



Q1 FY27 GDP Surprises on the Upside as Investment Cycle Turns

GDP Q1 | FY 2027

01st Sept, 2026

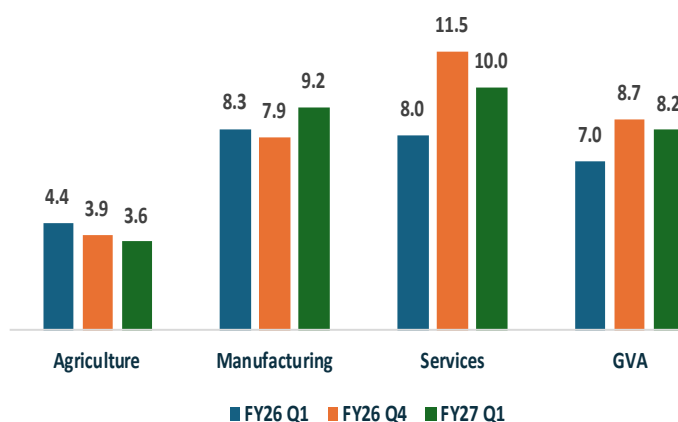
India's 1QFY27 GDP grew 7.8% YoY, beating RBI forecast by 80bps, with GVA accelerating to 8.2%, led by an investment cycle turn rather than consumption only. Investments surged 11.9% (from 5.8 a year ago), lifting its GDP share to 34.3%, while private consumption stayed resilient at 7.1% and exports hit double digits at 12.0%. On the supply side, services (12.1%) and manufacturing (9.2%) drove the beat, with construction (7.7%) and utilities (8.9%) also strengthening, though electricity, gas, water supply saw a sharp turnaround from last year's contraction. Weak spots persisted in agriculture (3.6%, hit by heatwaves/delayed monsoon conditions) and mining (-2.4%), but broad-based strength elsewhere pulled overall GVA growth up to 8.2%.

Outlook

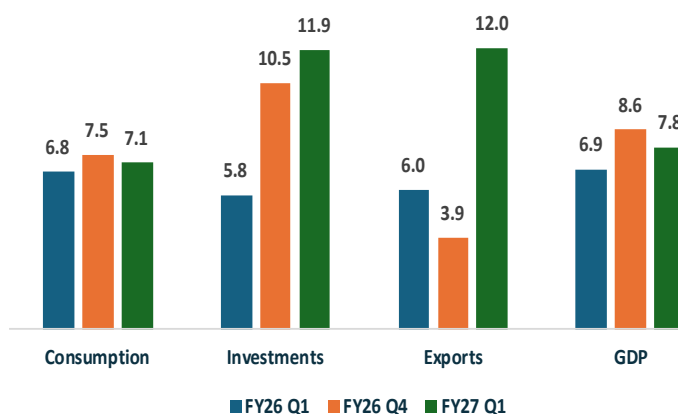
Resilient high-frequency indicators, alongside a stronger than expected 1QFY27 GDP print, points to upside for FY27 growth outlook. A contained GDP deflator and limited broad-based inflation, however, should give the RBI room to stay on hold in Oct'26. That said, with early signs of inflation broadening, Dec'26 remains a key risk window for a rate hike.

Real GDP (by expenditure) Y/Y growth rate	FY26 Q1	FY26 Q2	FY26 Q3	FY26 Q4	FY27 Q1
PFCE	6.8	6.4	8.0	7.5	7.1
GFCE	4.5	4.4	7.0	7.7	4.3
GFCF	5.8	7.2	8.3	10.5	11.9
Exports	6.0	9.7	6.2	3.9	12.0
Imports	5.3	5.0	7.0	0.8	-1.1
GDP	6.9	8.1	7.7	8.6	7.8
Real GVA (by income) Y/Y growth rate	FY26 Q1	FY26 Q2	FY26 Q3	FY26 Q4	FY27 Q1
Agriculture	4.4	3.2	1.9	3.9	3.6
Mining & Quarrying	12.4	21.6	3.3	-2.9	-2.4
Manufacturing	8.3	10.0	9.0	7.9	9.2
Electricity, Gas, Water Supply	-1.8	3.8	1.9	4.8	8.9
Construction	5.2	7.8	7.0	8.7	7.7
Trade, Hotels, Transport, Etc	9.8	10.6	11.7	12.9	8.5
Financial, Real Estate Services	8.8	9.9	10.9	12.3	12.1
Public Administration, Defence Services	4.6	5.7	6.6	8.0	7.5
GVA	7.0	8.3	7.6	8.7	8.2

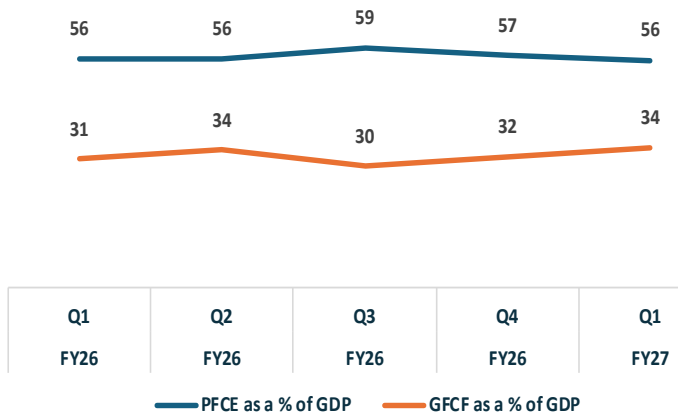
GVA Components (growth, yoy %)



GDP Components (growth, yoy %)



PFCE and GFCF as % of GDP



Sources: Reserve Bank of India, Reuters, MOSpi, FADA, Government of India

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