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**Statement by Mr. Bhalla and Mr. Goyal on Review of Data Provision to the Fund for
Surveillance Purposes
(Preliminary)
Executive Board Meeting 22/25
March 14, 2022**

1. We thank Staff for a very comprehensive report on the data requirements for the surveillance. We endorse the view that with structural changes over nearly the past two decades that witnessed global financial crisis and current pandemic, it is desirable to have a relook at the data requirements. Data that need to be captured and monitored has undoubtedly increased. The review proposes a substantial but manageable update to the overall envelope of data that members are required to provide to the Fund in the areas of (i) public sector, (ii) foreign exchange intervention, and (iii) macro-financial indicators. Most Fund members already provide these indicators voluntarily but addressing the remaining data gaps would ensure even-handedness in surveillance, reduce blind spots, and further improve the effectiveness of Fund surveillance. We broadly agree with the observations and suggestions made in the report. However, we would like to make a few points for facilitating discussion.

2. There has been significant improvement in data provision since the 2012 review. We compliment the Staff for actively engaging with country authorities and rendering capacity development to enhance data availability in key areas. While the improvement in International Investment Position and General Government fiscal flows has been noticeable, these data sets still lag considerably. Can Staff elaborate on the key constraints being faced for further improvement?

3. The implementation of data proposals needs to address two key issues. The first relates to the conceptual framework defining the data set, and the second pertains to the timeline for implementation. We note that Background Paper provides the

relevant definitions and required timeline. As such, all the members should follow an internationally accepted definition and common timeframe for the release of data sets. This would enable appropriate cross-country comparison and unambiguous communication to markets and data users.

4. However, the ability to meet these data requirements that vary across nations are contingent upon geographic and population size, political setup, legal provisions, and capacity. Acknowledging these aspects, Staff proposals incorporate flexibility about the timeline for implementation of additional data requirements. Probably, the proposed timelines are based on a survey administered to country authorities. Can survey results be shared with the Board?

5. In our opinion, close coordination between the IMF and country authorities is essential to work out the appropriate timeline and data variables. Referring to the existing practices, the report observes that "..., *the obligation is considered met when information is provided according to country-specific understandings between the IMF country teams and the authorities ...*" We propose that this practice should be formalized and be followed for all proposed data requirements.

6. Further, the proposed data provision requirements must seek to strike a balance between the Fund's surveillance needs and concerns of some members about confidentiality. Similarly, a balance is needed between the Fund's surveillance requirement and the cost to the authorities. Generating, compiling, and disseminating statistics to meet the requirements of various organizations imposes an onerous burden on the authorities in terms of appropriation of their functional manpower as well as the additional cost and skill requirements of statisticians. A large burden of data reporting also disincentivizes the data suppliers and compromises the quality of the statistics.

7. Among the new indicators proposed for Mandatory Provision to the Fund, FXI by other public sector entities at the direction of the central bank is a bit unclear. We would like to know if the requirement is for reporting (i) the aggregate interventions by the central bank together with the interventions by public sectors entities, e.g., public sector banks, on its behalf; or (ii) a separate category for interventions by the public sector entities carried out on behalf of the central bank. If (ii) is true, it may be difficult to share such information due to the market sensitivity surrounding such data. The country authorities may not derive comfort from the Fund's assurance of safeguarding of confidential information.

8. Finally, we agree with the continuation of the long-standing practice of not applying the remedial framework when members do not provide outdated data categories.