

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1057  
ANSWERED ON:30.07.2010  
INVESTMENT IN IMF QUESTION  
Ponnam Shri Prabhakar

**Will the Minister of FINANCE be pleased to state:**

- (a) whether India has invested \$ 10 billion for International Monetary Fund (IMF) notes and another \$ 4 billion is stated to be approved soon;
- (b) if so, the details thereof;
- (c) the purpose behind such move;
- (d) whether therein any risk is involved;and
- (e) if so, the details thereof?:

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) The Reserve Bank of India (RBI) has entered into a Note Purchase Agreement (NPA) with the IMF under which the RBI can be called upon to purchase from the IMF, Notes for an amount up to the equivalent of USD 10 billion.

The Government of India (GOI) has agreed to become a participant in the IMF's New Arrangement to Borrow (NAB) under which India has committed equivalent of USD 14 billion. Once the NAB comes into effect, the commitments under the NPA will be 'folded-into' the NAB and India's total commitment to the IMF under these arrangements will be USD 14 billion. The GOI will be participant of the NAB while the RBI shall finance and hence hold the Notes.

(c) The decision of India to contribute to lending resources of IMF is part of international efforts to shore up the lending capacity of IMF. Adequate resources at the disposal of IMF are expected to provide confidence in its capacity to forestall or cope with an exceptional situation that poses a threat to the global financial stability.

(d) & (e) Risks, if any, are substantially mitigated since IMF is a multilateral institution and is therefore extremely creditworthy.