



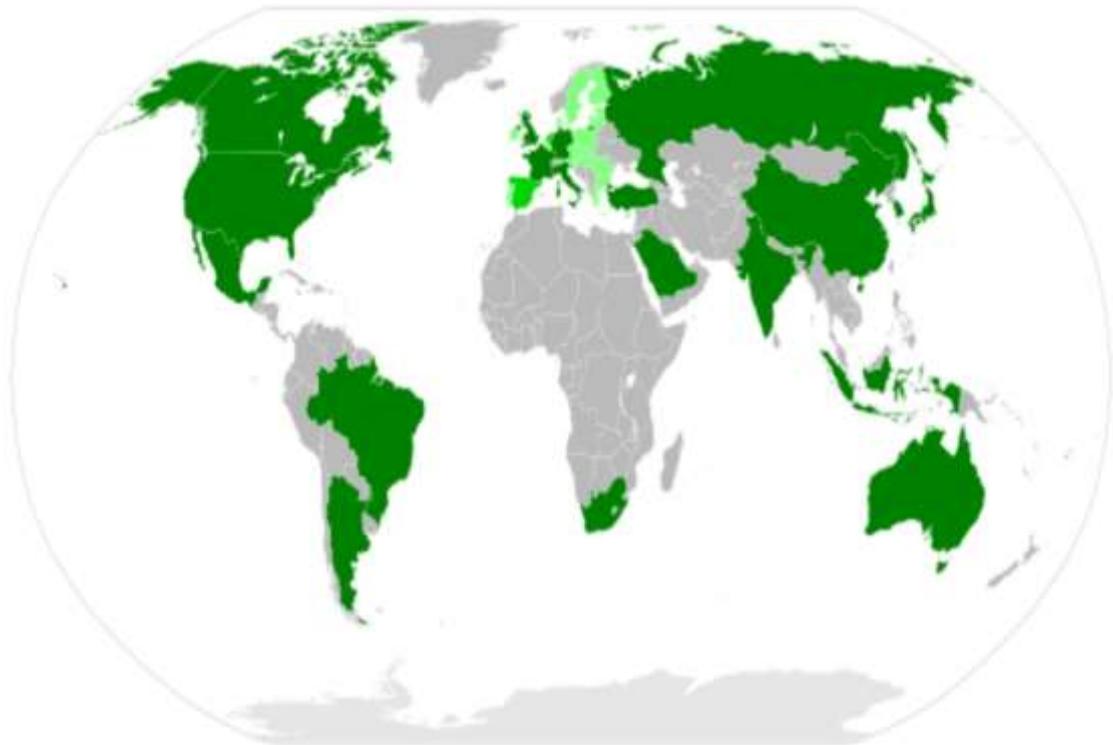
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G-20

MOST IMPORTANT NOTES FOR MAINS



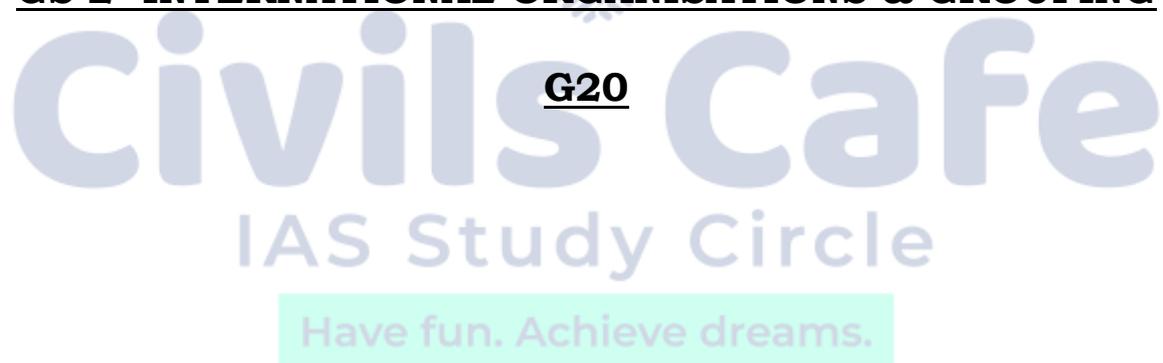
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GS 2- INTERNATIONAL ORGANISATIONS & GROUPING





The G20 is a strategic multilateral platform connecting the world's major developed and emerging economies. The G20 holds a strategic role in securing future global economic growth and prosperity. Together, the G20 members represent more than 80 percent of world GDP, 75 percent of international trade and 60 percent of the world population.

G20: ORIGIN

- Starting in 1999 as a meeting for the finance minister and central bank governors, the G20 has evolved into a yearly summit involving the Head of State and Government.
- In addition to that, the Sherpa meetings (in charge of carrying out negotiations and building consensus among Leaders), working groups, and special events are also organised throughout the year.
- 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.** Spain is also invited as a permanent guest.

- Each year, the Presidency invites guest countries, which take full part in the G20 exercise. Several international and regional organisations also participate, granting the forum an even broader representation.
- The presidency of the G20 rotates every year among its members, with the country that holds the presidency working together with its predecessor and successor, also known as **Troika**, to ensure the continuity of the agenda. **Currently Italy, Indonesia, and India are the Troika countries.**
- The G20 has **no permanent secretariat**. Agenda and the work coordination is completed by G20 leaders' personal representatives, known as sherpas together with finance ministers and central bank governors.
- The G20 was formed in 1999 with the aim of discussing policies in order to achieve international financial stability. This forum was formed as an effort to find a solution to the global economic conditions hit by the global financial crisis in 1997-1999 by involving middle-income countries and having systemic economic influence.
- The first meeting of G20 heads of state was in 2008 following the global financial crisis.

G20: OBJECTIVES

- Policy coordination between its members in order to achieve global economic stability, sustainable growth.
- To promote financial regulations that reduce risks and prevent future financial crises.
- To create a new international financial architecture.

G20: ACHIEVEMENTS

- Increased participation of emerging countries in global issues
- It took initiative in a \$1.1 trillion injection of financial aid into the global economy in 2009 during the global financial crisis.
- The improvement in the regulations of the economies whose problems led to the economic crisis and the creation of safety nets to prevent problems in the future.
- Areas of concern of G20 now expanded to include climate change, agriculture, health, education, water etc.
- The G20 so far has made important progress in reshaping the governance of global finance by implementing macro-prudential policies, developing strict rules on the "too big to fail" problem, increasing the lending capacity of the International Monetary Fund (IMF) and collecting richer information on the shadow banking system.
- The G-20 has also played a crucial role in strengthening the international financial regulatory system, including better coordination across countries.
- Approved Global Minimum Corporate Tax
- The first summit in London 2009, focused primarily on strengthening financial regulation, with agreement on a 47-point action plan to improve financial regulation over the medium term.

G20: INDIA'S PRIORITIES

- Besides calling for structural reforms to push economic growth India's priorities has been pushing for checking tax evasion to fight corruption, choking terror funds, cutting cost of remittances and market access for key drugs.
- In the Hangzhou Summit India urged G-20 nations to eliminate safe havens for economic offenders, unconditionally extradite money launderers and end excessive banking secrecy.

- According to the government of India it will work towards finding solutions and taking forward the G20 agenda for a robust, inclusive and sustainable international economic order that uplifts the socio-economic conditions of people across the world, especially those who need it most in developing countries.

G20: CHALLENGES

- The informal structure of G20: It has no permanent secretariat. The agenda changes every year according to the priorities of the presiding nation. So, critics say that G20 basically was an extension of the G7.
- Influences decision-making of smaller countries: The smaller countries, which are not a member of the G20 grouping, have to implement the declarations and commitments agreed by G20 nations for their growth and opportunity.
 - For example, the G20 nations agreed to end international financing for coal power plants. So, a small nation can not get any finance from G20 nations for a new coal power plant and has to use its own limited financial resources or phase out coal and look for other alternatives.
- Not able to address challenges within member nations: The G20 grouping is not able to solve the issues within its member nations like the US-China issue on trade, the US – Russia divide on nuclear weapons, etc.
- No Enforcement mechanism: The G20's toolkit ranges from simple exchanges of information and best practises to agree on common, measurable targets. None of this is achieved without consensus, nor is it enforceable, except for the incentive of peer review and public accountability.
- **Not legally binding:** The G20 declarations are not legally binding.

WAY FORWARD

- Formalisation of G20 with permanent secretariat and staff to oversee commitments and ensure continuity of agenda.
- G20 members need to abide by its climate commitment and support less developed and low-income countries with financial and technological aid.
- G20 should be a more representative and inclusive body.

The G20 focuses mostly on reforming the global financial system to increase global economic growth. But the world is also experiencing severe socio-economic problems such as increasing income inequality, youth unemployment and gender inequality. These problems increase social tensions. Therefore, making economic growth more inclusive should be on top of the G20 agenda. Promoting inclusive growth has been a priority for India at the G20 Forum.

THE UNBEATABLES

INTENSIVE PRELIMS MAINS
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