

Need to be realistic about pvt cap mobilisation: FM to World Bank



Finance Minister Nirmala Sitharaman with World Bank chief Ajay Banga at the G20 Finance Ministers and Central Bank Governors meeting in Morocco on Thursday

PHOTO: PTI

Asks bank to align process with other MDBs

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Union Finance Minister (FM) Nirmala Sitharaman on Thursday asked the World Bank to be realistic about the assessment of the potential for private capital mobilisation, given the global economic outlook.

In her address at the 108th Meeting of the Development Committee Plenary of the World Bank in Morocco's Marrakech, the FM also called for increased delegation of authority, especially to country offices by the bank group, and aligning its processes and procedures as far as possible with those of other multilateral development banks (MDBs) to benefit client countries. "We believe the direction of the World Bank's evolution will set the template across the MDB ecosystem," she said.

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inflation projections for Q1FY25 and the derived forward-looking real policy rate, we maintain our expectations of an extended pause,” she added.

Echoing a similar view, Madan Sabnavis, chief economist at Bank of Baroda, said the RBI would be monitoring the El Nino effect in Asia, kharif crop numbers, and the Israeli crisis, among other factors, in the upcoming policy meetings. “The repo rate will be kept unchanged till June 2024, when it can be seriously considered for discussion, as RBI forecasts of inflation are above 5 per cent for the next three quarters,” Sabnavis said.

In the IIP, seven of the 23 manufacturing industries such as apparel, wood, paper, chemicals, and computers witnessed contraction in August.

FM to World Bank...

On the sidelines, the FM also said Brazil taking over the G20 presidency in 2024 and India joining South Africa as the G20 troika was an excellent opportunity to provide positive momentum and elevation to the issues of the Global South like the G20 Finance Track had done under the Indian Presidency.

Sitharaman presented a list of suggestions for the evolution of the World Bank, including the active involvement of knowledge institutions of the Global South in the bank’s product and verticals. The FM pointed to the bank’s tendency to work mainly with knowledge and research institutions of the Global North.

On the issue of domestic resource mobilisation, the finance minister suggested adopting a holistic approach to raising fiscal resources, which is not limited to taxation.

“We also urge the bank to work closely with the International Monetary Fund (IMF) on debt sustainability, including supporting the implementation of the common framework for eligible countries and ad hoc debt restructuring processes for middle-income countries,” Sitharaman said.

While taking note of the proposals to increase private capital mobilisation, the finance minister said it would require an enhanced ‘One World Bank’ approach, with an emphasis on joint products. She said that given the private sector’s inherent commercial-returns focus, it was important that the countries were assisted in preparing a shelf of investable projects and a robust legal and risk-management framework to partner the private sector effectively and on an equal footing.

Stressing the need for substantive country engagements, Sitharaman said it was important to ensure that the World Bank Group’s country engagement model was firmly rooted in national development priorities. “Also, while engaging in climate action in line with the principle of common but differentiated responsibilities and respective capabilities, we encourage the bank to be more ambitious in its commitment to adaptation finance,” she said.

She said there was a need to look beyond the Balance Sheet Optimisation measures and consider all options, including an International Bank for Reconstruction and

Development capital increase, to avoid the situation of an unfunded but enhanced mandate for the bank.

While looking forward to the finalisation of the new World Bank Scorecard, Sitharaman said there was a need to acknowledge that there was an increasing feeling that the implementation of bank-financed projects had become slow, cumbersome, and expensive for client countries.

Top-end carmakers...

The focus on TEV customers is understandable.

TEVs (those priced above ₹1 crore) now account for 25 per cent of Mercedes-Benz India’s overall sales and are growing at a much faster rate than its overall portfolio. In the first nine months of this calendar year, TEV sales have grown by 22 per cent compared to the 11 per cent growth of its overall portfolio. Mercedes-Benz India sold 12,768 new cars between January and September this year.

The AMG G63 Grand Edition was launched a few days ago.

“We said that we would sell these units at ₹4 crore, and only to existing Merc customers. Within six minutes of going online with the car, it was booked. More than 90 customers want the car now, but they are on the waiting list,” Iyer said.

Most of the buyers of high-end vehicles are understandably repeat customers, and Iyer says that many of them are second-generation owners as