

Of Economic Surveys and Union Budgets



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Two headline macroeconomic numbers eagerly awaited in the Economic Surveys and Union Budgets are real and nominal gross domestic product (GDP) growth rates. While the Economic Surveys project real GDP growth rate for the coming financial year, Union Budgets assume nominal GDP growth rate, which forms the basis for key fiscal calculations such as taxes, expenditure, fiscal deficit, and debt.

GDP growth beats Survey estimates in FY26

In some years, however, actual growth has turned out to be higher than the Survey's projections, including the current financial year. The Survey had projected real GDP growth in the range of 6.3-6.8 per cent for FY26 but the advance estimates have put it at 7.4 per cent.

Gauging reality

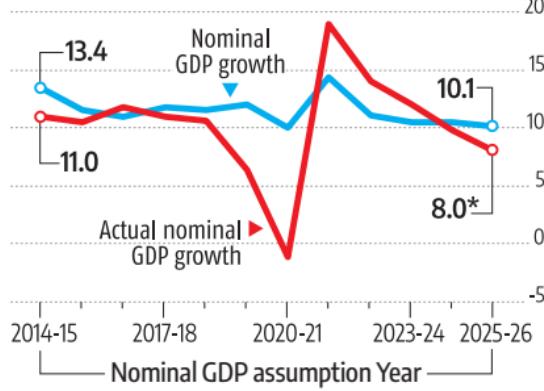
Economic Survey (FY)	Projection (FY)	Projected real GDP growth (% Y-o-Y)	Real GDP growth (% Y-o-Y)
2013-14*	2014-15*	5.4-5.9	7.4
2014-15	2015-16	8.1-8.5	8.0
2015-16	2016-17	7-7.5	8.3
2016-17	2017-18	6.75-7.5	6.8
2017-18	2018-19	7-7.5	6.5
2018-19	2019-20	7.0	3.9
2019-20	2020-21	6-6.5	-5.8
2020-21	2021-22	11.0	9.7
2021-22	2022-23	8-8.5	7.6
2022-23	2023-24	6-6.8	9.2
2023-24	2024-25	6.5-7.0	6.5
2024-25	2025-26	6.3-6.8	7.4*
2025-26	2026-27	6.8-7.2	NA

Note: Economic Survey made projections on the basis of 2004-05 series, actual number is based on 2011-12 series, * advance estimates Source: Various economic surveys, Mospi

Nominal growth misses estimates

The trend did not hold for FY26 Union Budget. It projected nominal GDP growth at 10.1 per cent, but the Advance Estimates have pegged it at 8 per cent. Around one-third of times in the past 12 years, the reality has surpassed the growth estimates given by the Economic Surveys and assumed in the Budget.

Reality better than Budget assumptions (% Y-o-Y)



Note: *Advance Estimates

Source: Various Budget documents, Mospi