

Experts see FY26 nominal GDP growth at 10-11%

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The upcoming Union Budget to be presented on February 1 is likely to assume a nominal gross domestic product (GDP) growth between 10 and 11 per cent for FY26, a *Business Standard* poll of 10 economists showed.

The first advance estimates released by the National Statistics Office (NSO) had estimated a nominal GDP growth of 9.7 per cent for FY25. Nominal GDP, calculated at current market prices, factors in the effect of inflation. It is used as the base to calculate crucial macroeconomic indicators, such as fiscal deficit, revenue deficit, and debt-to-GDP ratio. A higher nominal GDP assumption makes it easier for the finance minister to show a narrower fiscal deficit print and vice versa.

Madan Sabnavis, chief economist, Bank of Baroda said nominal GDP growth is assumed to be 10.5 per cent for FY26. This is due to the low base effect and a lower inflation print (around 4 per cent) which will revive consumption.

Owing to high food prices, retail inflation has been quite high for the past two years with the RBI also revising upwards the inflation projection for FY25 to 4.8 per cent in December from 4.5 per cent estimated earlier.

Paras Jasrai, senior economic analyst at India-Ratings, said gradual improvement in consumption demand and investments from both the public and private sectors due to monetary easing are expected to push

nominal GDP to grow a tad faster at 10.2 per cent in FY26. "India is facing monetary, fiscal and external tightening. While monetary conditions are expected to ease now, the fiscal and external tightening is expected to continue in FY26 as well," he added.

Arsh Mogre, chief group economist, PL Capital, said the nominal growth would be between 10 and 10.5 per cent as the anticipated rate cuts by RBI will provide monetary easing, further fuelling demand recovery. "However, private capex remains fragmented, signalling cautious corporate sentiment. Risks stem from weakening demand in key export markets like Europe, the potential ripple effects of US tariff hikes, and domestic manufacturers facing intensified competition from China's surplus exports," he added.

Tanvee Jain Gupta, chief India economist, UBS Securities, said nominal GDP growth is expected to remain largely stable at 9.8 per cent in FY26. This is due to softer domestic growth and a negative drag from the trade war uncertainty and geopolitics.

In contrast, Rumki Majumdar, economist at Deloitte India, expects the nominal GDP growth rate to be between 10.8 per cent and 11.3 per cent. Real projections are between 6.8 per cent and 7.3 per cent. "Continuous private investment momentum along with higher public capex throughout the year will boost growth, something that was lacking in 2024. Inflation is expected to ease in FY26, enhancing consumption. On the supply side, production-linked incentive schemes are gaining traction, and the impact will start reflecting on ground realities," he added.



ECONOMISTS' PREDICTION

FY26 nominal GDP growth projection (in %)

UBS Securities	9.8
Emkay Global	10.0
ICRA Ratings	10.0
India Ratings	10.2
PL Capital	10-10.5
Bank of Baroda	10.5
EY	10.5
Motilal Oswal	10.8
MK Saggiar	11.0
Deloitte India	10.8-11.3

Source: BS Research

