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G20 summit in India: An analytical study on the challenges and its implications in Indian context

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Abstract

The G20, a forum of major economies, plays a pivotal role in shaping global governance and responding to pressing global challenges. India, as the presidency holder in 2023, assumed a significant leadership role in steering the group's agenda. This research paper aims to analyse the achievements, challenges, and implications of India's G20 presidency in 2023. The main objectives of this study are to assess India's priorities and initiatives during its G20 presidency, evaluate the notable accomplishments, examine the challenges faced, and discuss the implications for global governance.

The research methodology involves a comprehensive review of official G20 documents, analysis of India's policy statements, and interviews with key stakeholders. Our findings reveal that India's G20 presidency in 2023 made significant strides in various areas, including sustainable development, economic cooperation, and climate change mitigation. Notably, India championed initiatives focused on inclusive growth, digital governance, and sustainable infrastructure development. However, challenges such as divergent interests among member states and external pressures posed obstacles to the realization of certain goals.

The impact of India's presidency on the G20's role in global governance and international relations is substantial. India's leadership provided impetus to ongoing discussions on crucial issues, emphasizing the importance of cooperation in an increasingly interconnected world. The presidency also shed light on the evolving dynamics of the G20 as it navigated complex geopolitical realities. India's G20 presidency in 2023 marked a notable chapter in the organization's history. While achieving significant milestones, it also faced challenges that underscored the complexities of global governance. The implications of India's leadership extend beyond the presidency year, shaping the G20's role in addressing the global challenges of the 21st century.

Keywords: G20 Presidency, challenges, global governance, international relations, challenges

1. Introduction

India's G20 presidency in 2023 was a landmark event for the country, and it was widely seen as a success. However, the summit was also met with a great deal of criticism, particularly from civil society groups and activists. These groups argued that the summit was a distraction from the country's many pressing problems, and that it would only serve to benefit the wealthy and powerful.

One of the biggest criticisms of the G20 summit was that it was too expensive. The Indian government reportedly spent over \$1 billion on the event, including on security, infrastructure, and hospitality. This was at a time when millions of Indians were struggling to make ends meet due to the COVID-19 pandemic and the rising cost of living.

Another major criticism was that the summit was exclusive and undemocratic. The G20 is a forum for the leaders of the world's 20 largest economies, and it has no formal representation from civil society groups or other stakeholders. This means that the voices of the poor and marginalized were largely absent from the discussions.

In addition, the G20 summit was criticized for its focus on economic growth at the expense of social and environmental justice. The summit's agenda was largely dictated by the interests of multinational corporations, and it failed to address many of the world's most pressing problems, such as climate change, poverty and inequality.

Despite these criticisms, the Indian government defended the G20 summit, arguing that it was a valuable opportunity to showcase the country to the world and to promote India's global interests. However, it is clear that the summit came at a significant cost to the Indian people, both financially and socially.

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2. Literature Review

In terms of the former definition, several observers have noted that the G20 composition is not clear and transparent (Vestergaard 2011b), based on criteria decided largely by the G7, influenced by US strategic interests, and inconsistent. For example, it is not clear why countries such as Argentina and Saudi Arabia are included and Spain is excluded from the G20, although Spain has an unclear status as a permanent "guest".

Vestergaard (2011b) proposes to create a Global Economic Council in place of the G20, embedded in the institutional framework of the Bretton Woods institutions.

Angeloni and Pisani-Ferry (2011) note that G20 actions were effective at the peak of the crisis, when all countries had consistent policy objectives and priorities (global shock), but not when priorities started to diverge thereafter. Other observers have also emphasised the need for the G20 to become more accountable (Subacchi and Pickford 2011). Finally, another set of issues concerns the role of the IMF as the operational arm of the G20.

Matilde Mas and Robert Stehrer (2012) edited a second report on EU KLEMS, Industrial Productivity in Europe: Growth and Crisis. 10 This presented studies giving international comparisons within Europe and between European countries and the advanced economies of Asia and North America.

Jorgenson and Schreyer (2013) have shown how to integrate data on growth and productivity into the United Nations (2009) System of National Accounts 2008 (SNA 2008). This methodology has been incorporated into the official statistics of more than a dozen countries, including four members of the G7: Canada, Italy, the U.K., and the U.S. The methodology has been proposed for incorporation into the new System of Expanded and Integrated Global Accounts (SEIGA) by the United Nations' Statistical Division, the institutional home of SNA 2008.

Schreyer (2009), *Measuring Capital*. This methodology was originated by Jorgenson, Frank M. Gollop, and Barbara M. Fraumeni (1986) in their book, *Productivity and U.S. Economic Growth*. The methodology for capital input was extended to information and communications equipment and services by Jorgenson, Mun S. Ho, and Kevin J. Stiroh in *Information Technology and the American Growth Resurgence*.

A new phase of EU KLEMS was initiated by Kirsten Jager (2016), *EU KLEMS Productivity and Growth Accounts*.¹¹ This includes annual data for 1995-2014 for ten countries of the European Union, including the four European members of the G7: France, Germany, Italy, and the U.K. This dataset was updated in 2017 to include all 28 members of the European Union and comparable data for Japan and the U.S. The new EU KLEMS project is supported by the Economic and Financial Affairs Council of the European Commission. The first of the new series of EU KLEMS reports includes a listing of EU KLEMS estimates from the original EU KLEMS project, conducted from 2003-2008, and subsequent updates prior to the 2016 data release.

3. Research Methodology

The research methodology employed for this study adopts a multifaceted approach, integrating both primary and secondary research methods to comprehensively investigate the "G20 SUMMIT IN INDIA: AN ANALYTICAL STUDY ON THE CHALLENGES AND ITS

IMPLICATIONS IN INDIAN CONTEXT." In the realm of secondary data collection, an exhaustive review of official G20 documents, including summit communiqués, policy statements, and reports, forms the cornerstone. This extensive analysis facilitates a deep understanding of India's priorities and initiatives during its G20 presidency.

4. Historical Context of the G20

The genesis of the G20 can be traced back to the aftermath of the 1997-1998 Asian financial crisis, a period that brought substantial economic turmoil to several Asian countries. This crisis prompted the recognition of a critical need for a more inclusive and expansive platform beyond the existing G7 to address pressing global economic challenges. Originally established as a meeting forum for finance ministers and central bank governors from 19 countries along with the European Union, the G20 was primarily conceptualized to coordinate responses to financial crises and stabilize economies. However, its significance transcended its initial purpose, quickly evolving into a platform for high-level discussions among world leaders. The 2008 global financial crisis proved to be a watershed moment for the G20, elevating its status to that of a crucial entity in international economic governance. It transformed from a ministerial-level platform to one that convened summits attended by heads of state or government. This transition allowed the G20 to take on a broader role, fostering economic stability, facilitating policy coordination, and addressing an array of global challenges beyond financial matters. Notably, its coordinated efforts during this crisis period were instrumental in stabilizing financial markets and preventing a more severe global economic downturn. The G20's mandate extends far beyond conventional economic issues. It has become a key instrument for international economic coordination and global governance. While its primary focus remains economic policy coordination, it has expanded its agenda to include pressing global concerns like climate change, sustainable development, trade, and geopolitical tensions. This expansion underlines the G20's role as a vital platform for multilateral dialogue and policy formulation, aiming to foster consensus among major economies to tackle shared global challenges. As the global economic landscape continues to evolve, the G20's significance endures. Its decisions and policy initiatives wield considerable influence, often prompting member countries to adopt policy changes that resonate on a global scale. Furthermore, the G20 serves as a forum for global leaders to engage in critical discussions, addressing challenges that transcend national boundaries and requiring collective action. Its continued relevance lies not just in economic policy coordination but also in shaping the global agenda, influencing diplomatic relations, and confronting contemporary challenges that affect the collective well-being of nations worldwide.

5. Expectations from India's Presidency

India's presidency of the G20 in 2023 carries high expectations. As a rising economic power and a nation with a long history of engagement in global affairs, India is expected to provide leadership in addressing pressing global challenges. India's priorities are likely to reflect its domestic concerns, including economic development, healthcare access, and sustainable growth.

Expectations from India's presidency include advancing discussions on climate change mitigation and adaptation, promoting inclusive economic growth, and addressing the ongoing impacts of the COVID-19 pandemic. India's presidency may also seek to strengthen the G20's role in areas such as digital governance, trade, and finance. India's leadership is expected to emphasize inclusivity and equity in global governance, reflecting its commitment to the Sustainable Development Goals (SDGs) outlined by the United Nations (UN, 2021). Furthermore, India's presidency presents an opportunity to bridge differences among G20 member states, foster cooperation, and chart a course for a more resilient and sustainable global future. The literature highlights the G20's significance in global governance, the role of presidencies, and the historical context of the organization. Expectations from India's presidency in 2023 encompass a wide range of global challenges and opportunities, reflecting the dynamic nature of the G20 and its role in shaping the global agenda.

6. Impact of G20 Summit of Global Market

a) The G20 Summit's Direct Impact

1. Stock Market Volatility

One of the most immediate and visible effects of the G20 Summit on the Global stock market is heightened volatility. Investors closely scrutinize the summit's proceedings and dissect statements from participating nations. Any hints or announcements related to global economic policies can lead to rapid fluctuations in stock prices. This volatility often creates both opportunities and challenges for investors.

2. Trade Relations

Discussions at the G20 Summit frequently revolve around trade policies. Agreements or disputes concerning international trade can significantly influence India's import and export sectors. These, in turn, have a direct bearing on the stock market's performance. Changes in tariffs, trade agreements, or even trade tensions among participating nations can impact Global businesses and subsequently affect their stock prices.

3. Currency Exchange Rates

Exchange rates, a crucial component of international trade, can experience substantial fluctuations based on the G20 Summit's decisions. A fluctuating currency exchange rate can affect Global companies engaged in foreign trade. For instance, if the developing currencies appreciate against major currencies, it can benefit importers but hurt exporters, leading to nuanced consequences for the stock market.

b) The G20 Summit's Indirect Impact

i. Investor Sentiment

The G20 Summit's outcomes have the power to shape investor sentiment. Positive developments, such as agreements to boost global economic growth, can bolster investor confidence. This often leads to increased investments in the Global stock market, resulting in an uptick in stock prices. Conversely, unfavourable outcomes may lead to cautious investor behaviour, triggering a bearish sentiment.

ii. Economic Policies

The G20 Summit's discussions often lead to international agreements that impact Global's economic policies.

Changes in regulations, tax policies, or economic strategies can have profound consequences on various industries Worldwide. These consequences are often reflected in stock market trends. For instance, a decision to promote green energy at the summit can drive investments in the Global renewable energy sector, causing corresponding stock market movements.

iii. Foreign Investment

The G20 Summit's high-profile nature can attract the attention of foreign investors. Positive perceptions of economic potential can lead to increased capital inflow into the Global stock market. International investors often view the summit as an indicator of Global's economic stability and growth prospects, influencing their investment decisions.

7. The Impact of the G20 Summit on Ordinary Indians & Economy

The G20 summit had a significant impact on ordinary Indians, both positive and negative. On the positive side, the summit led to a boost in tourism and economic activity in New Delhi and other cities where events were held. The government also invested in infrastructure improvements, such as new roads and metro lines, which will benefit residents long after the summit is over.

However, the summit also had a number of negative impacts on ordinary Indians. The most significant of these was the increased security measures that were put in place. Large areas of the city were cordoned off, and residents were subjected to strict checks and searches. This made it difficult for people to go about their daily lives, and it created a sense of fear and anxiety. The summit also led to a number of human rights abuses. Hundreds of people, including homeless people and street vendors, were rounded up and detained in the lead-up to the summit. Some of these people were reportedly beaten and tortured.

The G20 summit had a significant impact on ordinary Indians, both positive and negative. On the positive side, the summit led to a boost in tourism and economic activity in New Delhi and other cities where events were held. The government also invested in infrastructure improvements, such as new roads and metro lines, which will benefit residents long after the summit is over. However, the summit also had a number of negative impacts on ordinary Indians. The most significant of these was the increased security measures that were put in place. Large areas of the city were cordoned off, and residents were subjected to strict checks and searches. This made it difficult for people to go about their daily lives, and it created a sense of fear and anxiety. The summit also led to a number of human rights abuses. Hundreds of people, including homeless people and street vendors, were rounded up and detained in the lead-up to the summit. Some of these people were reportedly beaten and tortured.

The G20 Summit's impact on the Indian stock market is multifaceted, with both direct and indirect consequences. It can influence stock prices, trade relations, and currency exchange rates directly. Indirectly, it shapes investor sentiment, economic policies, and foreign investments. To navigate this ever-changing landscape, Indian investors must remain vigilant, adapt to shifting global dynamics, and harness opportunities while mitigating risks.

8. Criticism

During India's G20 presidency in 2023, several challenges and criticisms emerged. Notably, there were disagreements among member states regarding climate action, with India emphasizing the importance of mitigation efforts but facing difficulties in achieving a consensus on more ambitious climate goals due to varying levels of commitment. Additionally, India encountered criticism related to its reliance on coal for energy generation, which prompted calls for a faster transition to cleaner energy sources. In the realm of digital governance and data privacy, discussions raised challenges, particularly concerning data governance disputes and the need to balance data security with open data principles. External geopolitical pressures, including regional tensions, occasionally overshadowed the G20's agenda, requiring diplomatic manoeuvring. High expectations associated with India's presidency as an emerging economy and regional power led to discussions regarding its performance, with some critics suggesting that more could have been done to bridge gaps in areas like trade and global health. Challenges in the practical implementation of initiatives also surfaced due to resource constraints and logistical hurdles (Bloomberg, 2023; Reuters, 2023; The Economic Times, 2023; The Diplomat, 2023; The Wire, 2023; Mint, 2023) ^[3].

9. Conclusion

The G20 summit was a major event for India, but it was also met with a great deal of criticism. Civil society groups argued that the summit was too expensive, exclusive, and undemocratic. They also criticized its focus on economic growth at the expense of social and environmental justice. Despite these criticisms, the Indian government defended the G20 summit, arguing that it was a valuable opportunity to showcase the country to the world and to promote India's global interests. However, it is clear that the summit came at a significant cost to the Indian people, both financially and socially.

10. Recommendations

The following recommendations are made to mitigate the negative impacts of future G20 summits.

- The G20 should be more inclusive and democratic. Civil society groups and other stakeholders should be given a formal role in the G20 process, so that their voices can be heard in the discussions.
- The G20 should focus on social and environmental justice, as well as economic growth. The G20's agenda should be set in consultation with civil society groups and other stakeholders, and it should reflect the concerns of the poor and marginalized.
- The G20 should be more transparent and accountable.
- The G20 should disclose more information about its activities, and it should be held accountable for its decisions.
- The G20 should be more sustainable. The G20 should minimize the environmental impact of its meetings and events.

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