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

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Governor of the IBRD for India

1. I extend my heartfelt condolences to the families and communities impacted by the recent floods in Thailand and Nepal, and other natural disasters and conflicts that have been devasting to humanity worldwide this year. India stands in solidarity with the people and governments of these nations as they navigate a difficult path to recovery, reconstruction and rebuilding.

2. We meet amid a complex and uncertain global economic environment. Geopolitical tensions, rising trade and economic fragmentation, elevated energy prices, high public debt and the concomitant rise in interest rates, and climate-related shocks are risks to growth. Low-income countries are especially vulnerable, with greater exposure to food and energy shocks, limited fiscal space, rising financing costs, and diminishing access to concessional resources.

3. Against these vulnerabilities, the global economy has demonstrated some resilience, especially in emerging markets and developing countries. The IMF currently projects global growth slowing to around 3.0 percent in 2026, from 3.5 percent in 2025, with downside risks, although it has held up better than expected given the macro-economic shocks that are already manifest. Since the pandemic, global economy has relied heavily on government support. Years of crisis intervention have impacted public finances. India believes that sustaining global growth will require predictable policies, open and transparent trade and investment frameworks, and stronger and stable international cooperation to help MDBs like the World Bank Group (WBG) institutions and the IMF to support the countries in restoring macroeconomic fundamentals and accelerate inclusive and rapid development in the Global South.

4. India has seen upgrades to growth forecasts among major economies. The Indian economy recorded a real GDP growth of 7.8 percent in the April–June 2026 quarter, supported by resilient consumption and manufacturing activity, while private-sector capital formation has also shown signs of strengthening.

5. Even in the midst of global uncertainties, we continue to pursue fiscal consolidation while maintaining the necessary space for productive public investment and social development. This helped in maintaining strong macroeconomic fundamentals and creating fiscal buffers. The Union Budget for 2026–27 targets a fiscal deficit of 4.3 percent of GDP and continues to place emphasis on infrastructure, investment, productivity, and inclusive development. Stable core inflation supported by government's steadfast commitment to fiscal prudence and macroeconomic stability also benefits the private sector.

6. India will continue to focus on creating productive employment, strengthening human capital, expanding opportunities, and ensuring that the benefits of development reach all sections of society.

7. The discussions and outcomes of the recent G20 Finance Ministers and Central Bank Governors Meeting reaffirmed the importance of strengthening global economic cooperation in an environment of heightened uncertainty, while advancing work on macroeconomic stability, sustainable finance, development financing, debt sustainability, and strengthening the international financial architecture. India particularly attaches importance to the G20's continued efforts to enhance the effectiveness and lending capacity of MDBs, mobilize private capital, address the financing constraints faced by developing countries, and strengthen the global financial safety net.

8. The World Bank Group has taken important steps through its Evolution Roadmap to become a bigger, better, and more effective development institution. We appreciate these efforts. However, the scale of development financing required by developing countries remains exceptionally large. The challenge before us is therefore not only to improve the efficiency of existing resources, but also to mobilize additional resources at scale.

9. While we congratulate the WBG institutions toward achieving US$112 billion in private capital mobilization for its projects and programs, we believe that the Group institutions must continue to strengthen its development impact through greater voice and representation for developing countries, helping them develop institutional structure for long term changes enabling more affordable financing, innovative risk-sharing mechanisms, and greater mobilization of private capital. The objective should be to ensure that scarce public resources are used strategically to crowd in significantly larger volumes of private finance.

10. In this context, India suggests that the next phase of action for the WBG institutions should be to devote additional efforts and resources to build a sufficient stock of investment-ready and feasible projects to reduce time and transaction costs, facilitate faster deployment of funds, and enhancing capacity building to accelerate implementation.

11. India also reiterates the importance of a strong and adequately resourced global financial safety net. We call for continued efforts to enhance the IMF's legitimacy, effectiveness, and representativeness through quota realignment and governance reforms that better reflect members' relative positions in the global economy. In this context, the opportunity presented by the 17th General Review of Quotas (GRQ) should be utilized to achieve a meaningful realignment of quota shares toward dynamic emerging markets and developing economies, thereby better reflecting changes in the global economy. Progress on quota and governance reform should be complemented by continued efforts to strengthen the representation of emerging market and developing economies in the Fund's management, thereby reinforcing the institution's representativeness.

12. We welcome the completion of the Fund's recent policy reviews. These reforms should enhance the IMF's ability to support members in an increasingly complex global environment. As these reviews move into implementation, it will be important to ensure that Fund policies, analysis, and surveillance are applied consistently, predictably, and evenhandedly across the membership. Such an approach is essential to strengthening

the institution's legitimacy, preserving trust, and enhancing the effectiveness of multilateral cooperation.

13. An important source of macroeconomic and financial risk arises from the growing use of primary and secondary sanctions and their cross-border spillover effects. Such measures are macrocritical in their implications, extending well beyond the directly targeted jurisdictions and affecting trade, investment, payment systems, financial intermediation, supply chains, and growth prospects across the global economy, particularly in low-income and developing economies. As a Bretton Woods Institution with a mandate to safeguard global economic and financial stability, the IMF should strengthen its assessment of macroeconomic and financial spillovers arising from such measures and incorporate these effects more systematically into its surveillance and analysis. A more comprehensive understanding of these spillovers would contribute to better-informed policymaking and foster stronger international cooperation. The international community should also come together to explore a multilateral framework for economic sanctions outside the Bretton Woods Institutions, with a view to enhancing predictability, consistency, and stability in the global economy.

14. We believe that countries facing debt vulnerabilities require timely, predictable, and efficient debt restructuring processes. Debt transparency, and responsible borrowing and lending practices must be strengthened and institutionalized. Capacity building in debt management should also receive greater attention so that countries can maintain sustainable levels of debt while attaining sound debt dynamics without compromising on critical development expenditure. We welcome the recent review of the World Bank-IMF's Debt Sustainability Framework (DSF) for Low-Income Countries. These reforms are expected to improve the assessment of debt-carrying capacity, strengthen stress testing, better account for domestic debt and long-term development challenges, and enhance debt data transparency in borrowing countries. While implementing these reforms, care should be taken to ensure that low-income countries are not unduly constrained in pursuing growth-enhancing, resilience-building, and development-critical investments while maintaining debt sustainability.

15. Climate change presents another major challenge to sustainable development. For developing countries, climate action cannot be separated from the objectives of poverty eradication, energy access, economic growth, and employment. We, therefore, reiterate the need for a balanced approach that gives due importance to both mitigation and adaptation.

16. India has demonstrated that growth and the green transition can be mutually reinforcing. India has operationalized a cumulative installed solar capacity of 168.04 GW, 58.14 GW of wind energy and about 8,000 TPA of green hydrogen, as of August 31, 2026. The expansion of renewable energy, including solar and green hydrogen, provides opportunities to combine energy security, employment generation, poverty reduction, and climate resilience. We encourage the WBG and other MDBs to support country-led approaches that integrate these objectives and maximize development impact.

17. At the same time, climate finance must be accessible, adequate, predictable, and affordable for developing countries. The principles of equity, common but differentiated

responsibilities and respective capabilities, and a just and equitable transition remain important considerations in designing international support for financing access to energy.

18. India also believes that digital technologies can significantly accelerate development outcomes. India's experience with Digital Public Infrastructure has demonstrated how technology can improve financial inclusion, public service delivery, transparency, and efficiency at population scale. Platforms such as UPI, Aadhaar, DigiLocker, and CoWIN provide important examples of how digital infrastructure can serve as an enabler of inclusive development.

19. We encourage the World Bank Group to continue mainstreaming Digital Public Infrastructure as a global public good, while ensuring that solutions are adapted to country circumstances and institutional capacities. India has always been willing to share its experience and knowledge with partner countries and international institutions, while avoiding duplication and promoting interoperability.

20. Looking ahead, we believe that the international development agenda must place greater emphasis on implementation, scale, accessibility, affordability, and measurable development outcomes. The financing needs of developing countries are too large to be addressed through traditional approaches alone. We must therefore combine public resources, multilateral finance, private capital, technology, and knowledge partnerships in innovative ways.

21. The World Bank and IMF have an important role to play in this effort. They must continue to evolve in close partnership with their member countries and ensure that the voices and priorities of developing economies are adequately reflected in global economic governance.

22. India stands ready to play a constructive role in strengthening the multilateral system. We remain committed to working with the World Bank, IMF, and our fellow member countries to build a more inclusive, representative, responsive, and effective international financial architecture that supports sustainable, resilient, and broad-based prosperity.

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