India unravels monetary policy measures-G-20 virtual meeting

Part of: GS-II- International organisation –G20 (PT-MAINS-PERSONALITY TEST)

India stressed the role of Finance Ministers and Central Bank Governors of G20 countries in safeguarding the lives and livelihood of people while maintaining macroeconomic stability in a sustainable manner in the backdrop of Covid-19 pandemic.

In her intervention at the virtual session of the Second G20 Finance Ministers and Central Bank Governors meeting, Finance Minister shared the measures taken by Government of India to provide the vulnerable sections with swift, timely and targeted assistance.

In a couple of weeks, India has disbursed financial assistance amounting to 3.9 billion dollars to more than 320 million people so far.

The disbursal is being done with a special focus on direct benefit transfer through digital technology so that the exposure of beneficiaries to public places is minimised.

The monetary policy measures undertaken by Government of India, Reserve Bank of India and other regulators have helped de-freeze the market and catalyse credit flows. These measures include liquidity support of 50 billion dollars, regulatory and supervisory measures for credit easing, relief on debt servicing through moratoriums on instalments of term-loans, eased working capital financing and deferred interest payments on such financing.

G-20 action plan to compact Covid 19

The new G20 Plan to combat Covid19 will guide individual and collective actions of the G20 members in responding to the pandemic in short and medium term. The Action Plan aims to protect lives, safeguard people’s jobs and incomes, restore confidence, preserve financial stability, revive growth and recover strongly. This plan also provides for helping countries needing assistance, coordinating in public health and financial measures and minimising disruption to global supply chain.

The G20 is committed to do whatever it takes to overcome the pandemic, along with the World Health Organization (WHO), International Monetary Fund (IMF), World Bank Group (WBG), United Nations (UN), and other international organizations, working within their existing mandates. We are determined to spare no effort, both individually and collectively, to:

? Protect lives.

? Safeguard people’s jobs and incomes.

? Restore confidence, preserve financial stability, revive growth and recover stronger.

? Minimize disruptions to trade and global supply chains.

? Provide help to all countries in need of assistance.
India PM view:

PM thanked the King of Saudi Arabia for convening this extraordinary session of G20. In his remarks, PM noted the alarming social and economic cost of the pandemic. He added that 90% of the COVID-19 cases and 88% of deaths were in G20 countries even as they share 80% of world GDP and 60% of world population. He called on the G20 to come out with a concrete action plan to fight the global pandemic.

PM underscored the need to put human beings at the centre of our vision of global prosperity and cooperation, freely and openly share the benefits of medical research and development, develop adaptive, responsive and humane health care systems, promote new crisis management protocols and procedures for an interconnected global village, strengthen and reform intergovernmental organisations like WHO and work together to reduce economic hardships resulting from COVID-19 particularly for the economically weak.

PM called on the Leaders to help usher in a new globalization for the collective well-being of humankind and have multilateral fora focus on promoting the shared interests of humanity.

PT-PICKUPS

G20 meeting held in Riyadh (Saudi Arabia).

- It was presided by Saudi Arabia. Saudi Arabia is the first Arab nation to hold the G20 presidency.
- The 2020 G20 Presidency will focus discussions, forums, working groups and Ministerial Meetings under the theme of “Realizing Opportunities of the 21st Century for All”.

About

The G20 is an informal group of 19 countries and the European Union, with representatives of the International Monetary Fund and the World Bank.

The G20 membership comprises a mix of the world’s largest advanced and emerging economies, representing about two-thirds of the world’s population, 85% of global gross domestic product, 80% of global investment and over 75% of global trade.

Headquarter: The G20 operates as a forum and not as an organisation. Therefore, it does not have any permanent secretariat or management and administrative structure.

Origin

1997-1999 Asian Financial Crisis: This was a ministerial-level forum which emerged after G7 invited both developed and developing economies. The finance ministers and central bank governors began meeting in 1999.

Amid 2008 Financial Crisis the world saw the need for a new consensus-building at the highest political level. It was decided that the G20 leaders would begin meeting once annually.
Members
The members of the G20 are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union.

One nation holds the Chair every year, known as ‘G20 Presidency’. Argentina chaired the G20 summit of 2018 and Japan for 2019.

V-Shaped Recovery

- A V-shaped recovery is characterized by a sharp economic decline followed by a quick and sustained recovery.
- The recession of 1953 is an example of a V-shaped recovery.
- A V-shaped recovery is different from an L-shaped recovery, in which the economy stays in a slump for a prolonged period of time.

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