

# In a first, an Indian agency gives out sovereign ratings

## Our Bureau

Ahmedabad

Taking on Moody's, Fitch and S&P Global, home grown CareEdge Global IFSC Ltd — a subsidiary of CARE Ratings Ltd — has entered the sovereign rating space. It has assigned sovereign ratings to 39 countries, including India.

### INDIA NARRATIVE

This report on sovereign ratings unveiled at GIFT City was hailed by K Rajaraman, Chairperson of the International Financial Services Authority (IFSCA) in Gujarat, who felt that an India-based credit rating agency assigning sovereign ratings could help reconstruct India's narrative across the globe and influence investment decisions and borrowing costs.

"Currently, global credit ratings are dominated by agencies from the developed world. These agencies assess the creditworthiness of governments, corporations and other entities, providing ratings that influence investment decisions and borrowing costs worldwide. Their assessments play a crucial role in the financial markets," he said in a recorded address at the launch of the global sovereign ratings by CareEdge at GIFT City.

Foreign agencies were

### ● INDIA'S RATING

CareEdge Ratings assigned 'BBB+' rating to India compared to Fitch's 'BBB-'

seen to be obstinate about their views on India. Though India has consistently pitched for better ratings, agencies follow their own logic on the fiscal math. Fitch, for example, recently confirmed India's long-term credit rating at 'BBB-'. CareEdge Ratings on Thursday assigned 'BBB+' rating to India.

"Today is a significant milestone that an Indian credit rating agency for the first time will assign sovereign ratings to the rest of the world," Rajaraman said.

"This is an important step for us as a rising economy to mark a shift where we do not allow others to reconstruct our narrative. Instead, it is time to see if we are confident enough to create a perception of our own now."

### RESILIENT ECONOMY

The CareEdge rating given to India is based on the resilient post-pandemic rebound of the economy and increased focus on infrastructure investment. Apart from India, BBB+ rating has also been assigned to Botswana and the Philippines.

"India's high foreign exchange reserves and low levels of external debt contribute to a favourable external position, supporting its overall credit profile. However, these positives are balanced against high general government debt and weak debt affordability. The economy continues to lag in global competitiveness and has a low per capita income," according to the CareEdge report.

Economic growth remained healthy, rising by 8.2 per cent in FY24 and is projected to remain around 6.5-7 per cent over the next five years.

### RATING ACTION

In its first sovereign rating action, CareEdge Global assigned 'AAA' rating to Germany, the Netherlands, Singapore and Sweden; 'AA+' to Australia, Canada and the US; 'AA-' to France, Japan, Korea, UAE and the UK; 'A' to China and Spain; and 'A-' to Chile, Malaysia and Thailand,

The rating methodology involves analysis under five broad pillars to determine a sovereign's creditworthiness. These are economic structure and resilience, fiscal strength, external position and linkages, monetary and financial stability, and institutions and quality of governance.