

US talks higher pvt investment to spur India's energy shift

Yellen backs reforms to multilateral development banks

PHOTO: PTI

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The US will work closely with India on an investment platform to lower the cost of capital and increase private investment to speed up India's energy transition, Janet Yellen, US secretary of treasury, said on Monday.

India and the US held bilateral discussions on the sidelines of the third meeting of the G20 Finance Ministers and Central Bank Governors (FMCBG).

"By leveraging each other's expertise and resources, we actively promote economic growth, foster innovation, and drive sustainable development," Union Finance Minister Nirmala Sitharaman said.

In a joint address to the media, Yellen spoke of reforms to multilateral development banks (MDBs), which is one of the key priorities for India's G20 presidency.

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FM Nirmala Sitharaman with US Treasury Secretary Janet Yellen on the sidelines of a G20 meeting in Gandhinagar

'WORLD GETTING MORE CHALLENGING'

World Bank President Ajay Banga, on the sidelines of the ongoing G20 FMCBG discussions, said the world economy was in a difficult place and while India had outperformed, it did not mean there would not be more challenges. He said according to the forecast of the International Monetary Fund and the World Bank, the world would get a little challenging over the next year or so. "Forecast is not equal to destiny. We can change destiny, that's what we should think of right now," Banga said.

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She said: “We must explore capital increases only after reforms in these areas have progressed further.”

The report of the independent expert group on strengthening MDBs has said there is an inescapable need for a significant increase in new equity of \$100 billion across all of them.

The US treasury secretary said MDBs as a system could unlock \$200 billion over the next decade just from the measures already being implemented or under deliberation as part of this process.

“It is vital that we use meetings like this to strengthen our coalition of shareholders that are working together to press for more ambition and specific reforms with respect to the MDBs’ vision, incentive struc-

tures, operational approaches, and financial capacity to better address global challenges,” Yellen said.

She also said there was an immediate need to boost the World Bank’s concessional lending capacity for global challenges and support low-income countries to supplement ongoing efforts. “Indian partnership in this effort will be a key to its success.”

Yellen said the US was home to the largest Indian diaspora outside Asia, and it serves as India’s biggest export market too. Bilateral merchandise trade between India and the US stood at \$128.78 billion in FY23.

She said the countries were close to reaching an agreement on the Two-Pillar global tax deal in the Inclusive Framework. The Two-Pillar agreement entails that the profits of the largest and most profitable multinationals are taxed where the products or

services are consumed and then a global minimum tax is levied on large multinationals.

India will hold talks with China on Tuesday.

The third FMCBG takes off

As the third G20 FMCBG meeting kicked off on Monday, Sitharaman called for coordinated international efforts to navigate the challenges relating to food, energy insecurity, and climate change. “We need coordinated international efforts to navigate this challenging period. In this context, the G20 framework Working Group explored the issue of tackling macroeconomic challenges related to food and energy insecurity, and those related to climate change and transition pathways,” Sitharaman said.

Sources said the discussions on debt-stressed vulnerable countries continued to face disagreements from China.

On green energy transition, the FMCBG is facing disagreement from Saudi Arabia, which has not diversified into renewable energy yet.