

# India growth story largely intact amid turbulent times: FM

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New Delhi, 28 April

Amid a flurry of downgrades to India's growth forecast by international agencies, Union Finance Minister Nirmala Sitharaman has told the International Monetary and Financial Committee (IMFC) that the country's economy is expected to grow by 6.5 per cent in 2025-26, supported by strong domestic consumption and investment demand despite global uncertainties.

In a written statement submitted to the advisory body of the Washington-based International Monetary Fund (IMF) last week during the Spring Meeting— before her premature departure for India following the Pahalgam terrorist attack — Sitharaman said India's inflation is likely to remain stable at around 4 per cent in FY26, aided by falling crude oil prices.

"Looking ahead, India's growth story is expected to remain largely intact notwithstanding the turbulent times as its fundamental drivers — consumption and investment demand — are quintessentially domestic. Even on the external front, services exports are expected to remain resilient. Further, the fall in crude oil prices augurs well for the inflation outlook. Accordingly, the real GDP growth is expected at 6.5 per cent for 2025-26 and inflation at 4 per cent," she said.

The latest Economic Survey had estimated India's GDP growth in the range of 6.3-6.8 per cent for FY26. However, the IMF and the World Bank last week pared down their FY26 growth forecasts for India by 30 basis points to 6.2 per cent, and by 40 basis points to 6.3 per cent, respectively, cit-



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ing global uncertainty and economic weakness.

Sitharaman said tax relief measures announced in the FY26 Union Budget are set to boost private consumption and, consequently, private investment.

"Already, investment activities have gained traction and are expected to improve further on the back of sustained higher capacity utilisation, the government's continued thrust on infrastructure spending, and healthy balance sheets of banks and corporates, along with the easing of financial conditions," she further said.

The finance minister said the prospects for growth in the agriculture sector in FY26 remain bright, supported by healthy reservoir levels and robust crop production.

She said net services and remittance receipts are expected to remain in large surplus, partly offsetting the trade deficit in the current financial year.