

ASIAN DEVELOPMENT BANK TO SCALE UP LENDING TO 4.5 BILLION IN 2019

Relevant for: International Relations | Topic: India- Other groupings and agreements

NEW DELHI: Multilateral [funding](#) agency [Asian Development Bank](#) Friday said it will scale up its India funding to USD 4.5 billion (about Rs 31,500 crore) in 2019.

The agency also projected [Indian economy](#) to grow at 7.3 per cent in the current fiscal, and will improve further to 7.6 per cent next fiscal as investments pick up and [GST](#) stabilisation adds to revenues.

"The funding (to India) could increase to roughly USD 4.5 billion in 2019," ADB India Country Directorate Kenichi Yokoyama told reporters here.

He further said USD 3.5 billion would be towards sovereign side, while USD 1 billion will be for the [private sector](#), he said.

ADB committed USD 3.03 billion in sovereign loans to India in 2018, the highest ever annual lending commitment, he said, adding that USD 557 million loan was for the private sector.

The funding depends on the readiness of the projects in the country, Yokoyama added.

ADB Senior Economics Officer Abhijit Sen Gupta said the growth will pick up further in 2019-20.

ADB growth projection for the current fiscal is a tad higher than the 7.2 per cent estimated by the Central Statistical Organization. It is, however, lower than 7.4 per cent growth projected by the RBI.

In the first half (April-September) of the current fiscal, the economy grew by 7.6 per cent.

In the recent issue of Asian Development Outlook (ADO), ADB had projected India's growth for 2019-20 at 7.6 per cent.

Gupta further said the disruptive effects of Goods and Services Tax (GST) and demonetisation are over and decline in oil prices will boost household expenditure.

He also highlighted limited fiscal space and escalated trade tensions as risks to growth.

ADB forecast current account deficit (CAD) to be around 2.5 per cent of GDP in the current fiscal, which will be financed by stable capital flows.

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