

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2697
ANSWERED ON:04.12.2009
BRIC MEET
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

- (a) Whether Finance Ministers and Central Bank Governors of Brazil, Russia, India and China (BRIC) met recently to discuss the challenges facing the World Bank and International Monetary Fund in the wake of the Global Financial Crisis;
- (b) If so, the details of the discussions held in the meeting;
- (c) Whether all BRIC nations took common position on many fronts; and
- (d) If so, the details thereof?

Answer

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

(a) Yes Madam, The Finance Ministers and the Central Bank Governors of Brazil, Russia, India and China met in London on the 4th of September 2009 and the BRIC Finance Ministers again met in Istanbul on the 3rd of October 2009.

(b) The London meeting was to discuss several issues pertaining to the global financial and economic crisis and included discussions on the reforms that are needed in the International Financial Institutions including the World Bank and the IMF. In the Meeting in Istanbul, the discussion was on the reforms in the World Bank and the IMF.

With regards to the challenges facing the World Bank and the IMF, both the discussions focussed on Quota reforms in the IMF, voting share reforms in the World Bank, Resources of the IMF and the World Bank and other Governance Reforms in the World Bank and the IMF.

(c) Yes Madam.

(d) A common position has been taken on the following issues in the BRIC Meet:

1. The G 20 countries should continue to implement countercyclical fiscal and monetary policies in sustainable and internationally coordinated matter.
2. More needs to be done for the Middle income countries and the Low income countries as they have lesser capacity to respond to the crisis and adapt to the new world economic landscape.
3. Reducing development gap between the advanced countries and the developing countries is of great importance to achieve a sustainable and more balanced growth.
4. Protectionism should be avoided, in both direct and indirect forms.
5. Ongoing regulatory reforms should not impede cross border capital flows and investments.
6. All G 20 countries should strengthen their efforts to reform the financial system and not return to a pattern of lax financial regulation and deficient oversight.
7. There is a need to tackle the Non cooperative jurisdictions on the basis of sound qualitative criteria rather than superficial quantitative measurements in information sharing.
8. To enhance the legitimacy of the IMF and the World Bank, there should be a shift in the Quota of the IMF in the order of 7% and the voting shares of the World Bank in the order of 6% in favour of the emerging markets and the developing countries.
9. The selection of the IMF and the World Bank management should be done on open merit based system.
10. The BRIC countries are not in favour of any measure that will weaken the, Executive Boards of the IMF and the World Bank.
11. The BRIC countries do not favour the discussion for replacing the consensus based IMFC by a ministerial council as a weighted-voting decision-making body.
12. The IMF is a quota based organisation and should remain so.
13. The World Bank Group requires a review of its capital base in order to be able to fulfil an effective countercyclical role and to deliver its development mandate in the long run, and this should be done by a selective capital increase followed, if necessary, by a general capital increase.
14. The UNFCCC should remain the main channel for the international negotiations in climate finance and the discussion of climate finance should be consistent with the principles of UNFCCC, the Kyoto protocol and the Bali action plan, in particular the principle of common but differentiated responsibilities.