



Raksha Mantri Smt Nirmala Sitharaman's statement on S&P's sovereign Credit ratings for India, 2017

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- S&P Global has lauded the Narendra Modi government for passing a number of reforms that address long standing impediments to the country's growth, whilst affirming India's existing rating at BBB-/A-3
- These reforms, as asserted by the S&P Report, include:
 - v Comprehensive tax reforms through introduction of GST to replace complex and distortive domestic indirect taxes
 - v Bankruptcy code
 - v Non-performing loan resolution framework
 - v Recapitalisation of state owned banks
 - v Simplification of regulations and strengthening the business climate
 - v Reforms in the energy sector
 - v Improvement in contract enforcement & trade
- The report has also appreciated India's efforts in improving monetary credibility and has noted the presence of strong democratic institutions and free press.
- The report has underlined that India's government revenue as percentage of GDP is low. It further asserts that effort of the government to expand tax base by demonetization has increased the number of tax registrants and that Introduction of GST will further accelerate government revenue.
- Reforms such as demonetisation and GST may have led to some quarterly cooling but the medium term outlook for growth in India is favourable. This is based upon private consumption, ambitious public infrastructure investment program and a bank restructuring plan that will help investments.
- On India's external debt, the report has observed that external indebtedness is likely to remain contained throughout the forecast period underpinned by an improved current account deficit.
- The report has observed that India's contingent fiscal risks are limited, based upon a combined view of India's govt related entities and its financial system.
- S&P has hence inferred that over the next two years, growth in India will remain strong and India will maintain its sound external accounts position.

After World bank's recognition of India's reforms in improving ease of doing business and Moody's upgradation for India's sovereign credit ratings, S&P too has recognised the strides the Indian economy has made under the leadership of Prime Minister Shri Narendra Modi.

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