

Moody's cuts India's growth forecast for '25

Keeps growth estimates in the band of 5.5% to 6.5%

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Moody's Ratings on Wednesday said Indian economy could grow in the band of 5.5 to 6.5 per cent during the calendar year 2025, a shade lower than its February projection of 6.6 per cent as the ratings agency factored in the "unpredictable" US tariffs which it said will hit business planning, stall investment and "raise the risk of a global economic recession".

The agency's report on 'Tariffs and trade turmoil' said that the tariffs will weigh on global trade activity, reduce demand for regional exports and undermine business confidence, leading to reduced investment in the Asia-Pacific region.

The revised GDP growth forecast takes into account a scenario of 10 per cent universal tariffs and 145 per cent tariffs on China.

Moody's Ratings noted that India had a relatively low overall exposure but more diversified

exports to the US. It said that across the (Asia-Pacific) region as a whole, electronics, machinery and equipment as well as food and textiles are among the most exposed sectors to US demand. The report also highlighted that the additional drag on the economy from the persistent uncertainty and heightened financial market stress could easily tip the US into a recession. Moody's Analytics, a division of Moody's Ratings, had recently revised India GDP forecast for calendar year 2025 downward by 30 basis points to 6.1 per cent due to tariff threats from the US hitting gems and jewellery, medical devices, and textile industries the worst.

The United Nations Trade and Development (UNCTAD), while projecting global growth to slow to 2.3 per cent in 2025 due to escalating trade tensions, estimates that India will grow by 6.5 per cent in 2025 on the back of continued robust public spending and ongoing monetary easing.

"The decision of the central bank to cut the interest rate by 25 basis points for the first time in five years in early February will support household consumption as well as provide a boost to private investment plans," the UNCTAD report said. The UNCTAD warned that the slowdown in global growth will affect all nations, especially the developing countries and the most vulnerable economies.

India to grow by 6.5% in 2025: UN report

India is expected to grow by 6.5 per cent in 2025 on the back of continued robust public spending and ongoing monetary easing, even as the world economy is on a recessionary trajectory, driven by escalating trade tensions and persistent uncertainty, a UN report said. **PTI**

