

# S&P may upgrade India's credit rating by FY27: SBI Report

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A latest State Bank of India research report said that the global rating agency S&P may upgrade India's credit rating by FY27. This will be synchronous with the tag of the third-largest economy if the fiscal deficit narrows meaningfully.

S&P may raise the ratings if India's fiscal deficits narrow meaningfully, general government debt falls below 7 per cent of GDP on a structural basis. Thus, India could see a rating upgrade by FY27... synchronous with the tag of the 3rd largest economy

The S&P Global Ratings retained India's sovereign rating at 'BBB-' but raised its outlook to 'positive' from 'stable'.

Last time the agency upgraded the rating outlook was in 2010 when it shifted from negative to stable. India's robust economic expansion is having a constructive impact on its credit metrics.

As per the SBI report, if current account deficits widen materially to weaken India's



external position such that the country becomes a narrow net external debtor, S&P could also revise the outlook to stable.

Projections show that under usual trends and accounting for RBI surplus, the general government fiscal deficit will fall below 7% in FY27.

The external debt stabilizing CAD ignoring valuation changes is estimated under current trends at 1.15 per cent.

It highlighted that the new investment announcements touched Rs 36.92 lakh crore in FY24 as compared to Rs 37.06 lakh crore in FY23. The spike in the investments reflect robust demand in the economy.

Further it highlighted the major contribution from the private sector suggesting revival of the capex cycle.

In the Financial Year 2024, the new company registered 1.85 lakh as compared to 0.64 lakh in FY15.

Further, it said that the per day registration jumped around 3x to 617 in FY24 as compared to around 214 in FY15.

The SBI report highlighted that the deterioration in the Russia-Ukraine war or the conflict in the Middle East likely poses the most risk to stable sovereign outlooks in Asia-Pacific.

Another risk that the report highlighted is the worsening US-China tensions.