

India's FY26 growth seen closer to 6.3%

Official says lower energy costs good news for country

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Senior government officials expect India's FY26 economic growth to hover around the lower end of the 6.3-6.8 per cent range projected in the Economic Survey. This comes amid rising global uncertainty triggered by US President Donald Trump's sweeping tariffs on key trading partners, which have raised fears of a potential recession in India's largest export destination.

"We still expect growth to be in the range of 6.3-6.8 per cent as projected earlier, though it may be closer to the lower end of the band," a government official said.

While admitting that a demand slowdown in the US would pose a challenge, a second official said the proposed income-tax cuts in the US might offer some cushion. "Lower energy costs are also good news for India's growth prospects," the official said.

Brent crude, the global benchmark, slid nearly 8 per cent to below \$65 a barrel on Friday, its lowest in nearly four years. Goldman Sachs has lowered its average Brent crude price



FY26 GROWTH FORECASTS

(Y-o-Y in %)

ADB	7.0	Fitch	6.5
World Bank	6.7	OECD	6.4
S&P Global	6.5	Nomura	5.9
IMF	6.5		

Source: BS Research

forecast for 2025 to \$69 a barrel.

JPMorgan Chase & Co has said it expects the US economy to fall into recession this year. "We now expect real GDP (gross domestic product) to contract under the weight of the tariffs. For

PAGE 6

Govt hopes to have surpassed RE for capex in FY25

The government is confident it surpassed the Revised Estimates (RE) for capital expenditure of ₹10.18 trillion in FY25 based on the advance numbers, two top government officials said. "The numbers we have received so far, even though not for the full financial year, indicate that we are likely to have exceeded the revised target of capex," an official said. **RUCHIKA CHITRAVANSHI** writes

the full year, we forecast -0.3 per cent real GDP growth, down from 1.3 per cent previously," said Michael Feroli, chief US economist at JPMorgan. Economists at Citi and UBS have also cut their US growth forecasts to 0.1 per cent and 0.4 per cent, respectively.

Economists have projected that India's growth could be impacted by 30 to 60 basis points (bps) in FY26. HDFC Bank Principal Economist Sakshi Gupta said there was a downside risk of 30 bps to her 6.6 per cent growth forecast.

Turn to Page 6 ▶

FY26 growth forecast revision hinges on domestic demand

“Our growth forecast is also heavily reliant on domestic demand conditions improving materially. Both monetary and fiscal accommodation would need to be frontloaded to drive this. In the absence of a strong domestic demand recovery (due to weather-related disruptions with risk of heatwaves emerging, increased financial market volatility, inflation spikes, etc) or a more severe downturn in the global economy (full-blown trade war with retaliation from other countries), we would need to revise down our growth estimates for FY26 significantly,” she added.

The Ministry of Finance’s latest Monthly Economic Review — released before Trump’s April 2 reciprocal tariff announcement — said geopolitical tensions, increasing uncertainty around trade policies, volatility in international commodity prices, and the financial market posed major risks to the outlook for growth.

“However, if the private sector were to invest in the economy, banking on the resilience of the Indian economy and its steady growth outlook, it would overpower the risks to the growth outlook considerably,” it said.

The report said the proposed changes in the personal income-tax structure were expected to improve the disposable incomes of the middle class and their consumption.

“The 25-bp policy rate cut in February, as part of a more accommodative monetary policy and enhanced liquidity provisions, can also bolster the growth momentum. The Union Budget’s focus on longer-term development drivers and reforms, anchored around the ambition of Viksit Bharat, adds to the confidence in domestic economic resilience amid significant global uncertainties,” it added.

