

## **INDIA EMPHASIS ON THE NEED FOR G-20 NATIONS TO TAKE CO-ORDINATED ACTION TO ENSURE THAT THE NEGATIVE SPILLOVER EFFECTS OF GLOBAL RISKS ON EMERGING MARKET ECONOMIES (EMDES) ARE MINIMIZED**

### **INDIA GIVES UNEQUIVOCAL SUPPORT FOR NEW DEVELOPMENT BANK (NDB)'S MEMBERSHIP EXPANSION AND NEED FOR SETTING-UP OF AN INDEPENDENT BRICS RATING AGENCY<sup>1</sup>**

The Final G-20 Finance Ministers and Central Bank Governors Meeting under the 2018 Argentine Presidency and the final BRICS Deputies Meeting under the 2018 South African Chairmanship were held on 11<sup>th</sup> -12<sup>th</sup> October 2018 in Bali, Indonesia on the sidelines of the IMF/Fund Bank Annual Meetings.

#### **G-20 Finance Ministers and Central Bank Governors (FMCBG) Meeting**

The deliberations in the G-20 FMCBG meeting centered on key risks facing the global economy, enhancing a resilient international financial architecture, financing infrastructure development, progress on compact with Africa as well as streamlining of the GPFIs process.

Secretary, Department of Economic Affairs (DEA), Ministry of Finance, Government of India, Shri Subhash Chandra Garg in his interventions indicated that the risks related to trade tensions, financial vulnerabilities and oil prices have materialized and are having major impact on the Emerging Market Economies. Secretary (EA) emphasized on the need for G-20 nations to take co-ordinated action so as to ensure that the negative spillover effects of global risks on EMDEs are minimized. Secretary (EA) also appreciated the progress of work under the Argentine Presidency on developing infrastructure as an asset class. He indicated the importance of developing global standards and protocols for attracting private funds to the infrastructure space and hoped that the infrastructure agenda of G-20 can contribute in this direction. Secretary (EA) also highlighted the efforts undertaken by India to attract private players in infra financing space such as creating Real Estate Investment Trust Fund, Infrastructure Debt Fund as well as undertaking efforts for monetizing brownfield assets. On Compact with Africa, Secretary (EA) indicated the importance that Government of India (GoI) has placed on undertaking investments in Africa and highlighted the USD10 billion soft loan facility announced for Africa by the Prime Minister of India, Shri Narendra Modi. He further highlighted the investment facilitating schemes that GoI has in place to encourage private players to invest in Africa and elsewhere such as National Export Insurance Fund, Concessional Financing Facility etc.

#### **BRICS Finance Deputies**

The meeting focused on reviewing the progress achieved by the BRICS Forum in 2018 as well as deliberating on the way forward under the upcoming 2019 BRICS Chairmanship of Brazil. On the Finance Ministry track, the main issues that came-up for discussion were the membership expansion of New Development Bank (NDB), the staggering of schedule of payment of paid-in capital of NDB, the work of BRICS PPP Task Force and examining the possibility of developing a consensus on BRICS Rating Agency. On the Central Bank track, the discussions centered on the test run of the BRICS Contingent Reserve Arrangement undertaken by the Central Banks in 2018, the Fintech stocktaking exercise and the progress of work happening in the BRICS Bond Fund Working Group.

<sup>1</sup> Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1549515>

Secretary (EA) in his interventions indicated India's unequivocal support for NDB's membership expansion. Further, he called upon the BRICS Deputies to endorse the membership expansion plan of NDB following which the NDB Board along with the Management can continue with their work on finalizing the processes for membership expansion. Secretary (EA) also emphasized that the role of BRICS is to provide broad guidance to NDB and the decisions on managing the micro details should be left to NDB Board of Directors and Board of Governors. On the BRICS Rating Agency, Secretary (EA) indicated that the Report of the Expert Group set-up to study the feasibility of BRICS Rating Agency has envisaged the setting-up of a BRICS Rating Agency which is completely independent and private sector led. Secretary (EA) emphasized on the need felt by the emerging markets and developing economies for a rating methodology that takes into account the country circumstances of these economies. In this context, there was a need for BRICS to take lead and work together on the setting-up of a BRICS Rating Agency.

### **Other Meetings**

Other than the G20 and BRICS Meeting, Secretary (EA) also participated in the G24 Ministerial Meeting which was its 100<sup>th</sup> Meeting. Further, Secretary (EA) also had bilateral meetings with the G-20 Italian Finance Deputy, Mr. Alessandro Riviera, the Under Secretary of US Treasury, Mr. David Melpass as well as Mr. Marco Buti, Director-General of European Commission among others.

### **Team ICSI**

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