

# STUDY ON INDIA'S APPROACH TO PLAY A CRITICAL ROLE IN G20 AND GLOBAL GOVERNANCE

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## Abstract

***Economic reforms in India that have begun 30 years ago have transformed the country into the fastest-growing major economy globally. India has been recognized as a potential great power country in the 21st century. Hence, India has been trying for a permanent seat in the United Nations and has been persuaded to play a critical role in regional and multilateral organizations such as QUAD, ASEAN, BIMSTEC, G20, etc. There is an expectation that India ought to play a more prominent global role in the post COVID era due to its vaccine production and diplomacy.***

***Although India has raised its capabilities to become a potential superpower, it remains in the lower half of countries measured by social indicators. The implementation of SDG goals in India has improved slowly. As Indian policymakers redefine their engagements in the global policy matrix, India's role as a challenger and a stakeholder in the current global order remains facing opportunities and constraints in shaping its regional and world order. Thus, India should take comprehensive measures in the environmental, governance and strategic areas in harmony with its great-power aspirations.***

***In short, with India's steadfast engagement with a multilateral international institution, it will be able to play a critical role in G20 and Global government from various perspectives such as economic growth, foreign policy implementation and diplomacy. However, it needs to take concrete measures to overcome the domestic challenges such as implementing SDG goals.***

***Keyword: India, G20, Policy, Global Governance, SDGs***

## 1. INTRODUCTION

The global governance system is finding a way to address the global issues and differential requirements through multilateral institutions where all member countries are obligated to represent their interests. As the current global issues are widening and complex, the individual government cannot address those issues by itself. Thus, the countries need to involve in the multilateral bodies at trilateral, sub-regional, regional and international to share the common interest with others in addressing the global issues. According to Prakash (2019), multilateralism can strengthen the interrelation among the member countries through cooperation mechanisms that promote the rule-based world order. Global governance and multilateralism need to have three key elements: interaction, consensus, and rules.

After the World suffered the Second World War and Great Depression in the 1930s, many nations observed that strong multilateral groups were required to solve global challenges like poverty, financial instability, peace and security. Therefore, the world leaders built the United Nations after World War II to promote peace, security and the world economy. Beginning of the foundation of the United Nations, the two great power countries, the United States and the Soviet Union, had influential power in the United Nations and shaped the world order through multilateralism. NATO and European Union (EU) were established later on. When the countries in Latin America, East Asia and Europe were democratized, the existing multilateral bodies were expanded. A new multilateral organization emerged like World Trade Organization, G7, which later expanded to G20 (Lazarou, 2017). As new international organizations emerged, the fastest economic growing countries started gaining great power. They were trying to change

the Westernization in multilateral and global governance systems to de-Westernization.

Among the fastest economic growing countries after the Cold War period, India was one of the countries that tried to influence the existing global governance system through multilateralism. India actively participated in international institutions like Non Aligned Movement (NAM) and United Nations as a founding member before gaining independence (Bhagavan, 2013). After becoming the Republic of India, India increased its participation in international bodies like the General Agreement on Tariffs and Trade (GATT) and the Group of 20 (G-20). It worked toward achieving the social, economic and political goals through global governance and the multilateral system. India sought to play a crucial role in the new international organizations over several decades of Indian diplomatic history. Some argued that even as India has become a 'rising power' and a 'growth market', it has challenges playing a pivotal role in multilateral organizations like G20 (NARLIKAR, 2017). Therefore, this paper will examine India's efforts and challenges to play a critical role in G20 and Global government from various perspectives, such as economic growth, diplomacy, and working in sub-regional and regional organizations.

## **2. INDIA'S ECONOMIC GROWTH AND PROSPERITY**

The Republic of India is located in South Asia, and its total population is about 1.38 billion, which is the second-largest populated country in the World. The area of India is 3287.3 (thousand) square kilometres, and it is the seventh-largest country in terms of area (World Bank, 2020). India is unique for its rich cultural heritage and tradition, ethnic diversity, and different languages and dialects, and hence ready to harmonize the international developments. The largest population comprising mainly youths is the primary driver of the country's development. In terms of investment, India opened its market for international companies to invest in India when liberalization began in the mid-1980s. Thus, the country could attract many majors and strategic investments globally and develop considerably on the rising economy since then. Today, India became the World's sixth-largest economy, followed by the United States, China, Japan, Germany and the United Kingdom and is estimated to be the World's third-largest country by 2030 (PTI, 2022).

Analysis of India's economic growth can be divided into two periods: before the mid-1980s and after the 1990s. During the pre-liberalization period from 1950 to the mid-1980s, India implemented the Economic Development Plan made by the then Prime Minister Nehru led government emphasized improving the living standard of Indian people aiming to achieve a 3.5% growth rate of per capita income over two decades. However, the actual growth rate over the pre-liberalization period was about 1.5% and did not meet the 3.5% target of the implemented plan due to the anti-export favouritism in the industrialization strategy. During three decades after independence, India's GDP growth rate was around 3.5% so-called "Hindu growth rate", which was half of the GDP rate of Asian tigers (Sarma, 1958). India's economic liberation began in the 1990s, and it took two years to stabilize the country's economy. Then the significant growth rate of GDP was achieved at 7.5% from 1994 to 1997 (Ninan, 2015).

According to Ninan (2015), when the Asian financial crisis occurred from 1997 to 1999, it caused declining India's economic growth, but India showed more resilience than other Asian countries. Meanwhile, the global recession happened in 2001, and as a result, India's GDP growth rate decreased to 5.7% between 1997 and 2003. The country's economy faced difficulties in those years. Nevertheless, India's GDP growth rate peaked at around 9% annually, starting from 2003 for three consecutive years. India's economy was slow again from 2010 to 2014 during the Congress Party-led government tenure due to the corruption, and it caused the collapse of the private-public partnership model. When Prime Minister Narendra Modi led the government won the 2015 election, his government was able to tackle the issues. The country's economy was rising again, with a GDP growth rate of 6.5% from 2015 to 2016. It drove the country to become the fastest growing economy in the World ( Swaminathan S and Anklesaria Aiyar, 2016).

According to the World Bank (2022), India's economy had begun to decline due to the COVID-19 pandemic after rising at fast rates for years, and the country's economic growth rate was decreased from 8.3% in 2017 to 4.0% in 2020 due to the vulnerable financial sector and declining of private consumption. However, as the government took financial and monetary policies to tackle the negative impacts of the COVID-19 pandemic, the economic growth rate increased by 7.2% in 2021,

and it is estimated to be stable at around 7% in 2022-2023 FY. This economic growth showed the Indian people's resilience, the strength of several efforts taken by the government and the foreseeing of policymaking which will prepare India ready to grow its economy in the future.

### **3. STUDY ON INDIA'S ECONOMIC DIPLOMACY**

During the globalization era, the countries participated actively in interdependence multilateral economic organizations and forums like World Trade Organization (WTO) and World Economic Forum. According to Peter (2011), economic diplomacy can broadly be defined as the use of international relations and negotiations to achieve economic goals in trade and commerce. Economic diplomacy has been used to promote national interest in trade, technology, and investment, utilizing sharing the same interest in multilateral institutions since the end of the Second World War. Furthermore, providing foreign development assistance is also influencing others to persuade the desired economic goals. This chapter will study Indian economic diplomacy and the position taken by India in the new areas of economic diplomacy.

The Indian Technical and Economic Cooperation (ITEC) Programme, established in 1964 as the bilateral assistant programme, is the modern way of India's foundation on economic diplomacy (MEA,2022). After that, ITEC was expanded to the regional, sub-regional and inter-regional context as a multilateral cooperation programme. India shared its development experience through ITEC with over 160 countries (MEA, 2022). There are vast numbers of civil servants and technical personnel, diplomats, politicians, scientists, and engineers trained under the ITEC programme. Then India became an honourable and truthful friend to them. It can play a critical role in those countries' development programs.

Furthermore, India started its external development programme in developing countries in 2005 and expanded into more coverage areas, including grant assistance, Lines of Credit (LoC), technical consultancy, humanitarian aid, development projects, disaster relief, and educational scholarships (MEA,2022). India's LoCs and grant assistance help India's leading companies to find a market and projects across Asia and Africa, especially in the vital infrastructure sectors. According to

the Export-Import Bank of India, the Indian government also launched the program of offering Buyer's Credit that motivates Indian exporters to explore new markets and encourages the foreign countries to purchase "Made in India" products.

Moreover, it is noted that Indian Embassies have played an active role in organizing "Trade Shows" and "Made in India Expo" across the World by practising commercial and economic diplomacy. For example, India's participation in Dubai Expo 2020 helped India seek new rooms to do business with Indian investors and promote India as a global economic heart to attract global investors.

The next question is about India's role in the World Trade Organization is? India became a member of WTO in 1995 and has also been a member of GATT (General Agreement on Tariffs and Trade), which has been the forerunner of WTO since 1948 (WTO, 2022). India has been playing a pivotal role in WTO by raising voices for its interest and the developing countries. India led efforts to reform WTO subsidy rules for developing countries (Siqi Li and Xinquan Tu, 2020). It also called for making an inclusive and fair multilateral trading system. From the WTO side, it introduced the GATS (General Agreement on Trade in Service), which had advantages for the countries like India. When studying the relationship between WTO and India, they had up and down relations since India's membership because WTO sometimes favoured India and sometimes not.

To sum up, the dramatic expansion of India's activities in foreign economic relations like the Oversea Development Partnership and Made in India Expo will take India to another step on the international stage.

### **4. STUDY ON INDIA FOREIGN POLICY**

According to Sikri(2009), foreign policy is a tool for a country to protect and promote its interest, security and economic benefits and enhance its soft power by propagating its core cultural assets to create more space in the international arena. India practised sensible and efficient foreign policies after the Cold War period. Now, there are challenges in foreign policies that are different from that. As India is a well-established democratic country, its model of democracy helps India to influence politics in neighbouring countries.

When India gained its momentum in economic growth in the 1990s, it commenced "Look East" foreign policy to

extend its economic relationship with countries in Southeast Asia and even out the influence of China there. However, India struggled to be a liberalized economy at that time, and it faced challenges in influencing the region and global status. Then, India launched the "Act East" foreign policy in 2014 when its economy was more vigorous and robust, and its global profile was higher than before (Sajjanhar, 2015).

Implementing Act East Policy enhanced the economic relationship with the ASEAN member countries, India's sixth-largest trading partner (ASEAN, 2020). Furthermore, "Act East Policy" can strengthen India's relations with the Indo-Pacific region, where three World's most powerful economic countries are situated. Then, India initiated the "Neighbourhood First" policy to influence BIMSTEC's member countries.

India's had a long-standing relationship with Africa since the 1970s because India supports the independence movements across Africa through bilateral way, United Nations and Non-Aligned Movement. When India noticed the vast economic opportunity in Africa, India's policy toward Africa was re-energized as a development partnership. Now, India shifted its policy toward Africa as a foreign priority, and the government implemented a forward-looking policy to Africa (Bhatia, 2021). Thus, India will likely become a tremendous partner for the African region than China. By examining India's Foreign policy, it can seem that India's economic relations with the countries of ASEAN, the Indo-Pacific region and Africa have grown considerably in recent years. Moreover, India's Foreign Policy has always sought the growth and expansion of its economy over the past few decades.

## **5. STUDY ON INDIA'S ROLE IN REGIONAL ORGANIZATIONS**

India has developed its relations with the countries in its sub-regional and regional organization since the end of the Cold War, followed by its economic reforms to improve trade, security, regional stability and influence. In contrast to the Cold War period, the Indo-Pacific region became a noteworthy field of major power rivalry. The most significant power racing happens between India and China and China and the US. While China is increasing its influence mostly in ASEAN and Indian Ocean region through Belt and Road Initiative (BRI), India is playing an active role in its sub-regional

and regional organization. This chapter will examine India's role in regionalism by studying the most eminent cooperation like ASEAN, BIMSTEC and QUAD.

### **5.1 ASEAN**

India has been the Sectorial Partner of ASEAN since 1992 and upgraded its relation with ASEAN towards the Strategic Partnership in 2012. India has stepped up its relationship with ASEAN by implementing the projects in Climate Change, Science and Technology, Renewable Energy, Agriculture and Tourism, etc. The most significant project is the ASEAN-India connectivity project like India-Myanmar-Thailand Trilateral Highway, which is parallel to China's BRI (MEA, 2018). India and ASEAN's cooperation in trade and investment areas is also gradually increasing. Furthermore, India has been attending the consultative mechanism in the ASEAN like a regional forum – ARF (ASEAN Regional Forum), with Australia, China, United States, New Zealand, Japan, Russia and the Republic of Korea. Therefore, India put ASEAN at its hub of the Indo-Pacific vision of soft power influence.

### **5.2 BIMSTEC**

A cross-regional grouping between Southeast and South Asia, BIMSTEC is composed of seven countries from those regions where the total GDP of its members are accounted for USD 2.8 trillion and economic growth is around 6.5% (Bashu and Ghosh, 2020). BIMSTEC has revived in response to China's influence on that region, especially Nepal and Myanmar. To counter this, India has actively engaged with Myanmar in naval modernization and connectivity project implemented in BIMSTEC member countries. However, challenges remained in the BIMSTEC institution because of member countries' lack of political will. Moreover, BIMSTEC's institutional reform is required for India to play a pivotal role in connecting its Act East and Neighbourhood First Policy.

### **5.3 QUAD**

To foster India's strategic relationship with the United States and its allies, as well as to put the strategic weight on the Indo-Pacific region, India joined with great power countries, including the United States, Japan and Australia, as Quadrilateral Security Dialogue (QUAD).

During the COVID-19 period, New Zealand, the Republic of Korea and Vietnam were added as a QUAD plus. The geo-political and geography of India provided a counterbalance to China's growing footsteps in the Indian Ocean. It achieved an opportunity to rise from a middle-power country to an excellent power country. Increasing the activities of QUAD indicated that QUAD is growing as one of the critical multilateral groups during the COVID-19 pandemic.

## 6. INDIA AT G20 SUMMITS

The G20 is the international forum of the World's major economies, including India. The group is accounted for over 75% of global trade, 85% of world GDP, and 60% of the population of the World (G20, 2022). The G20 meeting started in 1999 at Ministerial Level and was upgraded to the Heads of State/Government Level in 2008. India has participated actively in the G20 summits with ambitious all-around agenda that ranges from global infrastructure and inclusive development blending with job creation to energy efficiency and climate change action and the fight against any forms of terrorism. Although investment and trade have always been on the agenda of the G20, India is trying to connect these to the issue of poverty. The critical achievement for India was able to promote its vision of sustainable lifestyles all over the World at the G20 summit in Rome. At that G20 summit, all members agreed on keeping the global temperature within 1.5 degrees; that was the first acknowledgement of climate change action by the G20, asking developed countries to lower luxurious energy-intensive lifestyles. Moreover, the recent COVID-19 pandemic reshaped the G20 priorities, and India has emerged as an essential member of the G20 through its vaccine diplomacy. India contributed to the remodelled of the World's financial and economic order.

Furthermore, India will host the G20 Summit in 2023 and has also been the Troika member with Indonesia and Italy for the Presidency. India is being established the Secretariat office. According to the India Ministry of External Affairs, India will prioritize the urgent issues of developing countries in economic and social areas and focus on the sector that had the most vulnerable impact on those countries during its Presidency (MEA, 2022, April 7). Thus, India hopes to bring new sources of discussion such as global financial system reform, structural reforms and infrastructure on its agenda. India

is preparing to be in a position to play an essential role in shaping global architecture and governance on all major international issues during the Presidency.

## 7. INDIA AT G20 SUMMITS

Over the past two decades, politicians and economic experts said that India was becoming a global power country because of its dramatic economic growth, strategic partnerships with other critical great power countries, regional and sub-regional organizations, and nuclear-weapon states with the second-largest military in the World. Nevertheless, India is confronting fresh challenges in implementing SDGs goals because India has many disparities across the country while it is a fast-growing economy. The authentic superpower countries cannot be defined only by power and economy, and it needs to look into the whole picture. From a poverty alleviation perspective, poverty remains far-reaching in India. In 2015, about 176 million Indians lived in poverty, while the 4th World's richest person is in India (Roy, 2020). It means that India has an unbalanced wealth and development distribution. As mentioned before, India's population is the second-largest; therefore, it is a problematic tool to use correctly. If India can handle it correctly, it will bring prosperity to all. If not, it will be a long journey for India to achieve the superpower status to play a crucial role in global governance and the UN. Relating to that point, India's reducing the unemployment rate is also an uphill battle. According to new research from the Economic Times (2022), the unemployment rate in India was falling from 8.5% in February 2022 to 7.5% in April 2022. However, it remains high for developing countries like India.

Another challenge that India has to overcome is to engage with China for containment in the future diplomatically. It is at the forefront of India's diplomacy; if not, China will always hinder India's positions in multilateral bodies, like blocking the Nuclear Suppliers Group (NSG)'s membership and a permanent seat at the United Nations Security Council. India must overcome this enormous political challenge to become a world power.

To sum up, it is noteworthy to observe that the poverty level of India is gradually declining; the economy was growing at a satisfactory pace in the last 20 years, reliable military power. India's active participation in the G20 and Quad will play a key role in addressing climate

change, cyber security, infrastructure, financial issues and supply chain resilience. Moreover, India's vaccine production also plays a vital role in changing the status quo of global power. Based on the reports cited and findings in this paper, it can be concluded that India is well-positioned to play a critical role in G20 and Global Governance if it can maintain the current economic growth and social sector reforms and other new areas of economic diplomacy need to be followed closely.

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