

Impact of G20 on Indian Economy

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Abstract

The impact of the G20 on the Indian economy is determined by a complicated interaction of several factors and policies discussed in this research paper. The economic landscape of India is significantly impacted by terms like trade regulations, financial stability, energy obligations, agricultural agreements, intellectual property rights, infrastructure finance, healthcare collaboration, and global supply networks. India's active involvement in G20 negotiations affects its efforts for sustainable development, access to international markets, and regulatory environment. India's expansion has prospects thanks to G20 initiatives in infrastructure financing, and pandemic response plans are influenced by healthcare collaboration. Additionally, G20-driven changes in the dynamics of the global supply chain have a significant impact on India's export-oriented industries. The G20 is essential in determining India's economic trajectory in today's globally integrated economy, and for best results, it must strategically align with national interests.

Keywords: G20, Indian Economy, Policies, Finance.

Introduction

The G20, sometimes known as the Group of 20, is an international organisation made up of 19 independent nations, the European Union, and the African Union. It strives to solve important global economic concerns including international financial stability, reducing greenhouse gas emissions, and sustainable development.

The G20 is made up of the finance ministers of the majority of the world's greatest economies, including both developed and industrialised nations; it represents around 80% of the gross world product (GWP), 75% of global commerce, two-thirds of the world's population, and 60% of its geographical area.

In 1999, the G20 was established in response to various global economic problems. It has met at least once a year since 2008, with summits attended by the heads of state or government, the finance minister, the foreign minister, and other top officials from each member; the European Union is represented by the European Commission and the European Central Bank. The summits are open to invitations from other nations, international organisations, and nonprofit organisations, some of whom are long-term participants.

The G20 proclaimed itself the principal forum for global economic and financial cooperation during its summit in 2009. The group's status has grown over the past ten years, and experts now acknowledge its significant worldwide impact. However, they also blame it for having a small membership, having little enforcement authority, and allegedly undermining established international organisations. Protests against summits are common, especially from anti-globalization organisations.

In September 2023, at the 18th G20 Summit, Indian PM Narendra Modi announced that the African Union has been included as a member of the G20, making it the 21st member.



FIG: 1 List of Countries

2023 is a significant year for India. Naturally, the G20 presidency functions as a diplomatic exercise to strengthen ties with long-standing allies, investigate potential new ones, and improve the host country's standing and power on the international scene. India has the chance to satisfy its local objectives while simultaneously serving as a global ambassador for developing nations.

India has demonstrated its resiliency in a time of unmatched multifaceted problems. India has continued on its robust economic path, benefiting many people through new tactics, while the rest of the globe has been experiencing recessionary conditions and uncertainties.

India has the chance to showcase its achievements to the globe while also attracting foreign companies at a time when they are trying to diversify their investment locations.

"One Earth, One Family, One Future," the theme of India's president, is based on the nation's spiritual traditions and seeks to encourage sustainable and responsible decisions for a greener future while addressing problems like climate change, terrorism, and pandemics. The focus of India's president is also on utilising digital public infrastructure to increase productivity and financial inclusion, completing the digital transformation of micro, small, and medium-sized businesses, and fostering international confidence in and capacity-building for digital technologies. India supports the adoption of digital solutions by its domestic entities and believes that policy space should be preserved for the creation of laws and regulations to regulate digital entities.

According to the most recent IMF predictions, emerging markets and developing economies will account for around 80% of global growth, with India accounting for more than 15%. India, which recently passed China to become the fifth-largest economy in the world, is the only major economy whose future growth rate is expected to exceed 6%. As a result, it has a significant responsibility this year to represent the Global South on its agenda and use the G20 platform as a driver for both home and international change.

Over the past several years, the Indian government has provided the proper policy environment to aid the nation in navigating through numerous crises, allowing for the development of domestic capacity and providing the required push to further advance India on the path of economic progress. This entails creating the ideal climate for luring in foreign direct investment, participating in deeper and freer trade and global value chain integration, strengthening infrastructure (including digital), and implementing a number of reforms in the banking and quickly expanding renewable energy sectors. Promoting homegrown entrepreneurship is another issue; India has a competitive advantage over other large countries due to its homegrown firms and middle-class populace.

These are all well situated to support and complement the G20 agenda for this year. The goal of embracing sustainability and the green transition more approachable through common efforts, the presidency seeks to make solving shared concerns like climate change, economic vulnerabilities, multilateralism reform, lack of access to finance for many areas of society, and the task of embracing sustainability and the green transition. India can replicate its people-centric strategy on a global scale through the development of close connections among the 20 nations, the nine guest countries, and numerous international institutions.



◆	Date	◆	Host country	◆	Host city	◆
1st	14–15 November 2008		 United States		Washington, D.C.	
2nd	2 April 2009		 United Kingdom		London	
3rd	24–25 September 2009		 United States		Pittsburgh	
4th	26–27 June 2010		 Canada		Toronto	
5th	11–12 November 2010		 South Korea		Seoul	
6th	3–4 November 2011		 France		Cannes	
7th	18–19 June 2012		 Mexico		San José del Cabo, Los Cabos	
8th	5–6 September 2013		 Russia		Saint Petersburg	
9th	15–16 November 2014		 Australia		Brisbane	
10th	15–16 November 2015		 Turkey		Serik, Antalya	
11th	4–5 September 2016		 China		Hangzhou	
12th	7–8 July 2017		 Germany		Hamburg	
13th	30 November – 1 December 2018		 Argentina		Buenos Aires	
14th	28–29 June 2019		 Japan		Osaka	
15th	21–22 November 2020		 Saudi Arabia		Riyadh	
16th	30–31 October 2021		 Italy		Rome	
17th	30–31 October 2022		 Indonesia		Bali	
18th	TBD 2023		 India		New Delhi	
19th	TBD 2024		 Brazil		TBD	
20th	TBD 2025		 South Africa		TBD	

Fig: 2 Host Country

Review of Literature

India's Participation in the G20 and Global Economic Governance (Subrata Kumar Mitra, 2016) this book offers a thorough examination of India's participation in the G20 and its effects on the Indian economy. It talks about how India's involvement in the G20 has given it the chance to shape international economic policies and focuses on the potential and problems this forum presents.

This research paper, G20 and the Indian Economy: Analysing India's Role and Contribution (Sudhir Kumar Suthar, 2019), looks at India's participation in the G20 and how that has affected the nation's economic policy. It evaluates how well India has contributed to G20 negotiations and whether these contributions are consistent with India's domestic economic interests.

(Rajesh Basrur, 2013) Global Governance and India: BRICS, BASIC, and G20 this book explores India's expanded participation in the G20 and other international fora. It examines the effects India's G20 membership has had on its economic policies, particularly in relation to trade, financial, and development challenges.

The 2017 book by Shyam Saran, India and the G20: Charting a Course for Global Economic Governance Former Indian diplomat Shyam Saran talks on India's involvement with the G20 and its effects on the Indian economy in this article. He emphasises the significance of India's input into the development of international economic policy.

(SugataMarjit and SaibalKar, 2013) G20 Membership and Economic Growth in Developing Countries: An Empirical Analysis with a Special Focus on India In this scholarly essay, India is used as a case study to examine the link between G20 membership and economic progress in developing nations. It investigates whether India's economic progress has been influenced favourably by its membership in the G20.

RajatKathuria and Mansi Kedia's 2011 study, The Impact of G20 Measures on the Indian Economy The impact of various G20 efforts and measures on the Indian economy is evaluated in this research study. It primarily examines themes including trade, global governance, and financial stability.

G20 and India: Opportunities and Challenges (2014) Arvind Panagariya Economist Arvind Panagariya analyses India's participation in the G20 and its potential to affect international economic policies. He also talks about the challenges India has in the G20 meeting.

Objectives

1. To study the priorities of India's G20.
2. To explore the ways the G20 process could benefit India's economy.
3. To study the challenges of G20.

Research Methodology

Nature of Research: Research was descriptive in nature.

Source of Data: Secondary data was used. Secondary data collected from official websites, journal, and newspaper.

Priorities of India's G20

1. Green Development, Climate Finance & LIFE

India's attention on climate change is particularly focused on climate finance and technology, as well as ensuring equitable energy transitions for developing nations. India's G20 priorities are as follows: 1. Green Development, Climate Finance, and LIFE.

The launch of the LIFE movement, which supports eco-friendly behaviour and is rooted in sustainable traditions from India.

2. Accelerated, Inclusive, and Resilient Growth

Concentrate on areas that can lead to structural transformation, such as assisting small and medium-sized businesses in international trade, advancing labour rights and welfare, addressing the global skills gap, and constructing inclusive agricultural value chains and food systems.

3. Accelerating SDG Progress

Reaffirmation of commitment to attaining the goals outlined in the 2030 Agenda for Sustainable Development, with an emphasis on mitigating the COVID-19 pandemic's effects.

4. Digital Public Infrastructure and Technological Transformation

Encouragement of a human-centric view of technology and improved information exchange in areas like financial inclusion, digital public infrastructure, and tech-enabled development in industries like agriculture and education.

5. 21st-century multilateral institutions

Efforts to modernise multilateralism and build a more accountable, inclusive, and representative global order capable of facing the challenges of the twenty-first century.

6. Development led by women

In order to promote socioeconomic development and the fulfilment of the SDGs, emphasis should be placed on inclusive growth and development, with a focus on women's empowerment and representation.

G20 Benefits the Indian Economy

The first is international trade; a fair, open, and rules-based trading system can help to temper the negative consequences of rising protectionism, disrupted supply chains, and food and fuel shortages brought on by the conflict between the Ukraine and Russia. The G20's Trade and Investment Working Group has been working on a variety of issues, including increasing logistics, supporting resilient trade, and improving MSME involvement in trade.

Second, international cooperation and the exchange of technological best practises could support innovation development in India. India will be able to demonstrate its technological capabilities and launch new alliances thanks to the G20 discussions on various occasions throughout the year.

Third, by involving MSMEs in discussions through the G20's multiple arms, new prospects will be greatly increased for them, particularly through collaborations with middle-income nations.

Fourth, hosting the G20 is promoting tourism in the nation. The government has planned to hold the various gatherings in various regions of the nation, and numerous related events will highlight India's cultural and historical monuments. By promoting these locations through communication outreach, India's attractions are being made more widely known.

Direct interaction with multinational corporations can also spur fresh investment. Leading corporations from around the world are having discussions on the B20 platform, the largest of the G20's interaction groups, in conjunction with its meetings. B20 India hosts over 100 policy discussion initiatives throughout the year that draw significant international involvement. For instance, a number of activities in North East India are encouraging B20 companies to investigate potential commercial prospects in this resurgent region.

The Confederation of Indian Industry (CII), the authorised B20 secretariat, has identified nine key areas under the umbrella of the acronym RAISE, which stands for responsible, accelerated, innovative, sustainable, and equitable companies.

Building inclusive global value chains for resilient global trade and investment, the future of work, skilling, and mobility, energy, climate change, and resource efficiency, digital transformation, financing for the global economic recovery, technology, innovation, and research and development, and financial inclusion for economic empowerment are the seven taskforces that the B20 is comprised of. Additionally, two action councils are devoting their attention to a group discussion on African economic integration as well as environment, sustainability, and governance (ESG) in business.

India's economy is anticipated to gain a big boost as a result of the G20 countries' strong engagement with India this year, opening the door for numerous new job opportunities and investment proposals.

Challenges of G20

- 1. Global Inequality and Representation:** One complaint of the G20 is that it doesn't adequately address global inequality and lacks representation from many smaller countries. Some contend that it more effectively represents the interests of the biggest economies. India, although being a major actor, can still have trouble ensuring that its interests are fairly represented.
- 2. Policy Divergences:** The G20 is made up of a varied range of nations with various economic priorities and policy interests. This may make it difficult to agree on critical matters and cause conflicts.
- 3. Limited Enforcement:** The G20's decisions are frequently non-binding, and enforcing adopted policies can be difficult. India may have trouble enforcing international accords in its own home market.
- 4. Trade Conflicts:** India's trade prospects may be impacted by trade conflicts among G20 participants. India's exports and imports may be impacted by disputes and protectionist policies implemented by other nations.
- 5. Policy Restraints:** International commitments made inside the G20 framework may occasionally impact or restrain India's domestic economic policies, which may reduce its policy flexibility.

Conclusion

The Group of Twenty, sometimes known as the G20, is a crucial turning point in the development of world government in the twenty-first century. The G20 brings together the world's largest advanced and emerging economies, including the European Union, to discuss important global economic and financial concerns. The G20 was founded in reaction to the financial crisis of the late 1990s. The G20 has grown to be a significant worldwide platform for collaboration, policy coordination, and crisis management since its initial meeting in 1999. The G20's history, goals, makeup, and crucial role in addressing urgent global challenges—from economic stability and trade to climate change and health crises. It provides context for comprehending the G20's importance in directing the development of world politics and the economy.

By offering a forum for international participation and cooperation on numerous economic concerns, the G20 has significantly impacted India's economy. Enhanced global visibility, economic collaboration, commercial opportunity, and financial stability are some of the benefits. However, there are also drawbacks, such as difficulties with representation, divergent views on policy, and the potential for trade disputes. In order for India to participate in the G20, it must carefully strike a balance between upholding its economic interests and negotiating the difficulties of international economic diplomacy.

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