

(e) Yes Sir/Madam. An agreement was reached to reform the IMF's quota and governance system to help deliver a more effective, credible and legitimate IMF. This would assist IMF to play its role more effectively in supporting the operation of the international monetary and financial system. The key elements include :

- * Shifts in quota shares to dynamic EMDCs and to underrepresented countries of over 6%, while protecting the voting share of the poorest, which we commit to work to complete by the Annual Meetings in 2012.
- * A doubling of quotas, with a corresponding roll-back of the NAB preserving relative shares, when the quota increased becomes effective.
- * Continuing the dynamic process aimed at enhancing the voice and representation of EMDCs, including the poorest, through a comprehensive review of the formula by January 2013 to better reflect the economic weights; and through completion of the next regular review of quotas by January 2014.
- * Greater representation for EMDCs at the Executive Board through 2 fewer advanced European chairs, and the possibility of a second alternate for all multi-country constituencies; and
- * Moving to an all-elected Board, along with a commitment by the Fund's membership to maintain the Board size at 24 chairs, and following the completion of the 14th General Review, a review of the Board's composition every 8 years.

(f) The agreement in the G-20 Finance Ministers and Central Bank Governors' meeting held on 22-23 October in Gyeongju also provides for moving towards more market determined exchange rate systems that reflect underlying economic fundamentals and refraining from competitive devaluation of currencies. The G-20 Leaders' Summit at Seoul held on November 11-12, endorsed the agreement by G-20 Finance Ministers' and Central Bank Governors on IMF reforms and adopted the Seoul Action Plan that includes the commitment to undertake macroeconomic policies, including fiscal consolidation where necessary, to ensure ongoing recovery and sustainable growth and enhance the stability of financial markets, in particular moving towards more market determined exchange rate systems, enhancing exchange rate flexibility to reflect underlying economic fundamentals, and refrain from competitive devaluation of currencies. India is committed to continued efforts towards credible, legitimate and democratic international financial institutions and achieving strong, sustainable and balanced growth in a collaborative and coordinated way.

Inflow of Hot Money into the country

1437. SHRI GOVINDRAO ADIK :

SHRI SANJAY RAUT :

Will the Minister of FINANCE be pleased to state:

(a) whether the present bull-trend in the sensex is due to the inflow of hot money into the country; and

(b) if so, whether Government has any policy to protect the Indian economy from violent fluctuations in the inflows and outflows of hot money?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) Investment in stock markets is dependent on the perceptions of the investors, both domestic and foreign, of the economy, various sectors and companies. Perceptions are generally influenced by many factors including the macro-economic environment, growth potential of the economy, policies of the government, corporate performance, domestic and international events that have a bearing on the markets and sentiments.

(b) The Government and Securities and Exchange Board of India (SEBI) have put in place systems and practices to promote safe, transparent and efficient market to withstand volatility and protect market integrity. The systems instituted include advanced risk management mechanisms comprising on-line monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc. In addition, mechanisms are in place to monitor and assess foreign institutional investors (FIIs) inflows. The possible effects of investments made by the FIIs on Indian economy are assessed on a continuous basis. Suitable remedial steps are taken when it is concluded that the inflows can have negative impact on the Indian economy.

Irregularities in Distribution of farm loan

†1438. SHRIMATI MAYA SINGH : Will the Minister of FINANCE be pleased to state:

(a) the amount of loan distributed for agricultural activities to the farmers in the country by different institutions during financial year 2008-09;

(b) whether it is a fact that in Delhi people related to different big industrial houses have been given loan at large scale which were meant for farmers;

(c) the details of different agricultural produce every year in the State of Delhi; and

(d) whether the Government has come across any case of irregularity related to loan taken in the name of farmers in Delhi?

†Original notice of the question was received in Hindi.