

# S&P ups India's FY26 growth forecast to 6.5%

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S&P Global Ratings on Tuesday upgraded the growth forecast for India for the financial year 2025-26 (FY26) by 0.2 percentage to 6.5 per cent.

In its Economic Outlook Asia-Pacific Q3 report, it said that the forecast assumes a normal monsoon, lower crude oil prices, income-tax concessions and monetary easing. "Indeed, we see India's GDP growth holding up at 6.5 per cent in FY26," the report said.

The report said that with inflation not a major risk, more focus on growth risks and external factors unlikely to significantly constrain monetary policy easing, Asia-Pacific central banks are expected to continue to cut policy rates.

"We expect favourable domestic demand to limit the slowdown in overall GDP growth in 2025, but less so in the more export-oriented economies," S&P Global



Ratings said.

In May 2025, S&P had slashed India's growth projections by 0.2 per cent to 6.3 per cent for the current financial year, citing uncertainty over the US tariff policy and downside risks from its spillover to the economy. In its earlier report titled Global Macro Update: Seismic Shift In US Trade Policy Will Slow World Growth, S&P

## Economy outlook

- S&P assumes normal monsoon and monetary policy easing
- Inflation not a major risk for India
- Domestic demand to limit slowdown in growth
- Exports may face challenges from trade partners
- S&P expects favourable domestic demand in India to limit slowdown in 2025 GDP growth

Global Ratings said, "We reiterate that there are no winners in a scenario of escalating protectionist policies."

The latest report of the rating agency said that the domestic demand growth is likely to be more resilient than exports.

Highlighting that the risks to the global economy have risen due to the turbulence

in West Asia, S&P Global Ratings said that long-lasting major increases in oil prices could have significant economic impact in Asia-Pacific. It, however, added that the current conditions on global energy markets make long-term impact on oil prices unlikely.

The ratings agency in its May report had said that changes in global trade policy would catalyse supply chain diversification to the benefit of India, which is on track to become the world's third-largest economy between FY30 and FY35.

On June 10, the World Bank's Global Economic Prospects Report kept India's GDP growth rate for FY26 unchanged at 6.3 per cent amid rising trade barriers and dampened exports due to weaker activity in key trade partners.

In April, the International Monetary Fund (IMF) pared down its FY26 growth forecast for India by 30 basis points to 6.2 per cent, citing escalating trade tensions and global uncertainty.