

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6949
ANSWERED ON:18.05.2012
BUYING OF BIGGER QUOTA IN IMF
Bhagora Shri Tarachand

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is going ahead with shelling out \$ 11 billion to buy a bigger quota in the IMF in order to have greater say in the affairs of the multilateral lender whereas the country continues to battle slowing capital flows and a growing fiscal deficit and if so, the justification thereof;
- (b) whether as per the experts this is an investment and India being a responsible nation with a growing clout, would have to share some global responsibility and if so, the reaction of the government thereto;and
- (c) the measures proposed to be taken in this direction in future?

Answer

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

- (a) The International Monetary Fund (IMF) reviews Quota shares of member countries every five years. The last such review in 2010 resulted in India's share increasing from the present 2.44% to 2.75% when these Reforms become effective. This increase would require an additional payment of USD 11 billion. However, the cash outflow of this amount is only 25% (USD 2.75 billion approximately) and the balance is in the form of Rupee denominated Securities that can be encashed when required by IMF.
- (b) The Quota payment is an international obligation of Government of India as a member of the IMF. With the growth in India's economy, its Quota share has also increased reflecting the size of Gross Domestic Product (GDP).
- (c) It has been proposed to earmark Rs. 56, 000 crore in the budget for Financial Year 2012-13 in case IMF calls for the payment when the Quota increase becomes effective