



Perspective: Sustainable, Balanced & Inclusive Growth

For Prelims: [G-20](#), [Inclusive Growth](#), [Sustainable Development](#), [Monetary Policy](#), [Fiscal Policy](#)

For Mains: Rules based trading system, WTO reforms, Financial Inclusion, Sustainable Development

What is the Context?

After a highly successful [G20 Leaders' Summit in New Delhi](#), India is now preparing for the **G20 Virtual Summit** later this year which will mark the **end of India's presidency**. Brazil will take over the G20 presidency from 1st December.

India's mantra of **Vasudhaiva Kutumbakam** - the **world is one family** - reflects in the **eight broad themes** adopted in the [New Delhi Leaders' Declaration](#), giving an all-embracing outlook, encouraging the world to **progress as one universal family, transcending borders, languages, and ideologies**.

The first and foremost commitment made by the G20 leaders is - **Achieving a strong, sustainable, balanced, and inclusive growth**. It talks about the **global economic situation, unlocking trade for growth, advancing financial inclusion, and fighting [corruption](#)**.

What is the Global Economic Situation?

- **Cascading Crises and Long-Term Growth:**
 - Challenges to **long-term growth** have emerged due to **cascading crises**. Addressing this issue requires the implementation of **well-calibrated macroeconomic and structural policies**.
 - The focus will be on **protecting vulnerable populations**, promoting **equitable growth**, and **enhancing macroeconomic and financial stability**. This approach aims to **resolve the cost-of-living crisis** and unlock strong, sustainable, balanced, and inclusive growth.
- **Global Economic Growth and Uncertainty:**
 - Global economic growth is currently **below its long-run average** and remains uneven. **High uncertainty** surrounds the economic outlook.
 - Notable **tightening in global financial conditions**, potential **debt vulnerabilities**, persistent inflation, and geoeconomic tensions contribute to downside risk.
 - **Well-calibrated monetary, fiscal, financial, and structural policies** are emphasized to **promote growth, reduce inequalities, and maintain macroeconomic and financial stability**. Cooperation in **macro policy** and support for the 2030 Agenda for Sustainable Development are key goals.
- **India's Efforts:**
 - For **rebuilding the trust** the need of the hour was to take the fruits of the **multilateralism** to the doors of developing countries. India did this by incorporating the [African Union](#) into the G20 grouping.
 - Though G20 is perceived as the voice of the economic powers India's presidency ensured that **growth should not be for the few rather it should be all-encompassing**.

- The comprehensive outcome of the G20 summit is an exercise in restoring trust, faith, and cooperation among the countries.

What does the G20 Declaration say about Inclusive Growth?

- **Unlocking Trade for Growth:**
 - **Commitment to a Rules-Based Multilateral Trading System:**
 - Members reaffirmed the **importance of a rules-based, non-discriminatory, fair, open, inclusive, equitable, sustainable**, and transparent multilateral trading system, with the WTO at its core.
 - There's also a commitment to **pursuing [WTO reform](#)**, with the goal of a fully functioning dispute settlement system accessible to all members **by 2024**.
 - **Facilitating Global Value Chains and Digitalization:**
 - Members welcomed the **adoption of the G20 Generic Framework for Mapping [Global Value Chains \(GVC\)](#)** to help member countries identify risks and enhance resilience in trade.
 - They expressed support for the **High-Level Principles on Digitalization of Trade Documents** and the intention to encourage their implementation while encouraging other countries to consider these principles.
 - **Trade, Environment and Development Support:**
 - Members highlighted the importance of **ensuring that trade and environment policies are mutually supportive and consistent with WTO** and multilateral environmental agreements.
 - They recognized the **significance of the WTO's 'Aid for Trade' initiative in enabling developing countries**, especially Least Developed Countries (LDCs), to participate effectively in global trade through **enhanced local value creation**.
- **Preparing for the Future of Work:**
 - **Promoting Skill-Based Migration:**
 - Members are committed to **working towards well-managed, regular, and skills-based migration pathways**.
 - They welcomed efforts to **identify global skill gaps and prioritize addressing them** through improved data collection and analysis, particularly extending coverage of the [ILO](#) and [OECD Skills for Jobs Databases](#) to G20 countries.
 - **Ensuring Social Protection, Inclusive Growth, and Workers' Rights:**
 - The declaration aims to achieve **sustainably financed universal social protection coverage**.
 - **They stressed on considering the portability of [social security](#) benefits** through bilateral and multilateral agreements.
 - They supported the **implementation of the UN Global Accelerator on Jobs and Social Protection for Just Transitions**, recognizing the significance of the cultural and creative sector for inclusive growth, sustainable development, and decent work.
 - They stressed on ensuring **adequate social protection** and decent working conditions for [gig and platform workers](#).
- **Advancing Financial Inclusion:**
 - The leaders welcomed the 2023 Update to Leaders on **Progress towards the G20 Remittance Target**.
 - The leaders endorsed the **Regulatory Toolkit for Enhanced Digital Financial Inclusion of [Micro, Small, and Medium Enterprises \(MSMEs\)](#)**.
 - They endorsed the **voluntary and non-binding G20 Policy Recommendations** for Advancing Financial Inclusion and Productivity Gains through Digital Public Infrastructure.
 - They **acknowledged** the significant **role of [Digital Public Infrastructure](#)** in advancing financial inclusion for inclusive growth and sustainable development.
 - They agreed to **support continuous efforts to strengthen digital financial literacy and consumer protection**.
 - They endorsed the **G20 2023 Financial Inclusion Action Plan (FIAP)** to provide an action-oriented and forward-looking roadmap for rapidly **advancing the [financial inclusion of individuals and MSMEs](#)**.
- **Fighting the Menace of Corruption:**
 - **Countries reaffirmed their commitment to zero tolerance for corruption,**

specifically in the context of international cooperation and combating corruption.

- **Endorsing the three G20 High-Level Principles on:**
 - **Strengthening Law Enforcement** related International Cooperation and Information Sharing for Combating Corruption
 - **Strengthening Asset Recovery Mechanisms** for Combating Corruption
 - **Promoting Integrity and Effectiveness of Public Bodies** and Authorities responsible for Preventing and Combating Corruption
- **Countries reaffirmed support for global efforts** to seize, confiscate, and return criminal proceeds to victims and states, in accordance with international obligations and domestic legal frameworks.
- **Supporting the [Financial Action Task Force \(FATF\)](#)** and the operationalization of the GlobE Network in these efforts.
- **Countries reaffirmed commitment to demonstrating and continuing concrete efforts** in criminalizing foreign bribery and enforcing foreign bribery legislation, in line with Article 16 of the United Nations Convention against Corruption (UNCAC).
- **Countries Welcomed the [Anti-Corruption Working Group's](#)** efforts in striving towards this goal and looking forward to enlarging participation in the OECD Anti-Bribery Convention, as appropriate.
- **Accelerating Progress on [Sustainable Development Goals \(SDGs\)](#):**
 - **Current Status and Commitment to Action:**
 - The current global progress on SDGs is behind schedule, with only **12 percent of the targets on track.**
 - The **G20** aims to **leverage its influence and collective commitment** to effectively implement the 2030 Agenda and accelerate progress towards the SDGs in a timely manner.
 - The goal is to **shape a better world for future generations.**
 - **Key Commitments for Accelerating SDG Implementation:**
 - The G20 commits to **taking collective action** for the **effective and timely implementation** of the G20 2023 Action Plan to Accelerate Progress on the SDGs.
 - The members endorsed the G20 Principles on Harnessing Data for Development (D4D) and the launch of the Data for Development Capacity Building Initiative to ensure that no one is left behind.
 - They reaffirm their commitment to **mobilizing affordable, adequate, and accessible financing** from all sources to support developing countries in implementing the 2030 Agenda.
 - The text highlights the **importance of tourism and culture for sustainable socio-economic development**, referring to the Goa Roadmap for Tourism as a means to achieve the SDGs.
 - There's a commitment to **enhance G20 cooperation and partnerships to address challenges in implementing the 2030 Agenda.** The G20 pledges support for United Nations initiatives to address the SDG financing gap.
 - **Sustainable Finance and Reporting:**
 - The G20 reiterates its commitment to **scale up sustainable finance and welcomed the G20 Sustainable Finance Roadmap.**
 - The G20 encourages the **adoption of social impact investment instruments** and improving nature-related data and reporting, considering the specific circumstances of individual countries.

Conclusion

To ensure the consensus achieved at the physical G20 Leader Summit translates into action, the key lies in the following actions:

- **Effective follow-up mechanisms: Implementing a system for tracking progress** and ensuring accountability for the commitments made during the summit.
- **Timely execution: Setting clear timelines and action plans** for each commitment.
- **Monitoring and reporting:** Regularly **assessing progress** and reporting on the achievements and challenges faced.
- **International cooperation:** Strengthening **collaboration among G20 countries** and with

international organizations to address global issues effectively.

- **Inclusive dialogue:** Encouraging continuous dialogue and engagement with all stakeholders, including civil society, to ensure diverse perspectives are considered.
- **Targeted policies and reforms: Developing policies and reforms at the national and international levels** to address the specific challenges identified during the summit.

By focusing on these aspects, the consensus reached at the G20 Leader Summit can be transformed into concrete actions that drive positive change in various areas of global concern.

UPSC Civil Services Examination, Previous Year Question (PYQ)

PRELIMS

Q1. With reference to the “G20 Common Framework”, consider the following statements:(2022)

1. It is an initiative endorsed by the G20 together with the Paris Club.
2. It is an initiative to support Low Income Countries with unsustainable debt.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (c)

- The Common Framework is an initiative supported by the G20 together with the Paris Club. G20 economies adopted the Common Framework for the poorest countries, bringing China, India and Turkey - which are not members of the Paris Club - into a coordinated debt restructuring process. Hence, statement 1 is correct.
- The G20 Common Framework aims to streamline the process for poor countries to reduce their stock of debt rather than just the temporary freeze in payments offered by the G20 Debt Service Suspension Initiative (DSSI), which is to support, in a structural way, low-income countries with unsustainable debt. Hence, statement 2 is correct. Therefore, option (c) is the correct answer.

Q2. In which one of the following groups are all the four countries members of G20? (2020)

- (a) Argentina, Mexico, South Africa and Turkey
- (b) Australia, Canada, Malaysia and New Zealand
- (c) Brazil, Iran, Saudi Arabia and Vietnam
- (d) Indonesia, Japan, Singapore and South Korea

Ans: (a)

- The G20 is an informal group of 19 countries and the European Union, with representatives of the International Monetary Fund and the World Bank.
- In order to achieve robust global economic growth, the member countries that represent and contribute more than 80% of the global GDP came at the premier forum for international economic cooperation, which was agreed by leaders at the Pittsburgh Summit in Pennsylvania (USA) in September 2009.
- The G20 members include Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Republic of Korea, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union (EU). Therefore, option (a) is the correct answer.

Mains:

Q1.It is argued that the strategy of inclusive growth is intended to meet the objective of inclusiveness and sustainability together. Comment on this statement. **(2019)**

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