



INDIA AND G20: STRENGTHENING AND SHAPING GLOBAL GOVERNANCE

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ABSTRACT

For the first time in the history of the G20, India, an emerging power representing 1.30 billion people with a democratic polity, will host the summit from 1st December 2022 and convene the G20 Leader's Summit in 2023. This symbolises that the focus of international development cooperation has shifted towards the Global South, illustrating the growing influence of emerging economies such as India in promoting multilateralism and directing international development cooperation. G20, accounting for 85 per cent of global GDP, 75 per cent of international trade and two-thirds of the world population, is a premier forum for international economic cooperation. India's presidency in this unique global institution presents an excellent opportunity to accelerate sustainable growth within India, in the emerging world, and beyond. India's support for global cooperation, inclusive development, economic stability, and sustainable growth is in line with its national goals and the values espoused by other leaders of the G20. In this background, the paper explores India's core interests in G20 and is confined to a specific question – With Global discord at its peak, what will India's G 20 presidency focus on? It concludes by stating that India's presidency has the potential to assist states struggling to overcome the effects of the covid-19 pandemic, as well as to accept diverse perspectives and opinions regarding the ongoing matters of concern.

KEYWORDS: India, G 20, Global South, sustainable growth, inclusive development, economic stability

INTRODUCTION

As India prepares to assume the presidency of the G20 in 2022, it intends to strengthen multilateralism and global governance further to build a peaceful, sustainable, and prosperous world for all. The principles of inclusion, flexibility, and diversity underlie this multilateral cooperation in the G20. As a founding member of the G20, India has used the forum to address issues of international importance and those that impact the world's most vulnerable populations. Following are some examples that illustrate this point. First, India is the only country among the G20 countries advancing rapidly toward achieving its climate goals mentioned under the Paris agreement. Second, the leadership role played by India in defining the success of the India-France-led International Solar Alliance is well regarded as a pivotal intervention in mobilising resources for the development of renewable energy technologies. Third, as an essential and reliable pillar of the world economy and global supply chains, the 'Self Reliant India (Atma-nirbhar Bharat)' initiative is expected to play a transformational role for "New India" in the global paradigm following the COVID -19 crisis. Fourth, the establishment of the Coalition for Disaster Resilient Infrastructure, comprising nine G20 nations, to develop infrastructure that will help developing and least developed countries cope with the impacts of natural disasters.

Against this background, the paper is structured into three main sections. The first section provides a brief overview of the G20 and its evolution. The second section explores India's core interests during its presidency of the G20. Finally, the third section concludes the study. However, a caveat is in order before I proceed. The paper does not

provide an in-depth analysis of all the core interests that India is focusing on during its G20 presidency. It attempts to provide only a comprehensive overview of India's main interests. Moreover, the study is interdisciplinary in nature as the discourse is based and conceptualised in the historical context with social insights into the contemporary development of events.

G20

Group of Twenty, or G20, is an intergovernmental organisation comprising 19 of the world's major economies, viz. Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the UK, and the US—and the European Union (EU). The G20 Summit is formally known as the "Summit on Financial Markets and the World Economy". Its membership comprises a mix of the world's largest advanced and emerging economies, representing about 90 per cent of the world's GDP, 80 per cent of global trade, and 67 per cent of the planet's population (Bhatia 2022). Each G20 country is represented by its Sherpa, who plans, guides, implements, etc., on behalf of the leader of their respective country. Besides G20 members, it has been a tradition for the G20 presidency to invite guest countries and international organisations to its meetings.

The work of the G20 is divided into two tracks – (a) The Finance track comprises all meetings with G20 finance ministers, central bank governors, and their deputies. They meet several times throughout the year and focus on monetary and fiscal issues, financial regulations, etc. It consists of eight work streams - Global Macroeconomic Policies, Infrastructure



Financing, International Financial Architecture, Sustainable Finance, Financial Inclusion, Health Finance, International Taxation, and Financial Sector Reforms. (b) The Sherpa track focuses on broader issues such as political engagement, anti-corruption, development, energy, etc. Each G20 country is represented by its Sherpa, who plans, guides, implements, etc., on behalf of the leader of their respective country. Former NITI Aayog CEO Amitabh Kant has been appointed India's Sherpa for the G20 months ahead. The Sherpa track consists of 12 work streams: Anti-corruption, Agriculture, Culture, Development, Digital Economy, Employment, Environment and Climate, Education, Energy Transition, Health, Trade and Investment, and Tourism. Furthermore, the G20 also regularly engages with non-government sectors. There are 10 Engagement Groups of private sector/civil society/independent bodies consisting of Business 20, Civil 20, Labour 20, Parliament 20, Science 20, Supreme Audit Institutions 20, Think 20, Urban 20, Women 20 and Youth 20 in the G20 forum.

In terms of the structure and functioning of the G20, the G20 Presidency rotates each year to ensure a regional balance over time. During the selection of the presidency, the 19 countries are divided into five groups, each containing no more than four countries. The presidency is rotated among the groups. The G20 makes an annual selection of a country from another group to serve as president. India is in Group 2, with Russia, South Africa, and Turkey. There is no permanent headquarters or secretariat for the G20. As a result, it is the G20 president who is responsible for developing the G20 agenda in consultation with other G20 members and responding to changes in the global economy. Each year, when a new country assumes the presidency, it works closely with the previous and next presidents. This is collectively referred to as TROIKA. This ensures the continuity and consistency of the group's agenda. Moreover, G-20 is an advisory body, not a treaty-based forum and, therefore, its decisions are recommendations to its own members.

EVOLUTION OF G20

Post-World War II, several initiatives aimed at international economic coordination were initiated. These included the Bretton Woods Institutions - the International Monetary Fund (IMF), the World Bank (WB), as well as the World Trade Organization (WTO). The G20 forum is the latest in this series of post-World War II initiatives that have aimed to coordinate economic policy internationally. The first G20 was announced at the G7 summit in Cologne in June 1999 and formally established at the G7 Finance Ministers meeting on 26 September 1999. Its inaugural meeting was held in Berlin on 15-16 December 1999 and was hosted by German finance minister Hans Eichel and Canadian finance minister Paul Martin.

Historically, G20 as an idea was first conceived in response to a series of massive debt crises that had spread across emerging markets in the late 1990s, beginning with the 'Mexican Peso Crisis of 1994' and followed by the '1997 Asian Financial Crisis', the '1998 Russian Financial Crisis', and eventually impacting the United States, most prominently in the form of the collapse of the prominent hedge fund Long-Term Capital Management in the autumn of 1998. These

crises demonstrated that the G7, G8, and the Bretton Woods system would be unable to provide financial stability in a rapidly globalising world, and a new, broader permanent group of major world economies would be required to provide this stability. In 1999, the finance ministers and governors of the central banks began meeting. The Global Financial Crisis of 2007-08 further solidified the reputation of the G20 as the world's leading crisis management and coordination body.

In 2008, the US, which held the G20 Presidency, promoted the Finance Ministers and Central Bank Governors meeting to that of Heads of State. After the inaugural summit in Washington, DC, in 2008, the G20 leaders met twice annually: in London and Pittsburgh in 2009 and in Toronto and Seoul in 2010. Some of the most durable global reforms were forged at the Washington DC, London, and Pittsburgh Summits: Providing stricter controls on - hedge funds and rating agencies, blacklisting states to combat tax evasion and avoidance, establishing the Financial Stability Board as an effective supervisor and watchdog for the global financial system, proposing stricter regulation for too-big-to-fail banks, and refraining from imposing new trade barriers among its members. But by the time Covid-19 struck in 2020, the G20 had reinvented itself by widening its agenda to include issues such as climate change, jobs and social security issues, inequality, agriculture, migration, corruption, terror financing, drug trafficking, food security and nutrition, disruptive technologies, and meeting the sustainable development goals. At the Riyadh Summit in October 2020, the G20 prioritised four things: fighting the pandemic, safeguarding the global economy, addressing international trade disruptions, and enhancing global cooperation. The Italian Presidency in 2021 had focused on three broad, interconnected pillars of action — People, Planet, Prosperity — vowing to take the lead in ensuring a swift international response to the pandemic.

The 17th Group of 20 (G20) Heads of State and Government Summit will take place in October 2022 in Bali, Indonesia. Under the Indonesian Presidency, the G20 in 2022 will focus on the theme, 'Recover Together, Recover Stronger'. The Leaders' Summit is the climax of the G20 process and the intense work carried out over the year through Ministerial Meetings, Working Groups, and Engagement Groups. Recognising the impact of the COVID-19 pandemic on every aspect of society and many countries' lack of capacity to address the crisis, the Indonesian Presidency will focus on three main pillars for its G20 Presidency: Global Health Architecture; Sustainable Energy Transition; and Digital Transformation (International Institute for Sustainable Development Report 2022). Through the implementation of these pillars, Indonesia hopes to continue to lead the way in ensuring equitable access to COVID-19 vaccines, promoting sustainable and inclusive economic development through the participation of micro, small and medium-sized enterprises (MSMEs), and fostering the digital economy. But the disastrous impact of the ongoing Russia-Ukraine war, India-China border tensions, EU/U.S.-Russia hostility, and deteriorating U.S.-China relations cannot be side-lined. Apart from these, the G20 forum faces two major structural challenges. First is the 'No Enforcement Mechanism', which means that the G20 tools range from simple information exchanges to a common, measurable target and coordinated



action. Apart from peer review and public accountability, none of these is achieved without consensus. Second, decisions are based on discussions and consensus, which culminate in the formulation of declarations which are not legally binding.

INDIA G 20'S PRIORITIES

Recently, a shift in G20 attention has been directed toward the Global South, illustrating the growing influence of emerging economies like India in directing international development cooperation and strengthening multilateralism. With respect to the Sherpas and Finance Track of the G20, India has actively participated in the processes and has been supportive of global cooperation, inclusive development, economic stability, and sustainable growth, which are aligned with its national goals and those of other participants in the process. Shri Piyush Goyal, Minister of Commerce and Industry, as the G20 Sherpa (in 2021), argued that the Covid Pandemic has restructured G20 priorities and has provided unique opportunities to inject an inclusive and equitable agenda into the G20. In addition, he stated that developing countries such as Indonesia and India will lead the G20 forum for the next few years and that we should leverage this opportunity to strengthen global institutions such as the WTO and UNFCCC, as well as build synergies with like-minded partners to formulate a strong climate change policy statement (Ministry of Commerce and Industry Press Release 2022).

Prior to hosting the G20 summit, India hosted large international conferences such as the Non-Aligned Movement (NAM) summit in 1983 and the Third India-Africa Forum summit in 2015.

Nevertheless, hosting the G20 is a unique experience, as it is the world's informal steering committee for global economic issues and entails shaping global decision-making on key global challenges. India will assume the Group of 20 (G20) year-long presidency from December 1, 2022, to November 30, 2023, culminating with the G20 Summit in India in 2023. During its presidency, India will have over 200 meetings in various parts of the country. According to the Ministry of External Affairs (MEA), the G-20 Leaders' Summit will be held in New Delhi on September 9 and 10, 2023, with Bangladesh, Egypt, Mauritius, Netherlands, Nigeria, Oman, Singapore, Spain, and UAE among the guest countries. In addition to regular international organisations (UN, IMF, World Bank, WHO, WTO, ILO, FSB and OECD) and chairs of regional organisations (AU, AUDA-NEPAD and ASEAN), India, as G20 Presidency, will be inviting Bangladesh, Egypt, Mauritius, The Netherlands, Nigeria, Oman, Singapore, Spain, and the UAE as guest countries, as well as International Solar Alliance (ISA), Coalition for Disaster Resilient Infrastructure (CDRI), and Asian Development Bank (ADB) as international guest organisations.

While India's G20 priorities are in the process of being firmed up, the MEA statement on 14th September 2022 said: "Ongoing conversations.....revolve around inclusive, equitable and sustainable growth; LiFE (Lifestyle For Environment); women's empowerment; digital public infrastructure and tech-enabled development in areas ranging from health, agriculture and education to commerce, skill-mapping, culture and tourism; climate financing; circular

economy; global food security; energy security; green hydrogen; disaster risk reduction and resilience; developmental cooperation; fight against economic crime; and multilateral reforms" (Roy 2022). Finance Minister Nirmala Sitharaman, in her meeting on 7th September 2022, with the IMF top boss Kristalina Georgieva to discuss IMF's support for India's G20 presidency, said, "India's presidency period at the G-20 will coincide with a time when the world is concerned about global debt and climate challenges" (Economic times 2022). The two leaders acknowledged that a rise in global inflation caused by the increase in food and energy prices and international debt is disproportionately felt by countries of low income. Additionally, the minister reiterated the importance of coordinated policy measures combined with multilateralism to mobilise adequate funds for climate action, noting that committed funds from the developed economies are yet to be released.

In the upcoming G20 presidency, New Delhi has presented four different proposals focusing on promoting India's national interests, leaving a legacy, and maintaining its primacy as an effective instrument of global governance. Firstly, the G20 presidency offers India an excellent opportunity to showcase its recent achievements, including its ability to combat COVID-19 domestically and abroad through vaccine aid and diplomacy. Further, India should highlight new trends in entrepreneurship, business innovation, the rise of many start-ups as unicorns, and gender progress. Secondly, from December 2021 to November 2025, four democracies poised to become major economic players - Indonesia, India, Brazil, and South Africa - will hold the presidency. This rare opportunity will enable the developing world to advance and assert its collective leadership in the global south. Third, another extraordinary coincidence is that all the three IBSA members, viz. India, Brazil, and South Africa will hold the G20 presidency consecutively in 2023, 2024, and 2025. Since IBSA is not subject to the geopolitical pressures that constrain the BRICS (where these three countries are required to work together with Russia and China), it can develop a cohesive plan to address the priority concerns of the Global South. Fourth, India must prepare itself to become a leading global diplomat. During the period as president of the G20, India will be required to take a broad perspective on the agenda of the forum to accommodate the divergent interests of all stakeholders: five permanent members of the UN Security Council, five G7 members, five members of BRICS, and other G20 members such as Argentina and Mexico. Another objective should be to end Africa's marginalisation through the elevation of the African Union (AU) to become a full member of the G20, thereby putting it on an equal footing with the European Union.

CONCLUSION

While the G20 cannot be a panacea for all the world's problems, it has played a vital role in international cooperation in the past decade. In an era when rising powers seek opportunities to influence and contribute to global affairs, effective global governance through forums such as the G20 is essential. India should utilise the G20 summit as a platform for raising discussions on issues such as the war in Ukraine, India-China border tensions, EU/U.S.-Russia hostility,



deteriorating US-China relations and the promotion of peace and cooperation in the world. Dialogue and diplomacy should be employed to resolve these issues. To conclude, India should promote an inclusive approach to international issues with pragmatic and human-centric solutions at the G20 forum.

Another indication of India's rising power is India's chairmanship of the SCO for the period 2022-2023. India, for the first time, has assumed the annually rotating Chairmanship of this Eurasia-centred organisation. Notably, it is also for the first time in SCO's over two-decade history that it will be headed by a South Asian country. This development gives a South Asian dimension to the SCO presidency and further boosts the prospects of re-establishing linkages between South Asia and landlocked Central Asia, which has been long-envisioned by the two regions.

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