

**Press Information Bureau
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Ministry of Finance**

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**Text of the Intervention made by the Union Finance Minister P. Chidambaram During
Session on ‘Financing for Investment’ at G-20 Finance Ministers’ and Central Bank
Governors’ Meeting in Washington D.C.**

Following is the text of the Intervention made by the Union Finance Minister Shri P. Chidambaram on “Financing for Investment” during the G-20 Finance Ministers’ And Central Bank Governors’ Meeting in Washington D.C. today:

Dear Colleagues,

India has repeatedly underscored the critical role that investment, particularly in infrastructure, can play in sustaining the global recovery and rebalancing. Larger investments in infrastructure in emerging markets will increase the potential of these countries to grow more rapidly in the medium run and will also contribute to a much needed global demand in the short run.

The G20 Leaders had mandated us (Finance Ministers and Central Bank Governors) at their Los Cabos Summit in 2012 “to consider ways in which the G20 can foster investment in infrastructure and ensure the availability of sufficient funding for infrastructure projects, including Multilateral Development Banks’ (MDBs) financing and technical support”. One year later, at the 2013 Summit, all that we had for the Leaders was the work plan for the Study Group. This is surely an opportunity loss.

There are several things we must do. As our Prime Minister stated at the St Petersburg Summit, if industrialized countries can put to use unconventional monetary policies, “we need to show the same innovativeness in devising unconventional development financing”. Special windows need to be created in the World Bank and other MDBs for ensuring finance in support of infrastructure development, including provision of finance for ongoing projects which face a sudden scarcity of funds owing to volatile capital flows. Access to this window should be beyond the normal country limits, which otherwise introduce inflexibility. The aim should be to create mechanisms which can increase the flow of infrastructure financing at times when other investments are slowing down. We should also have a greater involvement of the IFC in infrastructure financing to help catalyse private sector flows into the sector.

We welcome the proposal to set up a new and dedicated financing facility called the Global Infrastructure Facility at the World Bank to serve the financing needs for infrastructure, particularly in emerging and developing economies. We would like to see the detailed proposal for its establishment with specific timelines by the December Deputies meeting.

G-20 is well placed to coordinate various stakeholders including governments, especially the ones that have large surpluses, the private sector, and multilateral development banks, for investment in developing countries through innovative ways to recycle global savings and development of viable strategies that overcome the presumed hurdle of ‘lack of enabling

environment' for infrastructure investment. We hope that the matter would be taken up more meaningfully during the next Presidency of the G20.

Thank you.

DSM