

**GOVERNMENT OF INDIA  
EXTERNAL AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:560  
ANSWERED ON:08.07.2009  
G-20 SUMMITS  
Tewari Shri Manish

**Will the Minister of EXTERNAL AFFAIRS be pleased to state:**

- (a) whether any discussions were held in Washington and London summits of G-20 group of countries to tackle global economic recession;
- (b) if so, the details and the outcome thereof;
- (c) the steps taken/being taken by the Government as a result thereof;
- (d) whether the Government has any macro economic expectations from upcoming G-20 summit in St. Petersburg; and
- (e) if so, the details thereof?

**Answer**

THE MINISTER OF EXTERNAL AFFAIRS(SHRI S.M. KRISHNA)

(a) Yes.

(b) The Washington Summit held on November 15, 2008 outlined the root cause of the current world financial and economic crisis, actions taken and to be taken and common principles for reform of financial markets. The Summit outlined further work to be done in five areas:

- (i) Strengthening transparency and accountability
- (ii) Enhancing sound regulation
- (iii) Promoting integrity in financial markets
- (iv) Reinforcing international cooperation
- (v) Reforming the International Financial Institutions

In the Washington Summit, a comprehensive action plan to implement the principles for reform was laid down. The Leaders also made a commitment to an open global economy.

In the London Summit held on April 2, 2009, concrete measures to arrest and reverse the global downturn were proposed. These included, inter alia, coordinating counter-cyclical policies (commitment of US\$ 5 trillion fiscal expansion supported by accommodative monetary policies) for restoring global growth; augmenting resources of International Financial Institutions (IMF, World Bank and other Multilateral Development bodies) by an additional US\$ 1.1 trillion for kick-starting the global economy, meeting the balance of payment needs and providing social support for countries in crisis; strengthening financial supervision and regulation (through a framework of internationally agreed standards of financial regulation and supervision); and establishing the new Financial Stability Board (FSB). The Summit agreed to develop an effective early-warning system to spot build up of risks threatening global financial stability as well as to extend regulation and oversight to all systemically important financial institutions, instruments and markets. There was also agreement to take action against non-cooperative jurisdictions including tax havens. The member countries reaffirmed commitment against protectionist measures.

(c) India's macro-economic policy response has been in consonance with the broad tenets of the commitments made in G-20 Leaders meeting. Both the Government of India and the RBI have taken adequate measures. The Government launched fiscal stimulus packages which came on top of an already announced expanded safety-net programme for the rural poor, the farm loan waiver package and payout following the Sixth Pay Commission report. RBI's policy response has been to contain the contagion from the global financial crisis while maintaining comfortable domestic and foreign exchange liquidity. India is now a member of the newly expanded Financial Stability Board and has been participating in its decisions for improving the regulatory and supervisory framework.

(d) & (e) Even though growth in many G-20 countries and other countries is still negative, (India being a notable exception), there are

some signs of improvement in the global economy. The forthcoming G-20 Summit in Pittsburgh, USA, in September 2009 may address the issues of appropriate exit strategies from the fiscal expansion; global imbalances that are linked to sustainable recovery; and resumption of capital flows to developing countries.