

CACOPHONY OF FACTORS TO ROIL SOVEREIGN CREDIT METRICS: S&P

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

India is facing various factors that may shake its sovereign-credit metrics but strong economic growth rate and external balance sheet are expected to neutralise the risks inherent in the global environment, S&P Global Ratings said.

In a credit FAQ titled 'Can India Sovereign Ratings Withstand The Global Sputter,' S&P said despite India's strong external balance sheet, it has not been able to escape the difficult landscape the rest of its emerging market peers have faced over the course of the year and 'more severe conditions,' could apply downward pressure on sovereign credit ratings.

Lowest rating

S&P has the lowest investment grade rating of 'BBB-' on India with a stable outlook.

"India is facing a mixture of factors that may shake its sovereign credit metrics. Amid external turbulence, its foreign exchange reserves are falling, and its current account deficit is rising," S&P Global Ratings sovereign analyst Andrew Wood said. "Meanwhile, the economy is battling faster inflation and tightening financial conditions."

India is, however, likely to continue benefiting from the active use of its currency in international transactions, it said.

[Our code of editorial values](#)

END

Downloaded from crackIAS.com

© **Zuccess App** by crackIAS.com