

BHARAT SCHOOL OF BANKING

Asia Infrastructure Investment Bank (AIIB)

The **Asian Development Bank Institute (ADBI)** published a report in 2010 pointing out that the **Asia-Pacific** region requires approx. **USD 8 trillion** from 2010 to 2020 for its **infrastructure and economic development**. For the very purpose of development, **Chinese** government has proposed **Asia Infrastructure Investment Bank(AIIB)**, which will look after the **developmental requirements** specifically for this region.

Why AIIB?

The other international **financial institutions**, like **World Bank**, **International Monetary Fund (IMF)** and **Asian Development Bank (ADB)**- are dominated by **US, Europe and Japan** (according to **China**) with their own interests. Also, the long demanded (by developing countries, like BRICS nations) **voting rights** and **quota** reform has been pending in **IMF**, which also helped in the creation of an **alternate** solution.

Therefore, **China** proposed the bank (**AIIB**) with **authorized capital Establishment and Member countries** of **USD 100 billion**, with **initial subscribed capital** of **US 50billion**

A **signing** ceremony was held in **Beijing** on **October 24, 2014**, where **21 countries** signed the bill for **establishment** of the bank -

China, India, Thailand, Malaysia, Singapore, Pakistan, Bangladesh, Philippines, Brunei, Kazakhstan, Kuwait, Cambodia, Laos, Myanmar, Nepal, Vietnam, Mongolia, Oman, Qatar, Sri Lanka and Uzbekistan.

In **2015**, more countries have joined - **Jordan, New Zealand, Saudi Arabia, Tajikistan, United Kingdom (UK)**, etc.

Foundingmembers

China's Finance Ministry said, "any country that **signs and ratifies** the articles can still **officially become a 'founding' member**", though they need to be **accepted** by the **existing** members first. In that sense, all the **signatories** before **March 31,2015 deadline** will be considered as "**founding**" members.

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India in AIIB

Smt. Usha Titus, Joint Secretary of **Economic Affairs** division of **Ministry of Finance**, signed the **MoU** on behalf of **India** at the signing ceremony on **October 24, 2014**.

Secretary-General of AIIB

China's Vice Finance Minister **Jin Liqun** has been appointed as the **Secretary General** of **Asia Infrastructure Investment Bank (AIIB)**.

Headquarter Of AIIB

The bank is to be headquartered in **Beijing, China**, and is to be operational from end of **2015**. Note the bank will be **backed by China**, as it will hold the **majority stake** of the bank.

Voting rights

The **AIIB** will have **voting rights** based on benchmarks, which will be a combination of **GDP** and **Purchasing Power Parity (PPP)**. Based on these **China** and **India** will be the largest **stakeholders** of the bank.