

Sitharaman for deeper global dialogue on debt

FM calls for sustainable financing, MDB reforms at global roundtable

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New Delhi, 24 October

Finance Minister Nirmala Sitharaman has called for deeper dialogue to help countries meet debt obligations without compromising critical investments at the Global Sovereign Debt Roundtable (GSDR), held on the sidelines of the World Bank and International Monetary Fund (IMF) Annual Meetings 2024 in Washington, DC. She cautioned against contingency financing instruments, saying that they can lead to deferred obligations, which may exacerbate future debt challenges.

The GSDR brings together debtor countries and creditors to foster a greater common understanding among key stakeholders on debt sustainability, debt restructuring challenges, and solutions to address these issues. The roundtable is co-chaired by the IMF, World Bank, and the G20 presidency and includes official bilateral creditors, private creditors, and borrowing countries.

While participating in the fourth G20 Finance Ministers and Central Bank Governors meeting, Sitharaman remarked the reform agenda for multilateral development banks (MDBs) has progressed under recent presidencies.

"The political momentum from this group is driving MDBs to pursue major reforms," she said, commending Brazil's G20 presidency for building on the mandate from the Leaders' Summit in Delhi.

Sitharaman said that a pathway has been established to enable MDBs to effectively address global challenges and development financing requirements. "India looks forward to engaging with the South African presidency in advancing this agenda," she added.

A finance ministry post on the social



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- Warned against using contingency financing instruments due to potential future debt challenges
- Highlighted the ongoing reforms in multilateral development banks driven by G20 political momentum
- Emphasised need for coordinated, low-cost, long-term financing for vulnerable countries

media platform X read, "Under the #G20IndiaPresidency, the Union finance minister said that #MDBs were encouraged to evolve their vision, incentive structures, operational approaches, and financing capacities."

During the GSDR meeting, Sitharaman advocated leveraging the roundtable's informal platform to better understand the perspectives of all parties, address concerns, and provide informed guidance to countries on the risks and benefits of these instruments.

She stressed the need for improving timeliness, transparency, and predictability while ensuring comparability of treatment among creditors. Sitharaman highlighted the necessity of prioritising coordinated efforts to secure low-cost, long-term financing and targeted technical assistance to strengthen fiscal capacity and build resilience in vulnerable countries.

'Neither US nor China can ignore India today'

India's priority is not to impose its dominance but to enhance its influence, Union Finance Minister Nirmala Sitharaman said, adding that no country, whether the US or China, can ignore New Delhi today. Asserting that one in every six people in the world is an Indian, she said, "You just cannot ignore our economy and the way in which it is growing." She said that India has always stood in favour of multilateral institutions and has followed policies of strategic and peaceful multilateralism.