

Icra expects GDP growth to moderate to 6.5% in FY27

Icra on Monday said it estimates India's gross domestic product (GDP) growth to moderate to 6.5% in 2026-27, from 7.6% in the current fiscal year owing to the adverse impact of elevated energy prices and concerns around energy availability amid the West Asia conflict.

The growth projections assume average crude oil price at \$85 per barrel in fiscal year 2027 (FY27). The agency expects India's current account deficit (CAD) to widen sharply to 1.7% of GDP in FY27 from 1% in current fiscal year. Icra said the upside risks to inflation stemming from the ongoing global energy supply disruptions amid the West Asia conflict could feed into inflationary expectations of households. This, along with heightened uncertainty is likely to sour consumer sentiments in the near term.

If the conflict lasts for an extended period, the adverse implications of the same could widen across sectors, amid an uptick in input costs and the consequent impact on profitability of India Inc, Icra said.