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World Bank Governor's Statement No. 10

October 25, 2024

Statement by the Hon. **NIRMALA SITHARAMAN**,
Governor of the IBRD for **INDIA**

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Governor of the IBRD for India

1. At the outset, I would like to express my deepest condolences to the families and communities affected by the recent devastating natural calamities worldwide including the floods and hurricanes in UAE, Oman, Brazil and the US. India stands in solidarity with the people and governments of these nations during these challenging times, as they embark on the long path of recovery and rebuilding.
2. The global economic environment remains broadly resilient despite multiple shocks, rising geopolitical tensions, and debt vulnerabilities which have posed significant challenges for global economic outlook. The global growth is projected to continue at the same pace in 2024 and 2025 according to the IMF's World Economic Outlook.
3. The Indian economy remains robust and continues to grow strongly. National Statistical Office has placed the Q1 GDP growth for 2024-25 at 6.7% – the highest among large economies. On the supply side, gross value added (GVA) expanded by 6.8% surpassing GDP growth, aided by strong industrial and services sector activities. In 2024-25, the real GDP growth is expected at 7.2% and inflation at 4.5%. Sectors such as manufacturing, digital services, and renewable energy are seeing increased investment, helping India to diversify its economic base.
4. As the G20 Presidency in 2023, India had spearheaded critical discussions on MDB reforms which led to the report of the Independent Expert Group on strengthening multilateral development banks to address the shared global challenges of the 21st century has laid out a comprehensive vision for strengthened MDBs financing and operations. India has consistently advocated for reforms that ensure MDBs are fit for purpose to address contemporary challenges. These reforms must focus on expanding lending capacity, enhancing the effectiveness of MDB operations, and ensuring more equitable representation in decision-making structures.
5. As one of the founding members of the Bretton Woods institutions, India has played an important role in shaping the global economic order. India's contributions to the creation of the IMF and World Bank have been part of a broader commitment to multilateralism and global governance. As the global economy evolves, it is essential that these institutions continue to reflect the changing landscape, providing a platform for all countries to engage in collective problem-solving.
6. India remains committed to governance reforms within both the IMF and the World Bank that enhance the representation and voice of developing countries, ensuring that these institutions are responsive to the needs of all members.
7. We believe that MDBs must continue to evolve, expanding their scope to provide not only financing but also technical assistance and capacity-building. India has

supported the idea of MDBs becoming true knowledge banks, capable of disseminating global best practices, especially from the Global South, and innovative solutions to member countries.

8. In this context, ensuring the competitiveness and affordability of MDB loans is crucial. The rising cost of borrowing due to higher interest rates has disproportionately impacted EMDEs. While we recognize the need for financial prudence, we urge MDBs to balance financial sustainability with the developmental needs of their clients, particularly middle-income countries that face constraints in accessing concessional financing. India advocates for greater flexibility in loan pricing to ensure that MDB support remains accessible and more competitive, especially for countries pursuing ambitious development agendas.
9. We support use of internal resources of IMF as a one-time measure to preserve the self-sustained nature of PRGT for the desired lending envelope as meeting the financing needs of LICs is a critical aspect of the equitable use of GRA resources of the Fund. We also welcome its Review of Charges and the Surcharge Policy as it reduces the cost of GRA borrowing while safeguarding its revolving nature and the strength of the Fund's balance sheet. The upcoming review of Program design and conditionalities should address onerous program preconditions, lengthy application and disbursement processes, and high, unsustainable debt burdens while improving program design to help countries promote growth and build resilience.
10. In the digital age, data and technology are key enablers of development. India has demonstrated leadership in creating digital public infrastructure (DPI), which has transformed service delivery and financial inclusion. We believe that the World Bank Group could play a leading role in fostering digital access that ensure the responsible use of technology while safeguarding privacy and promoting equitable access. The success of India's Aadhaar and Unified Payments Interface (UPI) serves as a model for other countries seeking to harness digital solutions for inclusive growth.
11. The challenges we face today require innovative solutions and a collective effort. As we look ahead to 2025 and beyond, India reaffirms its commitment to working with the international community and IFIs including the World Bank-IMF to build a more inclusive, resilient, and sustainable global economy.
12. Thank you.