



The Union Finance Minister Shri Arun Jaitley participates in the Plenary Meeting of the Development Committee (DC) of the World Bank Group and the IMF in Washington D.C. yesterday; FM calls for renewing the commitment to reach a decision on Selective Capital Increase (SCI) and General Capital Increase (GCI) by Annual Meetings 2017 in line with the 2015 Lima roadmap, among others.

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The Union Minister of Finance, Defence and Corporate Affairs of India, Shri Arun Jaitley participated in the Plenary Meeting of the Development Committee (DC) in Washington D.C. yesterday. The Development Committee (DC) is the ministerial-level forum of the World Bank Group and the IMF for inter-governmental consensus building on development issues. The meeting comprised of discussion sessions on the 'Forward Look' exercise carried-out by the World Bank focusing on 'A Vision for the World Bank Group in 2030 - Progress and Challenges', Progress Report on the Shareholding Review and a paper on 'A Stronger World Bank Group for All'.

The Finance Minister Shri Jaitley called for renewing the commitment to reach a decision on Selective Capital Increase (SCI) and General Capital Increase (GCI) by Annual Meetings 2017 in line with the 2015 Lima roadmap. Addressing the debate between a bigger bank and a better bank, the Finance Minister Shri Jaitley said that the bank unequivocally needs to do more on both to achieve its goals. The Finance Minister Shri Jaitley further expressed hope that the implementation of the new safeguards and procurement policies would be characterized by adoption of country systems, a shorter processing time for all clients and hands on implementation support in fragile and low capacity countries.

The Finance Minister Shri Arun Jaitley is currently on an official tour to Washington D.C., USA to attend the Spring Meetings of the International Monetary Fund (IMF) and the World Bank and other associated meetings. He is accompanied by Dr. Urjit Patel, Governor RBI, Mr. Shaktikanta Das, Secretary, Department of Economic Affairs (DEA), M/o Finance, Dr. Arvind Subramanian, Chief Economic Adviser (CEA) and other officials.

Following is the Text of the Statement made by the Minister of Finance, Corporate Affairs and Defence of India Mr. Arun Jaitley, (representing the Constituency consisting of Bangladesh, Bhutan, India and Sri Lanka), at 95th Meeting of the Development Committee in Washington D.C. yesterday(22nd April, 2017):

"Let me begin by complimenting the World Bank Group for achievement of the historic IDA 18 Replenishment package. We are sure that IDA 18 would touch the lives of people in the world's poorest countries by providing them resources to grow and by creating opportunities for their upliftment. India is happy to pledge to this replenishment and thereby contribute to the ambitious developmental impact IDA 18 envisages to create.

We have all gathered here to take a step forward in the direction of the mandate of Development Committee to advise the Boards of Governors of the Bank and the Fund on critical development issues and on the financial resources required to promote economic development in developing countries. Thus, our agenda of Forward Look and Shareholding Review are very pertinent and timely for discussing how to make the World Bank Group stronger for marshalling the financial resources required to promote economic development in developing countries.

Questions are raised today in certain quarters about the global compact, which we have developed over the years- multilateralism driving the rule-based flow of goods and services- to deliver growth, development and poverty reduction for all and achievement of global public good. The attempt to change the discourse from opening up and focusing on competitive advantage to increased protectionism will only hurt the global economy and welfare of people. We need to bond together and renew our compact to protect the World from falling into spiral of slow economic growth, rising inequality and irreversibly altered climate, conflict

and fragility. I would thus like to call upon this august gathering today to reaffirm our full commitment to the mandate of the Development Committee and to deliver Sustainable Development Goals (SDGs) and our own twin goals.

The global economy is expected to grow by 3.5% in 2017 and slightly better at 3.6% in 2018. Recent estimates confirm that, at least in the short term, the global growth is likely to be better than these estimates. The South Asia region, especially the countries in our Constituency, continues to deliver on its promise. India's growth is expected to be 7.1% in 2017 and 7.5% in 2018. Bangladesh is expected to grow at 6.8% and 6.5% respectively. Sri Lanka is expected to climb to an average of 5.1% growth in 2017-19 period. Bhutan is expected to grow at an average of 11% over the same period. We, in India, continue to undertake significant reforms and stay focused to promote investment to ensure that the region continues to grow at these rates in the near future.

India's optimistic growth rates can be attributed to the committed political will, efficient governance and successful implementation of economic reforms. India has successfully implemented one of the largest currency reform initiatives ever implemented, which will move the Indian economy to a less cash trajectory, increase tax compliance and reduce the threats from counterfeit currency which acts as a source of terror funding. This initiative has also laid the foundation of a vibrant digital economy and a financial system based on universal unique identity and mobile platform. The government has also taken all steps to ensure an integrated Goods and Services Tax (GST) in the country to make India a single common market and free the tax system from multiplicity of levies and controls. This is in continuation with the country's reform agenda that allows private capital and entrepreneurial spirit to flourish. Successful design, building a national consensus, and a strong technical platform make GST in India a historic tax reform of global significance.

In terms of specific agenda items, we are considering three updates/ progress reports covering the Forward look, Shareholding Review, and need for a Stronger World Bank Group.

There is no doubt that the developing world needs large and growing resources for achieving SDGs and the twin goals of our institutions. This necessity is the underlying argument of the billions to trillions discourse. All the developing countries also know that mobilization of larger domestic resources and creating conditions for better flow of investment finance from both domestic and international private sector would be necessary for achieving their development ambitions. At the same time, it would be necessary for the multilateral system, especially the World Bank Group, to be stronger than ever to play a meaningful and decisive role in translating this development agenda into reality. I endorse the statement in the paper on -A Stronger World Bank Group for All- that a minimum 50% increase in historical average of \$24 billion per annum in the case of the IBRD and a 100% increase in case of IFC would be quite necessary to make the World Bank deliver a commitment level of \$100 billion a year to make the WBG play a meaningful and leadership role in global development landscape.

In this direction, we have also taken note of the Progress Report of the Shareholding Review as part of the Lima Roadmap. We appreciate the work done so far for Selective Capital Increase (SCI) in the case of IBRD. We have always supported that to better reflect the increasing weight of the Developing and Transition Countries (DTC), their share and voice in the ownership and management of these institutions need to grow. We support SCI to bring about voice reform to ensure higher representation to the under-represented and support the use of the dynamic formula based allocation. We must fulfill our commitment to consider and reach a decision on Selective Capital Increase and General Capital Increase by Annual Meetings 2017 in line with the Lima Roadmap.

I am quite in agreement with the conclusions of the Forward Look and take note of actions taken so far and the progress made. While the Bank Group will need to stay engaged with all client groups, progressive building up of the IBRD portfolio for its low-income blend members and lower middle-income member countries without adversely affecting its AAA status would contribute to Bank Group serving its twin goals and SDGs. The countries in our Constituency are facing a large youth bulge requiring millions of jobs to be created every year. We take note of the commitment in the Forward Look that the World Bank Group would work to promote innovation and entrepreneurship, strengthen skills and education outcomes and strengthen employment service delivery. We would look forward to work with the WBG to make our

demographic advantage translate into a real demographic dividend. I would also urge that the World Bank group does its best by allocating substantive resources, measuring and incentivizing South-South learning and cooperation.

While a bigger bank is the first condition for the WBG to play its leadership role in development, we must also work hard and be imaginative to make it a better Bank. In this endeavor, there is a scope of aligning a wide range of activities to the best standards of efficiency. Considering the significant global responsibility that the Bank Group is entrusted with, the Bank should provide leadership in setting global standards in terms of financing, process efficiency, benchmarking, operations, monitoring and evaluation. We also sincerely hope that the implementation of the new safeguards and procurement policies is indeed characterized by adoption of country systems, a shorter processing time for all clients and hands on implementation support in Fragile and low capacity countries.

Further, the World Bank Group, as a global repository of development knowledge, is in a unique position to fill the knowledge gaps in the development landscape. Thus, the Bank with its large pool of skilled manpower and experts should take up this opportunity to emerge as a pioneer in knowledge management.

The enormity of the development challenges, its financing and the required knowledge support are continuously changing. This calls for a development approach which is constantly evolving and is based on real partnership. The sustainability of developmental reforms relating to infrastructure, energy, human capital, resource mobilization and knowledge development can be ensured in partnership mode on a long-term basis. Therefore, to achieve our development ambitions, we support a strong World Bank Group, which should be adequately resourced to contribute meaningfully and substantially in this task. We look forward to the transformation of the Bank into an agile, nimble and a bigger bank group that will serve all the developmental needs of the member countries efficiently and help them achieve their Sustainable Development Goals by 2030.”

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