

IMF board approves 50% quota rise to help developing nations

Currently, India is the eighth-largest quota-holding country in IMF

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The executive board of the International Monetary Fund (IMF) on Tuesday approved a proposal to make a 50 per cent increase in the quota allocated to members in proportion to their current quotas. The proposal will now be considered and made effective by the board of governors as part of concluding the 16th general review of quotas.

The proposal follows the guidance from the International Monetary and Financial Committee at the 2023 annual meetings.

“The proposal is centred around an increase in quotas of 50 per cent, allocated to members in proportion to their current quotas. The quota increase would enhance the IMF’s permanent resources and strengthen the quota-based nature of the Fund by reducing the reliance on borrowing and thus ensuring the primary role of quotas in fund resources,” the global lender said in a statement.

Currently, India has a quota of special drawing rights (SDR) 13,114.4 million which denotes a share of 2.75 per cent, making it the eighth-largest quota-holding country in the IMF. Based on the

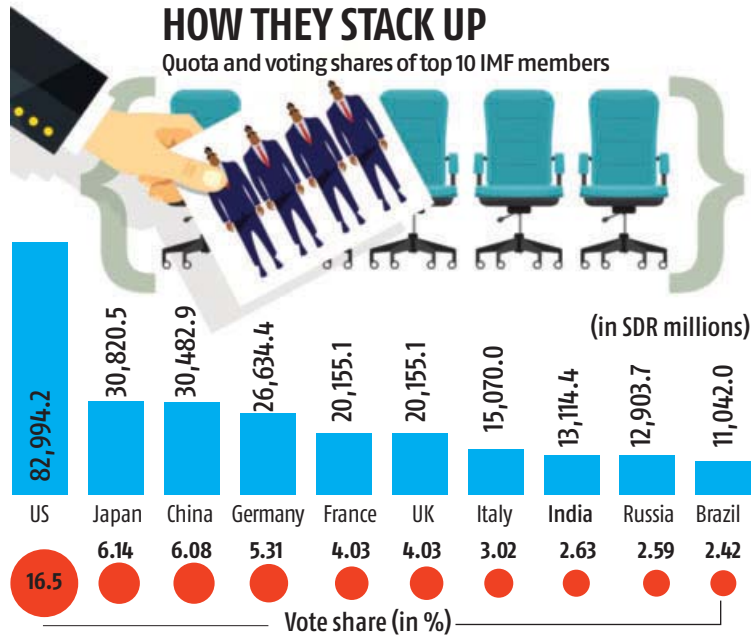


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Source: IMF

quota, India has 132,063 votes, which denotes a share of 2.63 per cent.

Kristalina Georgieva, managing director, IMF, says that this increase will help preserve a strong, quota-based and adequately resourced IMF at the centre

of the global financial safety net as an adequately resourced IMF is essential to safeguard global financial stability and respond to members’ potential needs in an uncertain and shock-prone world.

“The proposed quota increase comes at a complex time for the global economy and the IMF’s membership. In the spirit of international cooperation, I am hopeful this proposal will garner the broadest possible support from the membership, and that we will then make progress on a quota realignment under the 17th review,” she added.

The proposal also envisages that once quota increases are in effect, borrowed resources comprising the bilateral borrowing agreements and new arrangements to borrow would be reduced to maintain the Fund’s current lending capacity.

“The membership has also acknowledged the urgency and importance of quota share realignment to better reflect members’ relative positions in the world economy while protecting the quota shares of the poorest members, and many members would have supported a quota realignment now, together with the proposed quota increase. Hence, another critical element of today’s proposal is a call on the executive board to work to develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula, under the 17th general review of quotas,” the statement by the IMF said.