

## Macro Roundup Article

Headline: [India At The Centre](#)

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**Tweet:** The Indian stock market's strong performance has been driven by robust total factor productivity growth of 1.3% from 2007-2022 vs. 0.9% for 1990-2006, stemming mainly from improvements in basic infrastructure. @rbtrmstrng @EthanYWu

**Summary:** The strongest reason for weighing this slice towards India is not just that the country has averaged real GDP growth of more than 6% a year for the past 30 years; that growth has also translated into stock market returns in a way that China's growth, for example, has not. Over the past 30, 20, 10, and five years, the Sensex has performed as well or better than the S&P 500, leaving other big markets far behind. India's growth story is built on its remarkable increase in total factor productivity, the economy's ability to generate output from a given amount of labour and capital. Aditya Suresh of Macquarie notes that TFP's contribution to headline growth has averaged 1.3% between 2007 and 2022, against 0.9% in 1990-2006, far outpacing other EMs. Partly, the TFP boost has come from efficiency improvements in certain sectors, such as services exports (think ecommerce or consulting). But the biggest improvement is undoubtedly from better basic infrastructure. Related: Indian Stock Market Surges as Foreign Funds Buy Into National Growth Story and India Equity: An Unsung Long-Term Performance Story and The Path to 2075 — Capital Market Size and Opportunity

**Primary Topic:** Growth

**Topics:** Financial Markets, GDP, Growth, Op-Ed/Blog Post, Weekly

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