India’s Sovereign Credit Rating upgraded to 'A-' with Stable Outlook by Japan Credit Rating Agency

JCR upgrades India’s foreign currency and local currency long-term issuer ratings by one notch from ‘BBB+’ to ‘A-’

Upgrade reflects India’s strong and resilient economic growth, improving fiscal quality, strengthened financial system and robust external position

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The Government of India welcomes the decision of Japan Credit Rating Agency (JCR) to upgrade India’s Long-Term Foreign Currency and Local Currency Issuer Ratings by one notch from ‘BBB+’ to ‘A-’, while maintaining the Stable Outlook. JCR has also raised India’s country ceiling by one notch to ‘A’.

The upgrade reflects **India’s solid economic growth, the effectiveness of economic policies in strengthening the foundations for growth, and the improved soundness of the financial system**. JCR noted that the Indian economy has maintained a high growth rate, supported by robust private consumption and public investment. The latest GDP estimates released by the Ministry of Statistics and Programme Implementation (MoSPI) indicate that real GDP growth remained strong at 7.8 per cent in FY26. **The growth momentum was sustained in Q1 of FY27, with real GDP growing by 7.8 per cent,** despite prevailing global headwinds. The agency also highlighted the Government’s continued implementation of policies conducive to productivity growth and economic development, including the development of digital public infrastructure and implementation of the Goods and Services Tax, which have strengthened India’s economic foundations.

The agency also recognised the improvement in the quality of fiscal expenditure, with greater emphasis on capital expenditure, particularly infrastructure investment. JCR noted that the Central Government’s fiscal deficit declined from 4.7% in FY25 to 4.4% in FY26, while capital expenditure remained high.

JCR also highlighted the significant improvement in the overall soundness of India’s financial system. The asset quality of the banking sector has strengthened, supported by the establishment of the Insolvency and Bankruptcy Code, capital infusion by the Government and strengthened supervision by the RBI. Capital adequacy and profitability in the banking sector have remained sound. The asset quality and capital adequacy of the non-banking financial sector have also improved, further strengthening the financial system.

On the external sector, the agency noted that India’s **current account deficit remains contained**, supported by a surplus in the services balance. Ample foreign exchange reserves, significantly exceeding short-term external debt, provide strong resilience against external shocks.

The upgrade comes against the backdrop of a challenging global environment and underscores the continued strengthening of India's economic fundamentals, supported by sustained growth, effective economic policies, improved fiscal quality and a stronger financial system.

It is worth noting that India had previously received sovereign rating upgrades from major international rating agencies over the past year. Morningstar DBRS upgraded India's sovereign rating in May 2025, followed by S&P Global Ratings in August 2025 and Rating and Investment Information, Inc. (R&I), Japan, in September 2025.

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