

India's economy may grow 6.6% in 2025, 6.7% in 2026: UN report

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The Indian economy is expected to grow by 6.6 per cent in 2025 and 6.7 per cent in 2026, supported by solid private consumption and investment growth, according to the United Nations (UN) flagship report, World Economic Situation and Prospects 2025, released on Thursday.

Keeping its 2025 growth forecast unchanged from its mid-2024 estimates, the UN report said, "In India, the public sector continues to play a pivotal role in funding large-scale infrastructure projects, physical and digital connectivity, and social infrastructure, including improvements in sanitation and water supply. Strong investment growth is expected to continue through 2025."

The First Advance Estimates from the National Statistics Office forecast the Indian economy to slow to a four-year low of 6.4 per cent in



2024-25, falling short of the Reserve Bank of India's (RBI's) projection of 6.6 per cent.

The report highlighted that capital expenditure on infrastructure development is expected to have strong multiplier effects on growth in the coming years. Expansion in the manufacturing and services sectors will

WHAT THE REPORT SAYS

- Capital expenditure on infrastructure development expected to have strong multiplier effect on growth in the coming years
- Expansion in the manufacturing and services sectors to continue to drive economy
- Strong export growth in services and certain goods categories, such as pharmaceutical and electronics, to bolster economic activity
- Favourable monsoon rains in 2024 have improved summer-sowing areas for all major crops, boosting agricultural output expectations for 2025

continue to drive the economy, while strong export growth in services and certain goods categories, such as pharmaceutical and electronics, will bolster economic activity, the UN report said.

It also noted that favourable monsoon rains in 2024 have improved summer-sowing areas for all major

crops, boosting agricultural output expectations for 2025.

The UN report said that economic growth in South Asia is expected to remain robust in 2025, primarily driven by strong performance in India. The region is projected to grow at 5.7 per cent in 2025 and 6 per cent in 2026.

Risks to the outlook, the report stressed, include possible escalation of geopolitical tensions, deceleration in external demand, ongoing debt challenges, and social unrest. In addition, the region is highly vulnerable to the impact of climate hazards, with extreme weather events posing a significant risk, the report said.

"Countries cannot ignore these perils. In our interconnected economy, shocks on one side of the world push up prices on the other. Every country is affected and must be part of the solution — building on progress made," said António Guterres, UN Secretary-General, in the foreword to the report.