

India to grow 6.9% in FY25, retain its momentum: S&P

PRESS TRUST OF INDIA

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S&P Global Ratings on Wednesday said India's economy has a track record of strong growth and retained its 6 per cent growth forecast for current fiscal year.

In Asia-Pacific Credit Outlook 2024 titled 'Slowing Dragons, Roaring Tigers', S&P said gradual capital deepening, favourable demographics, and improving productivity are essential growth factors.

"India's economy has a track record of strong growth. We expect this momentum to continue and forecast growth of 6 per cent for FY2024, then 6.9 per cent for FY2025 and FY2026," S&P said.

It said India's economic growth shines brightly. However, its yields remain higher, as they have been historically, which puts additional pressure on the cost of funding India's large debt stock.

While growth supports market confidence and revenue generation, rates dynamics will be an additional determinant of India's debt trajectory over the next few years, the US-based rating agency said.

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"Challenges for unlocking the next phase of growth include labour force participation, climate resilience, and further improvements in business environment," S&P said.

It said the Indian economy is reliant on strong growth performance in services industries. The influence of services in the economy has grown over time, while agriculture and other primary industries

UBS raises growth forecast for India to 6.3%

UBS on Wednesday upgraded its FY24 real GDP growth estimate marginally to 6.3 per cent. The brokerage's chief India economist Tanvee Gupta Jain said domestic economic activities are fairing better than expected, but added that managing the macro risks and next year's General Elections are the key factors to watch out for. Jain said she's upping her expectations despite slower global growth but added that the revised estimate is lower than the 6.4 per cent consensus. **PTI**

have reduced economic shares.

"We expect share of services in the economy to rise further as comparative advantages are still in that space," it added

S&P had earlier projected India's growth forecast for FY24 to be 6 per cent on the back of good growth in April-June quarter. However, this is lower than all the recent revised forecasts and RBI's estimate of 6.5 per cent. The agency has upped its inflation forecast for India by 50 basis points.

The Organization for Economic Cooperation and Development has raised India's GDP forecast for 2023-24 to 6.3 per cent from 6 per cent projected earlier.

