

# INDIA SIGNS \$1.5 BILLION LOAN WITH ADB TO SUPPORT INDIA'S COVID-19 IMMEDIATE RESPONSE

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Ministry of Finance

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The Government of India and the Asian Development Bank (ADB) today signed a \$1.5 billion loan that will support the government's response to the novel coronavirus disease (COVID-19) pandemic, focusing on immediate priorities such as disease containment and prevention, as well as social protection for the poor and economically vulnerable sections of the society, especially women and disadvantaged groups.

The signatories to the loan agreement for the ADB's COVID-19 Active Response and Expenditure Support Programme (CARES Programme) were ShriSameer Kumar Khare, Additional Secretary (Fund Bank and ADB), in the Department of Economic Affairs in Ministry of Finance, and Kenichi Yokoyama, Country Director, ADB, in India.

Earlier, the ADB's Board of Directors approved the loan to provide budget support to the government to counter and mitigate the adverse health and socio-economic impact of the pandemic.

"We thank ADB's timely assistance for the government's immediate response measures to the coronavirus pandemic to implement (i) COVID-19 containment plan to rapidly ramp up test-track-treatment capacity, and (ii) social protection for the poor, vulnerable, women, and disadvantaged groups to protect more than 800 million people over the next three months," said ShriKhare. "ADB's financial and technical support will contribute to the sound implementation of the government's far reaching emergency response programs launched in March 2020."

"ADB is glad to support India's bold measures to contain the COVID- 19 pandemic outbreak while protecting the most vulnerable people affected by movement restrictions, by fast-tracking and delivering the largest ever loan to India. We will continue to engage with the government to strengthen the implementation framework and capacities including monitoring and evaluation systems of its health services and social protection programmes so that the benefits reach to the poor, women, and other disadvantaged people," said Mr Yokoyama.

Earlier, during the telephone call with Smt. NirmalaSitharaman, Minister of Finance & Corporate Affairs and ADB Governor on 9<sup>th</sup>April 2020, ADB President MrMasatsuguAsakawa conveyed ADB's commitment to support India's emergency needs for the health sector while alleviating the economic impact of the pandemic, as well as short- to medium-term measures to restore the dynamic economic growth of the country by exploring all available financing options. The CARES Programme is provided as the first support to meet the immediate requirements of the government.

Building on the CARES Programme, ADB is also in dialogue with the government for further possible support for stimulating the economy, support strong growth recovery, and to build

resilience to future shocks. This includes the support for the affected industries and entrepreneurs particularly micro, small, and medium-sized enterprises (MSMEs) by facilitating their access to finance through credit guarantee schemes, MSME integration into global and national value chains through enterprise development centers, and a credit enhancement facility for infrastructure projects. Strengthening of public service delivery will be another important agenda, including the extension of comprehensive primary health services in urban areas, and of secondary and tertiary health care systems through PPP modalities.

India has taken several decisive measures to contain the outbreak of COVID-19 pandemic, including a \$2 billion health sector spending programme to expand hospital facilities, ramp up test-track-treatment capacity and launched a \$23 billion pro-poor package to provide direct cash transfer, provide basic consumption goods and free cooking gas cylinders to the poor, particularly to women, old and socially disadvantaged groups. It has also extended insurance coverage to frontline health workers engaged in COVID 19 response. The Central bank, Reserve Bank of India, has slashed policy rates, eased asset quality norms, provided loan moratoriums, taken measures to support exporters and allowed states to borrow more to meet their financing requirements. It has also pumped in massive liquidity to support banks, non-banking financial companies, mutual funds as well as taken measures to push the flow of funds to the MSMEs and the corporate sector.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.

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