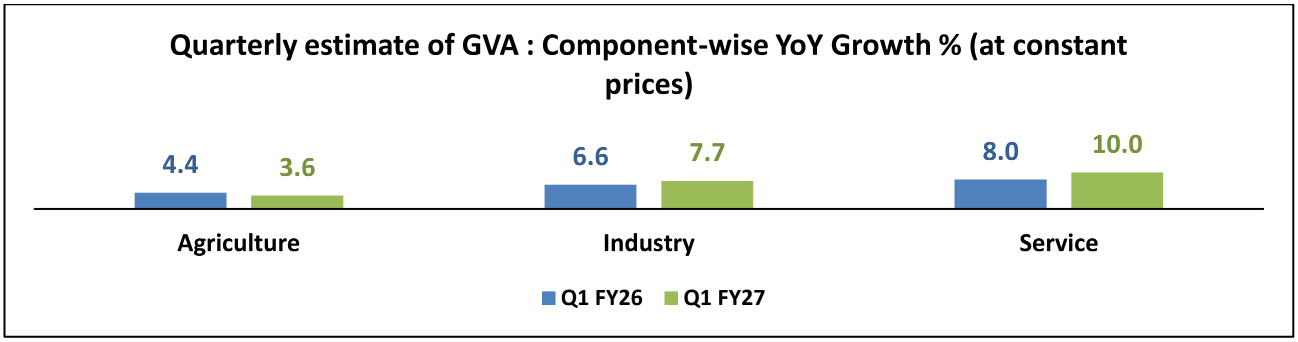
Quarter-wise - YoY Growth of the Major Components of GDP (%)		
Item	**Q1 2025-26**	**Q1 2026-27**
Private Final Consumption Expenditure (PFCE)	6.8	7.1
Government Final Consumption Expenditure (GFCE)	4.5	4.3
Gross Fixed Capital Formation (GFCF)	5.8	11.9
Change in Stocks	27.4	-13.9
Valuables	-28.9	-18.6
Exports	6.0	12.0
(Less) Imports	5.3	-1.1
Discrepancies*	1.8	-1.3
GDP	**6.9**	**7.8**

**In case of Discrepancy %share is GDP is given instead of percentage change over previous year.*

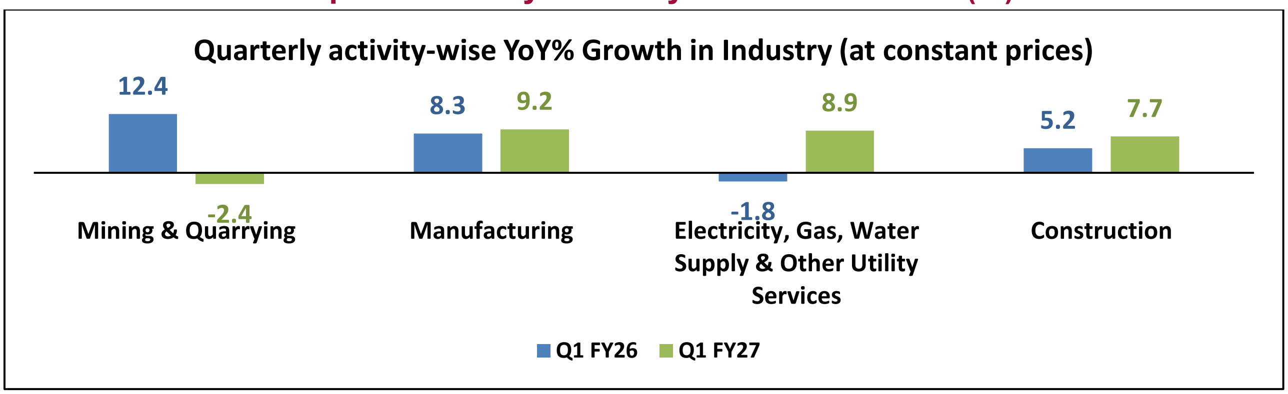
Table 2

Quarter-wise - Change of the Share of Major Components in GDP		
Item	**Q1 2025-26**	**Q1 2026-27**
Private Final Consumption Expenditure (PFCE)	55.8%	55.6%
Government Final Consumption Expenditure (GFCE)	11.2%	11.1%
Gross Fixed Capital Formation (GFCF)	31.4%	34.3%
Change in Stocks	1.3%	1.5%
Valuables	0.9%	1.0%
Exports	22.5%	25.6%
(Less) Imports	23.9%	28.3%
Discrepancies	0.8%	-0.8%
GDP (A+B+C+D+E+F-G+H)	**100.0%**	**100.0%**

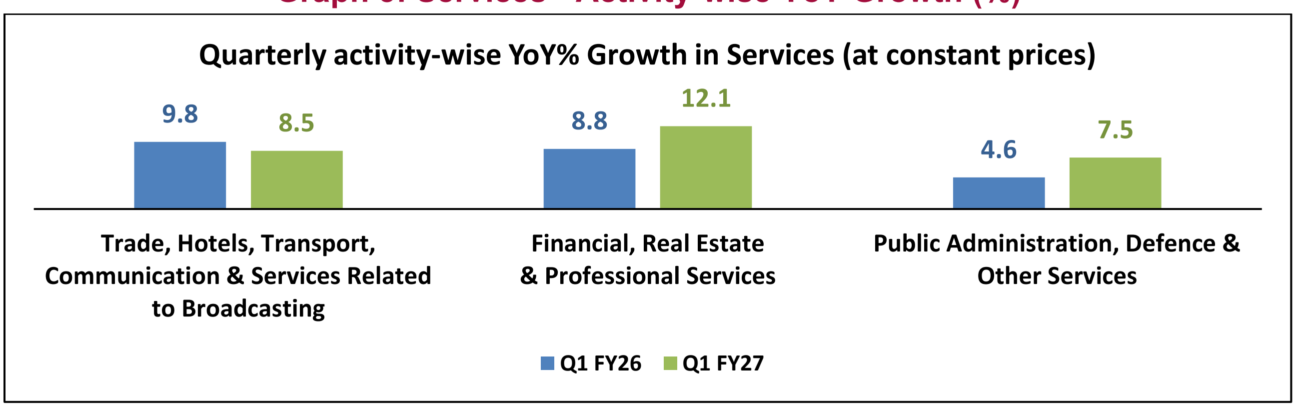
Graph 1: Gross Value Added – Component-wise YoY Growth (%)



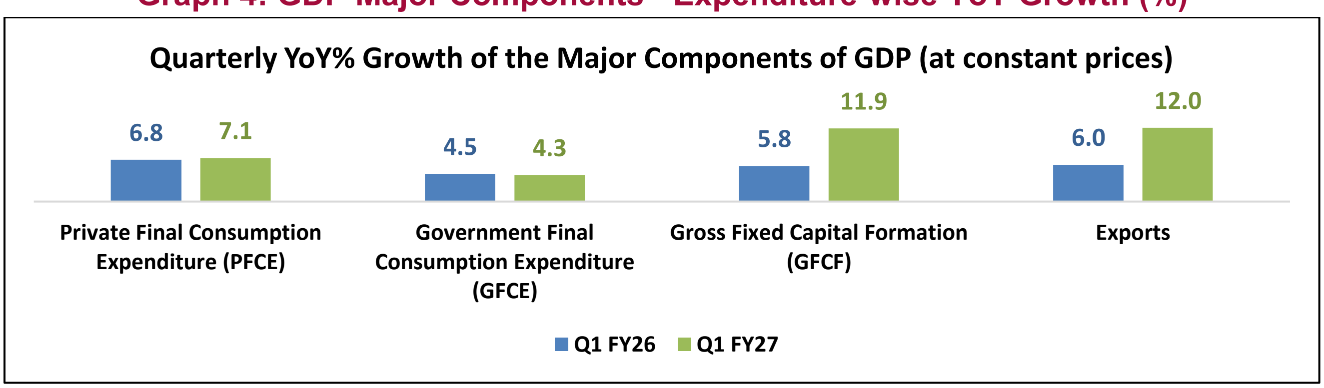
Graph 2: Industry - Activity-wise YoY Growth (%)



Graph 3: Services - Activity-wise YoY Growth (%)



Graph 4: GDP Major Components - Expenditure-wise YoY Growth (%)



Source: MoSPI (NSO), PNB (EIC)

Economic Intelligence Cell

Disclaimer: *The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for thefacts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.*

For any feedback or valuable suggestions: *Reach us at* ***eicsmead@pnb.co.in***

Follow our Official Page www.pnb.bank.in