

From co-operative federalism, the country is now moving towards competitive federalism : Arun Jaitley

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INVC NEWS Lima, Peru , The Union Finance Minister Shri Arun Jaitley emphasized the need for bigger financing and implementation plans by the World Bank Group to achieve the Sustainable Development Goals (SDGs); and need for the significant increase in the capital of the World Bank Group to meet the developmental objectives and review of the Bank's shareholding to reflect share of the developing countries in the global economy. The Finance Minister Shri Arun Jaitley was speaking while participating in the Plenary Meeting of the Development Committee in Lima, Peru yesterday. Development Committee is the ministerial-level forum of the World Bank Group and the IMF for intergovernmental consensus-building on development issues. Shri Jaitley represented the constituency consisting of the countries viz. Sri Lanka, Bangladesh, Bhutan and India in this ministerial-level forum.

The Finance Minister Shri Jaitley further emphasized on the responsibility of the developed countries to fulfill their commitment of mobilizing US\$ 100 billion per annum for climate finance, which should be from new and additional sources. He said that the Consultations on the World Bank's proposed "Environment and Social Framework" must ensure that the new framework is realistic, simple to implement and affordable in terms of cost and time. The full text of the speech delivered by the Finance Minister is annexed here with.

The Union Finance Minister Shri Arun Jaitley also participated in the Restricted Session of the International Monetary and Finance Committee (IMFC) of the International Monetary Fund (IMF) and the Informal Gathering of World Economic Leaders, organized by IMF and World Economic Forum in Peru yesterday. IMFC is a key body providing strategic direction to the work and policies of the IMF. The two events, organized as part of the Annual Meetings of the IMF and the World Bank, were attended by select Finance Ministers and Central Bank Governors. The closed door discussions centered on moderation of global growth and heightening of risks and volatility.

Later, the Finance Minister Shri Jaitley participated in the panel discussion on 'The Search for Growth and Stability amid Deflation and Divergence', organized by Financial Times and Citi Group. Speaking on the occasion, the Finance Minister Shri Jaitley said that the economic conditions in India are reasonably under control, notwithstanding two consecutive years of below normal monsoons. He said that the commodity and oil prices decline have provided fiscal space for enhanced public sector investments in infrastructure and irrigation. Consequently, the Finance Minister said that the country has witnessed a staggering 35 percent increase in the indirect tax collections in the first six months of the current fiscal year. He said that the public investments in infrastructure are now playing a catalyzing role in reinvigorating the private sector investments. The inflation has declined from 11 percent to 3.7 percent during the last 15 months, which have also resulted in reduction of the bank rate and cost of capital, the Minister added. He said that the country is firmly on the path of fiscal discipline and has contained the fiscal deficit at 4 percent (lower than targeted) last year. Shri Jaitley said that the FDI flows to the country have been robust. He cited reports in foreign media that during the last six months, India was the leading destination for investments in greenfield projects, demonstrating the high degree of confidence of the global investors. The financial and forex markets in the country are also stable, notwithstanding recent global volatility, the Minister added.

Other panelists included Mr Joaquim Levy, Brazilian Finance Minister, and Mr Martin Wolfe, a noted economic commentator.

Mr Martin Wolfe complimented India on the management of public finances and the ability to continue with structural reforms. The Finance Minister Shri Jaitley elaborated that the environment for reforms in the country is positive. He said that from co-operative federalism, the country is now moving towards competitive federalism, with various States undertaking key reforms to improve business climate, expedite clearances and promote investments. Shri Jaitley explained that a few of the key reforms such as Goods and Services Tax and Bankruptcy law are high on the Government's agenda.

Shri Shaktikanta Das, Secretary, Department of Economic Affairs, also held bilateral meetings with Mr Wencai Zhang and Mr Diwakar Gupa, Vice Presidents, Asian Development Bank (ADB).

The Finance Minister Shri Arun Jaitley is currently on official tour to Peru to attend the Annual Meetings of the International Monetary Fund and the World Bank and other associated meetings. He is accompanied by Dr. Raghuram Rajan, Governor RBI, Shri Shaktikanta Das, Secretary Economic Affairs, Dr. Arvind Subramanian, Chief Economic Adviser and other officials.

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