

G-20 AND KEY TAKEAWAYS FOR INDIAN ECONOMY

- Perspective
 - Geo-political
Significance
 - Supply Chain
 - Value Chain Integration
 - Economic Outlook
-
-

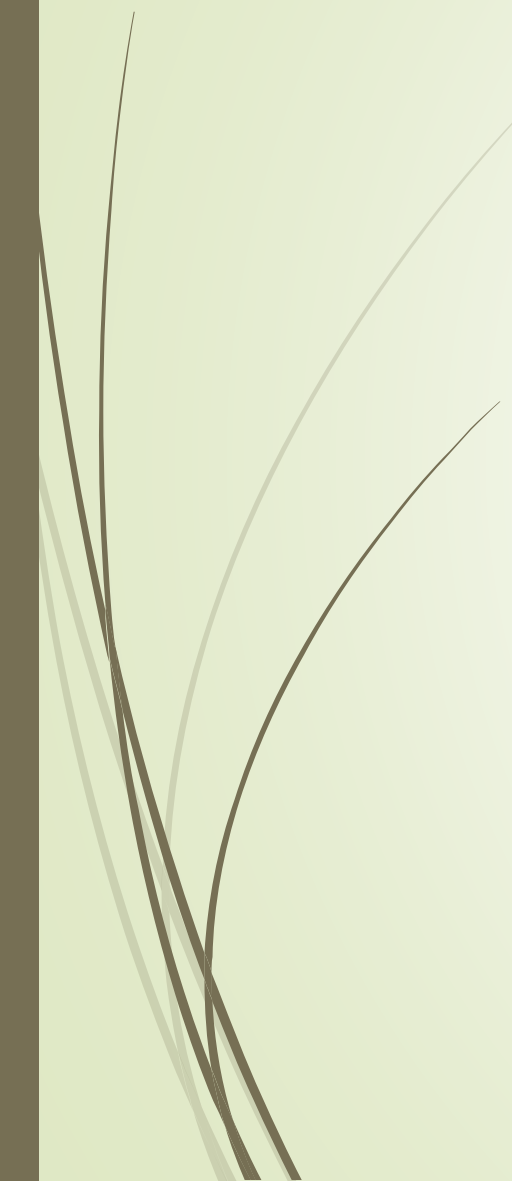



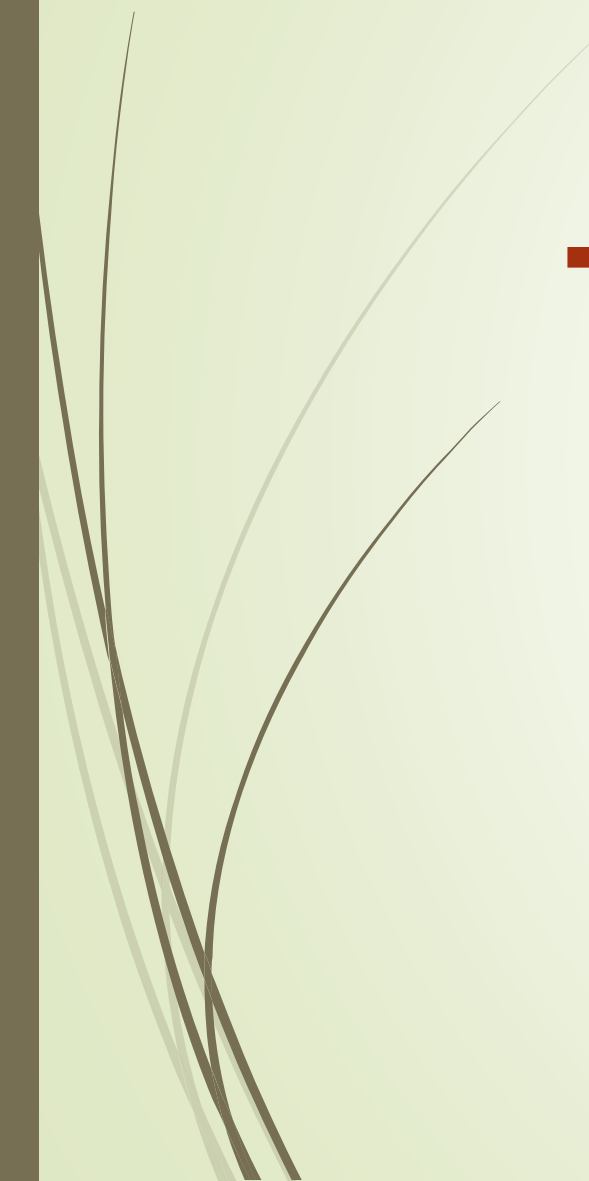
**A Lecture by
PRIYAM SENGUPTA
MA, M.PHIL (JNU), MCA**





What is G20?

- ▶ The Group of Twenty (G20) is an international forum for major economies that brings together leaders from 19 individual countries and the European Union.
 - ▶ It was established in 1999 in response to the financial crises of the late 1990s, with the aim of fostering international economic stability and sustainable development.
 - ▶ India is a significant player in the G20, representing one of the world's largest and fastest-growing economies. Its inclusion in the G20 reflects its increasing influence on the global stage.
- 

- 
- 
- **The 2023 G20 New Delhi summit was the eighteenth meeting of G20 (Group of Twenty). It was held in Bharat Mandapam International Exhibition-Convention Centre, Pragati Maidan, New Delhi on 9–10 September 2023. It was the first G20 summit held in India.**
 - **It will be multimodal in nature, traversing a distance of over 3000 miles, and proposes to integrate the geopolitical and geoeconomic zones of Asia, the Middle East (West Asia) and Europe, enabling smooth transition of goods and services to, from, and between India, the UAE, Saudi Arabia, Jordan, Israel, and Europe, as the White House stated in a memo shortly after the announcement.**

KEY ASPECTS OF THE GEOPOLITICS OF G20 MEETINGS AND INDIA

- **Economic Significance:** India is one of the fastest-growing major economies in the world. It has a large and diverse economy with a growing middle class, making it an attractive market for other G20 members. Its economic policies and performance are of interest to the other members.
- **Population and Demographics:** India has the second-largest population in the world, which gives it significant demographic weight. This population can be a source of economic vitality, but also poses challenges related to education, healthcare, and employment.
- **Development Challenges:** India faces significant development challenges, including poverty, inequality, and access to basic services. These issues are of global concern and are often discussed in the context of international development goals.
- **Geopolitical Relations:** India's relationships with other G20 members, particularly China and the United States, are crucial in shaping the geopolitics


- 
- 
- **Harmonization of Regulations and Standards:** G20 members recognize the importance of harmonizing regulations and standards to facilitate value chain integration. This can include efforts to align product specifications, quality standards, and certification processes.
 - **Digitalization and Technological Integration:** The G20 often discusses the role of digitalization and technology in enabling value chain integration. This includes efforts to promote the use of digital platforms, e-commerce, and other technologies that enhance communication and coordination along value chains.
 - **Infrastructure Development:** Adequate infrastructure, including transportation, logistics, and communication networks, is crucial for the efficient functioning of value chains. G20 discussions may address the need for infrastructure development and investment to support integrated value chains.
 - **Human Capital Development:** A skilled workforce is essential for effective participation in value chains. Discussions in the G20 may focus on strategies for education and skill development to ensure that countries have the human capital necessary to contribute to integrated value chains.

- 
- **Sustainable and Responsible Value Chains:** G20 discussions on value chain integration increasingly emphasize sustainability and corporate social responsibility. This includes efforts to ensure that value chains operate in an environmentally sustainable and socially responsible manner.
 - **Resilience and Risk Management:** Recent disruptions, such as the COVID-19 pandemic, have highlighted the importance of building resilience into value chains. G20 discussions may address strategies for risk management, including diversification of suppliers and production facilities.
 - **Inclusivity and Development Impact:** G20 discussions on value chain integration also consider the inclusive development impact. Efforts may be made to ensure that value chains benefit all stakeholders, including small and medium-sized enterprises (SMEs), and contribute to job creation and poverty reduction.
 - Overall, value chain integration is a critical topic in G20 discussions, reflecting the importance of efficient and globally interconnected production and distribution networks. The forum provides a platform for member countries to share insights, coordinate policies, and work towards solutions that promote seamless value chain integration on a global scale



India-Middle East-Europe Corridor (IMEC)

- ▶ The historic agreement on the “**India-Middle East-Europe Corridor (IMEC)**” during the G-20 Summit in Delhi marks a momentous occasion for India. The corridor not only provides an alternative transport route to the thriving markets of the Middle East and Europe but also extends India’s reach to North Africa and North America.
- ▶ Saudi Arabia, the UAE, India, France, Germany, Italy, the US, and the EU signed a deal during G20 meetings in New Delhi to establish the India-Middle East-Europe Economic Corridor. The IMEC will comprise two separate corridors: the east corridor will connect India to the Arabian Gulf and the north corridor will connect the Gulf to Europe.
- ▶ The **India-Middle East-Europe Economic Corridor (IMEC)** is a planned economic corridor that aims to bolster economic development by fostering connectivity and economic integration between Asia, the Arabian Gulf, and Europe.
- ▶ The corridor is proposed from India to Europe through the United Arab Emirates, Saudi Arabia, Jordan, Israel and Greece.
- ▶ The network will support the seamless movement of goods under a digital and single trade document and will be far cheaper operationally than the Suez Canal route



THE BELT AND ROAD INITIATIVE (BRI) AND THE INDIAN MULTILATERAL ECONOMIC CORRIDOR (IMEC)

- ▶ The Belt and Road Initiative (BRI) and the Indian Multilateral Economic Corridor (IMEC) are both major infrastructure development projects in Asia, but they are associated with different countries and have distinct goals and scopes. Here's a comparison between the two:

India-Middle East-Europe Economic Corridor

- INDIA
- UAE
- SAUDI ARABIA
- JORDAN
- ISRAEL
- ITALY
- FRANCE
- GERMANY

Northern Corridor
Connecting Europe

East Corridor
Connecting India to Arabian Gulf


Map by Ankit Kumar, *Representational concept map, not authoritative,

THE ECONOMIC CORRIDOR


--- Sea Route
— Rail Route



	Belt and Road Initiative (BRI):	Indian Multilateral Economic Corridor (IMEC):
Origin and Sponsors:	Originated in China and was announced by Chinese President Xi Jinping in 2013.	Proposed by India as a counterbalance to China's BRI.
	Spearheaded by China, with the goal of enhancing regional connectivity and promoting economic cooperation across Asia, Africa, and Europe.	The IMEC is not a single project, but rather an idea proposed by India to enhance connectivity and cooperation with neighboring countries in South Asia and beyond.



	Belt and Road Initiative (BRI):	Indian Multilateral Economic Corridor (IMEC):
Geographic Scope	Encompasses a vast network of infrastructure projects and economic corridors across Asia, Africa, and Europe, including roads, railways, ports, pipelines, and digital infrastructure	While not an official project or initiative, the IMEC is an idea put forward by India primarily focused on enhancing connectivity with neighboring countries in South Asia, Southeast Asia, and Central Asia.




	Belt and Road Initiative (BRI):	Indian Multilateral Economic Corridor (IMEC):
Goals and Objectives	<p>Aims to enhance regional connectivity, promote economic development, and facilitate trade and investment among participating countries. It also includes a focus on cultural and people-to-people exchanges.</p>	<p>The IMEC concept is aimed at increasing connectivity and economic cooperation with neighboring countries to foster regional development, stability, and security. It seeks to create economic corridors and networks that benefit all participating nations.</p>



	Belt and Road Initiative (BRI):	Indian Multilateral Economic Corridor (IMEC):
Funding and Financing	<p>The BRI is primarily funded by Chinese financial institutions, including the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund. It also involves financing from participating countries and international organizations.</p>	<p>The IMEC is still in the conceptual stage and does not have an established funding mechanism. It would likely involve a combination of public and private sector investments from India and potentially other partner countries.</p>



	Belt and Road Initiative (BRI):	Indian Multilateral Economic Corridor (IMEC):
Regional Dynamics	<p>The BRI has garnered both praise and criticism. Some countries see it as an opportunity for economic development and infrastructure investment, while others raise concerns about debt sustainability, environmental impacts, and geopolitical implications.</p>	<p>The IMEC, being a concept and not a formal initiative, has yet to be fully defined. Its success would depend on India's ability to mobilize regional cooperation and investment, and navigate geopolitical complexities in South Asia.</p>



	Belt and Road Initiative (BRI):	Indian Multilateral Economic Corridor (IMEC):
Geopolitical Implications	The BRI has raised geopolitical concerns, particularly related to China's growing influence and potential strategic implications in participating countries.	The IMEC, if realized, could be seen as India's attempt to assert its influence and counterbalance China's growing regional dominance.



ECONOMIC IMPLICATIONS FOR INDIA

- ▶ **Trade and Investment Opportunities:** G20 meetings provide India with a platform to engage with other major economies and explore trade and investment opportunities. Bilateral and multilateral discussions during G20 summits can lead to agreements that benefit Indian exporters and attract foreign investment.
- ▶ **Market Access and Trade Facilitation:** India can use G20 meetings to negotiate for better market access for its goods and services in other member countries. Discussions on trade facilitation measures, reduction of non-tariff barriers, and streamlining customs procedures can benefit Indian exporters.
- ▶ **Global Economic Stability:** Decisions made at G20 meetings, particularly those related to economic policies and financial regulations, can have a direct impact on India's economic stability. Agreements on issues like fiscal policy coordination, currency exchange rates, and financial market regulations can influence India's macroeconomic environment.
- ▶ **Currency Stability and Exchange Rates:** Discussions on exchange rates and currency stability in the G20 can affect India's exchange rate policies and the value of the Indian Rupee. Coordinated efforts to prevent excessive currency volatility can provide stability to India's external trade and investments.
- ▶ **Monetary Policy Coordination:** Decisions related to monetary policy coordination and interest rate policies made by major central banks in G20 countries can influence India's own monetary policy decisions. Changes in global interest rates and monetary policy stances can impact India's borrowing costs and capital flows.

- 
- **Infrastructure Investment and Development:** G20 discussions on infrastructure investment and development can be of significant interest to India. The forum can provide a platform for India to seek foreign investment and technical expertise for its infrastructure projects, which are crucial for sustained economic growth.
 - **Technology and Innovation Cooperation:** The G20 may discuss issues related to technology transfer, innovation, and digital economy policies. This
 - can have implications for India, which is striving to enhance its technological capabilities and digital infrastructure.
 - **Global Taxation and Financial Regulations:** Agreements reached in G20 meetings related to international tax policies and financial regulations can impact India's tax policies and regulatory environment for businesses and financial institutions.
 - **Climate Change and Sustainable Development:** G20 discussions on climate change and sustainable development can have economic implications for India. Agreements on climate-related policies and initiatives may require adjustments in India's energy and industrial sectors.
 - **Global Health and Pandemic Response:** Given the economic impact of health crises, discussions in the G20 on global health, pandemic preparedness, and vaccine distribution can directly affect India's healthcare sector and its efforts to combat epidemics.



VALUE CHAIN INTEGRATION

- ▶ Value chain integration is a crucial aspect of global trade and economic development. It involves the coordination and collaboration of various stages of production and distribution across different countries. The G20, being a forum for major economies, plays a significant role in discussions related to value chain integration. Here are some key points regarding value chain integration in the context of the G20:
- ▶ **Promotion of Open and Inclusive Trade Policies:** G20 members generally aim to promote open and inclusive trade policies. This includes reducing barriers to trade, harmonizing regulations, and facilitating the flow of goods and services across borders. These efforts are essential for seamless value chain integration.
- ▶ **Facilitation of Investment:** The G20 discussions often emphasize the importance of creating an environment conducive to investment. This involves policies that attract and protect foreign direct investment (FDI), which is crucial for establishing and expanding value chains.
- ▶ **Reducing Trade Barriers and Protectionism:** G20 meetings provide a platform for member countries to address trade barriers and protectionist measures that can hinder value chain integration. This includes discussions on tariff reductions, non-tariff measures, and the removal of unnecessary trade restrictions.



Thank You

► *For any query please pass your questions to:*

+91 90623 95123

