Ind-Ra sees FY27 as 'Goldilocks' phase

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India's economy is expected to grow 6.9 per cent in 2026-27 (FY27), with ratings agency India Ratings & Research (Ind-Ra) describing the year as a "Goldilocks" phase of stable growth and low inflation.

This comes as a combination of firm domestic demand, easing pricing pressures and renewed reforms push helps cushion external shocks, according to Ind-Ra's latest outlook for the Indian economy. The agency projects nominal gross domestic product (GDP) growth at 9.7 per cent in FY27 with the real GDP growth at 7.4 per cent in FY26.

"The three main tailwinds, as of now are — the economy is having an income tax waiver in FY26 Budget, the goods and services tax rate rationalisation and three free trade pacts with New Zealand, UK and Oman," said Devendra Kumar Pant, chief economist and head of public finance at India Ratings.

The agency projects headline consumer price index inflation to average 2.1 per cent in FY26 before rising to 3.8 per cent in FY27. It would be helped by lower pricing pressures across broad consumption items and disinflationary impact of GST rate rationalisation, even as weather-related risks remain a concern.

On policy, the agency sees "limited space for rate cut" and notes that "a further 25 basis points rate cut in the current easing cycle is possible, but is data dependent." Private final consumption expenditure, which makes up 56.5 per cent of GDP, is forecast to grow 7.6 per cent in FY27. It would be backed by improving real wage growth and a narrowing rural–urban demand gap.

Growth projections (Y-o-Y in %)

	FY26	FY27
Real GVA	7.2	6.8
Real GDP	7.4	6.9
Private final consumption expenditure	7.4	7.6
Government final consumption expenditure	3.5	3.3
Gross fixed capital formation	7.4	7.8
Year-end interest rate (10-year GSec)	6.4	6.3
Average exchange rate (INR/USD)	88.64	92.26
Current account deficit (% of GDP)	1.3	1.5

GVA: Gross value added, GDP: Gross domestic product
Source: India Ratings & Research