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World Bank Governor's Statement No. 9

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Statement by the Hon. **ANURADHA THAKUR**,
Alternate Governor of the IBRD for **INDIA**

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1. I extend my heartfelt condolences to the families and communities impacted by the devastating natural disasters worldwide last year. India stands in solidarity with the peoples and governments of these nations as they navigate the difficult path of recovery and rebuilding.
2. We meet at a time when the global economy continues to navigate multiple and overlapping challenges - geopolitical uncertainties, trade tensions, slowing growth, rising debt distress, and intensifying climate shocks. These challenges are further compounded for developing countries due to limited fiscal space and uneven access to affordable finance. The way forward is to implement consistent and forward-looking policies that foster trust and drive sustainable economic progress.
3. While global growth is expected to moderate in both 2025 and 2026 from its level in 2024, the Indian economy has shown resilience. India's National Statistical Office has placed the June quarter estimate of real GDP growth for 2025-26 at a robust 7.8 percent. India is experiencing the fastest growth among the world's largest economies. RBI projects 6.8 percent real GDP growth for 2025-26, supported by a favorable monsoon, buoyancy in the services sector, and rationalization of GST. Sovereign credit rating agencies like Fitch have raised it to 6.9 percent for 2025. Further, two rating agencies, Morningstar-DBRS and S&P Global, have upgraded the country rating, underscoring global confidence in India's medium-term growth prospects amid prevailing global uncertainties.
4. India continues to demonstrate strong fiscal prudence and has maintained moderate inflation. Its external sector has also exhibited strength amidst global headwinds. By the middle of September 2025, our foreign exchange reserve reached above 700 billion USD. Inflation touched an eight-year low of 1.6 percent in July 2025 before rising marginally to 2.07 percent in August 2025.
5. We believe in inclusive growth. Over the last decade, Millions have been lifted out of extreme poverty. The World Bank's latest data shows that the share of people living on less than US\$3 per day—the global threshold for extreme poverty—declined sharply from 27.12 percent in 2011–12 to just 5.25 percent in 2022–23.
6. India has recently undertaken major reforms in the Income Tax and Goods and Services Tax. The changes in the Income Tax Act simplify tax slabs, enhance rebates, and streamline compliance to boost disposable income and investment. The GST reforms introduced in September 2025 simplify the structure to two principal rates, 5 percent and 18 percent, easing the tax burden on essential goods, healthcare, agriculture, and education, and reducing business compliance burdens. The higher tax rates only apply to luxury and sin goods to safeguard revenues.

7. India's G20 Presidency in 2023 set the tone for reforming the international financial architecture, asking multilateral financing institutions to be more inclusive, representative, and responsive to the Global South. In this context, I am happy to state that the Brazilian and South African Presidencies have carried forward the legacy of pushing up reforms in multilateral development banks (MDBs) to increase their lending for sustainable development, address high borrowing costs in developing economies, and strengthen the global sustainable finance architecture.
8. We note the World Bank's efforts in carrying forward the IEG recommendations through its Evolution Roadmap to make it a bigger, better, and more effective financing institution for faster implementation of development initiatives. However, the financing gaps are widening. So, while acknowledging the efforts of the World Bank, I would like to stress the need for a push towards an inclusive, representative, and responsive Bank, through enhanced voice and voting power for developing countries, innovative risk-sharing mechanisms, lower interest rates, and leveraging private capital at scale.
9. India has already provided consent to increase IMF Quotas under the Sixteenth GRQ. We have also given consent to transfer approximately SDR 190 million over the next 5 years to the PRGT subsidy reserve from the distribution of income to members from GRA. We urge other countries also to expedite their assurance to achieve the threshold of 90 percent assurances for new PRGT subsidy contributions equivalent to at least SDR 6.21 billion (i.e., 90 percent of the SDR 6.9 billion) to maintain self-sustained nature of PRGT for the desired lending envelope and recognize that the use of fund resources for LICs is a critical aspect of the equitable use of GFSN resources of the fund.
10. The international community must prioritize supporting countries with debt vulnerabilities through timely and efficient debt restructuring processes. Predictable frameworks are crucial to prevent debt crises and protect growth prospects. Rising borrowing costs pose a significant concern, and prompt efforts are needed to assist countries facing high debt servicing costs. Moreover, enhancing debt transparency is essential to ensure that all stakeholders have a clear understanding of a country's debt obligations, which can help prevent unexpected debt crises. By enhancing debt management and providing adequate support, we can mitigate the risks of debt distress and foster economic stability. Increased technical assistance and capacity-building efforts will help the countries transition out of debt distress.
11. I would like to highlight how India has demonstrated growth and green transition, which, when interlinked in the right balance, can transform the economy, social mobility, and private capital mobilization to result in climate-resilient development. The expansion of our solar, hydrogen, and other renewable energy programs is an example of how interlinking the powerful triad – energy, jobs, and poverty reduction triggered a chain of reinforcing impacts across the economy and human resources in the country. The opportunity lies in WBG and other MDBs supporting design interventions where each link maximizes the others. Hence, I reiterate that a

balanced approach is essential—one that supports mitigation and adaptation, recognizes the principle of common but differentiated responsibilities and respective capabilities, and ensures equitable transition that protects jobs and livelihoods in developing countries.

12. India has been at the forefront of the application of digital technologies in people's daily lives. It firmly believes and has demonstrated the transformative power of digital public infrastructure to enhance financial inclusion, service delivery, and governance. India's experience with UPI, Aadhaar, DigiLocker, and CoWIN shows how digital public infrastructure can deliver inclusion, transparency, and efficiency to the population at scale. We encourage the World Bank to mainstream DPI as a global public good, while respecting and adapting it to country contexts. India will happily partner with WBG in this intervention to avoid duplication through knowledge transfer.
13. In conclusion, The World Bank and IMF must continue to evolve to meet the aspirations of the developing world in collaboration with member countries to mobilize unprecedented levels of funds and technical support to countries for building sustainable, resilient economies. India stands ready to play a constructive role in shaping the multilateral system that is more just, democratic, and equitable, delivering prosperity for all.