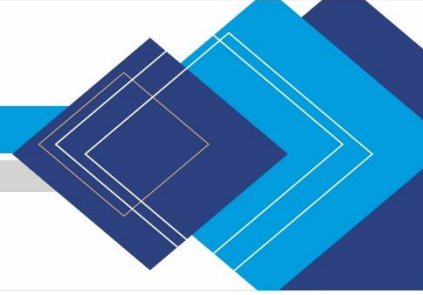




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ADB and UNCTAD Report on Asia and Global Economic Outlook for 2025 -26

– India to remain as the bright spot amongst chaos

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Asian Development Bank – Economic Outlook 2025-26

ADB Economic Outlook 2025-26 – Regional GDP and Inflation

- Regional forecasts show growth moderating to 4.9% in 2025 and 4.7% in 2026, due to heightened trade uncertainty and higher tariffs
- Geopolitical Uncertainties worry remain**
- Escalations in conflict and geopolitical tensions could hamper regional prospects. Although conflict and geopolitical tensions in the Middle East have eased, the outlook remains highly fragile.
- Disinflation in the region advanced further. Headline inflation in early 2025 fell below pre-pandemic levels.

	GDP Growth				Inflation			
	2023	2024	2025	2026	2023	2024	2025	2026
Developing Asia	5.5	5.0	4.9	4.7	3.3	2.6	2.3	2.2
Developing Asia excluding the PRC	5.6	5.1	5.0	5.1	6.2	4.8	4.0	3.7
Caucasus and Central Asia	5.4	5.7	5.4	5.0	10.2	6.8	6.9	5.9
Armenia	8.3	5.9	5.0	4.7	2.0	0.3	3.0	2.8
Azerbaijan	1.1	4.1	3.4	3.3	8.8	2.2	4.2	3.5
Georgia	7.8	9.5	6.0	5.0	2.5	1.1	4.0	3.5
Kazakhstan	5.1	4.8	4.9	4.1	14.5	8.7	8.2	6.5
Kyrgyz Republic	9.0	9.0	8.5	8.6	10.8	5.0	6.0	7.8
Tajikistan	8.3	8.4	7.4	6.8	3.8	3.6	5.0	5.8
Turkmenistan	6.3	6.3	6.5	6.0	1.3	5.5	6.0	6.0
Uzbekistan	6.3	6.5	6.6	6.7	10.0	9.4	8.0	7.0
East Asia	4.8	4.7	4.4	4.0	0.6	0.5	0.6	0.9
People's Republic of China	5.4	5.0	4.7	4.3	0.2	0.2	0.4	0.7
Hong Kong, China	3.2	2.5	2.3	2.5	2.1	1.7	1.9	2.0
Republic of Korea	1.4	2.0	1.5	1.9	3.6	2.3	1.9	1.9
Mongolia	7.4	4.9	6.6	5.9	10.3	6.8	9.1	7.0
Taipei, China	1.1	4.6	3.3	3.0	2.5	2.2	2.0	1.8
South Asia	7.8	5.8	6.0	6.2	7.9	6.6	4.9	4.5
Afghanistan	-6.2	2.3	2.6	2.2	10.6	-7.7	-5.3	5.0
Bangladesh	5.8	4.2	3.9	5.1	9.0	9.7	10.2	8.0
Bhutan	4.9	5.5	8.5	6.0	4.2	2.8	3.4	3.5
India	9.2	6.4	6.7	6.8	5.4	4.7	4.3	4.0
Maldives	4.7	5.5	5.0	4.8	2.9	1.4	4.7	2.2
Nepal	2.0	3.9	4.4	5.1	7.7	5.4	5.2	5.0
Pakistan	-0.2	2.5	2.5	3.0	29.2	23.4	6.0	5.8
Sri Lanka	-2.3	5.0	3.9	3.4	17.4	1.2	3.1	4.5

Source – ADB Economic Outlook, 2025

Note: Forecast finalized before the new US tariffs were announced on 2 April, 2025



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ADB Economic Outlook 2025-26 – GDP and Inflation

- Declining global commodity prices, along with the delayed impact of tighter monetary policies and reduced supply-side pressures in some economies, lowered energy and core inflation.
- Food inflation also decreased despite a temporary spike during June to September 2024.
- Outlook:** Downside risks for the region could materialize if conflict escalates again, which could lead to supply chain disruptions, higher and more volatile food and energy prices, and elevated global economic uncertainty and risk aversion.

Southeast Asia	4.1	4.8	4.7	4.7	4.2	3.0	3.0	2.8
Brunei Darussalam	1.1	4.2	2.5	2.0	0.4	-0.4	0.5	-0.2
Cambodia	5.0	6.0	6.1	6.2	2.1	0.8	3.7	2.4
Indonesia	5.0	5.0	5.0	5.1	3.7	2.3	2.0	2.0
Lao People's Democratic Republic	3.7	4.0	3.9	4.0	31.2	23.3	13.5	10.4
Malaysia	3.6	5.1	4.9	4.8	2.5	1.8	2.5	2.5
Myanmar	0.8	-0.7	1.1	1.6	27.5	27.8	29.3	20.0
Philippines	5.5	5.6	6.0	6.1	6.0	3.2	3.0	3.0
Singapore	1.8	4.4	2.6	2.4	4.8	2.4	2.0	1.7
Thailand	2.0	2.5	2.8	2.9	1.2	0.4	1.0	1.1
Timor-Leste	2.4	3.3	4.0	3.8	8.4	2.1	2.9	2.6
Viet Nam	5.1	7.1	6.6	6.5	3.3	3.6	4.0	4.2
The Pacific	4.7	4.2	3.9	3.6	3.1	1.9	3.4	3.7
Cook Islands	14.0	16.0	8.1	2.9	13.2	4.6	2.3	2.0
Fiji	7.5	3.5	3.0	3.2	2.4	4.5	2.6	2.4
Kiribati	4.2	5.8	4.1	3.3	9.3	3.0	2.5	2.2
Marshall Islands	-3.9	0.4	2.5	3.0	7.4	4.7	3.6	3.0
Federated States of Micronesia	0.8	1.1	1.7	1.1	6.2	4.1	3.0	2.7
Nauru	1.6	2.0	2.5	2.5	5.2	5.0	3.5	2.5
Niue	8.9	3.8	3.4	3.0	5.1	5.4	3.7	3.2
Palau	1.5	6.6	9.5	4.5	12.4	3.7	2.5	2.6
Papua New Guinea	3.8	4.3	4.2	3.8	2.3	0.7	3.8	4.3
Samoa	8.6	10.0	5.5	3.0	12.0	3.6	3.0	2.7
Solomon Islands	3.0	2.5	2.9	3.2	5.1	4.1	2.7	2.5
Tonga	2.1	1.6	2.5	2.3	10.2	4.6	3.2	3.0
Tuvalu	3.7	3.1	2.7	2.5	7.2	1.2	2.5	2.0
Vanuatu	2.4	1.7	2.0	2.5	11.2	4.8	3.5	2.4

GDP = gross domestic product, PRC = People's Republic of China.

Notes: Forecasts do not incorporate the effects of the new US tariffs announced on 2 April 2025, which was beyond the report's cut-off date. See Box 1.2.2 of the main report for an analysis of how those tariffs would affect the region. ADB placed on hold its regular assistance in Afghanistan effective 15 August 2021. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar.

Source: Asian Development Outlook database.

Source – ADB Economic Outlook, 2025

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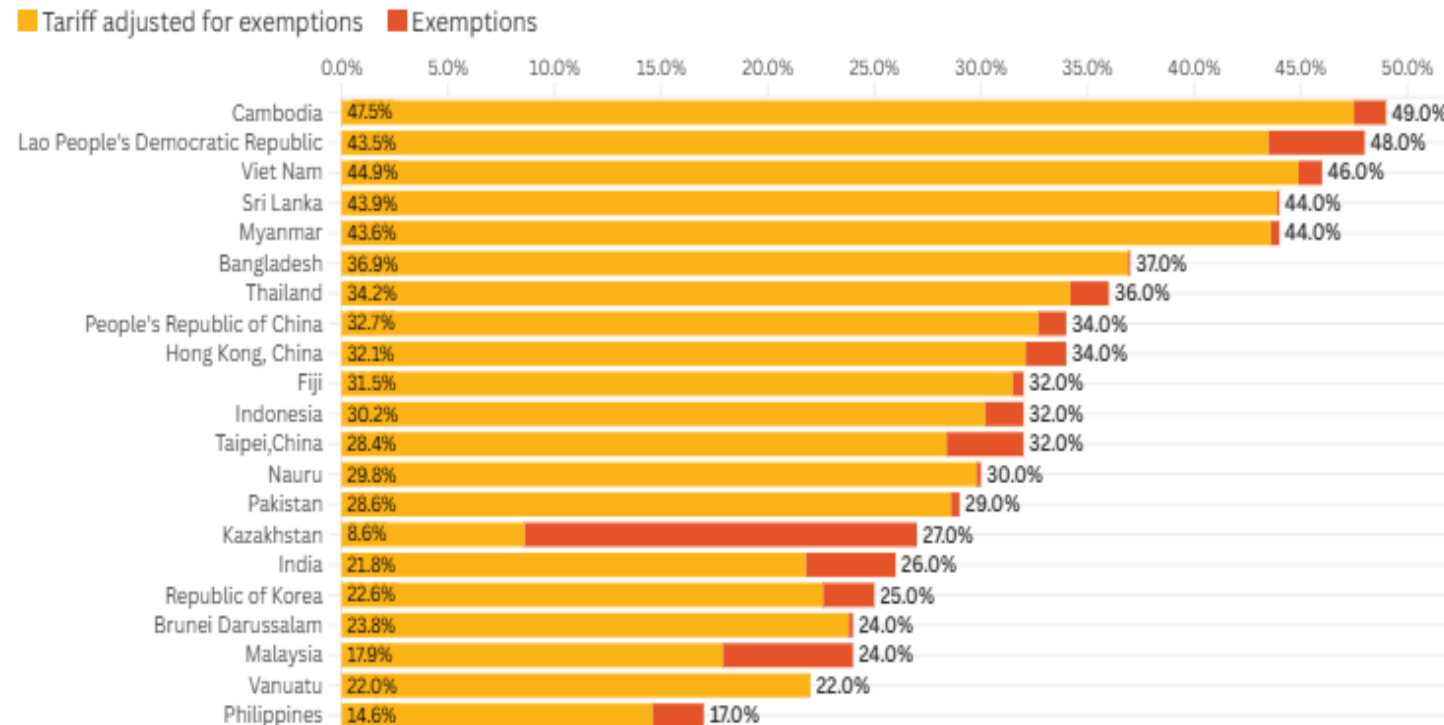
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ADB Economic Outlook 2025-26

- India is better placed relative to other Asian partners at a country level
- Developing Asia will face significantly higher US tariffs. Of the top 10 highest tariffs globally, five are in developing Asia: Cambodia (49%), Lao PDR (48%), Viet Nam (46%), Sri Lanka (44%), and Myanmar (44%).
- **Products in exemptions list:** Range of products exempted, including copper, pharmaceuticals, semiconductors, lumber articles, certain critical minerals, and energy and energy products.

US Tariff Hikes on Developing Asian Economies: US Reciprocal Tariffs, adjusted for exemptions

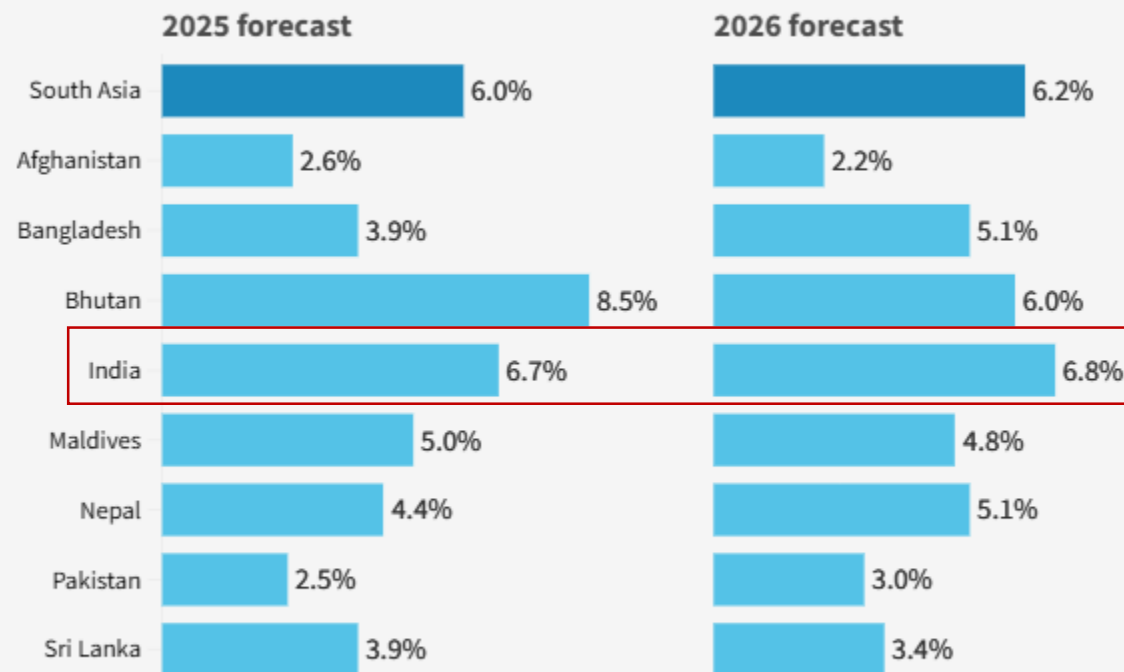


Source – ADB Economic Outlook, 2025

ADB Economic Outlook 2025-26 – India to remain as the bright spot amongst chaos

- On the demand side, robust growth in private consumption and exports drove economic expansion in FY2024.
- Higher rural consumption, resulting from improved agricultural output, pushed private consumption growth.
- Net exports improved significantly, adding 1.8 percentage points to growth, helped by strong performance in exports
- **Outlook:** GDP growth for India is projected at 6.7% for FY 2025 and at 6.8% for FY 2026
- Consumption will be a major driver of growth, rising on the growth in rural incomes. Moderating inflation will boost consumer confidence, which had dipped slightly in recent months due to persistently high food prices.

South Asia: GDP



Note: ADB placed on hold its regular assistance in Afghanistan effective 15 August 2021.

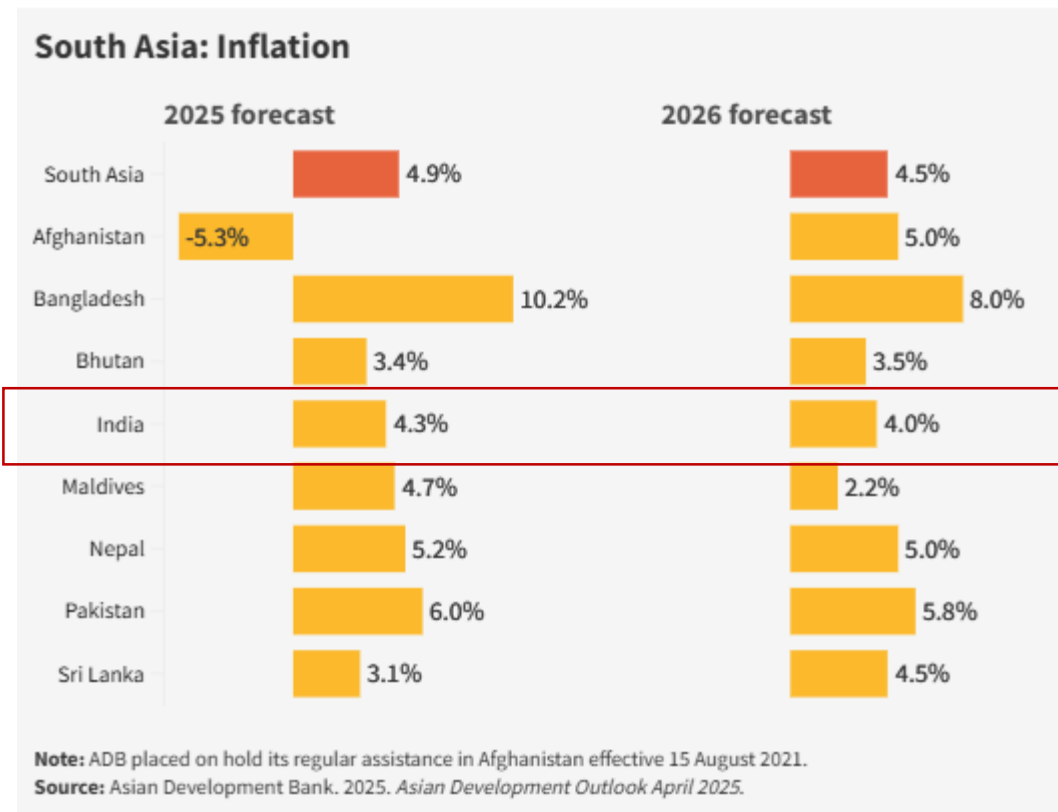
Source: Asian Development Bank. 2025. *Asian Development Outlook April 2025*.

Source – ADB Economic Outlook, 2025

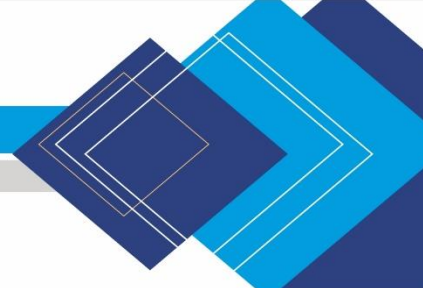
ADB Economic Outlook 2025-26 – Inflation worries die down for India

- **Softening Inflation**

- Food prices started moderating in October 2024 on lagged impact from higher supply of rice, and on expectations of improved winter output.
- Report forecasts softening inflation at 4.3% for FY 2025 and at 4% for 2026
- **Outlook:** Inflation will moderate in line with global trends and stronger agriculture output. Policy interventions around water, crop resilience and diversification, and expansion of processing and storage infrastructure will help mitigate volatility in food prices.



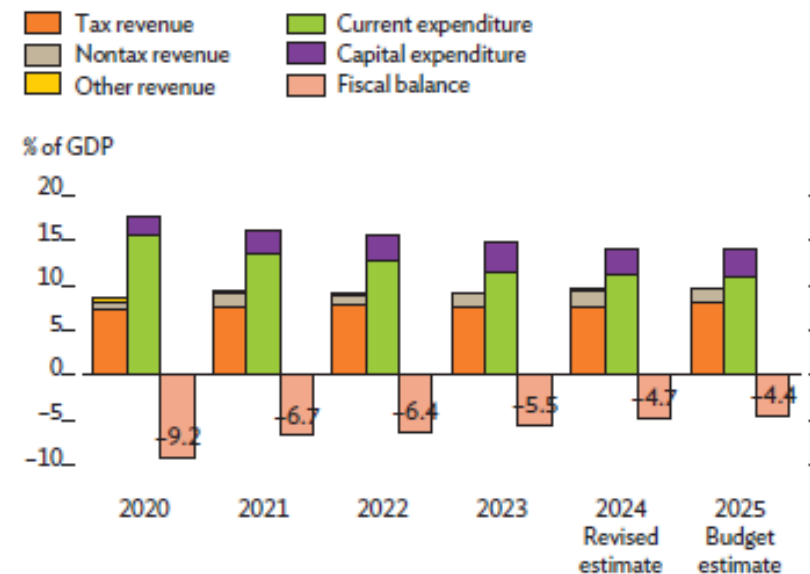
Source – ADB Economic Outlook, 2025



ADB Economic Outlook 2025-26 – India's Healthy Fisc a boon for credit growth at cheaper Rates

- Revenue grew by 13.2% in FY2024, while expenditure growth lagged at only 6.1%.
- The central government fiscal deficit shrank from 5.5% of GDP in FY2023 to an estimated 4.7%
- **Outlook:** *Fiscal deficit narrowed in FY2024 and is projected to be lower in FY2025 than it was before the pandemic*

Central Government Fiscal Indicators



GDP = gross domestic product.

Note: Years are fiscal years ending on 31 March of the next year.

Source: [Ministry of Finance Union Budget](#).

Source – ADB Economic Outlook, 2025



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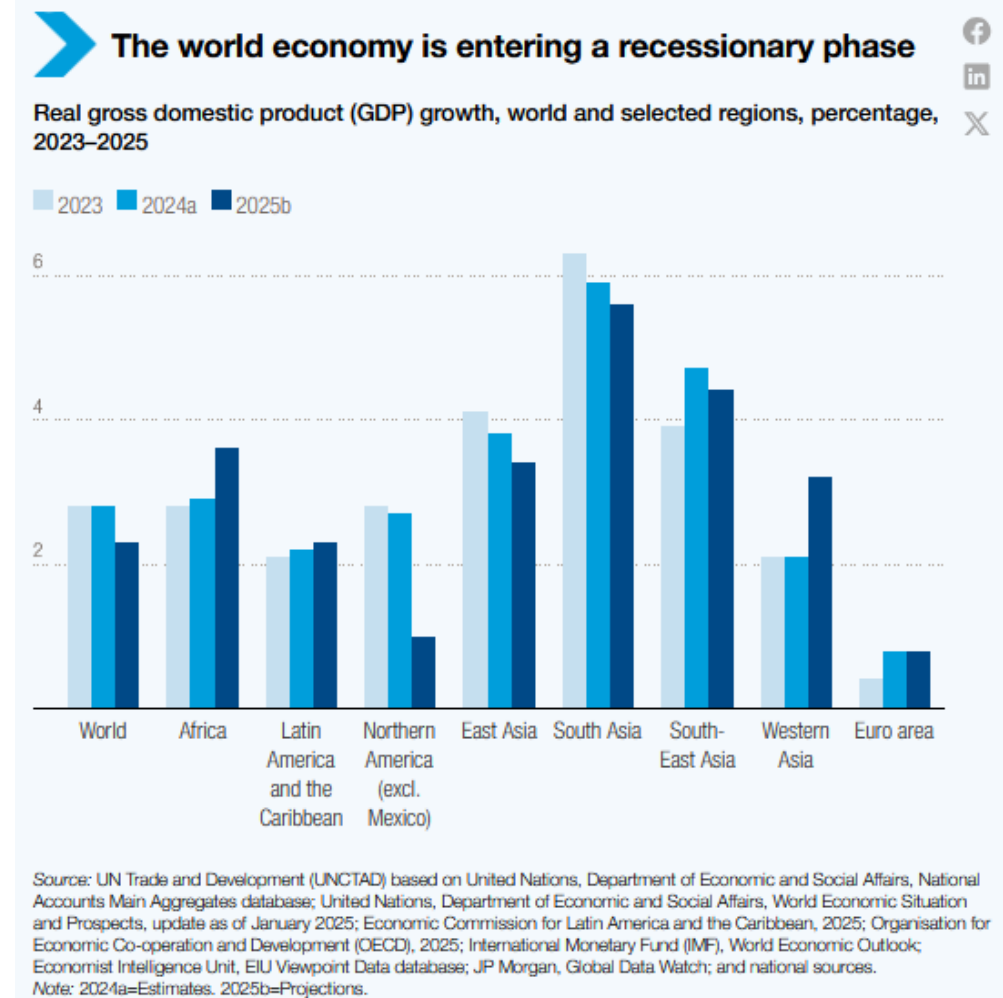
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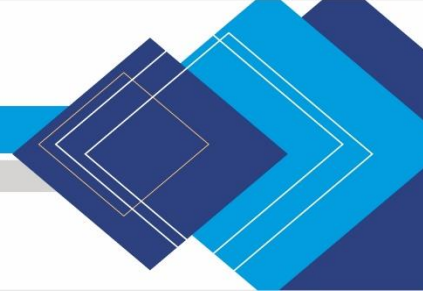
UNCTAD Economic Outlook 2025

Source: UNCTAD, April 2025 Update

UNCTAD Economic Outlook 2025 – Global Outlook 2025

- In early 2025, the **Economic Policy Uncertainty Index reached its highest levels this century** therefore the outlook is clouded by uncertainty.
- In April 2025, growing concerns over global economic outlook and shifting trade policies triggered major financial turbulence.
- Markets saw sharp corrections and significant losses after weeks of volatility. **The so-called financial “fear index” – a gauge of US stock market volatility – reached its third-highest level on record**, behind only the peaks during the COVID-19 pandemic in 2020 and the global financial crisis of 2008
- **Outlook: World gross product to expand by only 2.3 per cent in 2025, below threshold of 2.5 per cent – recession marker**





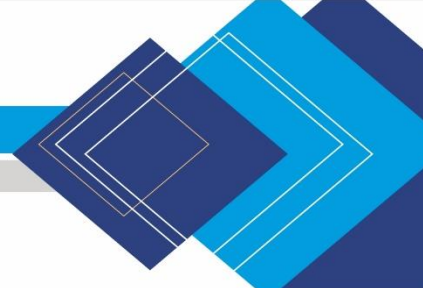
UNCTAD Economic Outlook 2025-26 : Global Outlook 2025-26

- **North America:** UNCTAD expects a sharp deceleration of the economy of the United States (1 per cent) and Canada (0.7 per cent) on account of policy uncertainty of the USA and Canada's large reliance on the external sector in 2025. Thus, there exists a considerable risk of recession in the Northern America region.
- **Euro area:** UNCTAD estimates that growth in the euro area will remain subdued, at 0.8 per cent in 2025, due to sluggish demand, elevated commodity prices and slow growth in the manufacturing sector.
- **The United Kingdom** will grow marginally to 1.0 per cent in 2025. Private consumption will provide the main impetus, while overall investment will continue to lag, despite an expected boost from public capital expenditures.
- **East Asia** growth is expected to decline to 3.4 per cent in 2025 amid an increasingly challenging external environment.
- **The South Asian** region is projected to expand by 5.6 per cent in 2025, as declining inflation opens the way for monetary loosening across most of the region.
- **Latin American region** is estimated to register a marginal uptick in growth to 2.3 per cent in 2025, as a rebound of the Argentine economy compensates slowdowns in Brazil and Mexico



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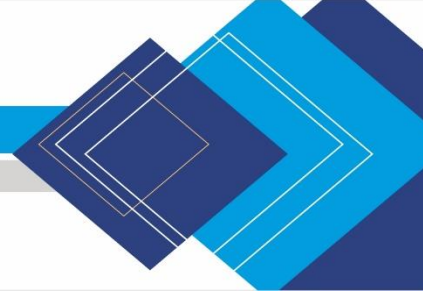
UNCTAD Economic Outlook 2025-26 – India Outlook

- The decision of the central bank to cut the interest rate by 25 basis points for the first time in five years in early February will support household consumption as well as provide a boost to private investment plans.
- Further, the structure of public spending is also expected to change by reduction in the net government borrowing.
- **Outlook: India's gross product is anticipated to grow by 6.5 per cent in 2025 on the back of continued robust public spending and ongoing monetary easing.**



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