



Ministry of Finance

Moody's upgrade Sovereign Credit Rating of India to Baa2 from Baa3

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Moody's Investors Service ("Moody's") has upgraded the Government of India's local and foreign currency issuer ratings to Baa2 from Baa3 and changed the outlook on the rating to stable from positive. India's rating has been upgraded after a period of 13 years. India's sovereign credit rating was last upgraded in January 2004 to Baa3 (from Ba1).

Government of India welcomes the upgrade and believes, as rightly noted by the Moody's that this is in recognition of major economic and institutional reforms undertaken by Government of India. These reforms include introduction of path breaking Goods and Services Tax (GST); putting in place a sound monetary policy framework; measures taken to address recapitalisation of public sector banks and a number of measures taken to bring formalisation and digitalisation (The JAM agenda) in the economy - demonetization, the Aadhaar system of biometric accounts and targeted delivery of benefits through the Direct Benefit Transfer (DBT) system.

Moody's have also rightly recognized the Government's commitment to macro stability which has led to low inflation, declining deficit and prudent external balance and Government's fiscal consolidation programme which has resulted in a reduction of fiscal deficits from 4.5% of GDP in 2013-14 to 3.5% in 2016-17 and its consequential sobering impact on general government debt. Government intends to stay the course on fiscal consolidation in the medium term.

DSM/SBS/KA

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