

Indian economy has a track record of strong growth

Press Trust of India
New Delhi

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 FY 2024, then 6.9 per cent for FY 2025 and FY 2026," 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

MAJOR CHUNK

The influence of services in the economy has grown over time, while agriculture and other primary industries have reduced economic shares

additional determinant of India's debt trajectory over the next few years, the US-based rating agency said.

POSITIVE FACTORS

Gradual capital deepening, favourable demographics, and improving productivity are essential growth factors. "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 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.