

Moody's cuts India's growth estimate to 6.3% for 2025

FE BUREAU
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GLOBAL RATING AGENCY Moody's on Tuesday lowered India's GDP estimates to 6.3% from 6.5% for 2025, citing a global economic slowdown caused by heightened US policy uncertainty and trade restrictions. In its Global Macro Outlook 2025-26 update, it said geopolitical stresses, like tension between India and Pakistan, also have a potential downside risk to its baseline growth forecasts.

Costs to investors and businesses are likely to rise as they factor in new geopolitical configurations when deciding where to invest, expand, and/or source goods, Moody's said. It, however, retained its 6.5% growth projection for India in 2026. This compares

with a 6.7% growth in 2024. Moody's expects the Reserve Bank of India to lower benchmark policy rates further to support growth.

"Economic growth was already set to slow this year back to its potential rate. We lowered our global growth projections for 2025 and 2026 further on account of the policy shifts and more intense policy uncertainty than we had previously expected, especially in the largest two economies, the US and China," Moody's said.

The rating agency lowered growth projections for the US to 1% in 2025 and 1.5% in 2026 from 2% and 1.8%, respectively. This compares with growth of 2.8% in 2024. For China, it expects growth to be 3.8% in 2025 and 3.9% in 2026, lower than 5% in 2024.

IMF: India to be fourth-largest economy in '25

INDIA WILL OVERTAKE Japan to become the fourth-largest economy in 2025 with a gross domestic product of \$4.187 trillion at current prices, marching ahead of Japan's GDP of \$4.186 trillion, according to the International Monetary Fund's latest forecast. India's GDP was estimated to be \$3.909 trillion in 2024. India is estimated to become the third-largest economy by 2027 by overtaking Germany. —FE BUREAU