

FinMin pegs Q2 growth at 7-7.5%, backed by stable macros, strong domestic demand

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A Finance Ministry report on Thursday indicated that the economy's growth rate in the July-September quarter (Q2 of FY26) could be in the range of 7-7.5 per cent.

The Statistics Ministry will release the official Q2 GDP growth data on Friday.

“Various independent economic assessments place real GDP growth for Q2 FY26 in the range of 7-7.5 per cent, indicating continued strength in underlying economic activity. Overall, the economy enters the second half of FY26 on a stable footing, anchored by well-contained inflation, resilient domestic demand and supportive policy dynamics, even as global uncertainties

warrant continued vigilance,” according to the *Monthly Economic Review* (MER) prepared by the Economic Affairs Department of the Finance Ministry.

Growth during the April-June quarter (Q1 of FY26) was 7.8 per cent.

The RBI has projected a growth rate of 7 per cent for Q2. In a research report, SBI said that growth could be 7.5 per cent with the possibility of an upside surprise. CareEdge expects real GDP growth for Q2 to be 7.2 per cent, while the GVA growth is projected at 7.3 per cent.

However, ICRA projected the GDP expansion to ease to 7 per cent in Q2 from 7.8 per cent in Q1.

GST CUT IMPACT

Though Q2 had just a week of GST rate cut, most agencies



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listed this as one of the reasons for higher growth. The MER said the overall macroeconomic environment remains stable, supported by easing inflation, resilient domestic demand and continued policy momentum.

“The favourable impact of GST rationalisation is increasingly visible in consumption indicators, while robust agricultural activity — reflected in the strong onset of rabi sowing and ad-

equate reservoir levels — has reinforced the outlook for food supply and rural incomes,” the MER said.

INFLATION EASES

Inflation based on Consumer Price Index (CPI) eased to an all-time low of 0.25 per cent in October, driven by the transmission of GST cuts, a favourable base effect, and a pronounced decline in food prices. The MER said the inflation outlook remains encouraging, supported by softening global commodity prices, benign energy markets, and targeted domestic supply interventions.

However, the balance of risks warrants continued vigilance. Global uncertainties pose potential headwinds to exports, capital flows and investor sentiment.