IMF raises India's 2026–27 growth forecast to 7%

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News

In its World Economic Outlook released on 13 Oct 2026 (titled 'Resilience Under Strain, Urgent Choices'), the International Monetary Fund raised India's growth forecast for FY 2026–27 by 0.6 percentage point from July's 6.4% to 7.0%, and projected 7.0% for 2027–28 too (up 0.3 point). Strong domestic demand, services activity, favourable demographics and structural reforms were cited. India grew 7.8% in 2025–26.

Key facts

India 2026–27	7.0% (6.4% in July; +0.6 pp)
India 2027–28	7.0% (+0.3 pp)
2025–26	7.8% growth
RBI (7 Oct 2026)	Repo 5.25% → 5.50% (first hike since Feb 2023); FY27 GDP forecast 7.1%; CPI inflation 5.2%
World	2026 – 3.1%; 2027 – 3.4%

Background

- The IMF gives India's forecasts on a fiscal-year basis (April–March). In the IMF's April 2026 WEO, India was the world's 6th-largest economy by nominal GDP (after GDP rebasing and the rupee's fall).

- Monetary Policy Committee (MPC): created by amending the RBI Act 1934 (2016); 6 members (3 from RBI + 3 appointed by the Centre); chaired by the RBI Governor (Sanjay Malhotra). Inflation target 4% (±2%).
- The repo rate is the rate at which RBI lends short-term to banks; raising it helps curb inflation. GDP is estimated by the National Statistics Office (NSO).

Tamil Nadu link: Tamil Nadu aims to become a US$1 trillion economy by 2030; it is India's second-largest State economy.

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