

# The G20

Overview and India's Presidency 2023



# G20: An Overview



# What is the G20?

- The Group of 20 or the G20 is an intergovernmental forum of 19 countries and one region.
- The G20 calls itself “a premier forum for international economic cooperation.”
- Formed in 1999 in the wake of the Asian Financial Crisis, the G20 initially functioned as a platform of Finance Ministers and Central Bank Governors (FMCBG) of member countries to deliberate on global macroeconomic issues to ensure financial stability.
- Conceived as an extension of the G7, the G20 is an “elite club” of the world’s most advanced economies and emerging markets, and covers approximately two-thirds of the global population.
- During the financial crisis 2008, the G20 was elevated to a forum of heads of states and governments who meet annually.
- The G20 presidency is rotational in nature, and each member organises the G20 Leaders’ Summit and other events every year.



# Who is in the G20?

- The G20 is a forum comprising nineteen countries and the European Union (EU).
- The G20 members include: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom (UK), and the United States.
- Spain is invited as a permanent guest.
- Selected countries are invited as special guests each year. For example, countries invited as special guests in G20 India (2023) include Bangladesh, Egypt, Mauritius, Netherlands, Nigeria, Oman, Singapore, and UAE.
- India has proposed to include African Union, a regional cooperation forum of 55 countries, as a permanent member of the G20.



# Origin of the G20

- After the Asian financial crisis in 1996-98, the G20 was **formed** in 1999 as a forum of FMCBGs to discuss finance and money, and explore possibility of taking coordinated multilateral action to prevent recurrence of economic/financial crisis.
- Towards the end of 2004, a UN High-Level Panel on Threats, Challenges and Change submitted a report to the UN Secretary General **recommending**: (a) the elevation of the G20 from FMCBGs to the leaders' level, and (b) entrusting the G20 with the task of "addressing the critical inter-linkages between trade, finance, the environment, the handling of pandemic diseases and economic and social development."
- This recommendations faced criticisms for: (a) conceiving the G20 as a broader platform of friendly economies/markets to build consensus for G7-generated policy ideas/agenda, and (b) creating an informal forum to discuss trade, money, finance, environment and development instead of a more appropriate body viz. the Economic and Social Council of the United Nations.
- In response to the US-triggered global financial crisis in 2008, the G20 met for the first time at the Summit Level. In 2008 and 2009, the G20 took measures such as combined spending worth \$4 trillion to revive their economies, rejection of trade barriers, and advance a reform agenda of the global financial system.



# How does the G20 function?

- The agenda, the activities and the Leaders' Summit of the G20 is decided and hosted by rotating presidencies in consultation with the members.
- The rotating presidencies operate in a system of 'troika' that consists of the current host country, the predecessor and the successor. The current troika, for instance, consists of Indonesia (predecessor), India (current host), and Brazil (successor). See image (right).
- The G20 consists of two parallel tracks: the Finance Track and the Sherpa Track. FMCBGs of the members lead the Finance Track and the Sherpas (personal emissaries of the leaders) lead the Sherpa Track.
- There are thematically oriented working groups (WG) within each track. Relevant ministers of member-states, invited guests from international organisations and multilateral development banks participate in these WG meetings.
- In addition to the tracks, there are Engagement Groups on civil societies, parliamentarians, think-tanks, women, youth, labour, businesses and researchers.
- G20 provides a platform for bilateral negotiations among member countries.



# The Finance Track

- In the finance track, the primary focus is on global economic and financial issues such as monetary, fiscal and exchange rate policies, regulatory reforms, global economic growth, remittances, infrastructure investment, financial regulation, financial inclusion, international taxation, green finance, anti-terrorism financing, among others.
- In this track, the governments (through FMCBGs) of the members meet round the year at the ministerial level. Outcomes from the ministerial-level meetings are brought together at the annual G20 Summit, where leaders prepare and implement their decisions based on the findings in a communiqué.
- The working groups of this track address macroeconomic policy framework, international financial architecture, sustainable finance, financial inclusion, health, international taxation, and anti-corruption measures.



# The Sherpa Track

- The Sherpa track focuses on broader issues of importance, including key issues such as sustainable development goals, agriculture and food security, anti-corruption, culture, digital economy, disaster risk reduction, development, education, employment, environment and climate sustainability, energy transitions, health, trade and investment, and tourism.
- Under this track, the countries attend the working group meetings with representation from their respective emissaries (Sherpa) and ministries.
- These meetings also see participation of representatives of the international organisations (such as the UN, ASEAN, etc.) and multilateral development banks (such as the World Bank, ADB, AIIB, etc.)
- The working groups draft and publish outcome documents making recommendations for the G20 Leaders' Summit.





# The Engagement Groups

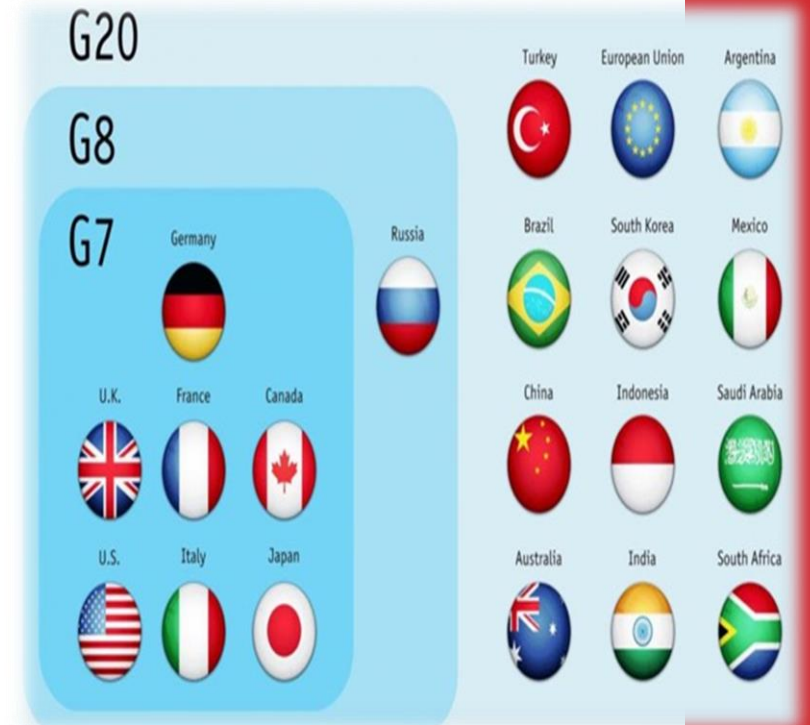
Engagement Groups	Founded	Recognised by G20	Members
Business 20	2008	2010	Business Interest Groups
Labour 20	2008	2011	Trade Unions/ Employee Groups
Civil 20	2008	2013	CSOs
Youth 20	2010	2010	Youth representatives
Parliament 20	2010	2010	Speakers of Legislative Bodies
Think 20	2012	2012	Think-tanks
Women 20	2015	2015	Women's rights groups
Science 20	2017	2017	Science research representatives
Urban 20	2017	2018	Mayors/ Governors of major cities
SAI 20	2022	2022	Special Audit Institutions
Start up 20	2023	2023	Start up entrepreneur groups

# G20: The Journey of an Elite Club



# G20: An Elite Club

- The G20, simply put, is a self-appointed “elite club” of the traditional powers (the G7 countries) and selected emerging powers/markets (such as China, India, Brazil, Indonesia, etc.). It is considered by observers as a platform that provides legitimacy to the G7 agenda and policies.
- Despite getting impacted by its policy decisions, the majority of the world is excluded from the decision-making processes of the G20.
- Membership of the G20 is selective in nature given the club’s neoliberal economic outlook. This is evident from exclusion of countries such as Iran, Egypt, Nigeria, and Venezuela.
- The G20 is not a permanent institution with a headquarters, offices, or staff. The G20 leadership (presidency/chair) is rotational on an annual basis among its members.
- The G20 decisions are made by consensus, but they are non-binding.
- Implementation of the G20 agenda depends on the political will of the individual states.



# The G20 Mandate: Hits and Misses

- The G20 initially focussed on broad macroeconomic issues with the goal of coordinating monetary and fiscal policies to prevent financial crisis. Each member contributed to a spending plan especially in 2009 to avoid a world depression.
- The Washington (2008), London (2009) and Pittsburgh (2009) summit meetings, however, essentially led to IMF recapitalization and coordinated monetary and fiscal expansion. They set the stage for instrumentalizing the institutions that were part of the problem of economic crisis, trying to recycle institutions like the International Monetary Fund, Financial Stability Forum, Bank of International Settlements and Basel II.
- In 2009, Financial Stability Board (FSB) was formed to address a gap in international financial coordination and governance which the Bretton Woods institutions (like IMF, WTO and World Bank) failed to address.
- The global financial architecture, as per the G20, comprises elements like global consensus on financial and regulatory systems, principles and practices on banking supervision, use of markets for applying some of these agreed principles, and providing prescriptions for standard operating procedures of multilateral development institutions such as the IMF, World Bank and other MDBs.



# The G20 Mandate: Hits and Misses

- The G20 gradually expanded its mandate to include multilateral engagement in trade, sustainable development, debt, health, climate, energy, agriculture, corporate taxation, prevention of corruption, and other issues such as terrorism, migration, war and the pandemic.
- By moving beyond its focus on macroeconomic issues, the G20 addressed issues such as the Iranian nuclear programme (2009), the Syrian civil war (2017), the COVID-19 pandemic (2020), and the Ukraine war (2022).
- The G20, being an internally divided bloc now, has failed to act enough on its original agenda of financial reform, has done little to address SDGs, rising inequality, climate crisis, debt distress of low income countries, food security, and just energy transition. The response of the G20 to the COVID-19 pandemic has been pathetic.
- Over the years, the G20 pushed for market growth in tandem with its neoliberal economic framework. This resulted in investments in mega-infrastructure projects (such as energy, water, cities, transportation, etc.) that contributed to extraction of natural resources, use of carbon-intensive technologies and accelerate global warming.
- In short, the G20, in its current form, is a defender of global capitalism and thus a major obstacle to democratization of global economic governance.



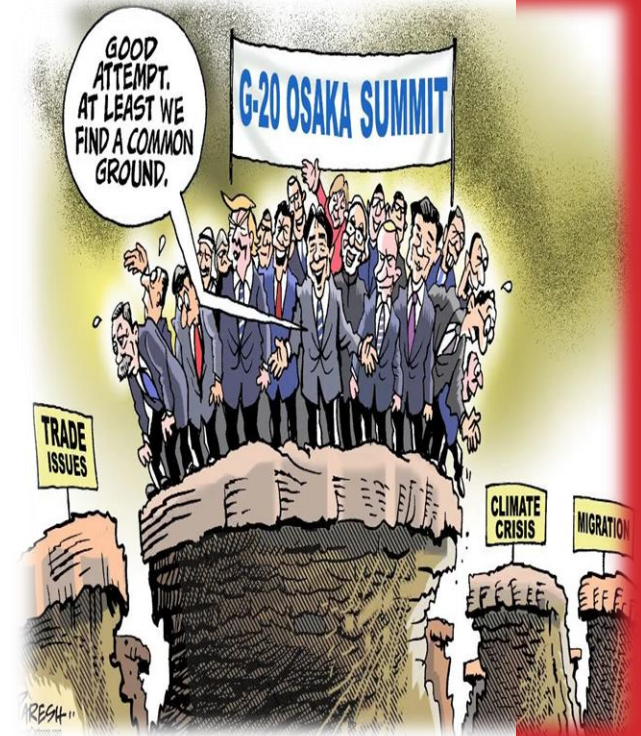
# The G20 Mandate: Hits and Misses

- The role of the G20 is primarily to put pressure on the international community of stakeholders, to facilitate dialogue, and to institutionalize balance for sustaining the interdependent market economies and global capitalism.
- The policy decisions and recommendations of the G20 follows largely a “[club governance format](#).”
- There remains a huge power imbalance between the G20 and the rest of the world.
- Through the G20, according to [Prof. C.P. Chandrasekhar](#), “what the US seems to have managed is to initiate a process that would limit Europe’s influence while creating space at the hegemon’s table for a few “emerging” economies.”



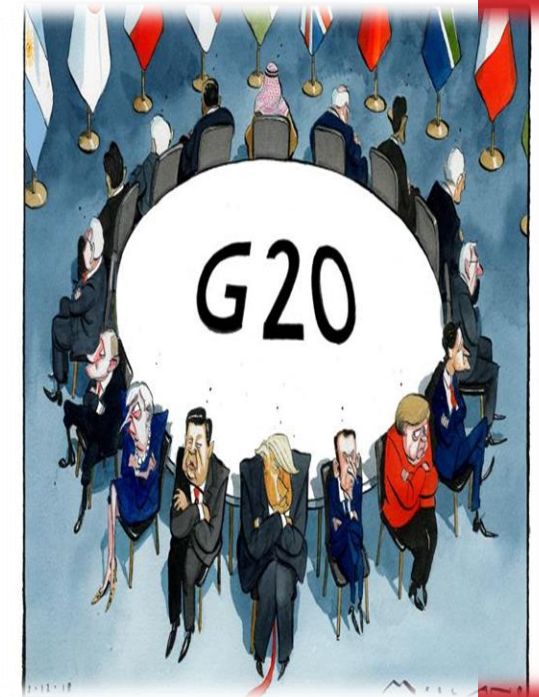
# Why is it important to question the G20?

- The importance of the G20 lies in the impact of its policy decisions and recommendations. Below is one example.
- In August 2017, the Lok Sabha of the Indian parliament tabled the Financial Resolution and Deposit Insurance (FRDI) Bill. The bill was withdrawn in August 2018 after protests.
- The FRDI bill, as experts claimed, is a direct impact of the G20's policy as the bill uncritically accepted the recommendations of the Financial Stability Board's (FSB) report titled 'Key Attributes of Effective Resolution Regimes for Financial Institutions' (2014). The specificities of the Indian economy was not even considered while drafting the bill.
- This bill curtailed the RBI's regulatory powers, proposed to form a Resolution Council (RC) to sell, merge, and liquidate financial institutions including Public Sector Banks, floated the idea of a "bail-in" provision to deprive the common depositors to compensate for losses emerging from corporate defaults.
- In short, the case of the FRDI Bill 2017 shows how the G20 impacts national legislations on financial matters.
- Similar G20 decisions in other sectors (e.g. agriculture and infrastructure) and push for increased private finance lead to unequal development, a rising inequality, debt distress, financialisation of climate crisis, and global power imbalance.



# Why is it important to question the G20?

- The G20 needs to be questioned because the decisions of this informal elite club impact the global financial architecture, national economies, ways to address the current polycrisis, geopolitical relations, functioning of democratic institutions, and most importantly people's livelihoods, rights, and entitlements.
- In many cases, the G20 presidencies ignore the recommendations from the grassroots civil society organisations and activist groups.
- The neoliberal framework of the G20 pushes for private finance in key sectors (like agriculture, health, energy transition, infrastructure, etc.) and de-risking these investments at the cost of public money. Such a model of development only aggravates the debt distress of low-and-middle income countries (LMICs), promotes unequal development, catalyses climate crisis, protects dollar supremacy, and bolsters the undemocratic global financial system.
- It is therefore crucial to question the G20, and by implication the G7 policies, to safeguard and protect the people's rights and interests.





# India's G20 Presidency



# India and the G20: Motto, Theme and Agenda

- On 1 December 2022, India assumed the 18<sup>th</sup> edition of the G20 presidency and holds the position till 30 November 2023.
- The motto of G20 India is “Vasudhaiva Kutumbakam” and the theme of the presidency is “One Earth – One Family – One Future.”
- India is promoting itself as the ‘Mother of Democracy’ on this eve.
- India has spent INR 50.6 crore in outdoor advertisements.
- The areas of India’s **priorities** during its presidency are as follows:
  - Green Development, Climate Finance & Lifestyle for Environment (LiFE)
  - Accelerated, Inclusive & Resilient Growth
  - Accelerating progress on Sustainable Development Goals (SDGs)
  - Technological Transformation & Digital Public Infrastructure
  - Multilateral Institutions for the 21st century
  - Women-led development



भारत 2023 INDIA

वसुधैव कुटुम्बकम्

ONE EARTH • ONE FAMILY • ONE FUTURE

# G20 India: Evictions and Demolitions

- The organisation of G20 mega-events has led to forced evictions and demolition of living squatters of the urban poor and marginalised communities by local municipal authorities and other state agencies and security forces in different parts of India.
- The national capital of New Delhi [witnessed](#) mass evictions in areas such as Tughlakabad, Mehrauli, Yamuna floodplains, Sarai Kale Khan, Mayur Vihar, Dhaula Kuan, Kashmiri Gate, among others.
- Here is a [video](#) on forced evictions.
- Multiple [cases](#) of forced evictions, demolition and ‘beautification’ drives took place in cities from different states such as Ranchi (Jharkhand), Nagpur and Mumbai (Maharashtra), Visakhapatnam (Andhra Pradesh), Nainital and Haldwani (Uttarakhand), Kashmir (Jammu and Kashmir), and Darjeeling (West Bengal).
- The people who lost their homes or are affected in these forced evictions include religious minorities, caste subaltern communities, transgender people, and other vulnerable groups.



# G20 India: What happened so far?

- Promoting itself as the voice of the Global South, India's proposal to include the African Union as a full member of the G20 has been included in the draft communique for the Leaders' Summit. Both the US and Russia have promised to support the proposal.
- On the issue of climate change and just energy transition, the FMCBG-level outcome document could not reach a consensus on tripling of renewable energy deployment, phasing down of fossil fuels and plans to finance transition (jointly USD 100 billion/year in developing economies). No final communique on climate change issued and the outcome has been considered as underwhelming.
- The G20 launched the Resource Efficiency and Circular Economy Industry Coalition (RECEIC) is conceived as "an industry-led initiative with a global focus on promoting resource efficiency and circular economy practices
- The joint communique of the Sherpa Track identified the six priority areas: Sustainable Development Goals (SDGs), green development, reform of multilateral development banks (MDBs), digital public infrastructure, and gender equality.
- The G20 Independent Expert Group on Strengthening MDBs noted that USD 740 billion is required to meet the overall goals of additional climate and sustainable development-related finance, recommended greater engagement with the private sector, and laid down a roadmap for reform of MDBs.

# G20 India: What happened so far?

- A key agenda of India is creation of Digital Public Infrastructure (DPI) and promotion of digital economy . India has also signed a few MoUs in this area. See [link](#). India's DPI tools have been lauded by the World Bank chief, [Ajay Banga](#).
- Ajay Banga also stressed on the idea of [China plus one](#).
- On crypto-currencies, [the IMF and the FSB](#) have been tasked with the responsibility to synthesise the macroeconomic and regulatory perspectives of crypto-assets to help formulate policies, and present an outcome document before the Leaders' Summit. Experts fear that the uncritical homogenization of digital economy will further widen the digital divide.
- Although no consensus on the Ukraine war could be reached, [Russia](#) has accepted to include one paragraph on the war.
- Consensus building process among the G20 members (such as India and Japan or Russia and China) is taking place at a [bilateral](#) level.
- The G20 alliance for empowerment and progression of women's economic representation (G20 EMPOWER) focused on the [role of women](#) in small and medium enterprises at the grassroots level.

## A People's Initiative



# We20: A Peoples' Summit on G20

- In the run-up to the G20 Leaders' Summit in New Delhi, India on 9-10 September, a host of people's movements, trade unions, civil society organisations, and concerned citizens are coming together to raise the people's demands and interests.
- The people's organisations will discuss key issues pertinent to the G20 agenda such as agriculture and food security, climate crisis and just energy transition, rising inequalities, labour and employment, social protection, infrastructure, digital economy, alternative ideas of development such as the Commons, democracy and dissent.
- The [We20 Summit](#), scheduled from 18-20 August 2023 in New Delhi, will release a people's declaration.
- It is crucial to raise the people's issues, concerns and interests for a more democratic, just and inclusive financial system and political order.





Thank you