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# World Bank Upgrades India's Growth Even as It Cuts the Global Outlook

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**ECONOMY****REPORTS & SCHEMES****GS3**

CURATED &amp; WRITTEN BY

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# World Bank Upgrades India's Growth Even as It Cuts the Global Outlook

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## WHY IN NEWS

The **World Bank's Global Economic Prospects (GEP)** report, released in June 2026, **upgraded India's growth forecast to 6.6 per cent for 2026** (from 6.5 per cent in January), keeping India the **fastest-growing major economy**. At the same time, it **cut global growth to 2.5 per cent for 2026** (from 2.9 per cent in 2025), the weakest pace since the COVID-19 pandemic, blaming the conflict in the Middle East, higher energy prices and trade uncertainty.

## THE KEY NUMBERS

FORECAST	DETAIL
India (2026)	6.6% (raised from 6.5% in January)
India (2027)	7.2% (raised from 6.6%)
Global (2026)	2.5% (down from 2.9% in 2025), weakest since COVID
Developing economies (2026)	About 3.6%, a post-pandemic low
India's standing	Fastest-growing major economy

India was **one of the few major economies to receive an upgrade**, driven by a rebound in domestic demand and exports, even as most of the world slowed.

## THE REGIONAL PICTURE

REGION / GROUP	GROWTH
<b>South Asia</b>	The fastest-growing region, slowing from about 7% (2025) to <b>6.3% (2026)</b>
<b>Gulf economies</b>	Hit directly by the conflict, tumbling from about 3.9% toward near-zero
<b>Developing economies</b>	About <b>3.6% (2026)</b> , a post-pandemic low (from 4.4%)
<b>World (2027)</b>	A modest recovery to about 2.8%

The contrast is the story: a resilient, domestically driven South Asia against a Gulf hammered by the very oil shock that threatens India only indirectly.

## WHAT IS THE GEP? (AND WHO PUBLISHES WHAT)

REPORT	PUBLISHER	FREQUENCY
<b>Global Economic Prospects (GEP)</b>	World Bank	Biannual (January, June)
<b>World Economic Outlook (WEO)</b>	<b>IMF</b>	Biannual (April, October) + updates
<b>World Development Report (WDR)</b>	World Bank	Annual, single theme
<b>Human Development Report (HDR) / HDI</b>	<b>UNDP</b>	Periodic

This “who publishes what” distinction is a classic Prelims trap: the GEP and WDR are World Bank, the WEO is the IMF, and the HDR is the UNDP.

## WHY INDIA IS RESILIENT, AND WHERE THE RISKS LIE

India’s relative strength rests on its **domestic foundations**, while its main risks are **imported**.

- **Domestic demand and services:** A large home market and a strong services sector insulate India from global trade shocks more than export-dependent economies.
- **The imported risk:** The Middle East conflict raises oil prices. India imports **about 85 per cent of its crude**, so an oil spike runs through a clear chain, **higher Brent, a wider current-account deficit, a weaker rupee, imported inflation**, which also narrows the RBI’s room to cut rates.
- **Trade fragmentation:** Rising global protectionism and tariff uncertainty are a headwind, partly offset by India’s free-trade agreements.

A necessary nuance: India is the world’s fastest-growing major economy and, at roughly **\$4 trillion**, among the largest in absolute size, but its **per-capita income remains low**. High *growth* is not the same as *development*; it is necessary but not sufficient, and the gains must also translate into jobs, the recurring concern about “growth without enough employment.”

## A Note on Diverging Forecasts

Different agencies see India’s growth slightly differently, and an aspirant should read them together:

AGENCY	INDIA’S FORECAST	DIRECTION
World Bank (June 2026)	6.6% (calendar 2026)	Raised (from 6.5%)
RBI (June 2026)	6.6% (FY27)	Held repo at 5.25%, neutral, raised CPI to 5.1%
Fitch (June 2026)	6.4% (FY27)	Cut (from 6.7%), citing the US-Iran war on H2 FY27

Note that the agencies diverge in **both number and direction**, the World Bank and the RBI held or raised, while Fitch cut, and on **basis**: the World Bank uses **calendar-year** figures, the RBI and Fitch use **fiscal-year** figures, so they are not strictly comparable. The consistent message is **resilience with imported risk**.

## UPSC RELEVANCE

### Prelims

- The **World Bank’s Global Economic Prospects (GEP)** is a **biannual** flagship report (January and June)
- It raised India’s growth to **6.6% (2026)** and **7.2% (2027)**, keeping India the **fastest-growing major economy**
- It cut **global growth to 2.5% for 2026**, the weakest since COVID; **South Asia** 6.3%, developing economies 3.6%
- Publishers (a Prelims trap): **GEP and WDR = World Bank; WEO = IMF; HDR = UNDP**
- The World Bank uses **calendar-year** figures; the RBI and Fitch use **fiscal-year**, so they are not directly comparable

### Mains Angles

- 1 **GS3 Indian Economy**: “India’s growth resilience is domestic, but its risks are imported.” Examine in the context of the Middle East oil shock.
- 2 **GS3 Macroeconomics**: Discuss why global growth forecasts have been cut and the implications for India’s external sector.

**3 GS3 Analysis:** How should policymakers read divergent growth forecasts from the World Bank, IMF, Fitch and the RBI?

## FACTS CORNER

FACT	DETAIL
Report	Global Economic Prospects (World Bank), biannual
India	6.6% (2026), 7.2% (2027); fastest-growing major economy
Global 2026	2.5% (weakest since COVID; from 2.9%)
South Asia / developing	6.3% / 3.6% (post-pandemic low)
India size	~\$4 trillion economy, but low per-capita income
Crude import dependence	~85% (the oil-shock channel)
Publishers	GEP & WDR = World Bank; WEO = IMF; HDR = UNDP
Basis caveat	World Bank = calendar year; RBI/Fitch = fiscal year

Sources: *World Bank, LiveMint, Business Standard*

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