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India Maintains Strong Economic Growth

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The Indian economy continued its strong growth momentum with real Gross Domestic Product (GDP) expanding by 7.8% in the third quarter (October–December) of Fiscal Year 2025-26, as per data released by the Ministry of Statistics and Programme Implementation (MoSPI). This is the first GDP estimate under the new 2022-23 base year series replacing the old 2011-12 base.

Key drivers:

Robust expansion in the manufacturing and services sectors.

Higher private consumption and festive-season demand.

GST rate rationalisation supported output incentives.

Comparison with past figures:

Growth exceeded 7.4% in the year-ago quarter.

It was slightly lower than the 8.2% in the previous quarter.

Full year outlook:

The full fiscal year (FY26) GDP growth is now estimated at about 7.6%, higher than earlier estimates.

Significance:

India remains among the fastest-growing major economies globally.

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The data revision under the new GDP series provides a more accurate picture of current economic structures.

What is GDP?

Gross Domestic Product (GDP) is the total value of final goods and services produced within a country in a given period. It is a key measure of economic activity and performance.

Types of GDP:

Real GDP: Adjusted for inflation and reflects actual growth in production.

Nominal GDP: Measured at current prices without inflation adjustment.

Base Year and GDP Calculation:

The government periodically updates the GDP base year to better reflect current economic patterns, production structures, and price levels.

Changing the base year from 2011-12 to 2022-23 improves accuracy and relevance of GDP estimates.

Sectoral Drivers:

Manufacturing and services sectors are major growth engines, accounting for a large share of GDP.

In many quarters, manufacturing sees double-digit expansion while services like trade, hotels, transport, and finance also contribute significantly.

GDP and Investment:

Higher GDP growth boosts investor confidence, can lead to improved credit ratings, and attracts foreign and domestic investment.

Policy Implications:

Strong growth may influence Monetary Policy, including decisions on interest rates by the Reserve Bank of India (RBI).

Growth figures inform Union Budget planning, fiscal deficit estimates, and policy reform priorities.