

CHAPTER 1

INDIA, G20 AND THE WORLD

INDIA IN WORLD POPULATION

1.1. The United Nations Population Division estimates the global population in 2010 at 6908.7 million. Compared to this, the population of India was 1210.2 million as on 1st March, 2011 as per provisional estimates of Census 2011, which is approximately 17.5 % of the world population. It is only second to the population of China, which accounts for around 19.4% of the global population. The population of India is almost equal to the combined population of the United States of America, Indonesia, Brazil, Pakistan, Bangladesh and Japan, which taken together is about 1214.3 million. The population of China, India and the United States of America, taken together account for nearly 40% of the world population.

1.2. The United Nations has estimated that the world population grew at an annual rate of 1.23 percent during 2000-2010. China registered a much lower annual growth rate of population (0.53 percent) during 2000-2010, as compared to India (1.64 per during 2001-2011), which figure is higher than the global average. In fact, the growth rate of China is now third lowest among the ten most populous countries, which is substantially lower than the United States of America (0.7 percent).

ECONOMY

1.3. The Indian economy is one of the fastest growing economies in the world and in terms of purchasing power parity (PPP), the Indian economy ranks the fourth largest in the world, after the United States, China and Japan. Among the fastest growing large economies in the world, India accounts for approximately 4% of the world's GDP. According to the World Economic Review of the International Monetary Fund, the real GDP growth of the World was forecasted to be about 4.5% in 2011 and in 2012, down modestly from the growth prediction of 5% in 2010.

1.4. The Indian Economy has emerged with remarkably rapidity from the slowdown caused by the Global Financial crisis of 2007-09. With growth in 2009-10 being pegged at 8.0% by the Central Statistics Office, the turnaround has been fast and strong. The growth during 2010-11, predicted at 8.6%, reflects a rebound in agriculture production and sustained level of activities in the Industry and Services Sectors.

1.5. India is rapidly growing economy, though still a medium sized merchandise exporting country, the 15th largest exporting nation in the world in 2008. Amongst the nations with merchandise exports valued at USD 177 Billion during the year ending March 2010, India is ranked as the 20th largest merchandise trading nation. The United States was India's largest trading

partner in 2005-06, followed by China and the UAE. Since 2008-09, UAE is the largest trading partner of India, followed by China and the USA.

1.6. India's trade growth in US\$ terms, has been robust at 20% plus since 2002-03. It is strongly co-related with the world trade growth and has been significantly higher than world trade growth particularly in the time period, first just following the 1990 reforms, and second after 2003. Unlike many other countries, the global recession only slightly jolted the continued upward growth in India export sector.

1.7. The compound annual growth rate for Indian merchandised export for the five year period 2004-05 to 2008-09 increased to 22% from the 14% level of the presiding 5 year period. However in 2009-10, there was a negative growth of export (-3.5%), which was due to the decline in the world trade volume, which also fell by 10.7% in 2009. India's share in world merchandised export is rising, but by a very slow pace, so as to reach 1.3% in 2009 and 1.4% in 2010. The Share of China in the world export between the years 2000 to 2009 increased from 3.9% in 2000 to 9.7% in 2009. The merchandised export of India was also affected by the global recession and fell to US\$ 288.4 billion, with a negative growth of -5.0% in 2009-10. This was primarily due to the fall in growth of petroleum oil and lubricant imports by 7% and non POL import by 4.2%. The most notable change is the sudden rise in share of capital goods imports from 10.5 % in 2000-01 to 15.0 % in 2009-10 and again a fall to 13.1% in the beginning of 2010-11, the reason being the sea-saw movement in share of import of transport equipment.

Human Development

1.8. Each year since 1980 the Human Development Report has published the Human Development Index (HDI) which was introduced as an alternative to conventional measures of national development, such as level of income and the rate of economic growth. The HDI represents a push for a broader definition of well-being and provides a composite measure of three basic dimensions of human development, health, education and income.

1.9. In the Human Development Report 2010 by United Nations Development Programme (UNDP) that covered 169 countries and territories, first time three new indices - Inequality Adjustment HDI, Gender Inequality Index and Multi-Dimensional Poverty Index has been developed. There has been steady progress on HDI over the past 20 years and India's HDI (134) is above the average for countries in South Asia. However, India's position is way below that of China (101) and Sri Lanka (97).

1.10. Although India has improved in the income index, but has lagged behind the neighbouring countries like Bangladesh and Pakistan in education and healthcare. Even though India has made steady progress in the human development index over the past 20 years, the country continues to see rising inequality, especially in education and healthcare - is factored in. Norway has topped the HDI, with a score of 0.943, in a scale of zero to one. A score of one indicates a perfect level in the index. The Nordic country is followed by

Australia at the second place (0.929) and New Zealand with a score of 0.910 ranked third. The world's largest economy US is fourth with a score of 0.910.

1.11. In the Gender Inequality Index, India is at a poor 134nd position, Bangladesh and Pakistan are ranked at 146th and 145th positions, respectively, indicating that India is better in gender equality than these nations. Between 1980 and 2010 India's HDI rose by 1.6% annually from 0.320 to 0.519 today.

1.12. India has performed better than most (including very high and high human development) countries in terms of average annual HDI growth rate except China as mentioned in Table 1.2.

G20 COUNTRIES

1.13. The G20 comprises of 19 countries namely, Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, the Republic of Korea, Turkey, the United Kingdom, the United States of America and the European Union, which is represented by the rotating Council Presidency and the European Central Bank as the 20th member. It represents 90 per cent of the global Gross National Product, 80 per cent of the World's Trade and two-third of the World's Population.

1.14. The G20 was established in 1999 to bring together Finance Ministers and Central Bank Governors of systemically important industrialized and developing economies to discuss key issues relating to the global economy and financial stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international financial institutions, the G-20 helps to support growth, financial stability and development across the globe. During this period, China overtook Japan as the world's second largest economy, and the replacement of the old G7/G8 structure with the G20, bringing together the twenty most important economies from both the advanced and developing worlds




1.15. Since its inception, the G20 has held annual Finance Ministers and Central Bank Governors' meetings and discussed measures to promote financial stability in the world and achieve sustainable economic growth and development.

1.16. In the wake of the global financial and economic crisis in 2008, the G20 was elevated to a Leaders' Summit. It was designated as a premier forum for International Economic Cooperation in 2009, effectively replacing the G8 as a forum for steering the global issues. The move was considered a milestone in reforming global governance, making it more inclusive since this forum comprises both emerging as well as industrialized economies.

1.17. Five Summits at the level of G20 leaders or Heads of State have been held since breakout of the Global Economic Crisis in 2008, which are as follows :




Sl. No.	Summit's venue	Month/Year
1.	Washington, DC,UDA	15 th November, 2008
2.	London, UK	2 nd April, 2009
3.	Pittsburgh, USA	24-25 September, 2009
4.	Toronto, Canada	26-27 June, 2010
5.	Seoul, South Korea	11-12 November,2010

1.18. The significant achievements of the first G20 Summit held in November 2008 in Washington DC were in the form of high level commitments, such as :

-  to reform international financial regulation;
-  to expand the financial Stability Forum and other major standard setting bodies; and
-  to give greater voice and representation to emerging and developing countries in International Financial Institutions.





1.19. The second G20 Summit was held in London in April 2009, where the Leaders pledged to : (i) restore confidence, growth and jobs; (ii) promote global trade and investment; and (iii) reject protectionism. They also agreed to undertake unprecedented and concerted fiscal expansion and monetary easing, and reached an agreement to provide over a trillion US dollar of additional resources to the global economy through the International Financial Institutions, of which 750 billion US dollar was for the IMF.

1.20. The Third G20 Leaders' Summit was held in Pittsburgh, USA on 24-25 September, 2009. The major outcomes of this meeting were :

-  timelines for voice and quota reforms in the World Bank and the IMF, timelines for regulatory reform in the Financial Sector
-  launching of a Framework for Strong Sustainable and Balanced Growth, (4) resolve to phase out and rationalize inefficient fossil fuel subsidies while protecting the interests of the poorest, and
-  designating the G20 as the premier multilateral forum for cooperation on economic issues.

1.21. The fourth G20 Leaders' Summit was held at Toronto, Canada, on 26-27 June, 2010. The leaders agreed that the G20 countries should ensure a full return to growth with quality jobs, carry out growth friendly fiscal consolidation, reforms and strengthen financial systems, and create strong, sustainable and balanced global growth. In addition, there was agreement on strengthening the social safety nets, enhancing corporate governance reform, financial market development, infrastructure spending, and greater exchange

rate flexibility in some emerging markets. In this summit the leaders unanimously agreed for

-  pursuing structural reforms across the entire G-20 membership countries to increase and sustain growth prospects; and
-  making more progress on rebalancing global demand.
-  renewing for three years (until end 2013) the G20 commitment to refrain from raising barriers or imposing new restrictions on trade in goods and services, imposing new export curbs or implementing WTO inconsistent measures to stimulate exports.
-  support to bring the Doha Development Round to a balanced and ambitious conclusion as soon as possible.

1.22. The Fifth G20 Summit was held in Seoul, South Korea, on 11th and 12th November, 2010. The Leaders' Declaration in this summit includes Adoption of the Seoul Action Plan, "country specific actions, to move closer to the shared objectives of stronger, sustainable and balanced growth". In detail it is to :

- (a) Undertake macroeconomic policies, including fiscal consolidation to ensure on going recovery and sustainable growth and enhance the stability of financial markets, in particular moving towards more market determined exchange rate systems, and refraining from competitive devaluation of currencies. Advanced economies, including those with reserve currencies, will be vigilant against excess volatility and disorderly movements in exchange rates;
- (b) Implement a range of structural reforms that boost and sustain global demand, foster job creation, and increase the potential for growth; and
- (c) Enhance the Mutual Assessment Process (MAP) to promote external sustainability. To strengthen multilateral cooperation to promote external sustainability and pursue the full range of policies conducive to reducing excessive imbalances and maintained current account imbalances at sustainable levels. The leaders have tasked the G-20 Framework Working Group (of which India is a co-chair, along with Canada) with technical support of the IMF and other international organizations to develop indicative guidelines composed of a range of indicators that would serve as a mechanism to facilitate timely identification of large imbalances that require preventive and corrective actions to be taken.

INDIA AND G20

1.23. It is prettily exciting that in G20 Countries, not only the very rich countries are included but also countries like China and India that are now

middle-income countries and starts making contribution to help the poorer as well are included.

1.24. India is a member of the G20 since it was established as Finance Ministers Forum in 1999. India is the only G20 member country from South Asia and one of the important emerging market member countries in the G20. India's views – being a member of the Group of 20 and the big economic powerhouse next to USA, China and the EU – on how to overcome global challenges with regard to ongoing problems caused by the economic and financial crisis are increasingly recognized and welcomed.

1.25. Some important landmarks in India's involvement in the G20 are:

- ✚ India chaired G20 in 2002 and hosted G20 Finance Ministers and Central Bank Governors meeting in that year.
- ✚ Co-chaired (represented by Deputy Governor, RBI) the G20 Working Group on Enhancing Sound Regulation and Strengthening Transparency (after the November 2008 Washington Summit)
- ✚ Currently co-chair of the working Group on G20 Framework for Strong, Sustainable and Balanced Growth along with Canada.
- ✚ India is contributing to various thematic issues being deliberated in G20 such as :
 - Financial sector regulatory reform
 - Climate change
 - IFIs reform
 - Growth and Fiscal Consolidation
 - Enhancing shareholding in forums such as FSB, IASB
 - Issues pertaining to Non-Cooperative Jurisdiction (Global Forum, FATF etc.)

1.26. Several landmark reforms of International Financial Institutions were initiated at the behest of the G20 which heightened the expectation for bringing about fundamental changes in the functioning of the global institutions and in the global governance structure. India as a member of the G20 has been actively engaged in Global Economic Governance and in shaping the World Order.

1.27. The G20 members have enjoyed enormous progress against poverty, especially over the last 20 years. Economic conditions within these countries play a major role in setting the economic atmosphere of less well-to-do nations and their economies. In many aspects, developing and less developed economies depend on the developed countries for their economic wellbeing.

1.28. Overall inequality in the G20 (and the world) has come down, but that is on average, and not all members have experienced widening intra-country inequality. In fact, the poor in the G20 (and the broader world) have been getting richer in unprecedented numbers, and are beginning slowly to reduce

the relative gap with the rich. The success of the G20 economies has been remarkable, but success does not mean victory by any means. The number of poor is still embarrassingly large.

1.29. The 2011 Report released by the Asian Development Bank predicted that Asian nations such as China and India would play a more important role in the process of Global Economic Governance Reform in the future. The report stated that the rise of emerging market economies heralded a new world order, in which the G-20 would become the Global Economic Steering Committee.

Highlights: Comparison of India with other G20 Countries

- ✚ Among G20 Countries, in 2010, valuation of India on Purchasing Power Parity (GDP) is at the 4th position. USA stands at 1st position followed by China and Japan. As far as per capita income is concerned, India is at the 19th position, the only country for which per capita income is lower than India is Indonesia.
- ✚ Among G20 countries, Human Development Index (0.547) for India for 2011 is lowest (134), followed by South Africa (0.619) at 123rd position and China at 101st position. Countries which are having maximum rank are Australia (2), United States (4), Canada (6), Germany (9) and Japan (12).
- ✚ According to this report, life expectancy at birth is the minimum for South Africa (52.8) and then India (65.4), which is less than the World average of 69.8.
- ✚ Countries having Life expectancy at birth higher than 80 are Australia (81.9), France (81.5), Germany (80.4) and the United Kingdom (80.2).
- ✚ Among G20 Countries, maternal mortality ratio is maximum in South Africa (410) followed by Indonesia (240) and then India (230).
- ✚ Countries having maternal mortality ratio less than 10 are Italy (5), Japan (6), Germany (7), France (8) and Australia (8).
- ✚ World average for total fertility rate is 2.4. The countries which are having fertility rate more than World average are India (2.5), Saudi Arabia (2.6) and South Africa (2.4).
- ✚ Among G20 Countries, Adolescent fertility rate is the maximum for India (86.3), followed by Mexico (70.6), Brazil (75.6) and then South Africa (59.2). For rest of the countries, adolescent fertility rate is much lower than the world average 58.1.



India's position for schooling is worst among G20 Countries. Expected years of schooling in India is 10.3, lower than world average (11.3). The mean year of schooling is 4.4, which is much lower than world average (7.4). Population with at least Secondary Education is 26.6, much lower than World average.

This chapter contains the following tables :

Table 1.1: Export growth and Share in world exports: India and other Countries

Table 1.2: Human Development Index and its Components

Table 1.3: G-20

Table 1.4: Human Development Index and its components for G20 Countries