

India can benefit from trade protectionism: S&P report

Changes in global trade policy would catalyse supply chain diversification to the benefit of India, which is on track to become the world's third-largest economy by 2030-31 (FY31), S&P Global India Research Chapter's report said on Monday.

While projecting India's real GDP growth to average 5.7 per cent over the next decade, S&P's report said further manufacturing reshoring and trade regionalisation strategies could add about 1.3 percentage points to India's real GDP by end of FY35. "Companies are expected to relocate their operations to regions that offer competitive advantages, with India emerging as a key destination," the report said.

The report stated that in the near term the broader spillovers of heightened global trade and financial uncertainty may be more damaging to India's growth affecting private sector investments. "India has made progress in enhancing its competitiveness and making its manufacturing sector more attractive... Beyond the near-term impact, therefore, India can benefit from the increasing trade protectionism, which may catalyse supply-chain diversification," it added.

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