

Economy has parallels to booming 2000s: Morgan Stanley

Investment has become a major driver of India's booming economy, according to economists at Morgan Stanley, adding that the country's current expansion resembles that of the mid-2000s when growth averaged more than 8 per cent.

The economists also said the economy appears to have room for even further expansion, given the path for additional capital expenditure — especially from

private businesses — rising exports and a more stable economy.

After declining for a decade, the investment as a percentage of gross domestic product is steadily climbing and could reach 36 per cent by 2027 from a recent low of 28 per cent in 2021, economists said. The upswing mirrors the period from 2003–2007, when the investment ratio rose to 39 per cent, they said. "We see a long runway

ahead for the current expansion cycle," they said. India logged a blowout growth rate of 8.4 per cent in the final three months of last year.

However, a more representative measure of growth that stripped out one-off items showed a slowdown, raising questions about the sustainability of India's growth path.

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