

SBI Research

S&P Rating outlook revision, Women voter participation and Markets.... The six phases of 2024 general elections have so far witnessed close to 66.0% voter turnout..A total of 57.8 crore voters have cast their votes in 2024 as compared to 54.3 crore casting their votes in 2019, an increase of 3.45 crore voters as per ECI. Out of this 3.45 crore voters, the female voters increased by 1.73 crore while male voters increased by 1.62 crore...**India could see a rating upgrade by FY27... synchronous with the tag of the 3rd largest economy**

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Executive Summary.. A 3rd Largest Economy Tag could be coterminous with a rating upgrade for India could happen as early as April 2026...FY27

- ❑ The ongoing electoral celebrations in the largest democracy, with just the last phase remaining, has vindicated the maturity of both the common voters
- ❑ **~92% constituencies (polled till now) are exhibiting either increase or status quo in voters turnout numbers**, with 250 PCs showing increase in number of voters (>50,000), 198 PCs showing status quo (change in votes is between -50,000 to +50,000) and just 37 PCs having decline < 50,000
- ❑ The six phases of 2024 general elections have so far witnessed close to 66.0% voter turnout..A total of 57.8 crore voters have cast their votes in 2024 as compared to 54.3 crore casting their votes in 2019, an increase of 3.45 crore voters as per ECI. **Out of this 3.45 crore voters, the female voters increased by 1.73 crore while male voters increased by 1.62 crore...thus female voters outstrip men decisively with ...hence for every additional 100 male voters, there are now 107 female voters**
- ❑ The remarkable narrative of the elections thus this year has been the continued rising proportion of women voters, outnumbering their male counterparts. Out of 485 constituencies, 371 constituencies saw increased participation of around 2 crore women compared to 2019. Remarkably, financialization and formalization of household savings is resulting in higher women voter turnouts. States also with lower per capita income are witnessing even higher women turnouts
- ❑ On the brighter side, the slew of macro-economic reforms initiated in sync with fiscal discipline, along with colossal public capex that is expected to crowd in private capex in a big way has ensured a robust and virtuous investment and consumption environment that has also been accepted by **S&P who reviewed the India Sovereign rating to BBB-/Positive/A-3** from erstwhile BBB-/Stable/A-3, paving the way for better brand equity of country in debt origination/access to credit on favourable terms. This, we believe, is an ode to the Indian democracy and uncharted possibilities in its lap to the future as a knowledge centric economy benefitting the world at large
- ❑ S&P may raise the ratings if India's fiscal deficits narrow meaningfully general government debt falls below 7% of GDP on a structural basis. Thus, **India could see a rating upgrade by FY27... synchronous with the tag of the 3rd largest economy**
- ❑ **Buoyant markets could be a harbinger of channelising household financial savings catering to investment needs of the country in the long run**

- ❑ **S&P Global Ratings retained India's sovereign rating at “BBB-” but raised its outlook to 'positive' from 'stable'.**
- ❑ The last time the agency upgraded the rating outlook was in 2010 when it shifted from negative to stable.
- ❑ India’s robust economic expansion is having a constructive impact on its credit metrics.

Riders

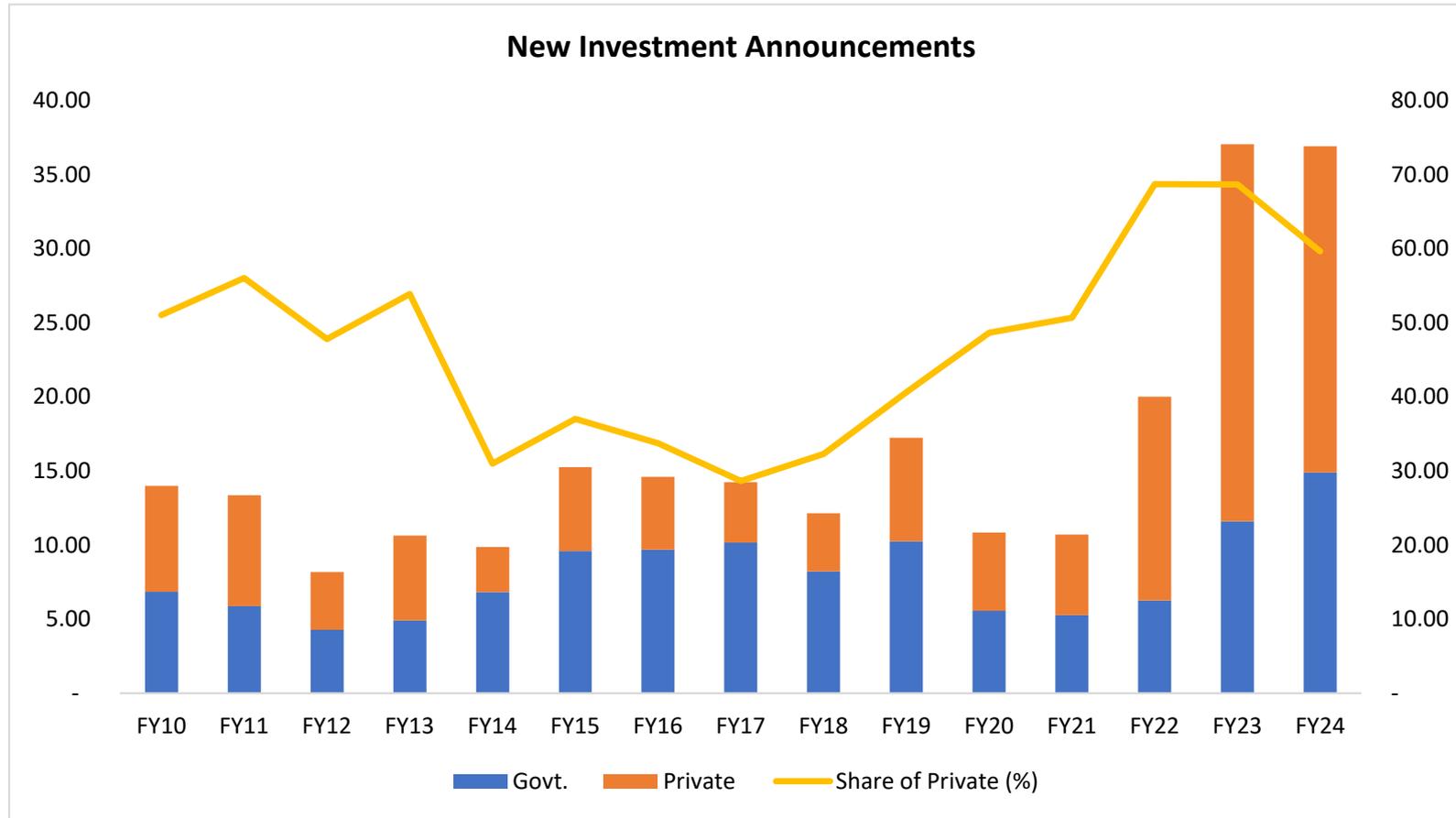
- ❑ S&P may raise the ratings if India's fiscal deficits narrow meaningfully general government debt falls below 7% of GDP on a structural basis.
- ❑ If current account deficits widen materially to weaken India's external position such that the country becomes a narrow net external debtor, S&P could also revise the outlook to stable.
- ❑ **Projections show that under usual trends and accounting for RBI surplus, general government fiscal deficit will fall below 7% in FY27**
- ❑ **The external debt stabilizing CAD ignoring valuation changes is estimated under current trends at 1.15%**

Trends in Critical Riders to S&P Rating Action					
Rs lakh crore	FY24 RE	FY24 P	FY25 IBE	FY26 P	FY27 P
GDP	296.6	293.9	327.7	362.4	402
Union Government					
Tax Revenue	23.2	23.2	26.0	29.7	33.8
Non-tax Revenue	3.8	4.8	4.0	4.2	4.5
Recoveries of Loans	0.3	0.2	0.3	0.3	0.3
Other Receipts	0.3	0.3	0.5	0.6	0.6
Expenditure	44.9	44.9	47.7	51.0	54.8
Fiscal deficit	17.3	16.3	16.9	16.3	15.6
Union Fiscal Deficit (% of GDP)	5.8	5.5	5.1	4.5	3.9
State Fiscal deficit	3.1	3.1	3.0	2.9	2.9
General government deficit%	8.9	8.6	8.1	7.4	6.8
Current Account Balance (% GDP)	NA	-0.9	-1.3	-1.2	-0.9

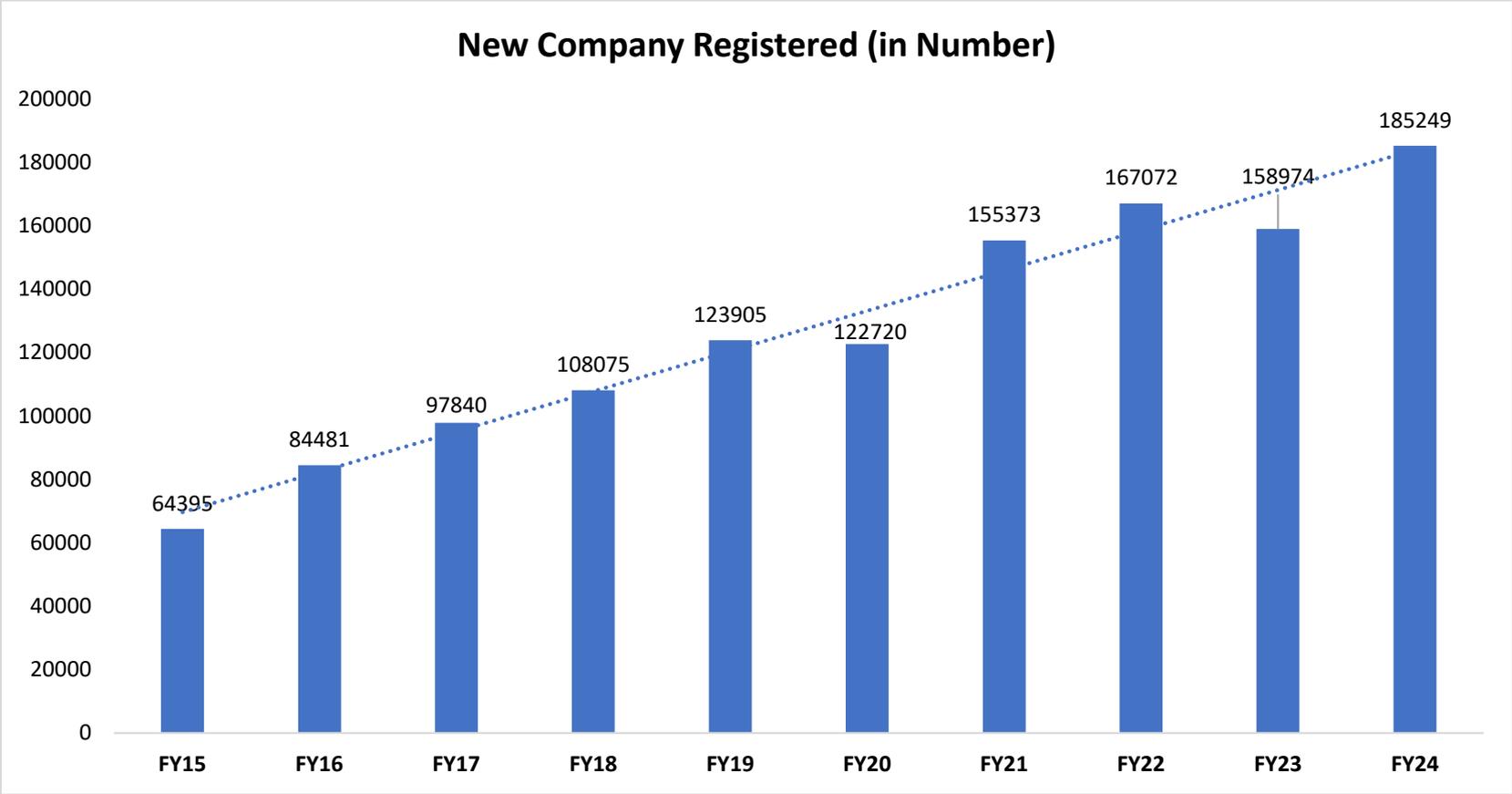
Source: SBI Research

- ❑ Dominant sovereigns have stable outlook
- ❑ The average sovereign rating is between 'BBB' and 'BBB+',
- ❑ Deterioration in the Russia-Ukraine war or the conflict in the Middle East likely poses the most risk to stable sovereign outlooks in Asia-Pacific
- ❑ Worsening U.S.-China tensions is another risk

Sovereign Ratings in Asia-Pacific Region	
Australia	AAA/Stable/A-1+
Bangladesh	BB-/Negative/B
China	A+/Stable/A-1
Cook Islands	B+/Stable/B
Fiji	B+/Stable/B
Hong Kong	AA+/Stable/A-1+
India	BBB-/Positive/A-3
Indonesia	BBB/Stable/A-2
Japan	A+/Stable/A-1
Korea	AA/Stable/A-1+
Malaysia	A-/Stable/A-2
Mongolia	B/Stable/B
New Zealand	AA+/Stable/A-1+
Pakistan	CCC+/Stable/C
Papua New Guinea	B-/Stable/B
Philippines	BBB+/Stable/A-2
Singapore	AAA/Stable/A-1+
Sri Lanka	SD/NM/SD
Taiwan	AA+/Stable/A-1+
Thailand	BBB+/Stable/A-2
Vietnam	BB+/Stable/B
Source: S&P Global	



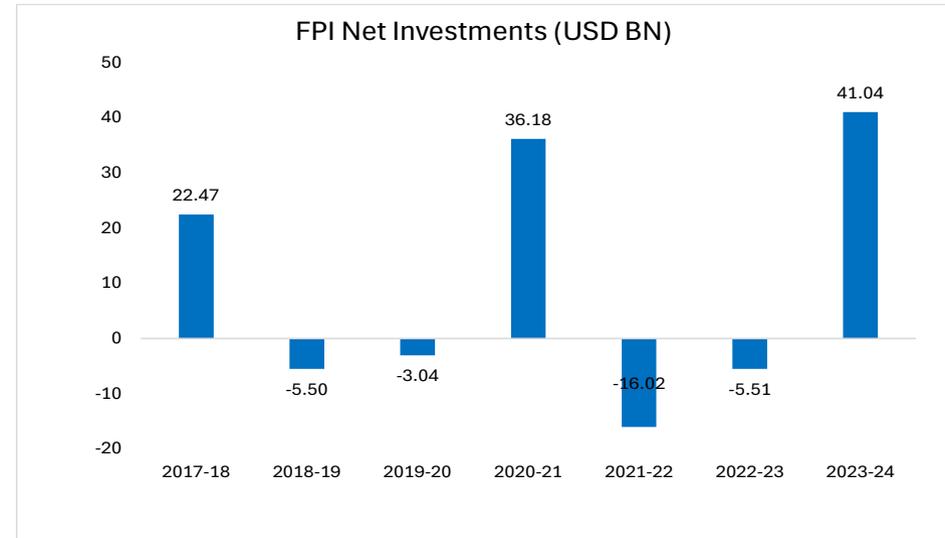
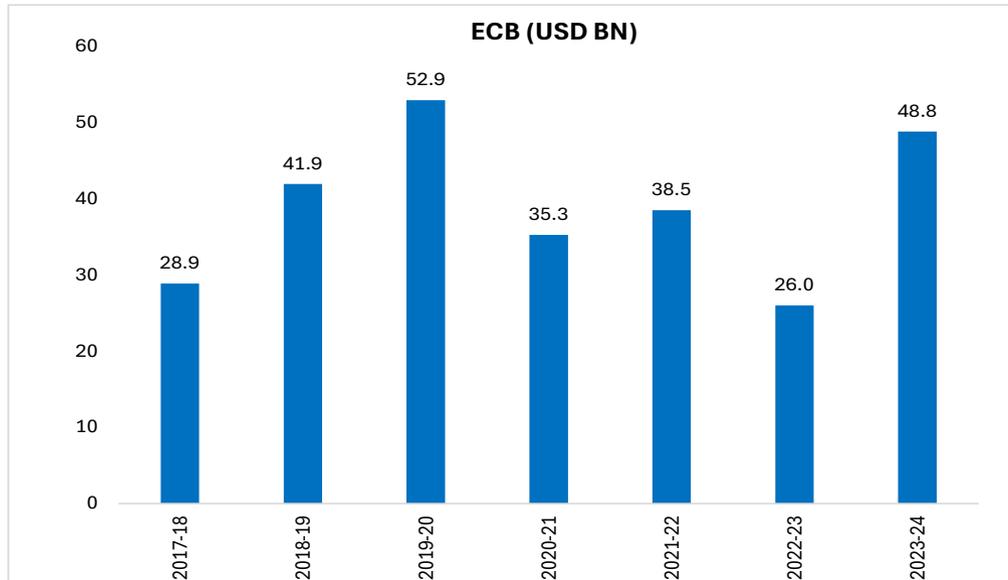
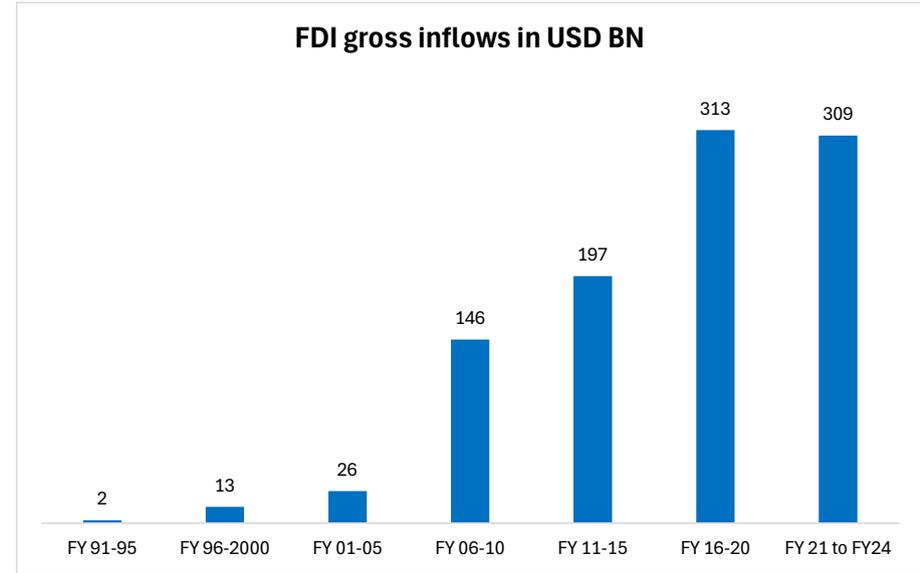
- New investment announcements touches Rs 36.92 lakh crore in FY24 as compared to Rs 37.06 lakh crore in FY23 reflects robust demand in economy
- Major contribution from private sector suggesting revival of capex cycle



- New company registered touched 1.85 lakh in FY24 as compared to 0.64 lakh in FY15
- Per day registration jumped around 3x to 617 in FY24 as compared to around 214 in FY15

Robust FDI, FPI inflows.....reposing faith in incrementally Viksit Bharat....

- FDI flows crossed more than USD 300 bn consecutively during FY16-20 and FY21-24 period
- FPI net investment touches USD 41.04 bn in FY24 against negative in two previous year
- Around USD 50 bn ECB registration reported in FY24 as compared to USD 26 bn in FY23



Phase-wise Constituencies Polling..... Phase-wise Voter Turnout....

- ❑ So far, six phase polling has done with 486 constituencies covered so far (90% of total strength)
- ❑ The six phases of 2024 general elections has happened so far with total 66.0% voter turnout

Phase	Constituencies 2024	Share Cumulative)
1	102	19%
2	89	35%
3	94	52%
4	96	70%
5	49	79%
6	57	90%
7	57	100%
Total	543	

Phase/Voter Turnout Ratio (%)	2019	2024
1	69.4	66.1
2	69.3	66.7
3	68.4	65.7
4	65.5	69.2
5	64.2	62.2
6	64.4	63.4
Average (6 phases)	67.4	66.0
7	61.7	-
Total	67.7	-

- A total of 57.8 crore voters cast their votes in 2024 as compared to 54.3 crore casted their votes in 2019, **an increase of 3.45 crore voters as per election commission**
- **Out of this 3.45 crore voters, the female voters increased by 1.73 crore while male voters increased by 1.62 crore...thus female voters outstrip men decisively...hence for every additional 100 male voters there are 107 female voters**

Absolute Increase in Voter in 2024 vis-à-vis 2019 (in lakh)			
Phase	Female	Male	Total
1	18.8	16.8	36.7
2	29.7	30.4	60.7
3	36.7	29.6	66.8
4	43.9	44.8	96.1
5	23.8	17.4	41.2
6	20.4	23.4	43.8
Total	173.4	162.4	345.3
Source: ECI; SBI Research			

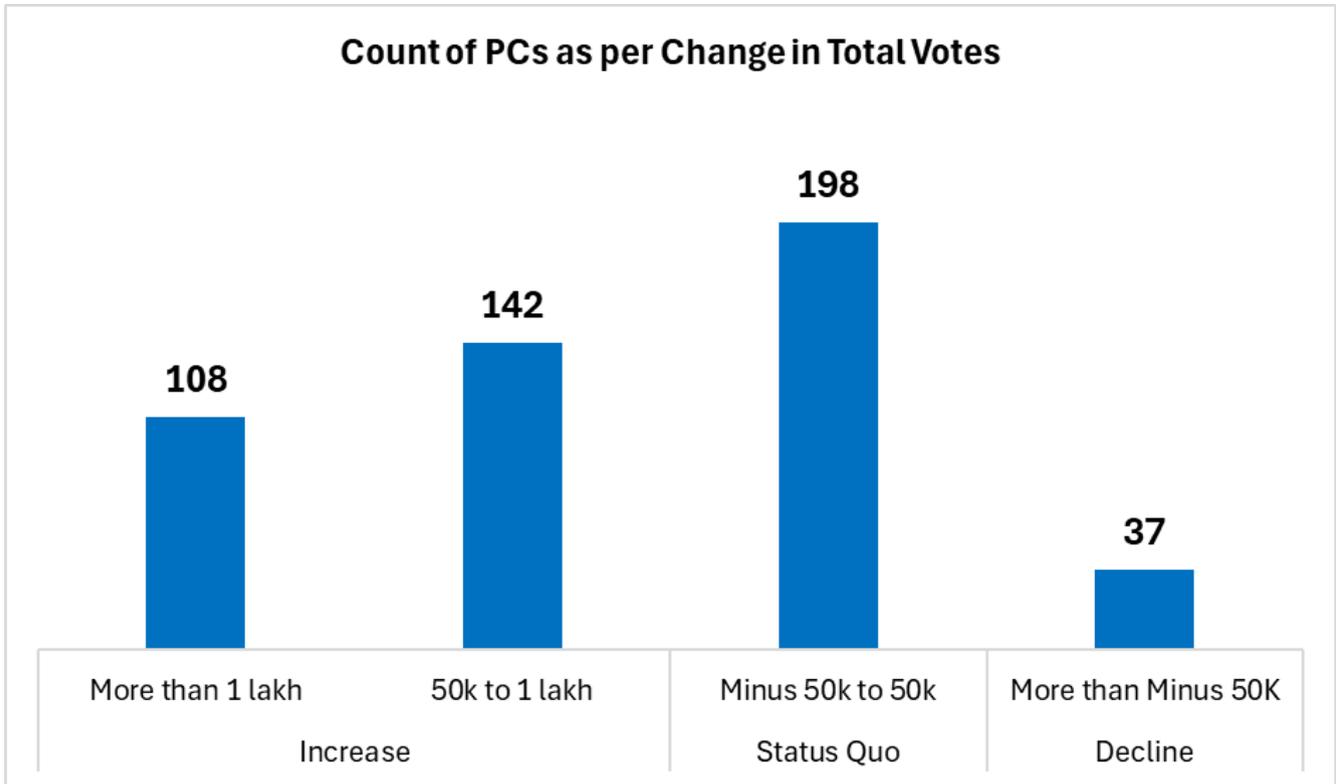
□ State-wise trends indicates:

- Apart from Assam, Karnataka accounted for highest number of increase in voters in 2024 (35.5 lakh), followed by Telangana (31.9 lakh) and Maharashtra (30.8 lakh)
- Kerala accounted for most decline in number of voters in 2024 (5.3 lakh), followed by Nagaland (2.4 lakh)

Absolute Increase/Decrease in Number of Voters in 2024 vis-à-vis 2019									
States	PC voted	Increase/Decrease in Absolute Voters (in lakh)			States	PC voted	Increase/Decrease in Absolute Voters (in lakh)		
		Female	Male	Total			Female	Male	Total
Assam	14	41.8	40.5	82.5	Arunachal Pradesh	2	0.4	0.3	0.7
Karnataka	28	20.6	14.9	35.5	Goa	2	0.2	0.2	0.4
Telangana	17	14.8	15.8	31.9	Sikkim	1	0.2	0.1	0.3
Maharashtra	48	10.8	16.2	30.8	Puducherry	1	0.1	0.1	0.2
West Bengal	33	16.0	8.3	23.9	Ladakh	1	0.0	0.1	0.1
Andhra Pradesh	25	8.4	9.1	19.5	Dadra & Nagar Haveli	1	0.0	0.0	0.1
Bihar	32	10.3	7.2	17.9	Daman & Diu	1	0.0	0.0	0.0
Jammu & Kashmir	5	7.3	9.6	17.3	Lakshadweep	1	0.0	0.0	0.0
Jharkhand	11	9.4	6.8	16.6	A & N Islands	1	0.0	0.0	-0.1
Chhattisgarh	11	8.2	6.1	14.3	Uttarakhand	5	-0.6	0.4	-0.1
Uttar Pradesh	67	6.4	6.7	13.8	Mizoram	1	-0.1	0.0	-0.1
Odisha	15	5.1	4.6	10.0	Manipur	2	-0.3	0.1	-0.2
Madhya Pradesh	29	5.7	3.7	9.7	Nagaland	1	-1.2	-1.3	-2.4
Gujarat	25	3.4	4.6	8.0	Kerala	20	-3.3	-2.0	-5.3
Rajasthan	25	1.5	4.2	5.8	Grand Total	485	173.4	162.4	345.3
Haryana	10	1.7	2.1	3.8	Source: ECI; SBI Research				
Meghalaya	2	1.7	1.7	3.4					
Tamil Nadu	39	2.7	0.0	2.7					
Delhi	7	1.1	1.4	2.6					
Tripura	2	0.9	0.8	1.7					

❑ Constituencies-wise trend indicate:

- In 250 constituencies, absolute voters casting their votes have increased by more than 50,000
- In 198 constituencies, there is *status quo* (change in votes is between -50,000 to +50,000)
- Only in 37 constituencies, absolute voters declined by more than 50,000 votes
- **Hence ~92% constituencies is now exhibiting either increase or status quo**



2024 Election: Absolute Number Voter have Increased in Reserved Constituencies...

- ❑ A welcome and encouraging trend is visible in our analysis
- ❑ The increase in absolute votes per constituency in the reserved constituencies are more than the General category constituency
- ❑ Interestingly, for every additional 100 male voters, there are 115 and 111 female voters in SC & ST constituencies, respectively, as compared to 105 additional females per 100 males in General constituencies

Category-wise Change in Absolute Voters in 2024 (in lakh)					
Category	PC	Female	Male	Total Change	Incremental Female/100 Male
General	371	135.5	128.8	270.8	105
SC	71	18.6	16.1	37.2	115
ST	43	19.3	17.4	37.3	111
Total	485	173.4	162.4	345.3	107

Source: ECI; SBI Research

Women from states with lower per capita income relative to other states tend to be even more participative in elections

- It has been estimated that states with higher per capita NSDP found to be less female voting in elections, signifying higher female voter turnout in poorer state than richer states
- The relationship has smoothed in compared to 2019 when states with 1 Rs higher per capita NSDP saw 26 less women voting, to now only 19 lesser women in 2024

Impact of Per Capita NSDP on Female Voting Pattern			
Female Voters 2019			
Explanatory Variable	Coefficient	Robust Std Err	P value
Per Capita NSDP 2019	-26.76	13.36	0.055*
Constant	1.31E+07	3310540	0.000***
Female Voters 2024			
Explanatory Variable	Coefficient	Robust Std Err	P value
Per Capita NSDP 2023	-19.82	11.41	0.093*
Constant	1.37E+07	3552657	0.001***
Source: SBI Research, *** significant at 1%, * significant at 10%			

- During the period March 2019 to March 2023, the share in the number of accounts in banks has increased by 5.4% to 38.1%, while in terms of amounts by 6.3% to 38.8%
- State-wise analysis of number of female deposits accounts indicates that 30.97 crore accounts were added, highest in UP is 4.18 crore, followed by Delhi 3.32 crore
- If we map the change in female voter-turnout during 2024 and 2019 with change in number of female deposits accounts during 2023-2019, the results indicate a high correlation of 0.95. **In otherwards, financialization of women voters leads to the rise in women voter turnout during 2019-2024**

Women Empowerment Leads to Rise in Female Voter Turnout during 2019-2024		
State	Female_Voter Turnout _Change (in lakh)	Change in Number of Female Deposits Accounts (in lakh)
Andhra Pradesh	8.4	90.4
Arunachal Pradesh	0.4	3.4
Assam	41.8	86.2
Bihar	10.3	218.6
Chhattisgarh	8.2	36.8
Goa	0.2	3.0
Gujarat	3.4	79.4
Haryana	1.7	72.2
Jammu & Kashmir	7.3	13.5
Jharkhand	9.4	74.1
Karnataka	20.6	103.4
Kerala	-3.3	61.4
Ladakh	0.0	1.9
Madhya Pradesh	5.7	180.6
Maharashtra	10.8	243.9
Manipur	-0.3	7.0
Meghalaya	1.7	4.0
NCT OF Delhi	1.1	332.6
Odisha	5.1	138.8
Puducherry	0.1	6.0
Rajasthan	1.5	167.4
Sikkim	0.2	1.2
Tamil Nadu	2.7	295.2
Telangana	14.8	67.0
Tripura	0.9	-0.6
Uttar Pradesh	6.4	418.6
West Bengal	16.0	266.5
All-India	173.4	3097.4

- ❑ This research work is a study by Economic Research Department, State Bank of India, Mumbai. No amount of thanks is sufficient for team members at Economic Research Department, specifically, Ashish Kumar, Saket Hishikar, Sumit Jain, Anurag Chandra and Tapas Parida in using innovative methodology to put up the report in succinct and cogent language..
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