GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:754
ANSWERED ON:01.03.2013
ASSURANCE TO IMF
M.Thambidurai Dr.

Will the Minister of FINANCE be pleased to state:

(a): the details of contribution made by India to International Monetary Fund (IMF) during each of the last three years and the current year along with fresh commitments made in this regard, if any;

(b): the factors considered before making commitment in this regard; and

(c): the manner in which the Government proposes to balance its commitment towards IMF and the internal resource crunch?

Answer

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

(a): India's quota share in IMF had increased from 1.91 percent to 2.44 percent in 2011 and a payment of Rs.11,327 crore approximately had to be made in March,2011, of which 25 percent was in hard currency/SDRs and the balance was by creation of INR securities. As a result of the 2010 Quota increase, India will be called upon to make a payment of Rs.56,000 crore approximately, which is expected in Financial Year 2013-14. Of this, approximately Rs.14,000 crore will be in hard currency/SDRs and the balance in securities. Further, India's maximum commitment to IMF's New Arrangement to Borrow (NAB) is US$ 14 billion in the form of Note Purchase Agreement (NPA), which can be encashed by IMF to the required extent, as and when required. Of this, so far only SDR 1.09 billion (Rs.8182 crore approximately) has been called by IMF under this account. NAB is only a bridge till the quota increase comes into effect. The commitment will be scaled down to approximately US$ 7.2 billion when the 2010 quota increase comes into effect. Additionally, India has committed US$ 10 billion to IMF's Bilateral Borrowing Programme in June, 2012, which will be in the form of Note Purchase Agreement.

(b): The increase in India's Quota and Vote share in IMF has been made on the basis of various strategic considerations such as India's Votes in the IMF, which is partly based on the economic weight of the country in the world. This is also in line with our commitments as a member of BRICS and G-20. The shortfall in financing needs of IMF in the wake of ongoing global financial crisis and associated spillover consequences has also been considered while making the commitments.

(c): Quota payment requires only 25 percent in hard currency/SDRs and the balance is through INR securities, which has no immediate fiscal impact as they are drawn up only when IMF requires the funds. Further, the borrowing programmes are through Note Purchase Agreements and only the amount actually drawn has any financial implication. India can ask IMF for early repayment of borrowings in case there is any internal resource crunch and any country that has a liquidity crunch may not participate in future transactions under FTP.