India’s Economic Growth Projections 2025 & 26

Prelims: *Current events of national and international importance | Economic development*

Why in News?

Recently, the IMF forecasted India's growth at 6.4% for fiscal years 2025 and 2026, driven by reforms, strong consumption, and public investment.

> *The **International Monetary Fund** is an organization that works to foster global monetary cooperation, secure financial stability, promote sustainable economic growth, and reduce poverty around the world.*

- **India's growth projections** – 6.7 % for 2025 & 6.4 % for 2026 (India’s growth rate was 6.5 % in 2024).
- **Driving factors** – Robust consumption growth and reforms in momentum and a push for public investment.
- **Priority sectors** – Fostering job creation,
  - Absorbing excess labour from the agricultural sectors by reskilling labour,
  - Allowing more labour market flexibility,
  - Continuing to invest in infrastructure,
  - Removing trade restrictions.
- **Measures needed** –Invest in education, Land reforms, Expand social safety nets, and reduce red tape to allow businesses perform better.
- **IMF’s Global forecasts** – Emerging market and developing economies, growth is expected to be 4.1 % in 2025 and 4.0 % in 2026.
  - For **China** growth is revised upward by 0.8 % to 4.8 % in 2025 showcasing significant reduction in US-China tariffs.
  - **Global growth** – Projected at 3 % for 2025 and 3.1 % in 2026.
  - **Growth in advanced economies** – Growth to be 1.5 % in 2025 and 1.6 % in 2026.
  - In the **United States**, expand at the rate of 1.9 % in 2025, with tariff rates settling at lower levels than those announced and looser financial conditions.
  - Growth is to pick up slightly to 2.0 % in 2026 with some offset from private demand cooling faster than expected and weaker immigration.

Reference

The Economic Times| Indian Economic Growth Projections 2025 & 26



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