



KAMARAJ IAS ACADEMY
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Morgan Stanley Raises India's FY27 GDP Growth Forecast

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Why in News:?

Morgan Stanley has increased India's FY27 GDP growth forecast from 6.2% to 6.7% despite geopolitical tensions in West Asia.

Key Highlights:

FY27 GDP growth forecast raised to 6.7%.

FY28 growth projected at 7%.

Crude oil price forecast reduced from:

\$95/barrel ? \$87.5/barrel.

Growth expected to slow temporarily in June 2026 quarter due to:

High commodity prices

Supply chain disruptions.

Global Concerns:

Slower global growth may affect India's exports.

Higher freight and insurance costs remain concerns.

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Global growth forecast for 2026:

3.2% (down from 3.5% in 2025).

Rural Consumption:

Rural demand remained stronger than urban demand for eight consecutive quarters.

Supported by:

Good monsoon

Low inflation

Risks remain due to possible:

El Niño conditions

Weak monsoon in 2026.

RBI Outlook:

Reserve Bank of India expected to keep rates unchanged in FY27.

Two rate hikes expected in FY28.

Terminal rate projected at 5.75%.

Significance:

Reflects confidence in India's economic resilience.

Lower oil prices may support:

Growth

Corporate profits

Investment activity.

Final Takeaway:

Morgan Stanley's revised forecast highlights India's strong domestic demand and economic resilience, though global uncertainties and monsoon risks continue to remain important concerns.