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July-September GDP: Expected Near 8 Per Cent, Data Due on 30 November



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Why in the News

Official GDP (gross domestic product - the total monetary value of all goods and services produced in a country during a period) data for July-September 2026 (the second quarter of financial year 2026-27) will be released on 30 November. Ahead of it, estimates from leading banks and economists are coming in, and most place growth between 7.5 and 8 per cent. Real GDP growth in the first quarter (April-June 2026) was 7.8 per cent, well above the Reserve Bank of India's (RBI) forecast of 7 per cent.

Who has estimated what

Official estimates: In its October 2026 monetary policy review, the RBI estimated second-quarter growth at 7.2 per cent and full financial year 2026-27 growth at 7.1 per cent. The Finance Ministry's Monthly Economic Review has estimated 7.35 per cent for the second quarter.

Private estimates: SBI's statistical model (based on 54 high-frequency indicators) puts growth at 7.8 per cent, HSBC at about 7.5 per cent, ICICI Securities Primary Dealership at 7.5-8.0 per cent, BofA Securities at 7.7 per cent and IDFC FIRST Bank at 8 per cent. Note that growth has averaged 8.1 per cent over the four quarters starting July-September 2025.

Strength in manufacturing

IIP signals: Growth in the Index of Industrial Production (IIP - the indicator of industrial activity measured from mining, manufacturing and electricity output) averaged 7.3 per cent in July-September 2026, against 5.4 per cent in the same quarter last year and 6.2 per cent in April-June 2026.

Manufacturing: Within the IIP, manufacturing grew 8.1 per cent in July-September 2026, compared with 6.9 per cent in April-June 2026 and 4.7 per cent in July-September 2025. In the first quarter's GDP data, the manufacturing sector had grown 9.2 per cent. Listed companies' profit growth and tax collection data also confirm strong sales.

Signs of weakness

Agriculture: Because of the below-average monsoon, agricultural growth is expected to slow from 3.6 per cent in the first quarter; estimates range between zero and 2.8 per cent. Domestic tractor sales fell 3 per cent in July-September.

Rural demand: A decline in real rural wages, and the impact of low soil moisture and depleted reservoirs on rabi sowing, pose challenges for rural demand. The RBI's interest rate increase (the repo rate rose in October 2026 for the first time in nearly four years) may also weigh on growth ahead.

Second-half outlook: SBI's model estimates growth of 6.9 per cent in October-December 2026 and January-March 2027; that is, some slackening of momentum is expected.

The monetary policy context

The RBI's Monetary Policy Committee (MPC) raised the repo rate (the rate at which the RBI lends to banks) by 25 basis points to 5.50 per cent in October 2026 and changed the policy stance to 'calibrated tightening' (meaning that ahead there is either a rate hike or a pause - no room for a cut). Retail inflation (CPI) in October 2026 stood at 6.09 per cent, crossing the upper end of the RBI's tolerance band (6 per cent) for the first time in two years; therefore another rate hike is being speculated at the MPC meeting on 4 December. The RBI has projected CPI inflation of 5.2 per cent for 2026-27.

Prelims Practice Questions

Question 1. With reference to the Reserve Bank of India's October 2026 monetary policy review, consider the following statements:

Statement 1: The MPC raised the repo rate by 25 basis points to 5.50 per cent

Statement 2: The RBI has projected real GDP growth of 7.2 per cent for the second quarter of financial year 2026-27

Statement 3: The MPC changed the policy stance to 'neutral'

Which of the statements given above are correct?

(a) 1 and 2 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

Answer and Explanation

Correct answer: (a)
Statement 1 is correct - the MPC unanimously raised the repo rate by 25 basis points to 5.50 per cent.
Statement 2 is correct - the RBI projected 7.2 per cent growth for the second quarter and 7.1 per cent for 2026-27.
Statement 3 is incorrect - the stance was changed to 'calibrated tightening', not 'neutral'; two members had voted to retain a neutral stance.

Question 2. With reference to economic indicators for the July-September 2026 quarter, consider the following statements:

Statement-I: Growth in the Index of Industrial Production (IIP) averaged 7.3 per cent in this quarter

Statement-II: Domestic tractor sales recorded growth in this quarter

Which one of the following is correct in respect of the above statements?

(a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation of Statement-I
(b) Both Statement-I and Statement-II are correct, but Statement-II is not the correct explanation of Statement-I
(c) Statement-I is correct, but Statement-II is incorrect
(d) Statement-I is incorrect, but Statement-II is correct

Answer and Explanation

Correct answer: (c)
Statement-I is correct - IIP growth averaged 7.3 per cent in July-September 2026; manufacturing grew 8.1 per cent.
Statement-II is incorrect - according to Tractors and Mechanization Association data, domestic tractor sales fell 3 per cent in this quarter, a sign of weakening rural activity.

Sources:
1. RBI Monetary Policy Committee resolution (October 2026): www.rbi.org.in
2. News report (16 November 2026): indianexpress.com

Related articles (internal links):
- 7.8% GDP Growth in the First Quarter: The Figure's Meaning and Its Limits
- Retail Inflation at 6.09% in October: Two-Year High, Above RBI Tolerance Limit

Frequently Asked Questions (FAQ)

Summary answer: GDP growth for July-September 2026 (Q2 of FY 2026-27) is expected to be between 7.5 and 8 per cent in most estimates; official data will be released on 30 November 2026. The RBI projects 7.2 per cent and the Finance Ministry 7.35 per cent.

Question: When will the official GDP data for the July-September 2026 quarter be released?

Answer: On 30 November 2026. Ahead of it, estimates from banks and economists are already out, broadly placing growth between 7.5 and 8 per cent.

Question: What growth have the RBI and the Finance Ministry projected for the second quarter?

Answer: In its October 2026 monetary policy review, the RBI projected Q2 growth at 7.2 per cent and full-year FY 2026-27 growth at 7.1 per cent; the Finance Ministry's Monthly Economic Review has estimated 7.35 per cent.

Question: What are the major private-sector estimates?

Answer: SBI's statistical model (based on 54 high-frequency indicators) projects 7.8 per cent, HSBC about 7.5 per cent, ICICI Securities Primary Dealership 7.5-8.0 per cent, BofA Securities 7.7 per cent and IDFC First Bank 8 per cent.

Question: How much was real GDP growth in the first quarter (April-June 2026)?

Answer: 7.8 per cent, well above the RBI's projection of 7 per cent. The average growth across the four quarters beginning July-September 2025 has been 8.1 per cent.