

IMF raises India's FY26 growth forecast to 6.6 %

REUTERS
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THE INTERNATIONAL MONETARY FUND (IMF) has raised India's growth forecast by 0.2 percentage points to 6.6% for the FY26 as the country's strong growth momentum is seen offsetting the impact of high US tariffs on Indian goods.

India's GDP grew at an unexpectedly higher pace of 7.8% in April-June thanks to strong private consumption, helping it remain the fastest growing major economy despite a cloudy export outlook due to steep 50% tariffs imposed by US President Donald Trump.

The IMF said in its World Economic Outlook report that the upward revision for India's FY26 growth was on a "carry-over from a strong first quarter more than offsetting the increase in the US effective tariff rate on imports from India since July".

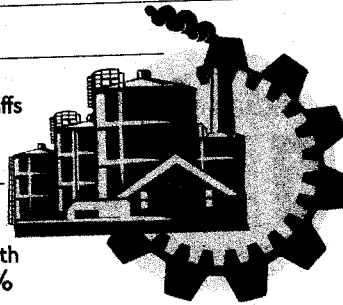
However, the IMF lowered India's growth forecast by 0.2 percentage points to 6.2% for the next fiscal year, it said in the report released in Wash-

POSITIVE SIGN

■ The upwards revision is despite the steep 50% tariffs imposed by US President Donald Trump on India

■ The upgrade comes a week after the World Bank raised its India growth forecast for FY26 to 6.5%

■ For the next fiscal, the IMF lowered India's growth forecast by 0.2 percentage points to 6.2%



■ It edged up its global growth forecast too but warned of US-China threat

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IMF's upgrade comes a week after the World Bank raised its India growth forecast for FY26 to 6.5% from 6.3%, while trimming its projection for the next fiscal year by 20 basis points to 6.3% due to US tariffs.

Meanwhile, IMF edged up its 2025 global growth forecast as tariff shocks and financial conditions have proven more benign than expected, but warned that a renewed US-China trade war threatened by President Donald Trump could

slow output significantly.

It now predicts global real GDP growth at 3.2% for 2025, up from a July forecast of 3.0% and a more severe April forecast of 2.8% that came after Trump imposed broad global "reciprocal" tariffs and a tit-for-tat escalation with China ensued. It sees global growth at 3.1% in 2026, unchanged from the July forecast.

It has projected growth of emerging market and developing economies to moderate from 4.3% in 2024 to 4.2% in 2025 and 4% in 2026.