



# The Union Finance Minister Shri Arun Jaitley participates in the IMFC sessions and Development Committee Plenary of the World Bank; Holds bilateral Meetings too with counterparts From UK and Sri Lanka

## Sh Jaitley appreciates the focus on cyber security and highlights policy challenges wrt risks posed to EMDEs, global slowdown in investments and employment.

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### **Urges the Fund to diligently explore steps to achieve consensus on the Review of Quotas Emphasises need for bringing finality to Shareholding Review by the 2018 Spring meetings**

The Union Finance Minister Shri Arun Jaitley today participated in the IMFC Restricted Breakfast session in Washington D.C. The discussion sessions focussed on the Dialogue on Policy Challenges. While observing that the World Economic Outlook for this year and the next was reassuring, Sh Jaitley took note of the caution advised for the medium term. He appreciated the focus on cyber security in the Early Warning Exercise and emphasized that the entire global financial system is vulnerable to this threat, more so because it is so interconnected. In this regard, the Finance Minister highlighted three policy challenges. The first was the risks posed to emerging markets and developing economies (EMDEs) by the US Federal Reserve's bold steps towards restoring normal monetary conditions. The second was the global slowdown in Investments and the third was employment.

While discussing these challenges, the Finance Minister stated that he would urge the international community to make a fair and unbiased assessment of the macro-prudential and capital flow management measures available to and used by countries to manage short-term capital volatility. Besides, finding ways to revive investment is critical to sustaining global growth and collective and co-ordinated action needed to be explored in this regard. He also observed that India is currently one of the few large economies in the world in the virtuous phase of its demographic transition and the most important priority of the government was to find ways to provide employment to the 12 million young people entering the workforce annually.

Sh Arun Jaitley also attended the IMFC Plenary Session focusing on the institutional issues. The Union Finance Minister highlighted the big structural reform initiatives taken by India - Goods and Services Tax (GST), Demonetization and Insolvency and Bankruptcy code. He also underlined that short term adverse impact of both GST and demonetization measures are mostly overcome and the recent data in manufacturing sector indicate that India's growth story is soon getting back to its normal course. He also mentioned about substantial reduction in both high value cash notes as well as cash as such in the economy thanks to demonetization. Sh Jaitley expressed his mixed feelings at the apparent lack of progress in converging to a consensus on the Review of Quotas. To achieve such an outcome, he urged the Fund - the Board, the Management and the Staff - to diligently explore the space offered by the three objectives laid out in the IMFC Communiqué in October 2016: reduce misalignments, shift quota shares in favour of dynamic emerging economies and protect the shares of low income countries and small states.

The Union Finance Minister Sh Arun Jaitley also attended the 96<sup>th</sup> Meeting of the Development Committee Plenary of the World Bank. The items on the agenda included the World Development Report 2018, Maximising Finance for Development, Progress Report to Governors on Shareholding and Forward Look Implementation Update.

Shri Arun Jaitley stated that during this financial year, India consolidated its steady growth through systemic reforms that enabled significant progress in formalizing the economy, building macroeconomic fundamentals, creation of digital economy and financial inclusion. The newly rolled out Goods and Services Tax was a transformative reform that has unified 1.3 billion people into one single market.

The Finance Minister strongly urged for bringing finality to the Shareholding Review by the Spring meeting 2018 in a spirit of consultation and co-operation. Drawing attention to the downward trend in lending to MICs, he urged the Shareholders of World Bank Group not to forget the pockets of poverty in LMICs, where concessional finance continues to be indispensable. Sh Jaitley also expressed that resources required for achieving the twin goals, Climate targets and SDGs by 2030 were substantial and that the World Bank must, to

quote the Hon'ble Prime Minister Shri Narendra Modi, act with Speed, Skill and Scale. Finance Minister thus called for quick consensus for capitalizing the Bank and IFC to meet legitimate expectations of development financing for these institutions.

During his other engagements in the day, Shri Arun Jaitley also held bilateral meetings with the Finance Ministers of UK and Sri Lanka. The discussions covered a wide spectrum of bilateral collaboration to strengthen the cross-country relationships.

On the sidelines, Secretary (EA) Shri S C Garg also held meetings with Mr Bowman, DG, International at HM Treasury, UK and discussed areas of mutual collaboration, issues being faced by Investment and projects being undertaken by respective countries and commonality of their positions in various multilateral fora. Besides this, Secretary (EA) also held meetings with President of IFAD, Chairperson of ICBC; Chief Representative of JBIC; CFO of World Bank; CEO of IFC; Vice-president ADB and Director of Euro-money Conference.

The Finance Minister Shri Arun Jaitley was in Washington DC to attend the Annual Meetings of the International Monetary Fund (IMF) and the World Bank and other associated meetings. He was accompanied by Mr. Urjit Patel, Governor, RBI; Secretary Economic Affairs, Shri S.C. Garg; and other officials.

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