S&P's 'Stable' Outlook for India Spells Better Times Ahead: Analysts

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Mumbai: Welcoming Standard and Poor's (S&P) move to revise India's outlook to 'stable' from 'negative', market experts have said the country is entering into faster than expected growth mode.

Commenting on the outlook revision, SBI chairperson Arundhati Bhattacharya said, "We believe that the country is well on a path of faster than anticipated fiscal consolidation and it could be a positive surprise going forward."

(Read: S&P upgrades India's credit outlook to 'stable')

Nomura said that a stable government and "proactive policy measures to strengthen the country's macroeconomic fundamentals should help put the economy back on a high growth trajectory".

The Japanese brokerage expects India's real GDP growth to rise from 4.7 per cent in FY14 to 6 per cent year-on-year in FY15, and 6.8 per cent in FY16.

The change in outlook is a "pleasant surprise", but for actual rating to change economic variables have to improve and at a faster pace, Care Ratings chief economist Madan Sabnavis said.

S&P also affirmed India's long-term credit rating at 'BBB-' and short-term at 'A-3'. It said...
the outlook revision reflects that the country's improved political setting offers a conducive environment for reforms, which could boost growth prospects and improve fiscal management.

"The ratings reflect the country's strong external profile, combined with its democratic institutions and free press, both of which underpin policy stability and predictability," the global rating agency said.

S&P further said it could raise the rating if the economy reverted to a real per capita GDP trend growth of 5.5 per cent per year and fiscal, external, or inflation metrics improve.

"With the rating institution indicating a revision in rating conditional on a growth uptick and our internal prognosis suggesting a strong possibility of the same, we look forward to even better times ahead," Ms Bhattacharya added.