

Intervention of FM

Meeting of BRICS Finance Ministers and Central Bank Governors

on 16th April, 2015

- Economic recovery from the financial crisis has been relatively weak, and characterized by imbalances and build-up of financial market risks. Even more worrisome is the decline in potential growth in both advanced and emerging economies.
- Countries are continuing to rely on unconventional monetary policies (UMP) to do the heavy lifting. More importantly, it is imperative to complement them with fiscal policy support in economies that are large and not constrained by debt burdens, as well as structural reforms, both of which would impart durability to the recovery.
- UMPs need to be monitored by the IMF to minimize their impact on other economies.
- There is also need for creating additional mechanisms to finance infrastructure in our economies as well as the developing world.

- In India, we have of late seen a huge sprout of changes. Our growth has risen to a stable 7.5percent and our deficits have declined significantly. Our current account deficit is one of the lowest in several years. The impact of our reforms appears to be very positive. We are opening markets, easing business activities and placing an emphasis on infrastructure spending as well as radical tax reforms. These reforms have been helped by the reduction in oil prices. A lot will depend on how the world economy will move ahead in the next year.
- On IMF reforms, we are deeply disappointed at the delays in implementation of the 2010 IMF Quota and Governance Reforms, notwithstanding commitments by the members for their early ratification at diverse global fora. These delays can potentially erode IMF's credibility and effectiveness. IMF is a quota based institution and its continued dependence on borrowed resources is neither desirable nor sustainable.

- As regards interim options to take forward the reform process, pending the ratification of IMF reforms by USA, we believe that the proposal of delinking the Quota increase from governance reforms merits support. This option will

to the maximum extent possible enable resourcing of IMF and deliver substantive shift of voting power to EMDS in line with 2010 IMF reforms.

- On the New Development Bank and Contingent Reserve arrangement, India has ratified the agreements. We look forward to the ratification by all other countries. As regards the President of the Bank, we are in the final stages of nominating the candidate.