



World Bank estimates India's GDP growth rate at 6.5% for FY 2025 and 6.7% for FY26 and FY27

According to the World Bank Global Economic Prospects update, January 2025: The global economy is anticipated to grow by 2.7% in both 2025 and 2026, maintaining the same rate as in 2024, as inflation and interest rates gradually decrease. Additionally, growth in developing economies is projected to remain stable at approximately 4% over the next two years.

Global inflation experienced a continued decline last year, driven by decreasing energy and food prices, improved supply chains, and the delayed effects of stringent monetary policies. Consequently, the proportion of economies facing inflation rates above their targets is projected to decrease in 2025, reaching its lowest point since the peak observed in 2022. A further reduction in inflation is anticipated in 2025, attributed to a softening of core prices as demand diminishes and labor markets stabilize, alongside an additional decrease in commodity prices. Nevertheless, a broad spectrum of inflation scenarios remains possible, partly due to increased policy uncertainty.

Global trade growth experienced a resurgence last year, even in the face of subdued manufacturing performance in several major advanced economies. This recovery was primarily fueled by an increase in goods trade, which strengthened during the third quarter of the previous year, partially due to the accumulation of inventories. In contrast, the growth of services trade continued to slow down.

Since mid-2024, global financial conditions have improved due to policy rate reductions in advanced economies; Supported by the easing of financial conditions in advanced economies, there has been a rise in government bond issuance among mid-rated sovereigns.

However, some of the earlier gains in emerging markets and developing economies (EMDEs) have recently been reversed.

Real GDP Growth

	2022	2023	2024e	2025f	2026f
World	3.2	2.7	2.7	2.7	2.7
Advanced economies	2.8	1.7	1.7	1.7	1.8
United States	2.5	2.9	2.8	2.3	2.0
Euro area	3.5	0.4	0.7	1.0	1.2
Japan	0.9	1.5	0.0	1.2	0.9
Emerging market and developing economies	3.7	4.2	4.1	4.1	4.0
East Asia and Pacific	3.4	5.1	4.9	4.6	4.1
China	3.0	5.2	4.9	4.5	4.0
Indonesia	5.3	5.0	5.0	5.1	5.1
Thailand	2.5	1.9	2.6	2.9	2.7
Europe and Central Asia	1.6	3.4	3.2	2.5	2.7
Russian Federation	-1.2	3.6	3.4	1.6	1.1
Türkiye	5.5	5.1	3.2	2.6	3.8
Poland	5.3	0.1	3.0	3.4	3.2
Latin America and the Caribbean	4.0	2.3	2.2	2.5	2.6
Brazil	3.0	2.9	3.2	2.2	2.3
Mexico	3.7	3.3	1.7	1.5	1.6
Argentina	5.3	-1.6	-2.8	5.0	4.7
Middle East and North Africa	5.4	1.7	1.8	3.4	4.1
Saudi Arabia	7.5	-0.8	1.1	3.4	5.4
Iran, Islamic Rep. ²	3.8	5.0	3.0	2.7	2.2
Egypt, Arab Rep. ²	6.6	3.8	2.4	3.5	4.2
South Asia	5.8	6.6	6.0	6.2	6.2
India ²	7.0	8.2	6.5	6.7	6.7
Bangladesh ²	7.1	5.8	5.0	4.1	5.4
Pakistan ²	6.2	-0.2	2.5	2.8	3.2
Sub-Saharan Africa	3.8	2.9	3.2	4.1	4.3
Nigeria	3.3	2.9	3.3	3.5	3.7
South Africa	1.9	0.7	0.8	1.8	1.9
Angola	3.0	1.0	3.2	2.9	2.9

Source: PHD Research Bureau, Compiled from World Bank Global Economic Prospects, January 2025

Outlook for India

In India, the growth rate is projected to grow at 6.5 percent in the fiscal year 2024/25 (April 2024 to March 2025), India is set to remain the fastest growing major economy with a 6.7% growth rate in FY26 and FY27. The services sector has shown stability, and there has been a rebound in agricultural growth. Additionally, private consumption has proven to be robust, largely due to enhanced rural incomes and a resurgence in agricultural production.

Please find appended the link to access the detailed document on the same.

<https://openknowledge.worldbank.org/server/api/core/bitstreams/2f23708f-a06a-4dd5-872f-09b10e362ab4/content>

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Warm Regards,

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