

## **India has a potential GDP growth rate of 6-7 per cent: Goldman Sachs**

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India will remain one of the strongest growth stories in the Asia Pacific region as the country has a potential GDP growth rate of around 6-7 per cent or perhaps even more, global finances services major Goldman Sachs has said.

Timothy Moe, the chief Asia Pacific regional equity strategist at Goldman Sachs Research views the current cyclical recovery coupled with improvements in the ease of doing business, that have largely flown “beneath the radar”, as positive signs for India’s long-term growth and corporate earnings environment.

“The long-term growth perspective or potential for India is one of the highest in the Asia Pacific region. India has a potential GDP growth rate of between 6-7 per cent or perhaps even more,” Moe said today.

Lots of practical reforms have taken place and they are broadly facilitating the macro growth and should ultimately also translate into a better corporate earnings environment, he said.

“The long-term positive drivers are the five year very strong growth potential and the fact that we have got a cyclical recovery in the economy, and what appears to us to be is the beginning of a cyclical upturn in profits,” Moe said.

The aggregate top line GDP growth is strong and basically driven by very favourable demographics and low per capita income which allows more rapid growth as you catch up starting from a low base, he added.

“From a cyclical stand point, we think the economy is also on the upward trajectory and that is helped by a more accommodative central bank,” he said adding interest rates have been coming down, inflation rate is coming down and this is filtering down to corporate earnings cycle - the key thing driving markets.

On reforms, he said its impact has so far been a mixed bag “a glass half-empty, half-full”.

The empty part, is that some of the larger headline reforms like the Goods and Services Tax that have not yet been passed because of domestic political hurdles, Moe said.

There have been quite a lot of micro level reforms, the ease of doing business has improved dramatically, he added.