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WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **ASHOK CHAWLA**,
Alternate Governor of the Bank for **INDIA**,
at the Joint Annual Discussion

**Statement by the Hon. Mr. Ashok Chawla,
Alternate Governor of the Bank for India,
on Behalf of Hon. Mr. P.Chidambaram, Governor of the Fund and the Bank for India
at the Joint Annual Discussion**

We meet in Washington at a time when the global economy is under severe strain. The financial sector turmoil that originated in the U.S is now unfolding into a full-blown crisis across many developed economies and possible spill-overs to rest of the world. Inflationary pressures arising out of elevated food and fuel prices have not yet fully subsided. The recessionary trend is slowly becoming a reality. After five years of high growth, the world economy is now on a sharply decelerating trend. More than 100 million people may have slipped back into poverty, and our efforts to eliminate poverty have suffered a setback by about seven years.

2. Nevertheless, crises do give us an opportunity to quickly take stock of what went wrong and to act in a concerted fashion – not just to alleviate the immediate effects of the crisis, but to create a better world especially for its poor.

Global Food Crisis

3. The global food crisis is not a natural catastrophe. It is man made. The fall in world cereal production, low food stock levels, and crop diversion for the bio-fuel sector have played a major role. Add to these, the role of speculation and financialization of commodities, and we have an unprecedented crisis.

4. Some laudable international efforts are underway. However, we need urgent action on rationalizing the biofuels policy. We should also quickly reach agreement on removal of agricultural subsidies; arrive at a successful conclusion of the Doha Development Round; and create the conditions for a more efficient and fair global food trade.

The Financial Crisis and the Role of IMF

5. The current crisis and the attempts at its resolution have raised a number of concerns. In developed countries, risk management and supervisory practices have lagged behind the pace of financial market innovations and new business models. I am afraid, there will be substantial fiscal costs with attendant implications.

6. The Fund's principal mandate is to provide the global public good of financial stability. The Fund attempts to deliver this mandate through two key tasks assigned to it – surveillance and providing the comfort of readily available financing to members. Separate efforts are already underway in several fora. It would be more appropriate to organize the fragmented efforts on a global scale under the inclusive umbrella of the IMF.

Voice Reform in the World Bank Group

7. The ongoing Voice and Participation reform process at the Bank is a great opportunity to make a far reaching reform of its governance structures so that it continues to play a vital developmental role in global economic affairs.

8. We strongly support and call for immediate implementation of an additional Board seat for Sub Saharan Africa. However, we feel that the proposal approved yesterday on the important dimension of 'Voice as voting power and shareholding' has failed to live up to the promises made at the Spring Meeting of 2008.

9. While in the interest of consensus, we agreed to the proposals at the Development Committee yesterday, we believe that the efforts now to be made on realignment must lead to substantial and effective enhancement of the **individual** as well as **collective voice of DTCs**.

Development and Climate Change

10. We emphasise that issues relating to finance and technology are fundamental to the success of any global strategy to address climate change. New and additional resources that do not detract from the ODA must be provided by the developed countries.

It is equally important to transfer clean, environment friendly technology to the developing countries at affordable prices.

11. The basis of international cooperation on climate change lies in the UNFCCC principle of “common but differentiated responsibility and respective capability”. There is no escape from the reality that emerging and developing countries will consume more commercial energy. India is committed to evolve and pursue a strategy of environmentally sustainable development. We have formulated our National Action Plan on Climate Change and are committed to ensure that our per capita carbon emissions will never exceed the average of the per capita emissions of developed countries.