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RESEARCH

BOB ECONOMICS RESEARCH | Q1FY27 GDP

GDP expand by 7.8% in Q1FY27

SUMMARY

INDIA ECONOMICS: Q1FY27 GDP

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31 August 2026

GDP expand by 7.8% in Q1FY27

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Q1FY27 GDP expands

GDP growth in Q1FY27 surged to 7.8% from 6.9% in Q1FY26 on a YoY basis. This was higher than our expectation of 7.2%. Sharp acceleration was noted in investment spending as it registered a growth of 11.9% against a growth of 5.8% in the previous year of the same quarter. Additionally, strength was also noted in the consumer spending in Q1 as it clocked a growth of 7.1% against 6.8% in the Q1FY26. Exports registered growth as it expanded by double digit to 12% in Q1FY26 (6% earlier). Growth in government spending was tad lower at 4.3% against 4.5% growth last year. Some weakness was noted in imports with growth declining by (-) 1.1% against an expansion of 5.3% in Q1FY26.

In nominal terms, GDP growth has expanded at a faster pace of 10.3% from 8.1% in Q1FY26. Private consumption spending has registered strong growth of 9.9% from 8.3% growth in the previous year. Government spending has also been higher in Q1 with a growth of 9.5% (4% in Q1FY26). Moreover, investment too has recorded robust growth of 20.4% (from 5.4% in Q1FY26) for the same period. Both exports and imports have also registered strong growth of 25.8% (from 5.7%) and 30.9% (from 5.7%) respectively in Q1FY27.

GVA moderates

GVA registered a growth 8.2% in Q1FY27 compared with a growth of 7.0% in Q1FY26. Strong growth was noted across a range of sectors. Manufacturing sector continue to shine brightly as it registered a healthy growth of 9.2% in Q1 compared with 8.3% in the same quarter of last year supported by strong corporate earnings. Electricity growth sprinted ahead with a growth of 8.9% after declining by (-) 1.8% in Q1FY26. Construction sector too strengthened with a growth of 7.7% against 5.2% growth in Q1FY26. Services sector rose led by expansion in financial services (12.1% from 8.8%) and public admin (7.5% from 4.6%) sector. Though, trade, hospital, transport registered marginally slower growth at 8.5% in Q1FY27 (from 9.8%).

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