

The next five years greater synergy would be required in the international policy coordination : Finance Secretary

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INVC, Washington DC, Dr Arvind Mayaram, Finance Secretary garnered support from the Emerging Market Economies like China and Indonesia while batting for the need to have greater International Policy coordination to deal with the negative spillovers. Dr Mayaram had made a detailed presentation on the subject during the Growth Strategies Session of G 20 Deputies Meeting held on 10th October at Washington DC on the sidelines of the Annual IMF/World Bank Meetings. Dr Mayaram said that domestic policy efforts are country specific whereas to reach the target of 2 per cent global growth in the next five years greater synergy would be required in the international policy coordination. Dr Mayaram reminded the dignitaries present at the meeting that back in the year 2008, at the Washington Summit, it was agreed to that a broader policy response is needed, based on closer macroeconomic cooperation, to restore growth, avoid negative spillovers and support emerging market economies and developing countries. A list of measures that could possibly have negative spillovers was also shared during the Session. Dr Mayaram emphasised that to increase global growth we not only have to look at the positive impact on country growth and spillovers but also reduce negative spillovers and risks to the world economy as a whole. A case was also made for the International Organisations (IO's) to include negative spillovers in their models which currently focus only on the positive spillovers. Dr Mayaram also stated that currently the spillover analysis done by the IO's and the growth assessment are completely delinked. He also brought to the forefront the situation of increasing asset prices in Emerging Markets despite lower inflation and growth which could trigger Asset price bubble which could pose potential risk to the global growth.

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