

India 2025: Constructing Resilience while Others Retrench

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Key Takeaways

- In 2025, while global growth slows and GDP forecasts dip, India is pushing forward with a \$1.2 trillion infrastructure overhaul—an audacious move that signals long-term confidence amid short-term caution.
- Despite lowered growth estimates and global headwinds, India is demonstrating macroeconomic resilience through steady public investment, falling inflation and strong domestic investor participation.
- The [WisdomTree India Earnings Fund \(EPI\)](#) seeks to offer investors exposure to India's durable growth story by emphasizing profitability and growth efficiency, rather than market sentiment or hype.

There's something counterintuitive about watching a country lower its GDP forecast while simultaneously launching the most ambitious infrastructure campaign in its modern history.

Most investors focus on the revision. Fewer ask: what kind of country continues to build at full throttle while others are pulling back?

India is doing something rare in 2025—it's acting like a nation that knows where it's going.

The Blueprint of Intent

At a time when much of the world is gripped by defensive posturing—reacting to geopolitical shocks and trimming growth expectations—India is mapping out expressways, ports, hydrogen rail systems and digital logistics networks with a kind of purposeful calm. ¹

Prime Minister Modi's third-term blueprint isn't cautious. It's clarifying. Public and private capital of ¹100 trillion (that's \$1.2 trillion USD) is being mobilized to build the physical scaffolding of a very different India. One where 100 km is the furthest any citizen lives from a high-speed highway. One where mega ports rival the world's top 50. One where railways run clean, fast and efficient. One where the air network doesn't just link global hubs but connects the smallest cities to economic opportunity.²

India's growth is being architected on domestic resilience, not export dependence. Only 2.7% of India's exports go to the U.S.—a fraction compared to China's 14% or Mexico's 15%.³ In a moment of global contraction, India isn't fighting to preserve yesterday's flows. It's setting the terms for tomorrow's.

That's not a story of managing today's growth. That's a story of reshaping what growth means.

The Contradiction That Isn't

Resilience is not the same as immunity. Some estimate that India's GDP will grow just 6.1% in FY26, a figure that does reflect a lowering. The reason? Tariffs, trade friction, global weakness—the familiar headwinds that leave business sentiment damp and capex cycles hesitant.

But, when you look closer, India isn't reacting to global turbulence—it's ignoring it. Not recklessly, but deliberately. Public capex is moving forward. Inflation is gliding below 4%. The Reserve Bank is easing, not tightening. And fiscal policy, while cautious, remains on track.⁴

This is how compounding works at the country level: steady inputs, applied during moments of uncertainty, accelerating once the fog lifts.

Markets: Quiet Strength, Low Beta

You can see this quiet resilience in the market too. It doesn't roar—it holds. Equity beta to the global cycle is falling. Retail investor flows haven't wavered. India-specific catalysts are starting to matter more than U.S. rate policy or oil volatility.

Domestic investors have poured in \$25 billion year-to-date, cushioning volatility with conviction.⁵

This isn't a market built on hype. It's a market built on internal durability.

Geopolitics as Growth Infrastructure

And perhaps the most underappreciated shift? The architecture of India's geopolitical strategy. Underneath the macro data is a structural alignment—with the U.S.—that's quietly altering India's role in the global economy.

Through bilateral frameworks like the U.S.-India COMPACT and TRUST, India is now embedded in conversations about defense manufacturing, semiconductors, artificial intelligence, quantum and critical supply chains. The defense deals are real. The trade target—\$500 billion by 2030—is not marketing. It's intent.⁶

The U.S. is already India's largest export destination for smartphones, with a 54% YoY surge in shipments through March 20, a data point that reflects not just decoupling from China, but intentional rerouting of industrial relevance.⁷

And when those intentions begin to show up in trade data, tech investment and security alignment, they'll matter far more than any one quarter's growth revision.

The Quiet Power of Building through Uncertainty

The temptation right now is to look elsewhere. To say "not yet" on India. To wait until the data looks better or the global picture clears. But that's not how the best long-term investments reveal themselves.

They show up dressed in doubt, built on plans that take time, in countries that aren't waiting for perfect conditions to start building.

India in 2025 isn't chasing a moment. It's constructing momentum.

And for the investors willing to look beyond the noise, that may be the single most investable quality of all.

When the Market Blinks, Earnings Don't: The Case for EPI in 2025

Short-term numbers are noisy. Year-to-date, the [WisdomTree India Earnings Fund \(EPI\)](#)⁸ is down 7.0%. The MSCI India Index is close behind at 6.7%, and the broader MSCI Emerging Markets Index is off 4.4%.

To many investors, these red numbers flash warning signs. But seasoned allocators know: the moments when sentiment retreats often sow the seeds of outperformance. What the market "feels" in the short term often contradicts what companies are **doing** underneath.

And that's where [EPI](#) tells a different story.

The Advantage of Substance over Style

Over the last five years, [EPI](#) has delivered a **22.1% annualized return**. It beat the MSCI India Index (+18.6%) and absolutely crushed the EM benchmark (+6.0%).

This didn't happen by accident. It happened by design.

Unlike traditional indexes, [EPI](#) doesn't just count a company's size—it counts its **profits**. It weights by **earnings**, not hype. That means companies have to actually *make money* to earn more space in the portfolio.

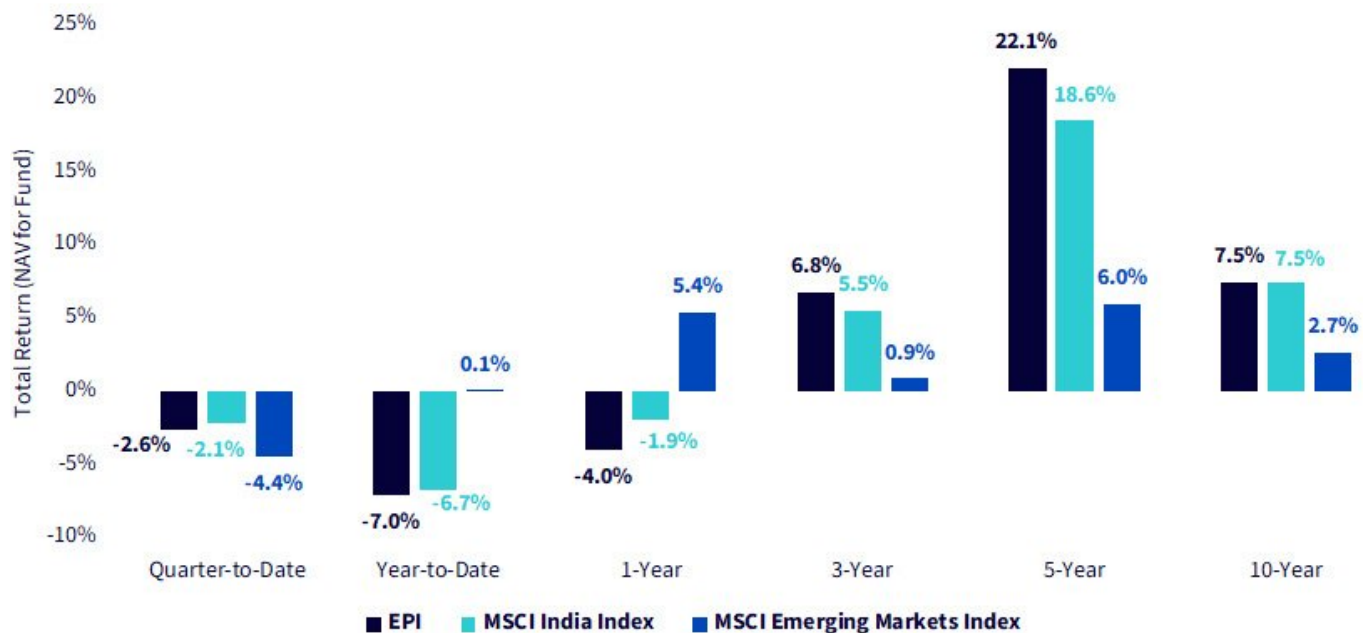
If you believe in capitalism working—profits attracting capital—then [EPI](#) is simply more aligned with how the world works.

Figure 1a: Standardized Performance

Fund/Index Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
WisdomTree India Earnings Fund (NAV)	EPI	2/22/08	0.87%	-3.48%	1.51%	8.83%	24.28%	8.39%	4.57%
WisdomTree India Earnings Fund (MP)	EPI	2/22/08	0.87%	-3.45%	0.59%	8.99%	24.19%	8.27%	4.49%
MSCI India Index				-2.95%	1.75%	6.94%	20.51%	7.84%	N/A
MSCI Emerging Markets Index				2.93%	8.09%	1.44%	7.94%	3.71%	N/A

Sources: Morningstar, FactSet and WisdomTree, specifically data from the PATH Fund Comparison Tool, accessed as of 4/15/25, but showing returns for the period ended 3/31/25. NAV denotes total return performance at net asset value. MP denotes market price performance. **The performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance and to download the respective Fund prospectuses, click [here](#).**

Figure 1b: Contrasting 2025 with the Past 10 Years



Sources: Morningstar, FactSet and WisdomTree, specifically data from the PATH Fund Comparison Tool, accessed as of 4/15/25, but showing returns for the period ended 4/14/25. NAV denotes total return performance at net asset value. MP denotes market price performance. **Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance and to download the respective Fund prospectuses, click [here](#).**

Conclusion: EPI Is Priced for Compounding, Not Perfection

Valuation matters most when it's least fashionable. In 2025, with markets leaning back into momentum and multiple expansion, it's easy to forget that **compounding loves discipline more than drama**.

EPI's valuation is a quiet signal: you're not buying hype. You're buying earnings, at a reasonable price, in one of the world's most exciting economies.

And that's exactly what long-term investing should feel like.

Figure 2: EPI Splits the Difference on an Estimated P/E Ratio Basis between Broader EM and the MSCI India Index



Sources: Morningstar, FactSet and WisdomTree, specifically data from the PATH Fund Comparison Tool, accessed as of 4/15/25, but showing fundamentals for the period ended 3/31/25. Subject to change.

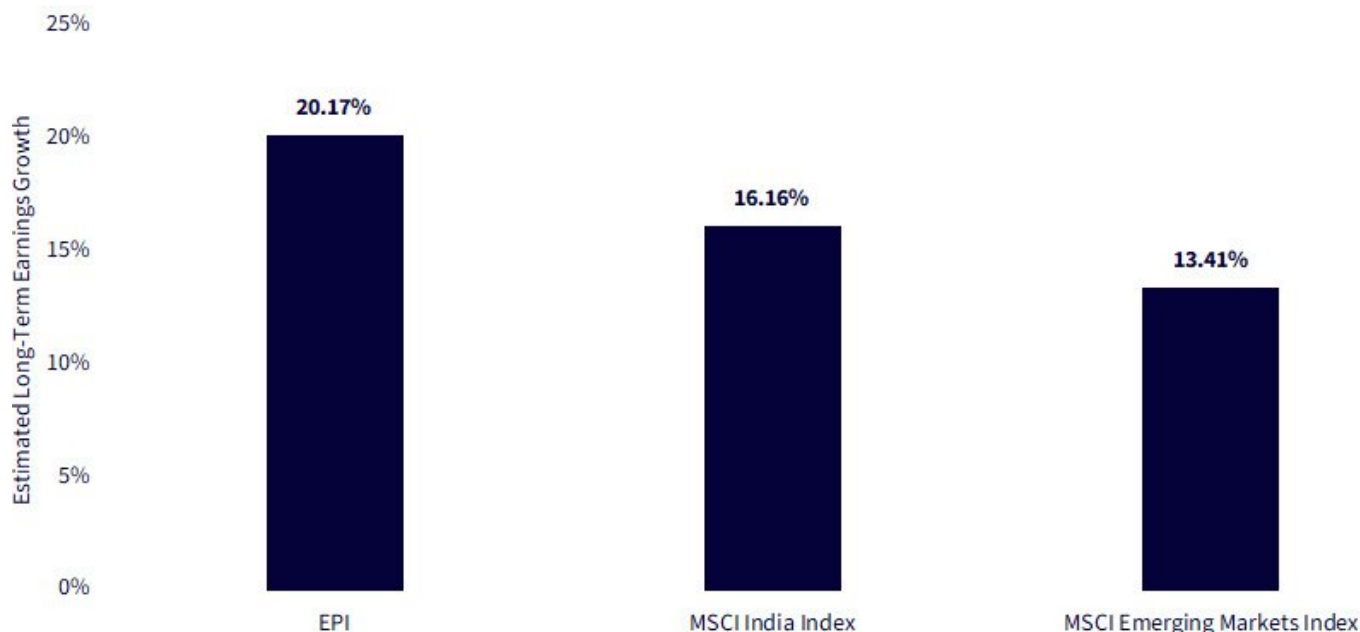
EPI: There Is Also an Underlying Growth Story

India is rapidly digitizing, urbanizing and industrializing. That's the macro backdrop.

But **EPI** aligns to that future **at the company level**, where compounding happens. This is what makes it structurally different from other vehicles: it doesn't just allocate to India, it aligns with **India's economic engine**.

And with a projected **20.17% earnings growth rate**, it offers a runway that few global strategies can match.

Figure 3: EPI's Earnings Growth Estimates Appear Strong



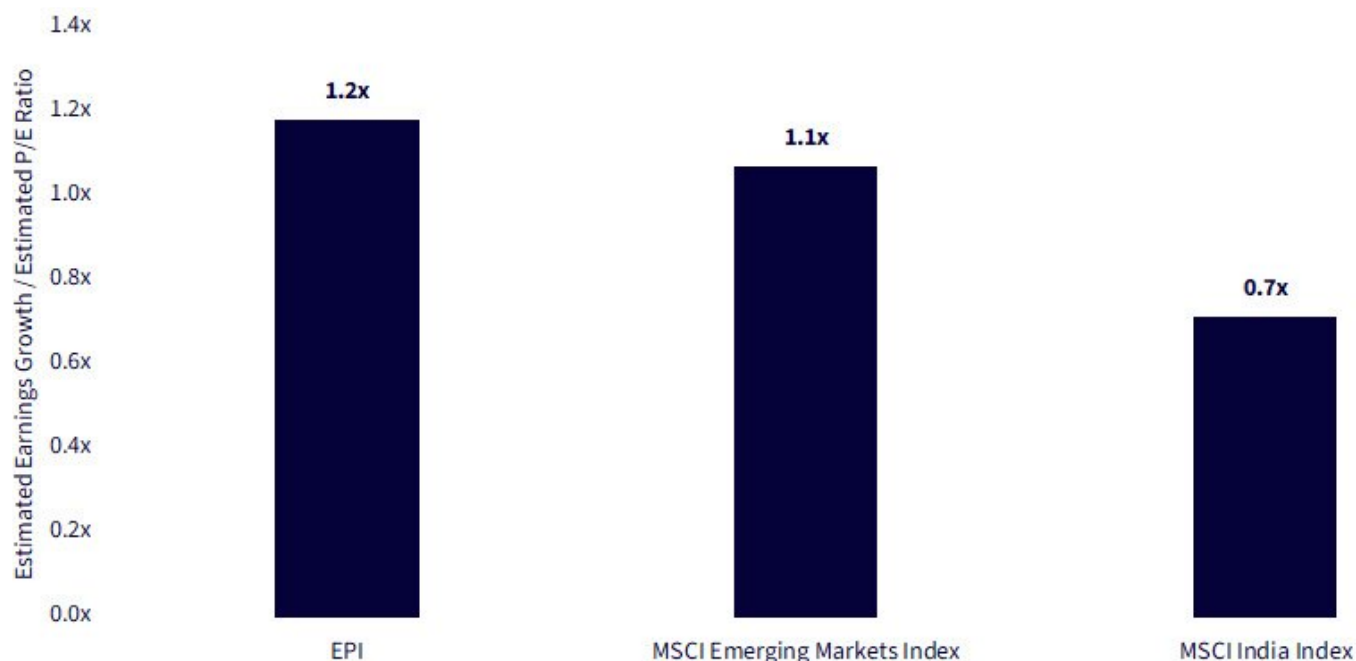
Sources: Morningstar, FactSet and WisdomTree, specifically data from the PATH Fund Comparison Tool, accessed as of 4/15/25, but showing fundamentals for the period ended 3/31/25. Subject to change.

EPI: The Clear Leader in Growth Efficiency

Let's say it plainly: **EPI** is giving you **more future per unit of present cost**. Here, we take the measure of estimated growth (figure 3) and divide by the estimated P/E ratio (figure 2) to get a ratio of growth to price. We find this important because one cannot say that only growth or only valuation is important—both are important.

- The **MSCI India Index** may offer exposure to the same country, but you're paying up for a story that's already fully priced. You're getting less than one times growth per unit of valuation.
- The **MSCI Emerging Markets Index** looks cheaper, but its growth profile is fundamentally weaker—and increasingly diluted by macro drag.
- **EPI stands apart**, not just with high growth (20.17%), and not just with reasonable valuation (17.1x), but with the best **growth-to-cost conversion ratio**.

Figure 4: Estimated Earnings Growth Relative to Estimated P/E Ratio



Sources: Morningstar, FactSet and WisdomTree, specifically data from the PATH Fund Comparison Tool, accessed as of 4/15/25, but showing fundamentals for the period ended 3/31/25. Subject to change.

1 Source: Mint, "Inside India's ₹100 Trillion Infrastructure Revolution: Roads, Railways, Ports & More!" YouTube. (<https://www.youtube.com/watch?v=7hGep3HA2mU>)

2 Source: Mint, YouTube.

3 Source: Abhishek Vishnoi & Ashutosh Joshi, "Global Funds Tout India as Haven in Trump Tariff Crisis," *Bloomberg*, 4/13/25.

4 Source: Chachra et al., "EcoView: Lower GDP Growth, Earnings Estimates, Index Target," *Morgan Stanley Research*, 4/14/25.

5 Source: Vishnoi, 4/13/25.

6 Source: Chachra et al., 4/14/25.

7 Source: Vishnoi, 4/13/25.

8 The WisdomTree India Earnings Fund (EPI) is designed to track the total return performance, before fees and expenses, of the WisdomTree India Earnings Index. This Index is focused on profitable companies within India, and it weights those companies on the basis of their earnings.

Important Risks Related to this Article

There are risks associated with investing, including the possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. This Fund focuses its investments in India, thereby increasing the impact of events and developments associated with the region which can adversely affect performance. Investments in emerging, offshore or frontier markets such as India are generally less liquid and less efficient than investments in developed markets and are subject to additional risks, such as risks of adverse governmental regulation and intervention or political developments. As this Fund has a high concentration in some sectors, the Fund can be adversely affected by changes in those sectors. Due to the investment strategy of this Fund it may make higher capital gain distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.