Sustainable debt management on agenda for global green push: NITI Aayog report

Call to regulate credit rating agencies for fair assessments of emerging countries

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New Delhi, 19 December

Climate financing needs to be stepped up via a number of reforms for the global push for sustainable growth to be fruitful. These reforms include that of multilateral institutions, debt management strategies and regulation of credit rating agencies, the NITI Aayog said in a report on Tuesday.

"Financial safety nets need strengthening, bilateral swap lines need to be expanded, and IMF contingency lines invoked to make capital flows safer. Credit rating agencies should also be regulated to ensure fair assessments for emerging countries. Finally, scaling up green financing, especially for regions like Africa, will require innovative policies and tools to drive the global transition to net-zero emissions," the central think-tank's report said.

Creating resilience funds, de-risking platforms, promoting circular economies, joint technological development, enhancing green energy security and transition partnerships are some of the long-term solutions proposed through the conference.

One of the core issues discussed during India's presidency of the Group of 20 (G20) nations was the need for reforms in multilateral development banks (MDBs), particularly in terms of financing of sustainable projects in developing nations.

This includes making special drawing rights (SDR) allocation rule-based and less discretionary, as well as improving the multilateral system. Debt needs to be managed sustainably and transparently, possibly by establishing a multilateral creditor club and strengthening legal frameworks, it noted.

In its suggestions on the way forward, the report noted that countries in the Global South would need "flexibility missions" to cope with the disproportionate impacts of climate change. This would provide them with the means to adapt and innovate in response to environmental shifts.

The report is in the aftermath of an international policy conference conducted by the central-think tank in July, as an official G20 side event. It was to examine prospects and challenges pertaining to green and sustainable growth for the global economy.

In a press briefing in July after the conference, NITI Aayog chief executive officer (CEO) BVR Subrahmanyam had said it was becoming increasingly clear that the bulk of funding for a green transition will have to come from the private sector.

India could be next global growth engine

With China facing an ageing population, India could step up as the next global growth engine, NITI said in its recommendations on building a more resilient global trading system.

"However, it must address its de-industrialisation and boost its manufacturing sector. Strategies should include enhancing productivity in traditional sectors, creating manufacturing jobs, managing competitive exchange rates, closing infrastructure and logistics gaps, and improving education and skills development," the report said.

According to the report, the current US-China decoupling has led to increased trade and financial protectionism.

India to continue to rely on coal until it becomes developed country: Minister

India is committed to meeting the energy needs of its people and will continue to rely on coal power until it achieves developed country status, Union Environment Minister Bhupender Yadav said. Responding to a question at a press conference, the minister also said India resisted pressure from developed countries to end the use of fossil fuels at the UN climate conference in the UAE. He said India is committed to meeting the energy needs of its people and this cannot be done by just "importing oil and gas". "While we are increasing our renewable capacity, we will also have to rely on coal power until we achieve the objective of a developed India," he said. India relies on coal for about 70 per cent of its power generation. PTI