Economy may have grown over 8% in Q3

KEY DRIVER. High-frequency indicators point to resilient activity in the December quarter: SBI report

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With high frequency data showing resilient economic activities, India's economy is likely to have grown at more than 8 per cent during the quarter ending December 31, 2025, a research report by SBI stated on Tuesday. The report also highlighted that public sector banks have performed much better than major private sector banks during the nine-month period.

The Ministry of Statistics will formally release the data on Friday with new base year of 2022-23. Previous base year was 2011-12.

According to SBI research report, high-frequency activity data indicates resilient economic activity in Q3FY26.

Rural consumption remains strong, driven by positive signals from farm and non-farm activity. Supported by fiscal stimulus, urban consumption shows a consistent uptick since the last festival season. Overall, "we expect Q3FY26 real GDP growth of closer to 8.1 per cent," it said, while adding that given significant methodological changes, it is difficult to predict the direction of revision.

ESTIMATES HIGHER

SBI's estimates appear to be much higher than others'. 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.

Earlier, the first advance estimates pegged the growth rate for the current fiscal at 7.4 per cent.

Later, the Economic Survey said potential growth to be around 7 per cent and it estimated growth rate for FY 27 between 6.8 per cent and 7.2 per cent.

The second advance estimates for FY26, along with previous two quarter numbers based on the new base year, would be released on Friday. Back series data of the past three years will also be released.

GROWTH PUSH. Supported by fiscal stimulus, urban consumption saw a consistent uptick REUTERS

Meanwhile, SBI research report said that it tracked 50 leading indicators in consumption and demand. Agri, Industry, service and other indicators, which indicate significant jump in Q3FY26 growth (vs Q4FY25).

The percentage of indicators showing acceleration has increased to 87 per cent in Q3, compared to 80 per cent per cent in Q2.

"GDP growth, as per SBI composite leading indicator (CLI), based on monthly data, shows an upward momentum," it said.

BANKING SECTOR

On the banking sector, the report said that SCBs' (scheduled commercial banks) deposit growth remains muted compared to credit growth. For the fortnight ended January 31, 2026, aggregate deposits grew 12.5 per cent compared to 10.3 per cent during the year-ago period, while credit grew 14.6 per cent (11.4 per cent). With the rise in CD ratio, the gap between deposit and credit growth has increased, but such gaps are nothing new to the banking system.

On the performance of banks, the report noted that while net profit of 12 public sector banks grew 12.5 per cent to ₹1.46 lakh crore during the nine-month period ending on December 31, 2025, net profit of eight major private sector banks grew around 3 per cent to over ₹1.30 lakh crore.