Moody's raises India's FY 2026-27 growth forecast to 7% from 6.5%

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News

Global credit rating agency Moody's Ratings, in its 'Global Macro Outlook 2027-28' released on 11 November 2026, raised its forecast of India's real GDP growth for the current fiscal 2026-27 (ending March 2027) to 7% from 6.5%. It cited strong domestic consumption, improving investment and resilience to the global energy-price shock (diversified crude and gas sources, state-run oil marketing companies and tax cuts). With higher capital-goods production and imports and faster industrial credit growth, it said India 'may be at the cusp of a new private capex cycle'. It expects growth near 7% over the medium term as well. It listed price pressures, a deficient south-west monsoon, El Niño and further RBI rate hikes as risks (ANI). Moody's rates India 'Baa3' with a stable outlook, a rating it affirmed on 18 September 2026. The RBI projects 7.1% growth for this year.

Key facts for the exam

Point	Details
Agency	Moody's Ratings (HQ: New York)
Report	Global Macro Outlook 2027-28 – 11 Nov 2026
Forecast (FY27)	6.5% → 7% (real GDP)
Medium term	Near 7%
Baa3 affirmed	18.09.2026

Point	Details
India's rating	Baa3 – stable (lowest investment grade)
Other forecasts (FY27)	RBI 7.1%; IMF, ADB, S&P 7%; Fitch 6.9%
Risks	Inflation, weak monsoon, El Niño, rate hikes
Q1 FY27 growth	7.8% (Apr–Jun 2026)

Background

- Credit rating agencies assess the ability of a country or company to repay debt. The 'Big Three' are Moody's, S&P Global and Fitch. On Moody's scale Baa3 is the lowest investment grade; Ba1 and below is speculative ('junk'). India is rated Baa3 by Moody's, BBB by S&P and BBB- by Fitch (as reported in 2026).
- In India, credit rating agencies are registered and regulated under the SEBI (Credit Rating Agencies) Regulations, 1999. Major ones include CRISIL (1987, S&P group), ICRA (1991, a Moody's affiliate), CARE (1993) and India Ratings (Fitch group).
- GDP is the total value of final goods and services produced within a country in a year. Measured at current prices it is 'nominal GDP'; at constant base-year prices it is 'real GDP' – growth rates are quoted in real terms because inflation is removed. In India the National Statistics Office (NSO) of MoSPI releases GDP estimates.
- The West Asia war that began in late February 2026 pushed crude above $100 a barrel in March 2026. Despite the shock, Moody's said in its September review that India grew 8.2% in the first half of 2026 and would keep growing faster than other G20 economies.

Tamil Nadu link: Per MoSPI's revised estimates, Tamil Nadu recorded 11.19% real GSDP growth in 2024-25, the highest among States (₹17.3 lakh crore at constant 2011-12 prices). Manufacturing, exports (especially electronics) and services drove it, so a stronger national outlook also helps Tamil Nadu's industry.

Frequently asked questions

What is this news about?

Global credit rating agency Moody's Ratings, in its 'Global Macro Outlook 2027-28' released on 11 November 2026, raised its forecast of India's real GDP growth for the current fiscal 2026-27 (ending March 2027) to 7% from 6.5%.

What are the key facts to remember for the exam?

Agency: Moody's Ratings (HQ: New York); Report: Global Macro Outlook 2027-28 – 11 Nov 2026; Forecast (FY27): 6.5% → 7% (real GDP); Medium term: Near 7%.

What is the background to this news?

Credit rating agencies assess the ability of a country or company to repay debt. The 'Big Three' are Moody's, S&P Global and Fitch.

Practice questions (with answers)

1. Which sovereign rating has Moody's given India – the lowest rung of investment grade?

A) Aa3

B) Ba1

C) Baa3

D) A3

Answer: C – Explanation: Baa3 (stable outlook). Ba1 and below is speculative grade. Its S&P equivalent is BBB-.

2. Which Indian credit rating agency is a Moody's affiliate, with the Moody's group as its largest shareholder?

A) ICRA

B) CRISIL

C) CARE Ratings

D) India Ratings

Answer: A – Explanation: ICRA (1991). CRISIL belongs to the S&P Global group; India Ratings to the Fitch group.

3. Which body registers and regulates credit rating agencies in India?

A) RBI

B) Corporate Affairs

C) IRDAI

D) SEBI

Answer: D – Explanation: SEBI, under the Credit Rating Agencies Regulations, 1999. The RBI separately accredits raters for bank capital purposes.

4. The 'real GDP' growth projected by Moody's measures output at which prices?

A) Constant (base-year)

B) Current market

C) Wholesale

D) Export

Answer: A – Explanation: Constant base-year prices, which strip out inflation. GDP at current prices is 'nominal GDP'.

5. Per MoSPI's revised estimates, which State topped real GSDP growth in 2024-25 at 11.19%?

A) Karnataka

B) Gujarat

C) Tamil Nadu

D) Maharashtra

Answer: C – Explanation: Tamil Nadu – GSDP of about ₹17.3 lakh crore at constant 2011-12 prices, driven by manufacturing and electronics exports.

Sources: ANI (11 Nov 2026) – aninews.in; Deccan Chronicle (11 Nov 2026, other forecasts) – deccanchronicle.com; Business Today, Down To Earth (Mar 2026, crude price) – businesstoday.in, downtoearth.org.in; India TV News (11 Nov 2026) – indiatvnews.com;

ThePrint/PTI – theprint.in; Deccan Chronicle – deccanchronicle.com; News On AIR – newsonair.gov.in (18 Sep 2026); ICRA – icra.in/AboutUs/Profile; South First (MoSPI data, 6 Aug 2025) – thesouthfirst.com. © Shanmugam IAS Academy.