

Impact of G-7's Infrastructure Plan on India

Why in news?

The G-7 grouping launched a U.S.-led \$600 billion Partnership for Global Infrastructure and Investment (PGII) at their summit in Germany's Schloss Elmau.

What is PGII?

G7 is an informal forum of leading industrialised nations, which include Canada, France, Germany, Italy, Japan, the United Kingdom and the United States. Representatives of the European Union are always present at the annual meeting of the heads of state and government of the G7.

- The Partnership for Global Infrastructure and Investment (PGII) is a joint initiative to fund infrastructure projects in developing countries.
- The PGII was first announced in G7 Summit in the UK in 2021.
- Back then, the US President Joe Biden had called it the Build Back Better World (B3W) framework.
- Collectively, the PGII aims to mobilise nearly \$600 billion from the G7 by 2027 to invest in critical infrastructure that improves lives and delivers real gains for all of our people.
- The project is being seen as the G7 bloc's counter to China's 'Belt and Road Initiative.'
- **Objectives**
 - To meet the enormous infrastructure needs of low and middle-income countries and
 - To support the United States' and its allies' economic and national security interests.
- The PGII will finance the projects from both the government and the private sector.
- The fund is not "charity or aid", but loans.
- **Priority Pillars**
 - Tackling climate crisis and ensuring global energy security through clean energy supply chains
 - Bolstering digital Information and Communications Technology (ICT) networks facilitating technologies like 5G & 6G internet connectivity and cybersecurity
 - Advancing gender equality and equity
 - Upgrading global health infrastructure

What was India's response?

- India was not privy to PGII consultations, nor was the infrastructure plan part of the documents that were signed by the G-7 outreach invitees to the summit.
- It also came as a surprise that India hadn't endorsed the PGII plan given that the U.S. billed it as a rival to China's BRI, with much more sensitivity to sustainable debt burdens and environmental concerns.
- **Role for India-** The PGII factsheet includes a specific plan for investment in an Agritech and

Climate sustainability fund that would invest in companies that increase food security and promote both climate resilience and climate adaptation in India.

- According to the documents, the India fund would target \$65 million by September 2022, and a target capitalisation of \$130 million in 2023.

What could be some of the reasons for India's restraint on PGII?

- **Lack of clarity**- The PGII is one of the U.S.-led economic initiatives announced globally and in the Indo-Pacific, without much clarity on whether they would overlap, or run concurrently with each other.
- **Inconsistent funding**- The PGII announcement for \$600 billion also comes a year after the U.S. led a G-7 initiative to counter China's strategic competition and to narrow the infrastructure gap in the developing world.
- In 2021, the Biden administration also revived a Trump administration project for the [Blue Dot Network Initiative](#) to certify infrastructure projects, but had stopped short of funding them.

Reference

1. <https://www.thehindu.com/business/Economy/explained-how-will-g-7s-infrastructure-plan-impact-india/article65592329.ece?homepage=true>

