Global India:
Setting the context and civil society responses

By Benny Kuruvilla[1]
July 2012

Summary:

Twenty years after the onset of the economic reforms of 1991, India's global role (or rather perceived potential) is receiving unprecedented attention. But does India have the trappings of a big power and are its institutions ready to play a proactive role in the changing geo - economic, environmental and political context? What are the consequences of the rise of Indian multinational corporations? How has Indian civil society responded to the developments over the past decade? This scoping paper attempts to answer some of these questions.

Chapter one summarises the consequences of India's policy commitment to the free market agenda in terms of the nature and pattern of India's integration into the global economy. It shows that during the period of India's highest growth we see a sharp increase in its trade deficit. In the years after the 2008 crisis, India's trade deficit translated into an increase in the current account deficit. India is increasingly dependent on short term capital flows to keep its current account deficit under control. This raises questions on the sustainability of India's growth path, along with widening inequalities, persistent poverty, high rates of malnourishment, growing governance failures and the continued possibility of jobless growth. The chapter also discusses the shift in India's trade towards developing countries, and the rise of Indian business.

The second chapter takes a closer look at several aspects of what the emergence of Global India entails. It looks at India's evolving position in different forums and regional groupings, as well as the response from civil society on arguably the most important one, the G20. The G20 is examined from the perspective of its ability to provide a forum for global governance. Against this backdrop, the recent engagement of some Indian civil society groups is examined, in order to give a picture of what is happening and what engagement already exists, and within what limits. Climate, trade and investment are key arenas of international negotiations and India's position at the UNFCCC and various trade platforms are touched upon. IBSA and BRICS are discussed as two forums on South-South cooperation that could present new opportunities. The chapter finishes with an examination and mapping of the growing presence of Indian companies abroad (especially in Africa), in the sectors of energy and food production.

The paper concludes by asserting that there has been little systematic response from independent think tanks and Indian non governmental organisations in terms of monitoring and research on these developments. It is high time that Indian NGOs in partnership with other groups in the global south (and north) articulate a forward looking research and advocacy agenda to influence the fast evolving phenomenon of Global India

[1] With Susana Barria who conducted part of the background research and interviews.

1. Rising India: the impact of reforms

1.1 Fragile growth>

The economist Joan Robinson has been quoted as saying that ‘the frustrating thing is that whatever you can rightly say about India, the opposite is also true’. Decades later, this continues to apply and contrarian versions of India’s rise and growth story abound in policy circles, media and academia.

In the last few years, the Indian economy has decelerated in the wake of the 2008 global economic crisis that still continues to grip Europe and the United States of America. Growth rates have now been scaled down upto three percentage points from pre-crisis levels and concerns abound on corruption, investment, jobs, agriculture and energy.

Despite the current impasse, associations such as the Federation of Indian Chambers of Commerce and Industry (FICCI) are recommending a fast-tracking of reforms on energy, finance, industry, agriculture, taxation and labour to boost investment and growth[2].

An apt summary of the proponents’ view of two decades of the reform period is found in the catch line of the India Brand Equity Foundation (IBEF) an initiative established by the Ministry of Commerce along with the Confederation of Indian Industry (CII). The slogan declares India as the ‘World’s fastest growing free market democracy’ and underscores that the past 20 years have seen 7 Governments, 5 Prime Ministers but ‘one direction’ in policy – i.e. a consistent commitment to the free market agenda[3].

The critics of India’s two decade adherence to free market economics are many. Economists such as Jayati Ghosh, Prabhat Patnaik and others have shown that despite impressive growth rates the economy has not been able to reduce poverty and generate decent jobs by any substantive figure. Poverty statistics are much contested with estimates varying from a low of 29.8% of the total population (latest official estimates from the Planning Commission based on 2009-10 figures) to a high of upto 77% living on less than Rs. 20 a day (these are slightly dated figures from the 2007 Arjun Sengupta committee report but the contrast is indicative of the debate on the impacts of reforms in reducing poverty)[4]. Data on employment indicate that despite a decline in share of GDP from 29.4% in 1980-81 to 12.8% in 2010-11 agriculture employs 52% of the workforce. The impressive growth in the services sector has not resulted in a concomitant rise in its employment share. In 2009-10 services contributed 57.1% of GDP but only 26.2% of employment and much of it precarious jobs in the informal sector[5].

The growth story of the Indian economy after the reforms of 1991 can be divided into three parts. The period from 1992-93 to 1996-97 was a period of gradual increase in the GDP growth rate, from approximately 5% to 7%. Thereafter, from 1997-98 to

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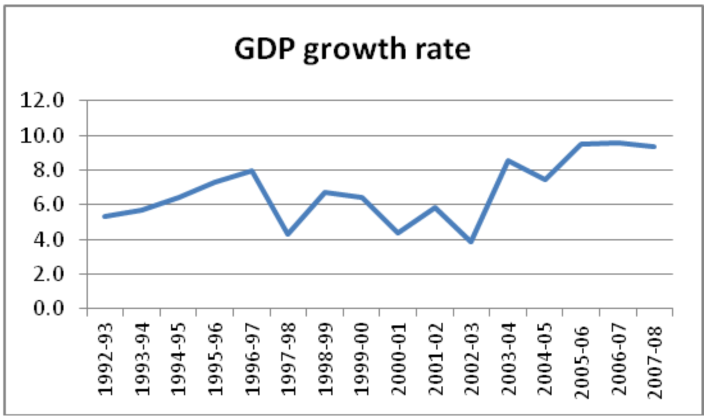
[2] For example see FICCI’s June 2012 twelve point action plan to address the crisis. http://www.ficci.com/pressrelease/921/ficci-press-indian-economy-june04.pdf

[3] http://www.indiaeverywhere.com/. The term ‘Fastest growing free market democracy’ was initially used as the catch-line for advertising the India growth story at the 2006 World Economic Forum in Davos.

[4] http://planningcommission.nic.in/news/press_pov1903.pdf

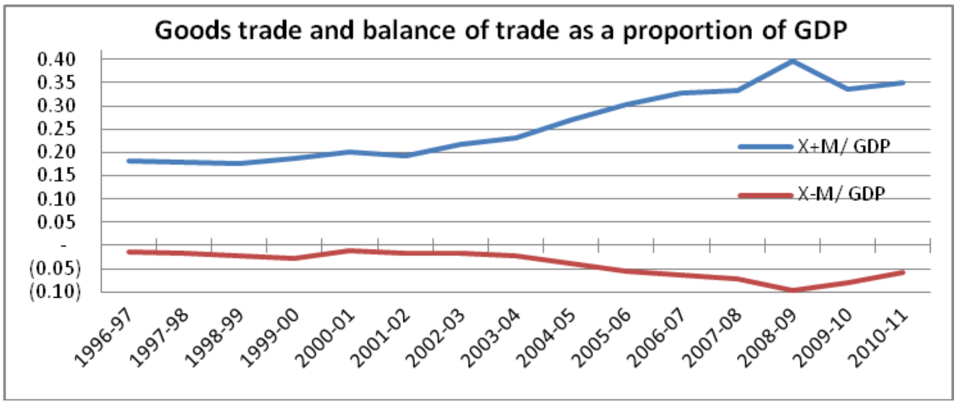
[5] Mohanty (2012).

2002-03, the GDP growth rate declined from approximately 7% to 4%, and this is seen as period of slow down. From 2003-04 it has been a high growth phase with growth rates remaining between approximately 7.5%-9.5% from 2003-04 to 2007-08, i.e. until the September 2008 global financial crisis.



Source: RBI Handbook of statistics on the Indian Economy, 2011

Prior to the balance of payment crisis of 1991, India's GDP growth was more domestically oriented and the major link with the global economy was related to borrowing capital, rather than trade in goods and services. The reforms affected the nature and pattern of integration with the global economy, in relation to trade in services as well as goods. While in 2000-01, service exports was less than 0.5 % of GDP, in 2008-09 it had come up to close to 4.5 % of GDP. Trade in goods as a percentage of GDP was lesser than 10% in the 1980s and rose to around 20% in 2001-02. It then doubled in 7 years to reach 40% by 2008-09 (see blue line in table below).



Source: RBI Handbook of statistics on the Indian Economy, 2011

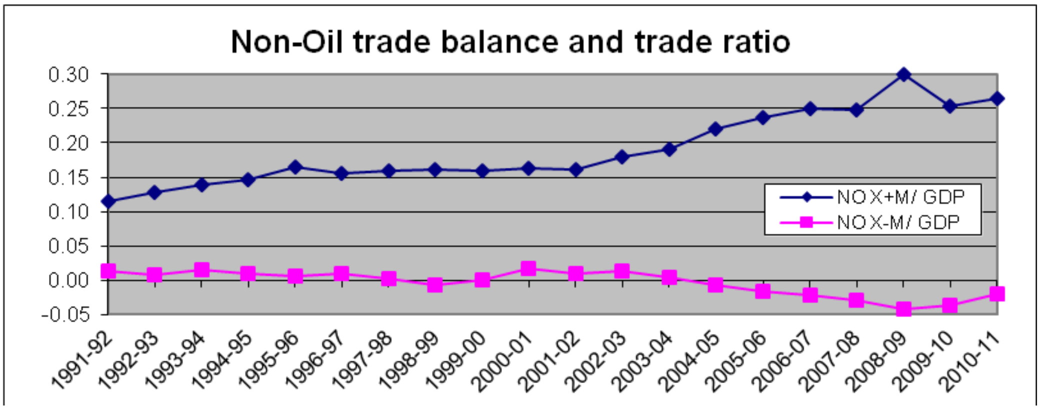
The value of trade in comparison to GDP has increased four fold since the reforms, and in consequence, India's trade balance affects the economy more strongly[6] (see red line in table above).

[6] Balance of payments accounts are an accounting record of all monetary transactions between a country and the rest of the world. The balance of payments has two major components, the current account, and the capital account, whereas the current account reflects a nation's net income, and the capital account reflects a net change in national ownership of assets. The major component of the current account is the balance of trade, and other components include interests and dividends and foreign aid. In India, trade in services comes under a category called "invisibles", which is also part of the current account. Current account deficit is called CAD. The capital accounts include foreign direct investment, and portfolio investments amongst others. (A surplus in the capital account means money is flowing into the country, but the inbound flows will effectively be borrowings or sales of assets rather than earnings. A deficit in the capital account means money is flowing out the country, but it also suggests the nation is increasing its claims on foreign assets.) Source: Wikipedia, balance of payments, current account, and capital account articles.

India’s current account deficit in the 1990s and 2000s was of about 1- 1.5% of GDP, which was a comfortable level for the Government of India (GoI). However, after the crisis, India’s current account deficit has increased to 3 % to 4 % of GDP, which raises questions regarding the sustainability of India’s growth path and the pattern of India’s integration with the global economy.

India has had a consistent deficit in its oil trade balance, due to a strong dependency on the international market to address burgeoning domestic demand. (Recently, India has started exporting oil, but the numbers are not significant.) However, if one leaves aside India’s trade in oil during the 1990s it runs a consistent surplus on non-oil trade balance, due to a faster increase in its exports than non-oil imports (see pink line in table below), and the rise of services exports – along with a continuing inflow of remittances.

Since the new phase of growth of 2003-04, India’s increased integration into the global economy is visible in the sharper increase of imports (including non-oil imports), as opposed to exports as a proportion of GDP. In consequence, from 2003-04 onwards, India sees a sharp increase in its non-oil trade deficit.



Source: RBI Handbook of statistics on the Indian Economy, 2011

This initially does not translate in a large deficit in the current account balance due to the positive trade balance in services. However as, since 2003-04, markets for trade in goods has diversified, but services markets are still concentrated in developed countries, after the crisis, trade in goods has picked up – which is a deficit trade balance – trade in services has not, as this is mostly business exports directed toward developed countries. Additionally, from 2008-09 onwards the available flows of capital are insufficient to finance the current account deficit. The available flows are not only insufficient, but also dominated by volatile capital in the form of portfolio flows. The weakness of these available flows is partly a result of the recent sustained outward FDI[7] (see table below).

[7] FDI is one of the components of investments, the other include portfolio investments.

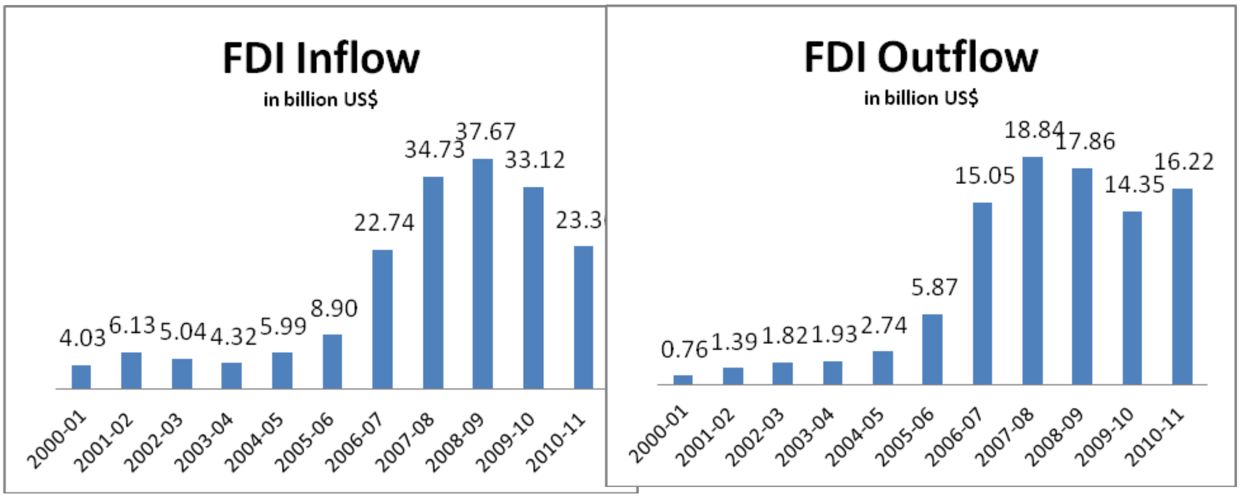


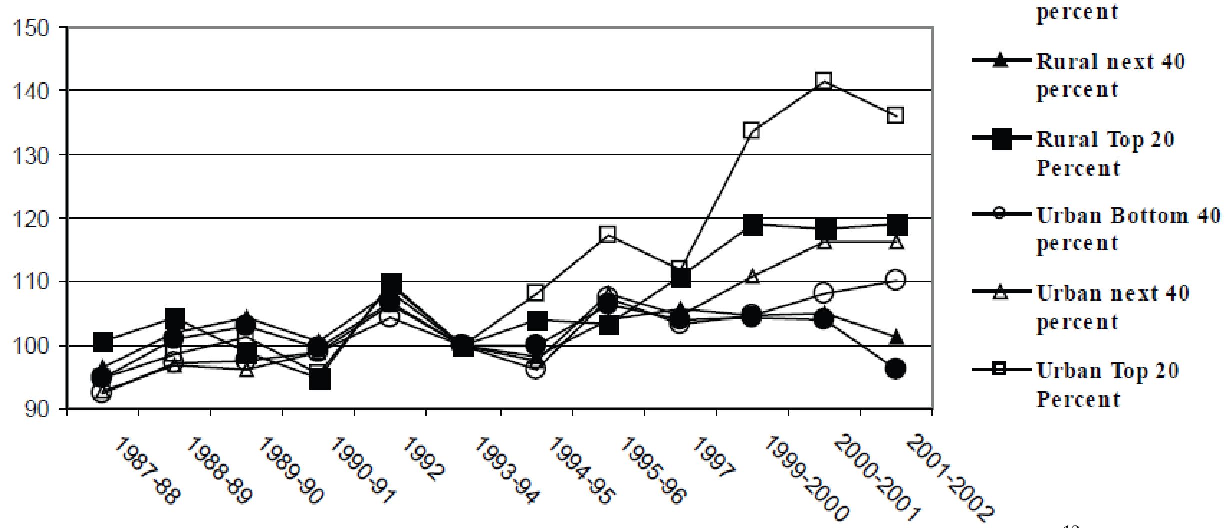
Chart compiled by author. Source: RBI Handbook, Economic Survey 2011, RBI Monthly Bulletins Dec 2004 and July 2011

According to Professor Mritiunjoy Mohanty at the Indian Institute of Management (IIM) Kolkata, what this shows is that the reforms of the 1990s have created a structural non-oil trade deficit. This means that today India is depending on short term capital flows to keep its current account deficit under control, which is also amplified as Indian capital is going abroad. According to Mohanty, what this also means is that India's growth is fragile, i.e. it may be difficult to sustain 8-9% growth rate of GDP. He adds that '*While India initially saw its seat at the high table of geo politics justified by its high growth rate, today its dependence on global capital to finance its current account deficit gives an added interest to being plugged in the circuit of global capital through its presence at the same high table*[8]*'*.

Additionally, while there are estimates that the urban top 20 % of the population have increased their per capita consumption there has also been a widening of inequalities (table below), including regional inequalities, lack of access to income generating opportunities, inequalities in access to health, nutrition and education, along with persistent poverty, to name a few[9]. Some economists point towards the reforms themselves as factors behind growing inequality and persistent poverty, including fiscal tightening, regressive tax policies and expenditure cuts; financial sector reform that reduced institutional credit flow to small producers and agriculturalists; liberalisation of rules of domestic and foreign investment, leading to more regional imbalances and skewed investment patterns, and trade liberalisation that has affected livelihoods and employment generation[10]. A more recent United Nations Development Programme (UNDP) report found that '*inequality in the distribution of human development is distinctly pronounced in India compared to other countries, suggesting that the benefits of India's booming economy haven't spread widely among the country's population*'[11].

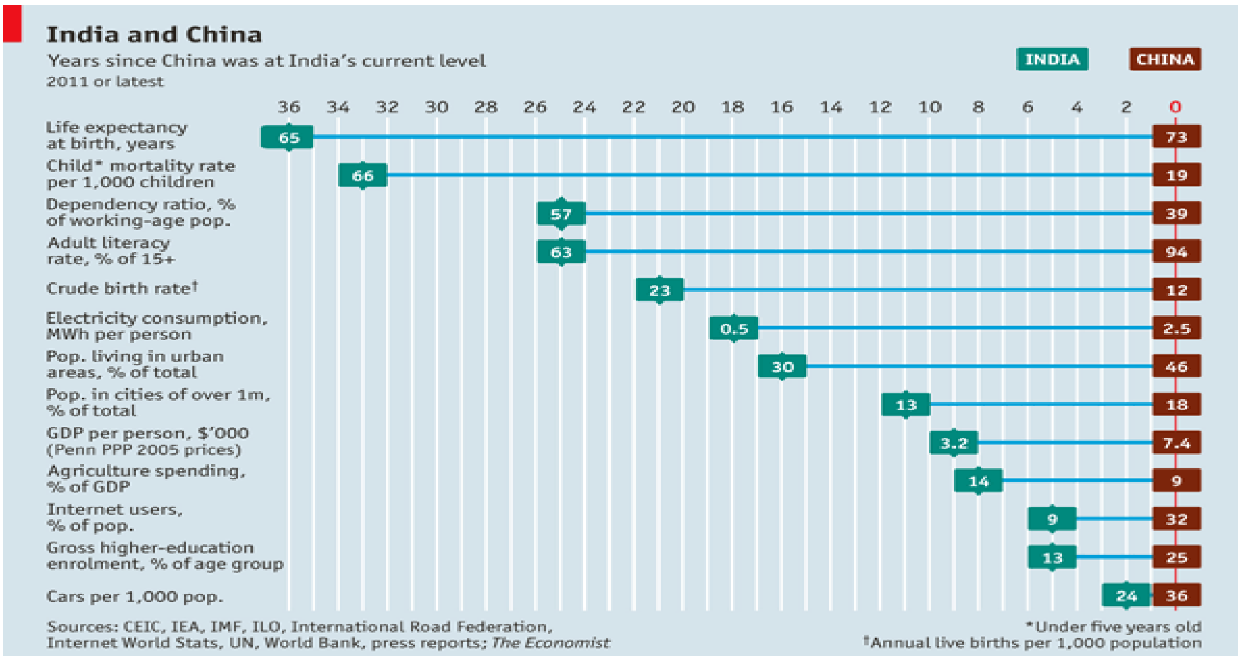
[8] Interview with Professor Mohanty of the Indian Institute of Management (IIM), Kolkata. 3 October 2011.
[9] Parthapratim Pal, Jayati Ghosh (2007): Inequality in India: A survey of recent trends, United Nations - Department of Economic and Social Affairs, New York, July
[10] Ibid
[11] M.H. Suryanarayana et al (2011): "Inequality adjusted Human Development Index for India's States", United Nations Development Programme (UNDP) India, New Delhi

Figure 2. Indices of Real Per Capita Consumption by Fractile Groups



Source: Abhijit Sen, Himanshu (2005): "Poverty and inequality in India: Getting closer to the truth"[12]

For comparison, India's GDP per capita is approximately 1371 US$ and China's 4382 US$, which is only a threefold difference[13]. The real difference lies in that the nature of China's growth which is less fragile in a socio-political sense. China is seen as having better managed its growth story (though there is mounting evidence of the disastrous environmental consequences of this growth) and the table below gives some markers of the different facets it entails.



Source: The Economist Magazine, "Comparing India and China: Chasing the dragon", 3 October 2011

[12] Available at www.networkideas.org
[13] Data refers to the year 2010, World Economic Outlook Database-September 2011, International Monetary Fund.

The lack of access to basic amenities and the pressure on natural resources stemming from this high growth model of development have also resulted in domestic political tensions.

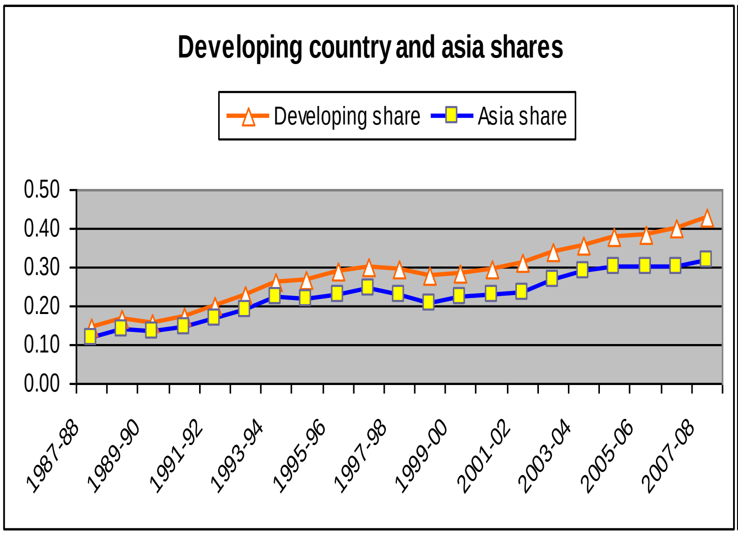
The National Sample Survey Office (NSSO), Ministry of Statistics and Programme Implementation, released the key indicators of Employment and Unemployment in India, generated from the data collected in its 66th round survey during July 2009 - June 2010, in June 2011. According to the data released, employment generation actually decreased sharply between 2004-05 and 2009-10, which was a period of very rapid GDP expansion. This is also true when compared to the earlier five-year period. According to leading scholars, including economist Jayati Ghosh, '*this points to the growing possibility of jobless growth in the Indian economic boom*'[14]. This comes along while the agrarian crisis is still deepening. Additionally, the prevalence of underweight children in India is among the highest in the world, and is nearly double that of Sub Saharan Africa. A 2009 World Bank report on malnutrition in India concluded that malnutrition comports dire consequences not only for mobility and mortality, but also for productivity and economic growth[15].

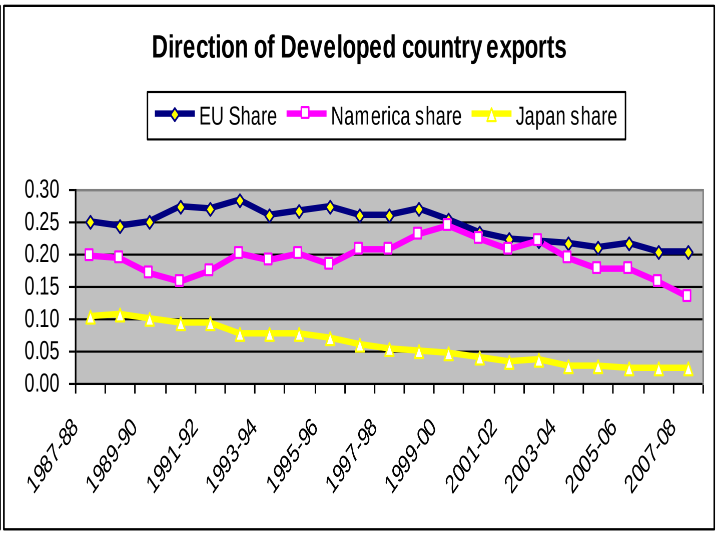
1.2 Rise of Indian business: >

<u>Diversification and modular production:</u>
The new phase of growth that started in 2003-04 witnessed changing geographies of trade in goods in India with a rise in the share of developing countries, especially developing South-East and East Asia[16]. This is more pronounced for exports, as imports from developed and developing country are roughly equal (see tables below).

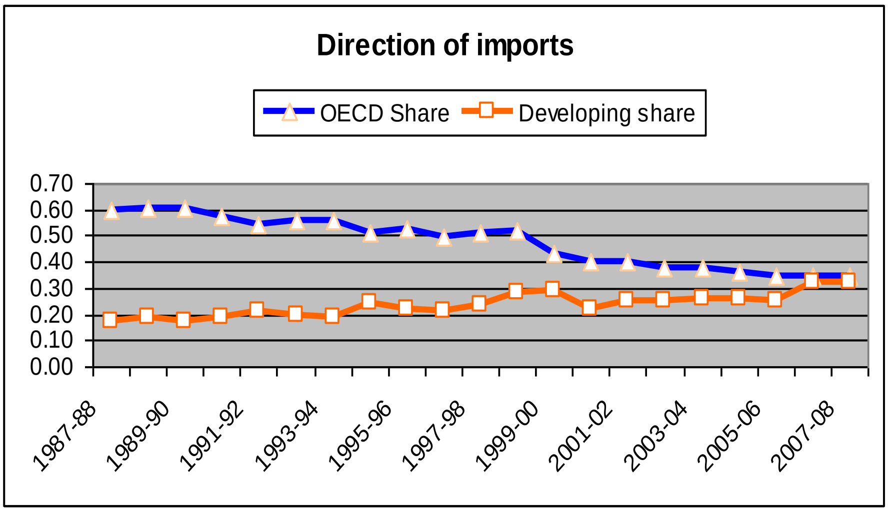
This diversification of the direction of trade in goods has its roots in globalisation, as manufacturing industries have seen the emergence of a new production technology in the form of modular production spread across the globe, i.e. different units or pieces (also called modules) of a final product are manufactured in different locations and assembled to make the final product. This also translates into higher trade in proportion of GDP, as the import intensity of this mode of production is higher, i.e. exports which are the product of this system will have a high import component. Another aspect of this new mode of production is the increase of trade in intermediates, within developing countries. This translates in a transition from low value added exports to medium-value added exports. However, the control over the value chain is still concentrated in developed countries. This means that there is a technological constraint that translates into an inability to sustain an autonomous move up the value chain[17].

[14] Jayati Ghosh, *India must be aware of the dangers posed by jobless growth*, the Guardian, 14 July 2011.
[15] The World Bank (2009), 'World Bank Report on Malnutrition in India', available at http://web.worldbank.org
[16] As said earlier, in contrast, services exports are predominantly directed to developed countries.
[17] While India presents a mixed picture with certain sectors being more integrated in this new mode of production than others, in contrast, China has managed to force the control over larger parts of the value chain of production taking place in the country, partly due to regulations over foreign investment.





Source: Mritiunjoy Mohanty, 'Foreign Trade', Power point presentation, April 2010



Source: Mritiunjoy Mohanty, "Foreign Trade", Power point presentation, April 2010

In response to this diversification, the GoI has launched policies that try to address the increasing relevance of developing countries in its economic diplomacy. One key instance is the Look East Policy (LEP), which is a crystallisation of ASEAN's core role in India's integration into the global modular mode of production. Another is possibly the BRICS (Brazil, Russia, India, China, South Africa) attempt to further intra group trade to $ 500 billion by 2015 (in 2011 it was $ 230 billion) at the March 2012 summit in New Delhi.

Sunrise for Indian business?

The 2005 Forbes annual list of the world's largest corporations had 5 Indian companies with Indian Oil Corporation (IOC) at the top of the Indian list ranking 170 with revenues of $ 29.6 billion. The Forbes 2011 list featured 8 Indian companies and IOC moved up to 98 with its revenues more than doubling to $ 68.9 billion[18].

A recent trend which is often taken as a sign of the rise of Indian companies is the jump in overseas investments by Indian companies. While the 2007-08 fiscal year outward investment totalled $21 billion, the most recent numbers in terms of overseas

[18] http://money.cnn.com/magazines/fortune/global500/2005/countries/I.html

investment is \$ 43.9 billion in 2010-11 – more than a 100% increase[19]. However the corresponding figure for 2009-10 is \$18 billion, also showing that the trend is not that set as yet. Additionally, the proportion of FDI to the total overseas investment in comparison of portfolio investments to total overseas investment has decreased sharply – from 89.69% to 36.95 % in 2007-08 and 2009-10 respectively – implying a higher volatility of the flows as portfolio investment are more volatile than FDI. Finally, if taken as a share of GDP – close to 2.5 % in 2010-11 – these flows are much less significant for the Indian economy than trade in goods.

Shift in global economic power?

In some sections of the Indian media, there is an impression that the shift in global economic power from the North to the South has been accelerated by the current global economic crisis, or has already occurred. The International Monetary Fund's (IMF) World Economic Outlook for September 2011, for example, suggests that developing countries now account for 48 per cent of the world output, the US economy accounts for less than one fifth and the Euro area less than 15 per cent. Developing Asia, by contrast, accounts for 24 per cent. However, those estimates are based on Purchasing Power Parity (PPP) rates, instead of actual exchange rates and some economists, such as Professor Jayati Ghosh of Jawaharlal Nehru University (JNU), argue that they are some major problems with the estimates of income using exchange rates based on PPP and that it gives '*a misleading picture of income levels across countries, by making countries with low per capita incomes at actual (or nominal) exchange rates suddenly appear to be much less poor in terms of PPP*'[20].

Instead Ghosh suggests looking at the share of incomes across different country groupings in terms of actual exchange rates. The image that comes out is quite different: While the share of developed countries has declined in the past two decades, they still account for more than 70 % of global income. And while developing countries have more than doubled their share in the same period, they still have achieved less than 30 % share. The US still accounts for nearly a quarter of global output; the Euro area nearly one-fifth, China is still less than 10 %, and India less than 3 %. In consequence, Ghosh argues that while there is a clear direction towards change, the process still has a very long way to go before it can become really significant[21].

2. Global India: Institutions and actors

2.1 India in the G20

The G20 process began in 1998, initially as an informal gathering of Finance Ministers and Central Bank Governors to deal with the fall out of the 1997 Asian financial crisis and the 1998 Russian financial crisis. It included the G-8 countries and 11 emerging economies plus the European Union between them accounting for 85%

[19] RBI Handbook of Statistics on Indian Economy 2011
[20] Jayati Ghosh (2011): Shifts in the Global Economy, Frontline, Volume 28 - Issue 22: Oct. 22-Nov.04
[21] Ibid

of world output[22]. Ten years later faced with the prospect of another financial crisis in 2008, this informal little known annual gathering became the primary global mechanism for collectively tackling global economic and financial issues. The then outgoing American President George W Bush called for the first heads of state summit in Washington in November 2008. Called the **'Summit on Financial Markets and the World Economy'** the agenda was '*strengthening economic growth*, *dealing with the financial crisis* and *laying the foundation for reform of the financial system* to help to ensure that a similar crisis does not happen again[23].

The first summit agreed on principles that would guide financial market reforms, along with actions for [24]

- *Strengthening transparency and accountability* by enhancing required disclosure on complex financial products; ensuring complete and accurate disclosure by firms of their financial condition; and aligning incentives to avoid excessive risk-taking.
- *Enhancing sound regulation* by ensuring strong oversight of credit rating agencies; prudent risk management; and oversight or regulation of all financial markets, products, and participants as appropriate to their circumstances.
- *Promoting integrity in financial markets* by preventing market manipulation and fraud, helping avoid conflicts of interest, and protecting against use of the financial system to support terrorism, drug trafficking, or other illegal activities.
- *Reinforcing international cooperation* by making national laws and regulations more consistent and encouraging regulators to enhance their coordination and cooperation across all segments of financial markets.
- *Reforming international financial institutions (IFIs)* by modernising their governance and membership so that emerging market economies and developing countries have greater voice and representation, by working together to better identify vulnerabilities and anticipate stresses, and by acting swiftly to play a key role in crisis response.

India's key interests in the Washington summit, articulated by Prime Minister Manmohan Singh included the 'the need for greater inclusivity in the international financial system, the need to ensure that the growth prospects of the developing countries do not suffer, and the need to avoid protectionist tendencies'[25]. The summit announced the emergence of economies such as India as engines of growth in a 'changing landscape of the international economy'[26]. PM Singh's propositions to bring the crisis under control included:

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[22] http://www.economist.com/node/14742524
Members include Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia Italy, Japan, Mexico, European Union, Republic of Korea, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States of America

[23] http://www.g20.utoronto.ca/2008/2008factsheet.html

[24] G20 (2008), Declaration of the Summit on Financial Markets and the World Economy, Washington DC, 15 November

[25] Government of India, 'PM's Statement on the occasion of departure for G-20 meet', Press Information Bureau, 13 November 2008

[26] Government of India, 'PM's Statement on the occasion of departure for G-20 meet', Press Information Bureau, 13 November 2008

- Additional measures at the national level to complement any coordinated international stimulus.
- Activate a process for replenishing IMF resources, to able it to counter the shrinkage of capital flows to developing countries. In addition he proposed that countries in a position to do so should consider the scope for expanding short term swap arrangements[27].
- The World Bank / IFC and the Regional Development banks should aim at making an additional $50 billion per year in support of infrastructure development in the public and private sectors.
- Industrialised countries should help to revive trade flows in developing countries by expanding the scale of export credit finance available to these countries.
- Urgent steps to be taken to strengthen the global trading system and forestall protectionist tendencies that surface in times of recession and
- A successful conclusion of the on-going WTO talks[28].

India also said that the G-7 was no longer sufficient to meet the challenges of the times, called for quota reforms in the IMF and called for broader representation of developing countries in forums dealing with financial stability such as the Basle Committee on Banking Supervision and the Financial Stability Forum

The **April 2009 London Summit** reiterated the issues from the earlier summit but there were already rumblings of discontent on the issue of continuing with the fiscal stimulus packages[29]. While the British and the American leadership were in favour of another round of stimulus packages to try and stimulate the global economy, the French and Germans remained strongly opposed to such measures because of the increased levels of debt which this would cause[30]. According to observers, the London Summit was a more substantial meeting than its predecessor, and attempted to formulate a road map for addressing the crisis[31].

At the end of the one-day meeting, G20 leaders agreed on coordinated actions aimed at containing the crisis, including a *fiscal outlay, additional resources for the IMF and development banks*, and the *establishment of the Financial Stability Board to work with the IMF* and *advance regulatory reform of the financial sector*[32]. On regulations an agreement was reached to bring *wider global regulation of hedge funds and credit-rating agencies*, and a common approach to *cleaning up bank toxic assets* was also reached[33].

[27] Swap arrangements are agreements between 15 central banks and the Bank for International Settlements through which participating banks can borrow a foreign currency from another bank to buy its own domestic currency on the open market. This allows banks to effect changes on their exchange rates, using market factors.
[28] Government of India, 'PM's statement at the Summit of Heads of State or Governments of the G-20 countries on Financial Markets and the World Economy', Press Information Bureau, 15 November 2008
[29] http://www.economist.com/node/13278766
[30] http://www.irishtimes.com/newspaper/world/2009/0326/1224243451230.html
[31] Rajiv Kumar (2009), 'G-20: In Search Of A Role in Global Governance', Japan Center for Economic Research, October
[32] Paola Subacchi and Stephen Pickford (2011): 'Legitimacy vs. Effectiveness for the G20: A Dynamic Approach to Global Economic Governance', Chatham House, briefing paper, October
[33] CEPR, NCAER (2010): 'India in the G20: Macroeconomic Policy Coordination, Regulation and Global Governance, Centre for Economic Policy Research (CEPR), National Council of Applied Economic Research (NCAER)

The fiscal outlay is an in-principle financial commitment of US$1.1 trillion to various programs designed to improve international finance, credit, trade, and overall economic stability and recovery. It includes[34]:

- US$500 billion increase in the resources available for the IMF to lend money to struggling economies,
- US$250 billion in pledges to increase trade finance,[35]
- US$250 billion allocation of Special Drawing Rights (SDR) which give IMF members the right to draw upon during a crisis,
- US$100 billion in commitments for the multilateral development banks to lend to poor countries.

NGOs such as Greenpeace issued statements calling for a new green deal but none of the US$1.1 trillion stimulus package was allocated for environmental investment, and no other environmental agreements were made[36].

According to a CEPR and NCAER paper the London communiqué reflected most of India's concerns[37]. But with the background of the parliamentary elections in New Delhi, the Indian delegation had a tame agenda on monetary and fiscal stimulus to address the global recession. Like USA, India was in favour of trebling the IMF's resources and making a fresh allocation of Special Drawing Rights (SDR). Along with China, India also supported an increase in IMF 'quotas'[38]. The London communiqué endorsed the reforms the IMF proposed in April 2008, which would increase India's quota by 0.5 percentage points to 2.44%[39]. However, observers point to the fact that '*the summit did not secure agreement for a further rebalancing of quotas to reflect the growing weight of emerging economies in the world economy*'[40].

With initial signs of economic recovery in advanced economies, the **September 2009 Pittsburgh Summit** took place in an environment of significantly less pressure to find new solutions for the global economy[41]. Questions were raised in some circles on the justification for the existence of the G20[42]. India called for a focus on medium and long term issues given its interest in replacing the G8 with the G20 as the latter gave China, India and Brazil a permanent seat in global geo politics[43]. Even the Economist magazine proclaimed that the G20 ended 2009 by in effect replacing the old G8[44]. The G8 was expected to continue in a truncated fashion focussing more on geo-strategic and political issues[45].

During the Summit, Prime Minister Manmohan Singh raised four key issues. He stated that *the fiscal stimulus should not be withdrawn*, the need for *a strategy for*

[34] http://news.bbc.co.uk/2/hi/business/7979483.stm
[35] http://uk.reuters.com/article/2009/04/02/uk-g20-trade-sb-idUKTRE53127W20090402
[36] http://www.greenpeace.org/eastasia/news/stories/climate-energy/2009/G20-China-Greenpeace/
[37] CEPR, NCAER (2010)
[38] For more information on the quota system in the FMI, you can see the IMF quota factsheet on the IMF website: http://www.imf.org/external/np/exr/facts/quotas.htm,, as well as the IMF press release announcing the implementation of the quotas reforms: http://www.imf.org/external/np/sec/pr/2011/pr1164.htm. For an article on the Chinese perspective on the reform, see: http://english.peopledaily.com.cn/90001/90780/91421/7178000.html
[39] Ibid
[40] Ibid
[41] Rajiv Kumar (2009), 'G-20: In Search Of A Role in Global Governance', Japan Center for Economic Research, October
[42] Ibid.
[43] Government of India, 'Prime Minister's statement prior to his departure for the G-20 Summit', Press Information Bureau, 23 September 2009
[44] http://www.economist.com/node/14742524
[45] Rajiv Kumar (2009), 'G20: Tangible results of Pittsburgh', East Asia Forum, 7 October

expanding investment demand (in energy, transport and other infrastructure for public services) in developing countries to replace lost export demand, *the key role of the World Bank and other regional development banks in financing such investment* by for instance doubling the capital of the International Bank for Reconstruction and Development (IBRD) and *the need to revive the WTO Doha Round*[46]. Except the issue of continuing with the fiscal stimulus, none of the Indian demands found much resonance in the meeting and declaration.

The summit gave a greater role to the IMF by mandating it to supervise the 'Framework for Strong, Sustainable and Balanced Growth' and it was decided to shift at least 5% of the IMF quota share to more dynamic emerging markets[47]. The Financial Stability Board (FSB), composed of central bankers and financial regulators, was broadened to include emerging countries[48].

The **June 2010 Toronto Summit** took place under the theme 'Recovery and the New Beginning' and in the looming shadow of a sovereign debt crisis, concerning mostly the refinancing of Greek public debt. On 2 May 2010, the Eurozone countries and the International Monetary Fund had agreed to a €110 billion loan for Greece, conditional on the implementation of harsh austerity measures.[49] However, the Greek people largely rejected the austerity measures and expressed their dissatisfaction with massive street protests.

According to observers, and in comparison with the previous summits, '*the agenda [of the G20 Toronto Summit] looks not only modest but also unable to generate a consensual view*'[50]. The focus continued to be on the *recovery from the global recession,* including its monitoring and the evaluation of the progress of the financial sector reform[51]. The summit followed an early June meeting of G20 finance ministers in Busan (South Korea) that stressed the need for *fiscal tightening and sustainable public finances*. Core disagreements did appear between USA and the EU, as the former supported continued economic stimulus spending to galvanise the recovery, but European countries were in a process of forcefully implementing severe cuts in spending to respond to the sovereign debt crisis that was squeezing national budgets[52]. China and India favoured increased stimulus funding to mitigate the effects of recession[53]. India continued to be concerned about the timing of global fiscal and monetary exit strategies. There was some general agreement on cutting annual budget deficits and reducing debt to GDP ratios by the next few years but its enforceability remained unclear.

Among the specifics proposed by the European Union were a *global bank tax*, but these plans were opposed by the United States and Canada[54]. It was expected that

[46] Prime Minister's Office, 'Full text of PM's remarks at the G-20 meeting at Pittsburgh: Plenary session', Press Information Bureau, 26 September 2009
[47] Rajiv Kumar (2009)
[48] The FSB consists of national financial authorities from the G20, key international financial institutions and international standard setting bodies mandated with the task of develop and promote the implementation of effective regulatory, supervisory and other financial sector policies. The Reserve Bank and India, Ministry of Finance and Securities and Exchange Board of India are members from India.
[49] http://www.guardian.co.uk/business/2010/may/07/euro-crisis-global-leaders-greece
[50] Paola Subacchi (2011)
[51] http://www.economicsummits.info/2010/03/harpers-comments-to-the-sherpas-document/
[52] http://www.aljazeera.com/news/2010/06/2010627114252622620.html
[53] Government of India, 'Remarks by the Prime Minister Dr. Manmohan Singh at the Toronto G-20 Summit', Press Information Bureau, 27 June 2010
[54] Paola Subacchi (2011)

India would not support a global bank levy[55]. The compromise solution was that financial institutions will have to contribute to recover losses but each government would have flexibility in deciding the modus operandi. It was also decided that institutions would be required to keep a higher amount of cash reserves in case of future financial shocks.

India also warned of threats of new protectionist measures in industrialized countries and the need to reduce existing barriers to trade[56]. Prime Minister Singh again reiterated his position that the best way for developing countries deal with decreased exports is through increased investments directed to infrastructure[57].

For the first time the **November 2010 Seoul Summit** added the development agenda for the G20[58]. Efforts to place development policy on the G20 agenda had earlier received a boost in Toronto with the creation of a G20 development policy working group, to be co-chaired by Korea and South Africa[59]. South Korea proposed an eight-pillar development agenda and multi-year action plan and ideas proposed for inclusion by different G20 countries included co-ordinated action to help developing countries recover stolen assets; assistance in retrieving money looted by corrupt rulers and sent to overseas bank accounts; and a commitment to unilaterally grant low-income countries true duty-free, quota-free market access, outside of the Doha trade negotiations process, as a boost to development. However, meaningful concrete actions eluded the Summit. While a large range of issues are covered in the Multi-year action plan, such as Infrastructure; Human Resource Development; Trade; Private Investment and Job Creation; Food Security; Growth with Resilience; Financial Inclusion; Domestic Resource Mobilization; and Knowledge Sharing, the plan resembles more wishful-thinking list of market-led reforms, than a concrete plan for inclusive development[60].

Some observers predicted that 'in 2011 the G20 will face a new challenge—the G2' namely USA and China[61]. This comes in the context of what was termed in the media as a 'currency war', in which currencies are either being driven down or prevented from rising to maintain or improve a country's export competitiveness. Arguments about currencies and the related question of international trade imbalances generated heated debate in the run-up to the Seoul summit. Ahead of the summit, USA proposed quantitative limits for current account imbalances - the current account being made up of trade in goods and services plus some financial flows. This was seen as specially directed at China to force it to allow its currency to appreciate making its exports less competitive[62]. However, the Federal Reserve's decision shortly before the Summit to print another $600 billion USD of the world's reserve currency in an effort to revive the American economy also raised eyebrows. This would encourage capital to flow elsewhere, weakening the dollar and putting upward pressure on currencies of major emerging countries[63].

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[55] http://www.cfr.org/economics/g20s-twenty-agendas/p22542?breadcrumb=%2Fpublication%2Fby_type%2Fbackgrounder
[56] Government of India, 'Remarks by the Prime Minister Dr. Manmohan Singh at the Toronto G-20 Summit', Press Information Bureau, 27 June 2010
[57] Ibid.
[58] Government of India, 'PM's statement prior to his departure for Seoul', Press Information Bureau, 10 November 2010
[59] http://www.guardian.co.uk/global-development/2010/oct/04/south-korea-development-g20-summit
[60] G20 (2010), 'Annex II: Multi-Year Action Plan on Development', Seoul, 12 November 12.
http://www.g20.utoronto.ca/2010/g20seoul-development.html
[61] http://www.economist.com/node/14742524
[62] http://www.bbc.co.uk/news/business-11725352
[63] http://www.economist.com/blogs/newsbook/2010/11/g20

The currency wars was seen as one symptom of a deeper issue of 'unbalanced recovery', alongside large trade surpluses in some countries and big deficits elsewhere; but no agreement was reached on its underlying cause or solution at the Summit[64].The efforts to crystallise a common understanding of the roots and solution to these imbalances into guidelines that would help to identify big and persistent imbalances became a 'range of indicators', revealing difficulties to reach a more specific consensus [65].

Similarly, the process of defining indicators for the Mutual Assessment Process (MAP) adopted in Pittsburgh ended up being laborious as individual countries were preoccupied in ensuring that their own national spaces and interests were protected and country specific recommendations were not adopted[66]. A closer look at the MAP documents shows that they resemble more a compilation of status of implementation of key policies, than a plan for ensuring their implementation.

While the Seoul Summit resulted in a large number of documents, it lacked concrete and implementable decisions[67]. The significant exception was the call for capital controls which were deemed necessary in the current context[68]. This clearly indicates the growing difficulties for the grouping to finding consensus on concrete actions and point towards a chronic inability in moving towards coordinated actions in the future.

The Indian delegation once again had a lack lustre innings at the summit, raising the old issues of investment in infrastructure and calling for the conclusion of the Doha Round.

The **November 2011 Cannes Summit** took place with the spectre of collapse of the Euro with the rapidly deteriorating Eurozone crisis. Though the summit intended to discuss reforms to the global monetary system and rein in financial speculation and capital flows, the Greek crisis ensured that the Eurozone Financial Stability Facility took precedence over other issues[69].

The French Presidency of the G20 marked yet another broadening of its agenda to include issues of global governance such as climate change, food security, employment and social issues[70]. New issues on the agenda include combating commodity price volatility by improving the transparency and regulation of commodity trading markets as well as expanding food supplies and enhancing responses to food crises. Also, strengthening the social dimension of globalisation by promoting employment, particularly for young people and disadvantaged individuals, as well as promoting stronger social protection, respect for social and labour rights, and improved

[64] Ibid
[65] Observers noted that the more indicators the G20 chooses, the more degrees of freedom its members will enjoy to implement the G20 "decisions" as per their own compulsions. http://www.economist.com/blogs/newsbook/2010/11/g20
[66] Paola Subacchi (2011). The MAP as articulated in the Pittsburgh declaration is a cooperative process of mutual assessment of policy frameworks and the implications of those frameworks for the pattern and sustainability of global growth.
[67] A total of 6 documents were adopted:-The *G20 Seoul Summit Leaders' Declaration*, the *Seoul Summit Document*, the *Annex I: Seoul Development Consensus for Shared Growth*, the *Annex II: Multi-Year Action Plan on Development*, the *Annex III: G20 Anti-Corruption Action Plan*, and the *Policy Commitments by G20 Members*.
[68] http://www.economist.com/blogs/newsbook/2010/11/g20
[69] http://www.guardian.co.uk/business/2011/nov/01/g20-eurozone-debt-crisis
[70] Paola Subacchi (2011)

coordination of strategies among international organisations were additions to the expanding G20 list[71].

The proposal by some European countries to introduce the Financial Transactions Tax was rejected. Prime Minister Singh explained his opposition to the European proposition for a tax on financial transactions by stating that *'in India large segments of the financial sector, especially banking and insurance, are mostly state owned, and equity holders and taxpayers are mostly one and the same. In this environment it is difficult to see why a financial sector tax, which would only raise the cost of capital even further, would be appropriate'*. Finally, regarding tax evasion and bank secrecy he stated that tax evasion and illicit flows have seen the migration of tax bases in developing countries abroad and called for an automatic exchange of tax related information.

Most financial commentators deemed the Cannes Summit a failure with immediate question marks now on the survival of the Euro, the crisis in Italy and Greece and the implications of this on the Eurozone project. In Cannes, Italy had to agree to IMF conditionalities as the G20 could not come to agreement on how best to collectively deal with the Eurozone crisis. Further the dropping of the Seoul Development Consensus at the summit showed its inability to deliver on agreed work programmes.

The latest summit of the G20 was at **Los Cabos in Mexico in June 2012**. The summit was dominated by the Eurozone crisis with developing countries also being called upon to contribute to the IMF's $ 430 billion bailout fund. China contributed $ 43 billion and Russia and India $ 10 billion each. Prime Minister Singh argued that the contribution was in line with India playing an important role in resolving the ongoing crisis. Critics said that the amount was anyway too little to have any tangible impact in Europe or raise India's stature and given slowing growth, a rising trade deficit and other pressing developmental needs, it was yet another sign of the government's misplaced priorities. The Los Cabos declaration for the first time fore grounded the issue of infrastructure investment in developing countries, an issue that India has been pushing for in the last three summits[72]. Civil society groups felt that on issues such as food security, bio-fuels and climate change, the Mexico summit lost an opportunity to frame a positive response[73].

Nearly four years after the 2008 summit, questions arise on whether processes such as the G20 are effective. Part of the failure of the G20 has been to enforce the decisions it endorses in its summit declarations which need multilateral institutions such as the UNFCCC, WTO, IMF, Food and Agricultural Organisation (FAO), International Labour Organisation (ILO) to work in a complementary fashion. There were expectations in some quarters that given the crisis in multilateralism, the G20 would be able to step up and deliver on the multiple crises of finance/economy, food, energy and climate. It is evident that the club of 20 has not managed to do that as yet.

2.2 Indian civil Society Initiatives on the G20>

[71] ibid
[72] http://www.g20mexico.org/images/stories/docs/g20/conclu/G20_Leaders_Declaration_2012.pdf
[73] For example see Action Aid's response at http://www.actionaid.org/news/actionaid-reacts-conclusion-g20-summit

ICRIER:
The Indian Council for Research in International Economic Relations (ICRIER) a well known conservative think tank based in in New Delhi was amongst the first to launch a dedicated research programme on the G20. Its G20 Forum has organised several workshops, produced research notes and briefing papers since the first G20 summit in November 2008. In September 2009 ICRIER took the lead to organise a conference in cooperation with several global institutions such as the Banque de France, BNP Paribas, World Bank, IMF and the European Central Bank which was support by the Konrad Adenauer Foundation. The meeting deliberated on issues ranging from protectionism, balance of power after the crisis, reform of Bretton Woods Institutions and the way ahead for international cooperation in the time of crisis.

Since December 2009 ICRIER runs a Department of Economic Affairs (DEA) Research Programme under the theme of 'Trade openness, restructuring and competitiveness'. ICRIER has been playing a key role in supporting the Department of Economic Affairs, Ministry of Finance and GOI in research and operational aspects of India's role and responsibilities in the G20. This work assumes importance as India continues to co-chair, with Canada, the Committee for the Framework for Strong, Sustainable and Balanced Growth; this Framework Committee is developing a set of economic and financial indicators that would inform the need for corrective action through the mutual assessment process (MAP) for G20 members.

ICRIERs engagement has three pillars; the first is research with funding from the DEA at the Ministry of Finance, one of the major activities conducted by ICRIER in 2010-11; second comprises of providing inputs on policy issues and possible positions to the Government authorities – through Policy Issues and Options Papers (PIOPs) and Position Notes (PNs). The third pillar provides Quick Response Notes (QRNs), supportive internet and web material [website as well as an intranet site for DEA, and places ICRIER staff directly in the G20 summits and secretariat if required[74]. In addition, ICRIER publishes a monthly bulletin that monitors trends in the global economy and financial sectors with special reference to G20 countries. The bulletins are circulated by DEA to other G20 countries.

ICRIER organised its annual flagship conference on the G20 in September 2010 with the attempt to provide a platform to iron out differences between Europe and developing countries. ICRIER was of the view that while positions taken by developed countries are widely commented in the international media, the positions of developing countries are not well appreciated enough. The key themes addressed included international coordination on financial reforms; how to avoid protectionism and foster openness in trade and investments; what can be delivered in terms of global rebalancing; the reform of the international monetary system; and regional and multilateral schemes of financial safety nets. ICRIER ensured that all conference proceedings (reports, presentations and summaries) were widely publicised in economic blogs.

The next year, a few weeks before the November 2011 G20 Cannes summit, ICRIER organised its third annual G20 conference in September co-organised with IMF, the

[74] ICRER (2011): Annual Report 2010-11, pp 6-7.

World Bank, Konrad Adenauer Stiftung, Chatam House and the Asian Development Bank on 'Global cooperation for sustainable growth and development – view from G20 countries'. While the conference looked broadly at six themes ICRIER emphasised the need for long term cooperation by fleshing out the 'Seoul Development Consensus on shared growth' adopted at the 2010 Seoul Summit[75].

While ICRIERs work on the G20 is substantive, despite its claims of being independent and autonomous, much of its current G20 work is driven by the GOI. There are certain key individuals within and outside ICRIER that are driving its G20 work and therefore it will fall off the priority list if they decide so. Also as it is constrained by GOI funding for its G20 work, it is unlikely that ICRIER will voice any frank criticism of India's positions at the G20 or of the G20 process itself.

<u>Oxfam India (OI):</u>
Among Oxfam India's key objectives is to create a work programme to articulate the 'need for India to play a pro-poor role in the global arena using its newly enhanced bargaining power'[76]. OI recognizes that India is seen both as a major deal breaker and deal maker and that there are ample opportunities to engage with the Indian Government on its international commitments and obligations while also building an international forum of civil society coalitions on some of these issues. The new direction in OI's strategy is called 'India and the world'.

OI aims to use a three layered strategy for its India and the world programme 1) build a civil society consensus within India on key issues of international significance; 2) Use this consensus towards influencing the government on key policy issues both towards its own role as well as towards influencing other bi-lateral and multi-lateral institutions; and 3) Build an active and international platform of civil society groups across northern and southern countries.

As part of Oxfam's 'India and the world' engagement, two seminars were organised, in September 2010 and April 2011 , and two working papers were published, in October 2010 and May 2011, which serve as building blocks for the institution's understanding on the issue. The first of this series 'India and the World: Understanding New Modes of Engagement', by journalist Sukumar Muralidharan explores the complexity of the claim of India's status as emerging economy and global power in the making[77]. It explores the domestic difficulties still faced by a fast growing economy, key legislations related to governance, positions on key global issues and India's engagement in international forums. The second paper, 'Understanding India's Global Engagements: Some key issues and entry points for an inclusive development agenda', by Lucy Dubochet approaches India's growing engagement in the international arena and the effect of this on Indian civil society by focusing on two issues: global policies on food security and agriculture, and climate change negotiations[78]. The report also considers India's engagement in the G20 and assesses India's priorities so far, and the potential for the emergence of other development-related issues. OIs engagement was further concretised as part of its new

[75] The 6 themes were financial sector regulatory reforms, reducing global imbalances, International monetary system, Capital flows volatility and financial safety nets, development agenda, , Commodity markets and food security
[76] Oxfam India (2009): Demanding Rights, Creating Opportunities: Oxfam India Strategy 2010 – 2015", p. 25, at www.oxfamindia.org/
[77] Available at http://www.oxfamindia.org/sites/www.oxfamindia.org/files/working_paper_9.pdf
[78] Available as http://www.oxfamindia.org/sites/www.oxfamindia.org/files/working_paper_10.pdf

strategy on Right to Food in 2011-12, as an intervention that 'builds linkages with G20 and India in the World work to influence the food security agenda of G20'[79].

Based on the understanding that civil society groups have limited impact on foreign policy, that the engagement of the GOI on foreign policy issues is most of the time ad-hoc, involves a very limited number of actors (mainly quasi Government think-tanks), is often heavily dominated by a security agenda and rarely discusses India's role regarding key global development issues, OI organised a seminar on 'India and the world' in September 2010. The 2 day seminar looked at issues such as climate change, food security, aid and G20 and also considered the role that Indian civil society could play in terms of engaging on foreign policy debates and the potential to develop south-south and north-south civil society networks[80]. The consultation highlighted the unique role India could play in shaping a global development agenda, the opportunities it has and challenges it faces to realise this ambition and that increased engagement between the Indian government on one hand and the civil society on the other hand could be fruitful to see India taking the lead on an innovative and inclusive management of global public goods.

OI also organised a seminar in November 2010 in the run-up to the Seoul G20 summit. The meeting attempted to identify opportunities and challenges for India to champion a Seoul Development Consensus. The Press release from the meeting called on India to 'stand up' for developing countries and work with other emerging economies.

Oxfam International played a key role in articulating the idea of a civil society Seoul Development Consensus that confronts the challenges of the 21st century[81]. It is based on Oxfam's understanding that sees a permanent development mandate for the G20, based on the understanding that action on global poverty is a critical part of a credible and effective G20 agenda. On 3 November 2010, Oxfam International's report 'The Making of a Seoul Development Consensus' was launched in New Delhi. Oxfam India's press release 'called upon the Indian delegation going to Seoul later this month to strengthen the global voices which are advocating for the G20 summit to make a serious and ongoing commitment to development issues and in emphasising the fact that it can make a vital difference to tackling global poverty'[82].

In terms of advocacy issues OI along with other groups such as the Centre for Budget & Governance Accountability (CBGA) and Voluntary Action Network of India (VANI) wrote an open letter to Agriculture Minister Sharad Pawar before he left for the G20 Agriculture Ministers meeting in Paris in June 2011. The letter controversially called for reinforcing the central role of the WTO in its opposition to the trend of bilateral Free Trade Agreements (FTAs). After the G20 agriculture ministers meeting Oxfam International articulated its frustration in the G20's inability to tackle the global food crisis[83].

[79] Oxfam India (2011): "New Strategy Takes Root: Annual report 2011", Oxfam India
[80] Oxfam India (2010): India and the World: Seminar Report, 6-7 September
[81] Oxfam International (2010): The Making of a Seoul Development Consensus: The essential development agenda for the G20, 11 October 2010
[82] Oxfam India (2010): G20 Summit in Seoul should make a serious and ongoing commitment to development issues, Press release, 3 November 2010, New Delhi.
[83] Oxfam International (2011): Oxfam slams G20's sticking plaster approach to global food price crisis, 23 June 2011.

Wada Na Todo Abhiyan (WNTA):
Initially set up with the stated intention of holding the 2004 United Progressive Alliance (UPA) Government to account on its Common Minimum Programme, WNTA has broadened the scope of its advocacy to G20 issues as well, especially since the 2010 G20 Summit in Seoul. WNTA is a member of the Global Campaign against Poverty (GCAP) and with the latter taking on G20 as an important campaign focus; WNTA soon started its engagement on the G20.

WNTA joined groups such as Centre for Budget Governance and Accountability (CBGA), Oxfam India, CENTAD and Christian Aid to present a joint statement to PM Singh at the London Summit in April 2009. A year later WNTA took the lead in getting together civil society organisations in India to form an informal platform around G20 issues in the run up to the G20 2010 Seoul summit. A core group was formed with the idea of creating a space for civil society groups in G20 meetings. The group met with India's Deputy Sherpa Alok Sheel and later organised a 'Civil G20 dialogue' before the Seoul summit[84].

Based on the experience of Seoul process, WNTA expanded the group and brought in organisations such as VANI, Christian Aid, Heinrich Boll Foundation, Oxfam India and Save the Children[85]. This expanded informal network has no official designation of a coordinator, but WNTA has played this role till now[86]. A national Consultation was held on 8 August 2011 in New Delhi, which was an important event for the network to decide on the issues it would take up in the future. However, there is also no formal process for decision making, and the network is driven by individual members' initiatives[87]. In a follow up meeting several groups within the WNTA network agreed to do briefing notes on issues such as Food security and agriculture, Innovative Financing, Millennium Development Goals and the G20, Tax Justice, Health, Climate Financing and public investments in social sectors. WNTA also decided to organise a panel on G20 at the South Asia Social Forum (November 18-22) in Dhaka, Bangladesh.

Groups such as VANI have started looking at re-defining the role of the Indian voluntary sector in terms of keeping up with India's rising global role. VANI organised a meeting on 'National and Global voluntary sector in New Delhi in April 2011 with the objective of identifying avenues for Indian civil society groups to engage and influence India's position in the G20[88]. WNTA and OI also took the lead in bringing G20 issues outside the Delhi circles and organised a regional consultation to identify possible avenues for intervention at the upcoming G20 summit in Cannes.

VANI also organised a one day meeting in collaboration with the German group World Economy Ecology Development (WEED) on 14 October 2011 to look at the state of play in the run-up to the G20 summit in Cannes. At the meeting while people agreed that the G20 and India's emergence signified tectonic shifts in geo-politics, it was not clear how civil society groups in India working largely on domestic issues could influence an informal body with no statues, no binding decisions, no staff and

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[84] Interview with Ram Kishan of WNTA
[85] Ibid
[86] Ibid
[87] Ibid
[88] http://www.vaniindia.org/newsdetail.php?id=100

no mechanism for implementation. Further it was evident that the role of emerging economies in the G20 was unclear. Despite a lack of clarity on advocacy with the GOI on G20 issues, there was a consensus that the G20 was a key forum for dialogue among the major economies, it had a key role in coordination and could leverage key decisions among its members (and outside) through its soft power.

2.3 A changing Indian narrative at the UNFCCC>

In the initial days of the climate change debate the Government of India took a principled and legitimate, albeit convenient, stance. At the intergovernmental negotiations overseen by the United Nations, the Indian position was that global warming was the result of unsustainable consumption patterns of rich industrialised nations, i.e. with some 20% of the global population; they had contributed to roughly 80% of the total accumulated greenhouse gases (GHGs) in the atmosphere since the industrial revolution began around 1750. India alongwith the rest of the developing world with 80% of the population was responsible for only 20% of GHGs. Indian negotiators thus argued against any mitigation targets on reducing GHGs and pushed for transfer of technology and funds for low carbon growth pathways (mitigation) and adaptation strategies. Soon enough the cracks started showing with increasing pressure from both within and outside the country to take on a more nuanced negotiating position based on current realities and the urgency of a coordinated global response. From 2000 onwards, with spectacular growth rates, total emissions in China and India steadily overtook much of the developed world. As of August 2011, China was the world's biggest GHG emitter with 19.5%, USA is second at 19.2% and India third with its contribution at 5.3% of current GHG flows[89].

At the start of the new decade, India hosted the 2002 Conference of Parties (COP) 8, the first global summit it hosted, in New Delhi. The then Indian Environment Minister T R Baalu who presided over the COP had to embarrassingly re-write the draft declaration as the conference rejected it. Many commentaries highlighted the infamy of the Indian draft not even mentioning the Kyoto Protocol. The watered down draft, clearly influenced by the USA, did not even issue a clear call for the ratification of the Kyoto Protocol and its entry into force, despite the fact that by this time some 95 countries had already ratified it. Civil society groups declared the conference a failure and the USA, Saudi Arabia and India got 'awards' for worst performance by the Climate Action Network (CAN) an influential network of civil society groups that monitors the UN climate talks. Indian groups such as the National Fishworkers Forum (NFF) and National Alliance of Peoples Movements (NAPM) in coordination with international groups such as Friends of the Earth International, Corpwatch USA, the Indigenous Environment Network and Third World Network also organised a Climate Justice summit at the sidelines of the summit and organised a rally through the streets of New Delhi. There was an expectation that the hosting of the COP by India would lead to more critical engagement on climate justice issues by Indian social movements but that did not happen due to various reasons[90].

[89] http://www.financialexpress.com/news/greenhouse-gas-emission-list-india-3rd/827084/

[90] The 2002 Delhi climate justice summit was a result of the Bali principles on climate justice which can be found here: http://www.indiaresource.org/issues/energycc/2003/baliprinciples.html. For a useful article on the Indian environmental movement and its engagement with climate change see Navroz K Dubash (2009).

A more proactive approach in the international climate arena (both from the Indian Government and civil society groups in India) arguably began seven years later with the 2009 COP (Conference of Parties) 15 at Copenhagen in Denmark. The Copenhagen meeting was held in the backdrop of heightened and unprecedented global awareness about climate change and the recognition that there needed to be urgent global coordination by the international community to prevent catastrophic climate change. The Intergovernmental panel on climate change (IPCC) 4th Assessment Report issued before the COP 13 at Bali contained the stark warning to Governments that greenhouse gas (GHG) concentration in the atmosphere was dangerously moving towards to the tipping point and the Bali meeting in 2007 and COP 14 in Poznan served as useful building blocks to an ambitious outcome at Copenhagen.

Copenhagen did not meet the expectations of the global public and demands of climate science. But while the outcome of the COP meeting, described as the 'Copenhagen Accord' was derided by many, it clearly indicated a shift in power politics at the COP meetings, which also had spin-off impacts in other global forums. Added to China playing a key role, the BASIC (Brazil, South Africa, India and China) group of developing countries emerged as a powerful bloc on the climate front. The reason for these four countries to unite was the increasing pressure on them as emerging economies with rapidly increasing carbon emissions to play a more active role in the emerging climate architecture and take on obligatory emission cuts. In the build-up to Copenhagen the pressure was especially intense on China and India, from groupings such as the G8, to discuss mitigation strategies at par with the developed world without the shelter of the Kyoto Protocols 'common but differentiated' responsibility.

At Copenhagen all of the BASIC countries agreed to deviate from a 'business as usual' emissions trajectory. In India this is articulated in its 'low carbon growth strategy' through which it aims to reduce its emissions intensity (the amount of energy used per unit of GDP) by 20-25% by 2020 over its 2005 levels[91]. The other broad common stand taken by BASIC is to push for the second commitment period of the Kyoto Protocol (the first phase finishes in 2012).

Since the COP 15, the BASIC group has met at eight ministerial meetings with China hosting the ninth ministerial meeting from 31 October -1 November, 2011. The agenda of the previous BASIC meetings looked at how long pending issues (which have been agenda items of the G-77 as well[92]) such as equity, sharing of carbon space, technology transfer and adaptation finance could be put into concrete demands at the UNFCCC.

India has played an important role in BASIC and was recognised for fleshing out and pushing for the carbon budgets approach and also for inserting the phrase 'equitable access to sustainable development' at the COP 16 at Cancun. On the second issue India played an important bridging role between the BASIC and G77. But while the group has deliberated on several substantive issues and looked at possible ways to break the logjam in the climate talks, it has often been portrayed as obstructionist with

[91] http://moef.nic.in/downloads/public-information/Interim%20Report%20of%20the%20Expert%20Group.pdf
[92] This is one of the key negotiation groups in the UNFCCC and includes 132 developing countries under the Group of G77 and China. All the BASIC members are also prominent members of the G77.

only one key agenda. Which is the avoidance of ambitious internationally binding emissions targets, especially since its first tangible outcome was the closed room deal with the USA to sanctify the 'pledge and review' (that went counter to fixing clear targets) framework in the Copenhagen Accord.

India's recent shift in its long held negotiating stance on climate is a reflection of several factors: the rise in profile of the year end UNFCCC meetings, its emergence on the world stage as an emerging power and domestic and international pressure to be seen as taking a more nuanced and less obstructionist role on issues such binding targets on carbon emissions.

The run-up to the COP 17 meetings in Durban, South Africa was a lot quieter than Copenhagen despite the urgency of an ambitious binding global climate deal. Reports from the 9th BASIC ministerial which took place in Beijing on October 31 to November 1 indicated the usual wish-list sans any surprises for the COP 17; demands for the promised fast track finance and clean technology from the developed world, a second commitment period to Kyoto with a new set of binding commitments from the Annex 1 countries[93].

At Durban the spotlight was firmly on the future of the Kyoto Protocol with the BASIC and G77 coalitions firmly calling for its extension. Despite the more pressing Eurozone crisis, the EU also did support a post 2012 Kyoto framework with clear caveats on the need for binding cuts from the big emerging economies of which BASIC members are the most prominent.

The Durban Ministerial ended with a mixed outcome especially for India and the emerging economies. Belying predictions that the Durban COP would be a complete failure, Ministers accepted, through the 'Durban Platform', that the UN process would negotiate by 2015 a legal instrument to extend the 1997 Kyoto Protocol from 2020 onwards. Experts such as Shyam Saran (former Indian climate envoy) indicate that this was achieved at the cost of blurring the legal distinction between the developed (Annex 1) and the emerging economies such as India, China and Brazil (Non Annex 1). Saran argues that this is a fundamental departure from the key principle of 'common but differentiated responsibilities and respective capabilities'[94].

How India, as one of the key targets for binding commitments, handles the next phase of climate negotiations and avoids the criticism that its (and BASICs) fondness for the Kyoto Protocol and the legal distinction between developed and developing economies is rooted in self-interest will test Minister Jayathi Natrajans and her teams diplomatic and negotiating acumen . The Post Durban platform phase will further test the fragile unity of BASIC and G77 given the differences within the 4 member group in terms of how much can each contribute to a meaningful post 2012 treaty with China being clearly expected to take on far reaching cuts given that it is the worlds biggest emitter and its per capita emissions at 6 tonnes per year are fast approaching the levels of the west. Currently India is well below 2 tonnes per person per year and Indian officials will go into the next phase of talks expecting to be part of the high stakes debate but unwilling to be treated as a world power in terms of emission cuts.

[93] http://www.shanghaidaily.com/article/article_xinhua.asp?id=27503
[94] Shyam Saran, 'India's climate strategy after Durban', Lecture at the Nehru Memorial Museum and Library. January 6, 2012, New Delhi.

Pre-Durban reports indicated that while China was willing to take on emission cuts as part of a second phase of commitments of the Kyoto Protocol, India was not[95]. Pronouncements post Durban from current Indian Environment Minister Jayanti Natrajan signal that part of the status quo remains; India continues to be unwilling to take on binding emission cuts in the sequel to the Kyoto Protocol but reports indicate that it might therefore go along with the pledge and review framework of the Copenhagen accord.

2.4 Trade and Investment: WTO, FTAs and BITs

The WTO will turn twenty in 2015, but so far it looks like it will have little to cheer about in three years time. Its jinxed Doha Round, launched with much fanfare in November 2001, continues in comatose mode, despite three Ministerial Conferences and several Mini-Ministerial meetings to break the logjam.

The Doha Round started unraveling two years after it was launched; at the Cancun Ministerial in 2003 with a show of strength by India and other emerging economies, though the revolt was initiated by the African group[96]. At Cancun, India was part of an alliance of developing countries on agriculture called the G20 which challenged the trade dominance of the EU and USA[97]. The G20s demands included:

- Increased access to the northern markets for their agricultural products
- An end to agricultural export subsidies and;
- Right to policy space over Investment, Competition policy, trade facilitation and Government Procurement

The inability of the big powers to accommodate these demands was the main reason for Cancun's dramatic collapse. Two years later at Hong Kong, another ministerial collapse was averted through a controversial framework agreement that was inked by the co-optation of Brazil and India into the big boys club, according to analyst Walden Bello[98]. Post Hong Kong, no ministerial was held for four years, until the Geneva conference in December 2009. Geneva was of no consequence and resulted in a feeble statement that countries would continue to work together to conclude the Doha Round.

India initially had mostly defensive interests in agriculture, industry and services, but today it articulates offensive interests in services, manufacturing and even in certain aspects of agriculture[99].

The relatively slow convoluted pace of negotiations at the WTO had already led several countries to negotiate bilateral trade and investment agreements. These

[95] http://www.hindustantimes.com/India-news/NewDelhi/India-US-on-same-page-on-climate-talks/Article1-769616.aspx

[96] See for example, Benny Kuruvilla (2003), 'Cancun conclave; A new sunrise for developing countries', September. Available from http://www.scribd.com/doc/30497719/Cancun-We-Won-A-Dossier-on-the-WTO%E2%80%99s-failed-5th-Ministerial-Conference

[97] The membership of the grouping has changed over time, an initial relatively stable composition included: Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, Egypt, El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela

[98] Walden Bello, The Meaning of Hong Kong : Brazil and India Join the Big Boys' Club:, available at: http://www.papda.org/article.php3?id_article=180

[99] For a snapshot of India's negotiating position before the Hong Kong Ministerial, see: Julia Bruemmer, "India's negotiation positions at the WTO", Dialogue on Globalisation, Briefing papers, FES, Geneva, November 2005

agreements often went beyond the WTO framework, in terms of both scope and content. India was a relative newcomer to the bilateral and regional mode and signed its first FTA with its neighbour Sri Lanka as late as 1999.

Since then, India's bilateral and regional trade agreements have become even more ambitious, as can be seen from FTAs signed with Singapore (2005), Korea (2009), Malaysia (2011) and Japan (2011)[100]. These deals include, along with ambitious trade in goods and services liberalisation, deregulation of investment and controversial investor to state dispute settlement mechanisms. The most controversial of the lot is the proposed trade and investment agreement with the European Union which is under fire from several quarters; industry, labour unions and public interest groups. If concluded, the EU-India FTA would be India's most comprehensive agreement as it is expected to cover additional issues related to intellectual property rights (IPR), liberalisation of government procurement and competition policy. All of these, ironically, were part of the non-negotiable issues at the WTO.

The increase in FDI outflows - from less than USD 2 billion in 2003-04 to more than USD 15 billion by 2006-07 (see Chapter 1) add a new dimension to India's trade negotiations. Indian companies now seek strong investor protection mechanisms, within bilateral investment treaties (BITs) or trade agreements, as a protection of their interests abroad.

Recent instances of arbitration and threats of arbitration cases against India, along with the recently concluded case – in which India lost against a Canadian company White Industries – have complicated the debate. In the White case, the GOI had to pay an award (plus interest) that was the legal responsibility of an Indian company (Coal India Limited) to the Canadian company that brought the litigation[101]. This raises the question of the cost of investment treaties, and the issue of using taxpayers' money to subsidise a risk insurance policy for Indian investment abroad, while there are commercial options available. The Vodafone, Sistema and Telenor arbitration threats related to issues of tax avoidance and corruption scandals, make clear that what is at stake is public interest policy making and regulatory autonomy.

While the government has declared its intention to 'revise' all its BITs, it is not very clear as to what this process would entail, and how effective it would be to preserve India's public interest policy space.

The negotiations on the EU-India FTA today kind of mirror the Doha Round – with numerous rounds and continued delays. With the recent arbitration cases BITs will also become controversial with the need to balance the pubic and corporate interest. But as India's companies continue to trade and invest in emerging economies (such as the BRICS) and the global south, the trade and investment research and advocacy agenda for civil society groups will continue to get diversified and complicated in the coming years.

While there was a reasonably organised process of monitoring, research, campaign and advocacy on WTO issues, the same networks and organisations have not been

[100] The text of the agreements can be accessed from the Department of Commerce website: http://commerce.nic.in/trade/international_ta.asp?id=2&trade=i
[101] For more details on the case, see Jayati Ghosh, Worrying trend, Frontline, March 23 2012

replicated on broader trade policy issues such as autonomous trade liberalisation, new forums for global governance and the recent surge of Free Trade Agreements (FTAs)[102]. While some NGOs and trade unions did set up the Forum against FTAs in 2008 to monitor and campaign against India's FTA rush, the network has had little impact at the national and regional political level despite organising several seminars, lobby meetings with parliamentarians and producing a number of useful briefing notes[103].

2.5 IBSA and BRICS>

The India –Brazil - South Africa **(IBSA)** trilateral dialogue forum was set up in 2003, in the aftermath of the failure of the WTOs Cancun Ministerial, with seemingly noble intentions. Three emerging diverse, vibrant and democratic powers from three continents united to cooperate on a range of issues ranging from UN Security Council reform, trade, science and technology, development, agriculture and climate change. Brazil is the largest economy in South America and is a world power in agribusiness, while South Africa is seen as the engine of growth for Africa with advantages in sectors such as agriculture, services and manufacturing. India is considered a 'services powerhouse' and the pre-eminent power in South Asia.

The IBSA Dialogue forum was formalised through the adoption of the *'Brasilia Declaration'*[104]. The Declaration mentions the three countries democratic credentials, their condition as developing nations and their capacity of acting on a global scale as the main reasons for their coming together. Their status as middle powers, their common need to address social inequalities within their borders and the existence of consolidated industrial areas in the three countries are often mentioned as additional elements of convergence amongst the members of the Forum[105]. The *Brasilia Declaration* sets the initial agenda of the forum. It underlines the urgent need for reforms in the United Nations, especially the Security Council, so that it reflects the current world scenario. The promotion of social equity and inclusive growth is highlighted by reiterating the need for tackling hunger and poverty by means of effective implementation of government schemes. The declaration also highlights the need for promoting family-run farms, food security, health, education, human rights and environmental protection and recalled that social empowerment makes better use of human potential, contributing to economic development in a significant manner. The ministers also stressed the importance of elimination of racial discrimination and gender bias while framing public policies[106].

IBSA keeps an open and flexible structure. It does not have headquarters or a permanent executive secretariat. At the highest level are the Summits of Heads of State and Government, and additionally, Foreign Ministers meet about once a year to preside the Joint Commissions of the Forum.

[102] For example the influential Indian Peoples Campaign against the WTO (IPCAWTO) led by left political parties, trade unions and intellectuals has not been able to replicate the level of campaign and advocacy since the 2005 Hong Kong Ministerial on current trade and developmental challenges.

[103] http://www.forumagainstftas.net/index.html. Also much of the activities of the Forum has concentrated on the implications of the European Union India Free Trade Agreement which has been under negotiation since 2007.

[104] http://www.itamaraty.gov.br/temas-mais-informacoes/temas-mais-informacoes/saiba-mais-ibas/documentos-emitidos-pelos-chefes-de-estado-e-de/brasilia-declaration/view

[105] http://www.ibsa-trilateral.org/index.php?option=com_content&view=article&id=87&Itemid=64

[106] http://www.itamaraty.gov.br op cit.

Seven years and five summits later is a good enough period to take stock of the importance and impact of the IBSA Forum in furthering south-south cooperation and making a dent in global geo politics. There has been some level of political coordination in arenas such as the UN (95% of the time there has been a vote convergence among IBSA countries[107]) and the WTOs Doha Round. For instance at the recently concluded Fifth IBSA Summit in South Africa the group noted that the 'demands of the current negotiations in the Doha Development Round reflect an imbalance in the sense that there is too much accommodation of the sensitivities of developed countries in agriculture, alongside unjust demands on developing countries to open their markets in the services and industrial sectors[108]'. The IBSA countries along with China and the G77 are a powerful force in the WTO and have often thwarted unfair demands from developed countries in moving forward the Doha Round.

While trade has increased between the three members since 2003, trade integration in terms of a free trade area has not happened due to competitive and defensive interests involved and the complicated process of integrating regional free trade zones such as the South African Customs Union (SACU) and the Southern Common Market (MERCOSUR).

Reports indicate that there has been reasonable progress in areas of development cooperation such as science and technology climate change and energy[109]. The IBSA Development Fund which is managed by the UNDP with a modest contribution of US $ 1 million per year per member has been a success with projects being implemented in Haiti, Guinea Bissau, Burundi and Palestine and other projects are in the pipeline (UNDP 2010).

The IBSA track record indicates that Brazil is its driving force. For instance it has prioritised development cooperation especially in its foreign policy with Africa through what it calls 'social technology' which is a blend of social assistance and technical support. It has also pursued projects on agricultural development and energy. There has been criticism that India is not much proactive in IBSA and is using it to further its geo-political ambitions in other forums such as the G20 and Major Economies Forum (MEF)[110]. For instance a recent case study report by the New Delhi based think tank Research and Information Systems (RIS) indicates that despite the promise and potential of IBSA, cooperation between India and Brazil on a key issue like pharmaceuticals and medical biotechnology has begun to falter due to the perception among Indian policy makers and industry that collaboration with the west is much more valuable than south-south collaboration[111].

In the context of the current crisis in the developed world and the need for the emerging countries in the south to forge an alternative path, IBSA holds tremendous promise. The 16 working groups, that were set up with 'the objective of deepening the

[107] UNDP (2010), 'What can IBSA offer to the Global Community', Poverty in Focus, Number 21, August.
[108] IBSA (2011), 'Tshwane Declaration', Pretoria, October 18.
[109] In the arenas of health, biotechnology, nanotechnology and oceanography, several workshops have been held with a creation of databases of experts working in the three counties.
[110] Lyal White (2010), 'IBSA- Reflect, Realign, Redefine', PowerPoint presentation at IBSA Academic Forum, Brasilia, April.
[111] Sachin Chaturvedi (2011), 'South-South cooperation in health and pharmaceuticals: Emerging trends in India-Brazil Collaborations', Discussion paper 172, RIS, New Delhi. March quoted in http://www.ibsanews.com/ibsa-pro-western-mindset-hinders-india-brazil-pharma-deals/

mutual knowledge and exploring common points of interest on sectoral areas', are arguably the most important elements of the IBSA partnership [112]. In order to legally support the cooperation agreements Memoranda of Understandings were signed within most of the working groups[113]. Some of the major ones include

- Agriculture – IBSA Ministers of Agriculture met in Rome on 22 November 2005 on the margins of a FAO Conference. This was followed by a meeting of IBSA Senior Officials in Agriculture in New Delhi on 18-19 January 2006, were it was decided to develop plans for research and capacity building.
- Energy – The working group aims to promote clean and efficient sources of energy such as bio-fuels. It also gives an opportunity to exchange information about renewable energy and use of non-conventional energy sources.
- Environment and Climate Change – Memorandum of understanding was signed, details are awaited.
- Health – The focus of the WG on Health is on exchange of information and best practices in the areas of epidemiology surveillance; sanitary regulations; traditional medicines; and related aspects of Intellectual Property Rights.
- Science & technology – This area has been identified as one of the key areas of tri-lateral cooperation. A list of areas of research cooperation with corresponding lead countries was established (HIV/AIDS and Nanotechnology – India; Malaria and Oceanography – Brazil; Tuberculosis and Biotechnology - South Africa). Workshops in the above mentioned disciplines have been held in the three countries regularly.
- Trade – The IBSA economic ministers met in New Delhi in March 2005 and agreed on a mechanism to identify and eliminate non-tariff barriers which impede mutual trade. It was decided to promote cooperation in the SME sector, for which common terms of reference were developed.

While some useful work has been initiated, the 16 working groups need to be opened up to a consultative process amongst various groups such as think tanks, academia and civil society. Other than quasi Government think tanks such as the Research and Information Systems (RIS) in New Delhi there has been no engagement by Indian civil society groups.

While IBSAs October 2011 'Tshwane Declaration' reads like a wish list of several items ranging from global governance reform, WTO, climate change and human rights, it would be prudent for the group to stick to its core competency of development cooperation on the lines of progressive south-south cooperation.

IBSAs cousin **BRICS** (Brazil, Russia, India, China and South Africa) is another south-south platform that has been watched in investment circles with much anticipation. The acronym was initially used by an economist from the global investment bank Goldman Sachs in 2001 for Brazil, Russia, India and China (BRIC) which was later expanded to include South Africa hence the current usage of the term BRICS. The BRIC grouping has held three yearly summits since 2009 with Russia, Brazil and China hosting the first three. India hosted the 2012 summit in New Delhi.

[112] http://www.ibsa-trilateral.org/index.php?option=com_content&view=article&id=87&Itemid=64
[113] http://www.ibsa-trilateral.org/index.php?option=com_content&view=article&id=97&Itemid=70

Unlike IBSA where there was a process to its creation and identified arenas for cooperation, the BRICS is a more disparate grouping that does not and has little potential to function as a coherent plurilateral forum. Goldman Sachs initially identified these countries as the major economic actors in the global economy by 2050. With rapid growth rates, industrialisation and increasing trade in the first decade of twenty first century, the BRIC countries used the opportunity of the global attention around their rise to organise their first summit in 2009. So far, the group has functioned more as a power bloc of potential world powers rather than as a platform for south-south cooperation. BRICS summits so far have been forums for the grouping to issue statements on key issues of global economic governance such as the need to reflect a development dimension to the WTO Doha Round and reducing trade barriers in the developed world. Since 2010, the BRICS meetings have taken a broader agenda with focussed meetings of Foreign Ministers, on cooperation among development banks, meeting of BRICS cooperatives, business associations and think tanks.

India hosted the 4th BRICS summit in March 2012, which included an academic forum and business summit on the sidelines. Other than a small meeting (in which a Government official participated) organised by Oxfam India a few days before the summit, Indian civil society groups did not engage with the formal summit process.

Key outcomes of the Delhi summit included the decision to task finance ministers on the feasibility of a BRICS development bank and increase intra BRICS trade by dealing in local currencies (signalling an attempt to move away from the USD denominated mode of commerce). BRICS also signalled the intention to set up a permanent mechanism on trade and investment flows, possibly at the South Africa summit in March 2013.

The Observer Research Foundation (ORF) hosted the BRICS Academic forum with some 60 academics/think tanks from the five countries participating. The Academic Forum issued a set of recommendations to the Leaders summit – which included the need to set up a Development Bank /Investment Fund (which was later endorsed by the Leaders summit) and need to bring into fore inclusive sustainable development at the Rio+20 summit (to be hosted by Brazil in June 2012)[114]. The Business Forum which was co-hosted by FICCI, ASSOCHAM and CII indicated a resolve to capitalise on increasing business opportunities such as agriculture, energy, infrastructure, mining, healthcare and Information Technology[115].They hope to double intra BRICS trade from the present level of USD 230 billion to 500 billion by 2015[116].

2.6 SAARC and ASEAN>

India, to use an American expression, is the 800 pound gorilla in South Asia. With 17% of the world's population and 80% of GDP in South Asia it towers over the regions seven other countries. The inter-governmental regional body the South Asian Association for Regional Cooperation (SAARC) set up in 1985 has eight members; Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

[114] http://orfonline.org/cms/export/orfonline/html/Brics/doc/Forum-Declaration.pdf
[115] http://www.ficci.com/pressrelease/903/ficci-press-rel1-mar28.pdf
[116] ibid

But as it harbours global leadership aspirations on various issues ranging from trade, finance, development and climate, India's track record of fostering regional cooperation in a neighbourhood with several challenges and opportunities is quite poor. South Asia continues to be home to the largest number of poor people in the world estimated at over 500 million, it is a geo-politically fragile region and one of the least integrated in terms of trade in the world (it is estimated that intra regional trade is less than 2 percent of South Asia's GDP as compared to 40% for East Asia).

Despite the SAARC membership signing the Agreement on a South Asian Free Trade Area (SAFTA) in 2004 which succeeded the ineffectual South Asia Preferential Trade Agreement (SAPTA 1995-2004), trade hasn't really kicked off. The SAFTA has been implemented from 2006 onwards and it is largely ineffective due to the large negative lists, limited number of products for tariff concessions, restrictive rules of origin, exclusion of issues such as para-tariffs and Non Tariff Barriers and the exclusion of the services sector. Analysts put much of the blame for the lack of economic and development cooperation in the region on India and Pakistan. India for instance has some 867 items in its sensitive list and much of it pertains to textiles ((such as readymade garments, woven and knitted garments, special woven fabrics, handlooms, handicrafts, jute and jute goods) in which smaller economies in South Asia such as Bangladesh, Nepal and Pakistan have a competitive edge[117]. As Indian textiles lobbies want to protect their turf, a duty free quota free trade arrangement is unlikely when there is competition from the sector. Though, lately there are signs of progress on trade with Pakistan agreeing to provide India the Most Favoured Nation (MFN) status.

Added to India's inability to take a proactive and leadership role on economic and development cooperation within the region its diplomacy with countries such as Sri Lanka, Nepal, Bangladesh and Pakistan is often characterised by arrogance and indifference. As India is now called upon to play an important role in forums such as the UNFCCC, G20, BRICS and IBSA, it realises that to be a credible global power, it must first play an active and role in South Asia. This realisation is also fuelled by the role of China in furthering strategic, military and economic ties in South Asia.

The 10 member Association of South East Asian Nations (ASEAN) is also emerging as an important arena for India's regional trade, diplomacy and development plans. India's Look East Policy (ILEP) launched in the 1990s attempts to open up trade connectivity and investment in the North East region. After several years in the doldrums, the ILEP received a fillip with the signing of the ASEAN-India Free Trade Agreement (AIFTA) which is being implemented from January 2010. ASEAN and India are now negotiating the scaling up of the current FTA in goods into a full fledged trade in services and investment agreement. India is a full dialogue partner with the ASEAN and its interests are mostly driven by trade and investment considerations. With the implementation of the AIFTA, India's trade has increased some 30% to cross the $ 50 billion mark[118]. In recent years several companies have also made energy related investments in South East Asia. There have also been attempts to forge partnerships with ASEAN countries on transfer of technology to improve agricultural productivity and address common issues of concern on climate adaptation and agriculture on which a medium term plan of action has been adopted

[117] Government of India. (2006). 'South Asian Free Trade Area, Annex-I- Sensitive Lists of Member States'. Ministry of External Affairs: New Delhi. http://www.saarc-sec.org/main.php
[118] ASEAN Secretariat (2011), 'Chairman's statement of the 9th ASEAN-India Summit', Bali. 19 November

(2011-2015). This was further reiterated at the November 2011 ASEAN-India summit which also called for greater cooperation on renewable energy[119].

2.7 Indian companies: going abroad>

When India began to open up to the world in 1991 and initiated the economic reform process to deregulate industrial and export-import policies, few imagined that Indian companies would go global in a little more than a decade.

Researchers have classified the growth of Indian business under three distinct phases. The first from 1947-1991 – a period in which Indian business was largely domestic in nature under a regime of licensing, protected from foreign competition. During this phase a number of large family-controlled businesses with strong monopolistic market positions functioned with some sort of political patronage.

The second phase is the first decade of the reform process (1991-2001); the influx of Foreign Direct Investment and other restructuring processes linked to global integration created dramatic challenges for Indian companies. During this period, while some folded up due to competition (both domestic and foreign), others scaled up, got into mergers with foreign companies and re-invented themselves in order to remain competitive. New companies were also formed in sectors such as Information Technology (IT), media, pharmaceuticals and real estate.

In the third phase which began in early 2000s, saw several Indian companies flexing their muscle through global mergers and acquisitions both in the developed and developing world. In 2001, Indian outward investment was less than $ 1 billion. RBI data shows that for the first 6 months of 2011, outward investment by Indian companies or entities was at US $ 19 billion.

Powerful Industry associations such as the Federation of Indian Chambers of Commerce and Industry (FICCI), The Confederation of Indian Industry (CII) and Associated Chambers of Commerce and Industry (ASSOCHAM) have played a key role in lobbying for regulatory changes for outward FDI. Nearly all of the Indian companies that are venturing abroad are members of either all or one of the apex associations. Unlike civil society groups, the industry associations are considered as partners by the Ministry of Commerce and Ministry of External Affairs in Indian economic diplomacy. Since the advent of the 1991 economic reforms, membership of these groups has expanded to include foreign businesses as well giving them an added advantage in influencing host country Governments.

Given the bullish outlook on India, foreign investors, banks, private equity and hedge funds are lining up to fund Indian companies in their quest for foreign acquisitions. Many companies are buying out foreign firms that are even bigger than their total revenues[120]. Tata Motors did not have much difficulty in arranging short term debt of

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[119] Ibid

[120] For instance, the $41 million Bangalore-based telecommunications consulting firm Subex Systems bought Azure Solutions of the U.K. for $140 million in April 2006.

some 3$ billion USD from a consortium of banks including Citibank and JP Morgan for their 2008 acquisition of Jaguar-Land Rover.

The Export Import (EXIM) bank of India which is a state run institution set up to promote trade with India also extends Lines of Credit (LoCs) and overseas investment finance to Indian companies to facilitate their overseas ventures.

FICCI has nine international desks in its New Delhi headquarters that cover Europe, Africa, South America and Asia and offices in Europe and USA. With several initiatives in place such as joint research studies, joint forums of parliamentarians, joint business councils, visits of business delegations and ensuring that business representatives are on official Government delegations, the lobby group has ensured that the business interests of its members in accessing markets abroad are met. In the recent past FICCI has organised sector specific initiatives such as conferences, exhibitions and research studies on issues such as healthcare, pharmaceuticals, agribusiness, education and energy. FICCI recently hosted the second India-Africa Business Partnership Summit in Hyderabad in October 2011 in which its press release predicted that India Africa trade and investment would double in the next five years.

Indian investments in Africa>
The early years of this decade saw what is being called the 'third wave' of large scale land acquisitions and scramble for natural resources in Africa began through investments by countries such as China, Saudi Arabia, South Korea, Brazil, Kuwait, USA, and India[121]. While increased FDI inflows into countries such as Sudan, Ethiopia, Madagascar and Congo amongst others did increase current GDP growth rates and projections, it has led to has led to widespread debate, discussions and controversy. The current resource boom in Africa creates several challenges; of self sufficiency of these economies (since much of the investment is for export), sustainable energy politics, food v/s agro-fuel production and on the question of Pan-African unity and the possibilities of genuine South-South cooperation.

A key element of the current spate of investments and acquisitions in Africa is the emergence of new unexpected players such as India and other BRICS countries. Some analysts predict that over the next decade, BRICS (Brazil, Russia, India, China and South Africa) could provide upto 30% of the investments into Africa in areas as varied such as infrastructure (which includes energy generation and transmission, roads, rails, ports, information and communication technologies), agriculture and human capital development.

Even though India is not in the same league as China in Africa (Chinese investment is some five times more than India's), in the last few years it has tried to expand its political, diplomatic and business presence in Africa. It is quite evident that India cannot match Chinese investments in scale and therefore it harps on historical and civilisation links between the African continent and India and the need to re-define and re-invigorate an old partnership. Along these lines, the first India-Africa summit was held in April 2008 in New Delhi signalled the institutionalisation of the Indo-

[121] The first major wave of land and resource grabs accompanied colonial expansion and lasted till about the 1960s, before giving way to the second wave which was the 'developmentalist' policies of the newly-independent states. The latter halted the thrust of colonial land alienation and sought to promote agribusiness, modernisation and intergration into the world market either through national capitalists, state owned enterprises or through foreign enterprises. For details on land deals in Africa see http://www.grain.org/briefings/?id=212.

African partnership. The summit identified seven broad areas of cooperation: - economic; political; science technology, research and development; social development and capacity building; tourism; infrastructure; energy and environment and in the area of media and communications[122]. Since more than a decade, China has its own official forum for cooperation with African countries, under the name of Forum of Chinese African Co-operation, created in Beijing in October 2000. This is an active forum held every 3 years, were most of the African countries are represented, and which focuses on economic cooperation.[123] At the Delhi summit, India also offered $ 500 million in aid[124]. The subsequent May 2011 summit in Adis Ababa scaled these 7 areas to 'enhanced cooperation' and upped the aid promise to $ 700 million to build institutions and implement training programmes in different African regions.

Various media reports indicate that more than 200 Indian companies have invested in Africa in recent years. This phenomenon is only beginning to be analysed by academia and civil society research groups both in Africa and India. Recent research by civil society organisations GRAIN and the Delhi based Economic Research Foundation (ERF) highlight that a combination of factor; strategic concerns on ensuring long term food and energy security, availability of cheap land and natural resources with a slew of special incentives by host country Governments in Africa are factors that have contributed to Indian business expansion into Africa[125].

Here is a snap shot of some key Indian investments in Africa.

ONGC Videsh Limited (OVL) is a major player abroad and as of March 2011 had a presence in 33 projects in 14 countries[126]. One of its most controversial projects was an investment of $750 million in acquiring a 25% partnership in the Greater Nile Petroleum Operating Company (GNPOC) in Sudan in 2003. The GNPOC was a controversial project due to valid accusations against the Government of Sudan that it was channelling revenue generated from the project to fund the civil war rather than to support broad based development. A successful civil society led campaign led to a Canadian company Talisman divesting its stake[127]. The divested stake was picked up by OVL with what is called a hefty 'war discount', despite opposition from local and international activists. It has been reported by a Talisman executive that after it left, the corporate responsibility initiatives and transparency that it brought to the project also disappeared[128]. Further at the height of the Darfur conflict in 2004-05 India avoided criticising the Khartoum government on the human rights situation and in November 2006, India infamously voted against the UN Human Rights Council Resolution that would have put the onus on the Sudan Government to end the violence in the Darfur region[129]. The European Coalition on Oil in Sudan (ECOS), a group of organisations working for peace in Sudan, in 2004 called upon OVL to suspend their operations until there was just and sustainable peace. When OVL took

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[122] India-Africa Forum Summit (2008), 'Africa-India framework for cooperation', New Delhi. April
[123] For more information see the official FOCAC website, http://www.focac.org/eng.
[124] http://www.thehindubusinessline.com/opinion/columns/article2042850.ece
[125] Rowden, Rick (2011), 'India's role in the new farmland grab', GRAIN and Economic Research Foundation, New Delhi. August.
[126] OVL is India's state run flagship oil and gas company Oil and Natural Gas Corporation's (ONGC) overseas arm. For more information see http://www.ongcvidesh.com/Company.aspx
[127] http://www.enewsbuilder.net/globalcompact/e_article000775162.cfm?x=b11,0,w
[128] Ibid
[129] Alex Vines (2010), ' India's Africa Engagement: Prospects for the 2011 India–Africa Forum', Chatam House, December.

the position that Sudan's wars were none of its business, ECOS retorted that the company is in business in the country because of the war[130].

OVL was again put under pressure in 2010 when TIAA–CREF – a US based equity fund pulled their investment out of OVL citing its un-ethical investment practices in war-torn Sudan, but the latter was not dithered. Despite the birth of South Sudan as a separate country in July 2011 civil and political tensions continue between North and South Sudan . The brinksmanship by the Governments of both countries has left thousands homeless as a result of recent bombings. South Sudan was left with some 75% of the oil fields of undivided Sudan and OVL is likely to be play a key role in ensuring processing and transit facilities. South Sudan has already stopped shipment of its oil through North Sudan and the Government of India and OVL are quite engaged in finding a way out of the logjam to protect Indian interests in the region. This includes exploring the option of alternative pipelines through Kenya, Ethiopia and Djibouti.

OVL has also invested in the Sudan pipeline project and has similar projects in Nigeria and Libya in the African continent. The Sudan pipeline project is now under a cloud as it is in North Sudan and was predicated on supplies coming from South Sudan.

Coal India Africana (CIAL) a subsidiary of Coal India Limited (CIL) got control of two coal blocks in Mozambique through a global tender process in 2009[131]. The license allows it further exploration and development of the blocks over five years. The blocks have an estimated 1 billion tonnes of coal and the first phase of production is expected to start from 2013.

In a recent article Outlook magazine reports that Karuturi, a Bangalore-based agri-business company that cut its teeth in the cut flower business, has been granted access to about 3,00,000 hectares in the western Ethiopian region of Gambela at just $1.25 per year per hectare for 50 years[132]. The Karuturi deal is already under controversy with reports of forced relocation of locals, transfer of land from the Gambela national park and the employment of child labour in its sprawling farms[133]. Further, despite claims from the company's CEO Ramakrishna Karuturi that the cereal, palm and pulses would be also used within Ethiopia, reports indicate that there is no domestic law that obligates companies to ensure that a certain percentage of their produce remains in the country. It is a sad commentary on food policy in Ethiopia that currency earned from exporting food is expected to help it buy food for some 4.5 million people, who the U.N estimates are suffering from drought[134].

A report on the impact of land deals in Ethiopia, published in June 2011 by the Oakland Institute, California, has highlighted some concerns around Karuturi's lease. These range from the forced relocation of locals to resettlement of villages and transfer of land coming under the Gambela National Park to Karuturi. Further reports

130 http://www.projectsmonitor.com/detailnews.asp?newsid=8130
131 http://timesofindia.indiatimes.com/business/india-business/Coal-India-secures-two-blocks-in-Mozambique/articleshow/5378801.cms
132 Debarshi Dasgupta (2011), 'The new East India Cos', Outlook Magazine, October 17.
133 Philipp Hedemann (2011) 'Land grabbing in Ethiopia: Legal Lease or Stolen Soil?', Inter Press Service, November 12.
134 Ibid

mention the use of child labour and low wages and increasing deforestation leading to protests by human rights and environmental groups[135].

Added to Karuturi, several little known companies such as Verdanta Harvests, Chadha Agro Plc and Varun International have leased thousands of hectares in Madagascar, Uganda and Congo to grow tea, spices, sugar, rice, corn and pulses (Rowden 2011).

Concern in Africa on the increasing engagements of Indian companies in their search for energy, minerals, markets and influence will continue to rise. Indian companies are likely to start facing a barrage of criticism about destruction of local economies and small businesses, weakening environmental and labour standards and collusion with undemocratic governments in Africa. As India becomes an emerging power in the region, there is tremendous possibility to build on the existing cordial relationship, but that would require new progressive thinking by both Indian and African politicians for a more visionary and transformative south-south collaboration. So far, the two Africa-India summits (the latest one was held in Addis Ababa in May 2011) have focussed more on increasing trade and investment, despite the rhetoric around development and partnership.

The Energy Rush>
Indian companies rush for energy and related acquisitions has been at a fast pace with several deals inked both in developed and developing countries. Given the inferior grade thermal coal in the country and difficulties in accessing coal mines, Indian companies have gone on a coal buying spree across the world. Some of the highlights include:-

Tata Power, Reliance Power, Lanco Infratech, Jindals, Essar and others picked up coal mines in Indonesia, Australia, South Africa and Mozambique. It is estimated that Indian companies have spent about $8 billion over the past four years in coal acquisitions[136]. In 2007 Tata Power acquired a 30% stake in three Indonesian companies paying upto 1.3 billion $ USD to meet the coal requirements for its upcoming 4000 MW Ultra Mega Power Project (UMPP) in Mundra, Gujarat and power projects in Maharastra. Reliance Power also acquired three coal mines in Indonesia to fuel its 4000 MW Krishnapatnam UMPP. GMR Energy had also acquired stakes in Indonesian coal mines for 550$ million USD. Adani Enterprises spent $2.7 billion to pick up coal blocks in Australia’s Linc Energy for its thermal plants in Gujarat. The Hyderabad based GVK company spent $1.26 billion for Australia's Hancock coal and infrastructure projects as it lines up energy supplies for upcoming power plants. This includes the purchase of three coal mines, a railway line and port projects linking the coal projects in Queensland[137].

The state run ONGC Videsh (OVL) is also part of a consortium of global oil and gas companies drilling off the coast of Sakhalin Island in Russia’s Far East in what is described as the largest integrated oil and gas development project (OVL has invested a massive 2.7 $ billion) in the world. Both phases of the project have been extremely controversial with adverse impacts on the environment, marine life and the lives of

[135] http://ipsnews.net/news.asp?idnews=105815

[136] http://www.businessworld.in/businessworld/businessworld/content/Great-Coal-Rush.html
[137] Compiled from India Brand Equity Foundation: www.ibef.org

indigenous peoples in the area. Despite widespread concerns on the environmental and social costs of the project, the issue has had little coverage in the Indian media and environmental groups have not taken up the issue with the Government or OVL.

In November, news agency Reuters reported that Gas Authority of India Limited (GAIL) was investing $ 1 billion USD in the controversial shale gas technology. GAIL, Reliance and other energy companies are eyeing shale gas technology acquisitions in USA to use the expertise for gas exploration in India. The Government has already announced that the fist round of shale gas explorations will begin during the 12th five year plan (2012-17) in Assam-Arakan in India's North East region[138]. As per Government data six basins – Cambay in Gujarat, Assam-Arakan in North East, Gondawana (in central India), KG onshore (in Andhra Pradesh) and Cauvery and Indo Gangetic hold shale gas potential[139].

3. Conclusion

The prognosis from policy makers and analysts is that the global economy is now in Act Two of the 2008 financial crisis. The sovereign debt crisis in the European Union and the unlikelihood of growth picking up at a steady pace in the USA will further cement global recessionary trends. Agencies such as the International Monetary Fund have already scaled down growth expectations in India for 2011-2012 to 7.8% and 7.2% respectively[140]. For China the revision is 9.5 and 9.0%.

The coming years will be a litmus test for emerging economies such as India and its role and positions in various regional and international forums and how it navigates the choppy waters of the global economy will be under intense scrutiny from both within and outside the country. The crisis has also renewed calls for south-south trade with the emergence of new commercial corridors (that are linking up Asia, Africa and Latin America) that are meeting rising demand for raw material and energy to fuel the high growth rates in developing economies such as Brazil, Russia, India, China and South Africa (BRICS).

Many of the organisations, researchers and academicians working on trade, investment and development issues have not taken to work on the emerging forums of global governance such as G20, IBSA or BRICS. This is to be expected as such forums are new with evolving structures (for example IBSA) and no enforceable agendas and will therefore continue to be works in progress. It is also useful to approach work around Global India in a way that encompasses multiple fora such as the ones mentioned previously plus the United Nations Conference for Trade and Development (UNCTAD), the G-77 (Group of 77 developing countries) and the Rio plus 20 processes because much their agendas overlap.

Interventions on Global India would need to address issues such as the political economy of India's rise, changing foreign policy stances, power relations in Asia and India's role related to global trade, financial and climate regimes. From an assessment of key sectors and the responses of people interviewed areas where further research

[138] http://articles.economictimes.indiatimes.com/2011-11-22/news/30429051_1_shale-formations-conventional-oil-and-gas-shale-gas-india
[139] Ibid
[140] http://www.business-standard.com/india/news/imf-scales-down-india%5Cs-growth-forecast-to-78/449952/.

needs to be done include Indian business forays abroad into agribusiness, land and energy.

As the previous sections show, there has been little systematic response from think tanks and Indian civil society groups in terms of monitoring, research and advocacy on the trajectory of Global India. It is high time that Indian NGOs articulate a forward looking agenda to influence the Government and Indian business both at home and abroad. Such an initiative would necessitate the involvement and participation of a wide range of stakeholders including government officials involved in policy making and implementation, the private sector, academics, think tanks, social movements and civil society in India and abroad.

Social movements, trade unions and NGOs from India were quite active in global civil society debates around the WTO (especially on issues of agriculture and health), but that internationalism is lacking as India and its multinational companies attempt a much larger global footprint abroad. The challenge is especially immense as countries such as India (and China) are charting a development trajectory down the neo-liberal path privileging the market, free trade and MNCs and not articulating a progressive multilateralism (or regionalism) in fora such as the UNFCCC, G20 and BRICS. But the opportunities are many to chart a different script. Are Indian civil society groups up to the task of challenging the Government and articulating a new progressive internationalism of the south?

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