Capital investment push to help India double GDP in 8 years: S&P Global

ON BIG STAGE. With an average growth of 6.7%, domestic economy to hit $6.7 trillion, says global analytics firm

KR Srivats
New Delhi

S&P Global, a NYSE-listed data, research and analytics firm, sees India growing at an average 6.7 per cent for the next eight years, catapulting GDP to $6.7 trillion in fiscal 2030-31 from $3.4 trillion in 2022-23. It also sees per capita GDP rising to about $4,500.

Capital accumulation will be the dominant driver of Indian growth, said Dharmakirti Joshi, Chief Economist, CRISIL, a S&P Global company, adding that capital is expected to contribute 53 per cent of India's 6.7 per cent average GDP growth through the end of the decade.

He was speaking at the launch of S&P Global's first-ever thought leadership journal, *Look forward: India's moment*, focusing on the opportunities, risks, and potential for India to strengthen its claim to be a global superpower in the decade to come. While the world is in the midst of an unprecedented period of transition and uncertainty, India faces a defining opportunity to capitalise on this moment, according to S&P Global's latest 'Look Forward' research report.

COLLECTIVE WISDOM. Dharmakirti Joshi (Centre), Chief Economist, Crisil, along with heads of different verticals of S&P Global KAMAL NARANG

Joshi said that increase in productivity will generate 30 per cent of GDP growth, and labour, the other factor of production, would contribute 17 per cent. Noting that it was government-led capital push in recent years that had been fuelling economic growth, Joshi said that private sector is expected to gradually increase investments given their healthy balance-sheets. Directionally, the needle is moving towards revival of private investment. It has not happened fully as yet, he added.

"Now the government is pushing investment. The kind of push the Central government has given is not sustainable. Slowly, public investment will kind of peter out because they have to be mindful of fiscal-deficit target. In the uncertain environment and just before elections, private-sector mood is not aggressive on investments. It's happening in parts. But it is not the animal spirits revival of private investments, which we saw in 2002-08 and after the GFC," he said.

5 KEY REASONS

Joshi said that private investment will pick up thrust and there are five reasons – strong private sector balance-sheets, infra push by Centre, interventionist policy approach like PLI, rising capacity utilisation in various sectors and foreign participation in investment cycle - to back this expectation.