

FINANCE MINISTER SMT. NIRMALA SITHARAMAN ATTENDS THE 3RD G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS MEETING

Relevant for: International Relations | Topic: G20

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman participated in the 3rd G20 Finance Ministers and Central Bank Governors (FMCBG) meeting under the Saudi Arabian Presidency through Video Conferencing here today to discuss the global economic outlook amid evolving COVID-19 pandemic crisis along with other G20 Finance Track priorities for the year 2020.

The Finance Minister, in the first session of the meeting, talked about the G20 Action Plan in response to COVID-19 which was endorsed by the G20 Finance Ministers and Central Bank Governors in their previous meeting on 15th April 2020. This G20 Action Plan lays out a list of collective commitments under the pillars of Health Response, Economic Response, Strong and Sustainable Recovery and International Financial Coordination, aimed at co-ordinating G20 efforts to fight the pandemic. Smt. Sitharaman emphasized that it is crucial to ensure that this action plan remains relevant and effective.

Smt. Sitharaman shared her perspective on the way forward on the action plan and highlighted the need for international coordination required in addressing the spill-over effects of exit strategies. Emphasising that the Action Plan needs to reflect how the economies are balancing their supply side and demand side measures in response to COVID-19, Smt. Sitharaman shared with her counterparts how India is working on ensuring this balance through credit schemes for greater liquidity, direct benefit transfers, and employment guarantee schemes. The Finance Minister specifically referred to India's comprehensive economic package to address recovery and growth amounting to over \$295 Billion, about 10 per cent of India's GDP. Adding to this, Amt. Sitharaman also spoke about the procyclicality of credit rating downgrades by the rating agencies and its deterrent impact on policy options, particularly for EMEs.

In the second session of the meeting, the G20 Finance Ministers and Central Bank Governors discussed the developments on G20 Finance Track deliverables under the Saudi Arabian Presidency.

In her intervention, Smt. Sitharaman discussed two such deliverables. First, enhancing access to opportunities for Women, Youth and SMEs is a priority agenda under Saudi Presidency and a Menu of Policy Options on Access to Opportunities has been developed by G20 under this agenda. The Menu presents country experiences of G20 members related to policies aimed at: Youth, Women, Informal Economy, Technology & Adult Skills, and Financial Inclusion. The Finance Minister noted that this agenda has assumed even greater importance now as the pandemic has most impacted the vulnerable sections.

Second, referring to the International Taxation agenda and the intended deliverable of formulating a solution for addressing challenges related to digital taxation, Smt. Sitharaman noted the progress on the agenda and said that it is imperative that this consensus based solution should be simple, inclusive and based on a robust economic impact assessment.

During this session, the Finance Minister also shared some of the policy measures taken by the Government of India to fight the pandemic, including direct benefit transfers, special support to agriculture and MSME sectors, rural employment guarantee measures etc. Smt. Sitharaman

particularly highlighted how India has successfully employed technology-based financial inclusion by harnessing the nationwide digital payment infrastructure that India has built in last five years, to make contactless cash transfers of over \$10 billion into the bank accounts of 420 million people. She also referred to the swift measures to provide free food grain to over 800 million people for eight months till November 2020.

RM/KMN

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