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## India's Rising Growth Potential

- India's high growth rate since 2003 represents a structural increase rather than simply a cyclical upturn. We project India's potential or sustainable growth rate at about 8% until 2020.
- The recent growth spurt was achieved primarily through a surge in productivity, which we believe can be sustained.
- India is well-positioned to reap the benefits of favorable demographics, including an 'urbanization bonus', and a further rise in capital accumulation, in part from an upsurge in foreign direct investment.
- The risks to growth are: political risk, including a rise in protectionism; supply-side constraints, including business climate, education, and labor market reforms; and environmental degradation.
- Our assessment suggests that India's influence on the world economy will be bigger and quicker than implied in our previously published BRICs research.

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Important disclosures appear at the back of this document.

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