

India to grow at 7.8% in 2015-16, surpass China: ADB

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India's growth will improve from 7.4 per cent in current fiscal to 7.8 per cent in 2015-16 and further to 8.2 per cent in 2016-17.

New Delhi, March 24:

The Indian economy will grow by 7.8 per cent in 2015-16 on the back of improved performance in industry and services, says a new Asian Development Bank (ADB) report.

This is higher than the 7.4 per cent GDP growth forecast for 2014-15 by this Manila-headquartered development bank in its latest flagship annual economic publication – Asian Development Outlook 2015 (ADO) released on Tuesday.

India's growth momentum is expected to build to 8.2 per cent in 2016-17, ADB Country Director M.Teresa Kho told reporters here.

Also, India is expected to grow faster than China in the next few years, said ADB Chief Economist Shang Jin-Wei.

New GDP series

Asked if ADB was comfortable with India's new GDP series, Johanna Boestel, Principal Economist at the India Resident Mission, told *BusinessLine* that the development bank had "cautious comfort" on the new series.

ADB is waiting for more data (previous years) from the Indian authorities before taking a view on the new GDP series, said Abhijit Sen Gupta, an economist at the Indian Resident Mission.

The Central Statistics Office (CSO) had recently gone in for a new GDP series with a new base year of 2011-12 and changed method of capturing value added.

Interest rate cut

Meanwhile, Gupta said that ADB does not foresee any aggressive interest rate cuts from RBI in the remaining part of this year. This is despite the fact that room for monetary easing exists, he said.

Gupta declined to put a number on the quantum of rate cut expected from the central bank this year.

On US interest rates, the ADB view is that interest rates could be hiked in the second half of the year, according to Johanna.

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