

Govt will release new GDP series on February 27, Q3 growth likely at 7.2%

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The government will release GDP data based on the revised 2022-23 base year on February 27, with markets closely tracking growth for the October-December quarter (Q3 FY26).

However, the new series, which incorporates significant data and methodological changes, has made forecasters wary of firm projections.

Rating agency ICRA has pegged Q3 growth at 7.2 per cent, moderating from 8.2 per cent in the July-September quarter. Several other economists declined to offer estimates, citing uncertainty around the recalibrated dataset.

In December, the Monetary Policy Committee of

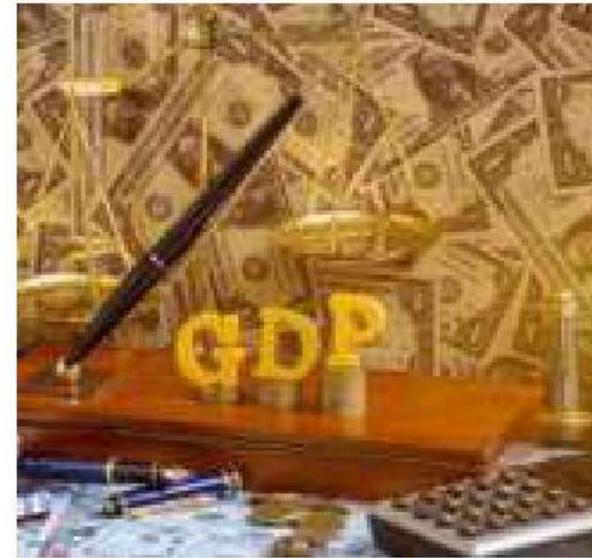
the Reserve Bank of India had projected real GDP growth for the third quarter at 7 per cent.

DATA CHALLENGE

Aditi Nayar, Chief Economist at ICRA, said estimating GDP under the new base year framework remains challenging.

“We have anchored the outlook for Q3 to the existing GDP dataset across sectors of the economy, based on which we project GDP growth to have eased to 7.2 per cent in Q3 2025-26 from 8 per cent in the first half of the fiscal,” she said.

She attributed the sequential slowdown to an unfavourable base effect, contraction in Central government capital expenditure, subdued State government revenue spending and weak merchandise exports. However, she noted



that “healthy demand during the festive season, boosted by GST rationalisation, likely kept the pace of growth above 7 per cent in the said quarter.”

Devendra Kumar Pant, Chief Economist at India Ratings & Research, refrained from giving a growth estimate but said nominal GDP could see an upward revision due to changes in item weights under the new series.

He cited the example of mobile handsets and television sets. In the 2011-12

series, feature phones had a higher weight relative to smartphones.

THE DISTORTION

“If I compare, say 2011-12 to 2023-24, the feature phone may give me a negative growth rate. Whereas your smartphone, which has a smaller weight, has grown disproportionately very high. The smartphone growth was not captured in 2011-12, whereas the negative growth of feature phone is being captured,” he said.

A similar distortion existed between CRT television sets and newer technologies such as plasma, LCD and LED TVs, which will now be corrected.

“All these mean the size of the economy is likely to be much higher than what we were estimating,” Pant said.