

# India can achieve 6.5% GDP growth in FY26: EY report

FE BUREAU  
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**INDIA MAY BE** able to achieve a real GDP growth of 6.5% in FY26, driven by strong domestic demand with a pickup in private investment spurred by lower interest rates, in spite of ongoing global uncertainties, according to an EY report.

The May edition of EY Economy Watch says though India's economic growth for FY26 is expected to moderate, influenced by a mix of global and domestic developments, yet it remains one of the fastest-growing major economies, supported by resilient domestic demand, easing inflation, and an accommodative monetary policy linked to prospects of revival in private investment.

The analysis says global factors are largely contributing to a cautious outlook for India. These include con-

## GROWTH LEADER

■ The EY says India remains one of the fastest-growing major economies in the world



■ Govt's direct tax exemptions and fiscal measures are expected to further stimulate consumption & investment

tinuing supply chain disruptions, the impact of recent tariff measures by the US, and broader uncertainties in global trade and geopolitical developments.

The central government's direct tax exemptions and fiscal measures, along with the rate cuts from the

Reserve Bank of India are expected to further stimulate consumption and investment to lift FY26 growth towards the upper end of forecasts of 6.3-6.8%, given in the latest Economic Survey, according to finance ministry's latest monthly report. Multiple agencies have lowered their forecast for India's growth to 6.2-6.5% in FY26.

The EY report suggests that in the near term, India may need to rely on a balanced mix of monetary and fiscal policies for sustaining the growth momentum. On the monetary front, a continuation of the ongoing rate cut cycle could provide support to consumption and investment. On the fiscal side, reviving the momentum in public investment, especially the government's capital expenditure, which witnessed a moderation in growth in FY25, will be important to sustain economic activity.

Kolkata