

India Can't Put a Green Sheet Over its Paradoxical World-Domestic Outlook

thewire.in/economy/india-g20-economy-world-domestic-outlook



In terms of hype, the culmination of India's G20 Presidency, the pivoting of a South-centred world order under India's anchor role, the African Union's inclusion in the G20, and consensus on issues affecting other members of the developing Global South were projected to represent India's big coming out party.

The moment has been clouded in a recent controversy surfacing as a diplomatic tussle between Canada and India that's already making members of the G7 (and the "five eyes") respond strongly to Canada's claims soliciting India's active participation.

How India and also Canada position their response and take their relationship forward will not only define a troubled bilateral relationship, but may also shape India's medium-term relationship with the powerful G7 nations (from where India needs capital and technological transfers), and who, are likely to back Canada against India.

A lot remains to be seen but there are some of the 'good' takeaways from the G20 summit that merit mention.

India's ability to forge a consensus on a joint declaration deserves all praise. It is truly a diplomatic triumph given how broken, multipolar, the geo-economic and political scenario has been at the moment. The inclusion of the 55-nation African Union – the second regional bloc

after European Union to join the G20 during India's presidency remains vital to India's 'Global South' representative status and for locating the agency voice of the Global South in the global multilateral framework.

Also, the nature of consensus arrived on reforms to the Multilateral Development Banks, promoting digital public infrastructure, financial inclusion, restructuring of loans of stressed countries such as Sri Lanka, were some other highlights from the summit.

Further, the announcement of the Global Biofuel Alliance (GBA), whereby, the alliance will "promote demand for biofuels and technology transfer for producing biofuels" is great news for India's clean energy push.

And, the establishment of the multimodal India-Middle East-Europe Economic Corridor (IMEC) is good news for countries willing to expand their economic integrative capabilities and connectivity with India.

So, while one saw forward-looking agreements that appeared vital to India's expansive global interests, the domestic political economic context in which the summit happened in India – amidst risen tented sheets hiding urban slums across Delhi roads, reflect poorly on India's domestic political eco-system and status.

India's domestic environment now is a lot more polarised amidst the targeted persecution of minorities across India; socially in-cohesive; and economically fragile – even though India's growth numbers don't appear to say so – than before.

It's important to understand how India's carefully built decades-long work towards playing a more important role in the global political order is based on the strength and robustness of its democratic fundamentals, independence of the parliamentary system, a rights-based constitutional order. These, when intact, have also provided a strong foundation for growth and investment in India.

Also read: The Undeniable Rise of Oligarchic Capitalism in Modi's India

Also, a pivot towards Asia now by world powers (like the US and the EU) reflects a startling shift in the priorities attributed towards developing countries – something that didn't seem possible back in the earlier decades.

It would be buffoonish for India's foreign policy ecosystem to believe it enjoys an undistilled faith amongst the (still) powerful G7 countries if the tools for channelising instruments of economic integration operate *sans* the basic domestic pre-requisites of: realised social cohesion; a safeguarded rights-based constitutional order, ensured by the separation of powers – with independent functioning of the legislative, executive, and judiciary, all, remain a must. India can hardly compromise on these pre-requisites if it is serious about playing a more important role in a complex, multi-polar world.

The West's more accommodative position on a number of contested issues – when it comes to India's position on Ukraine-Russia war, on human rights, minority issues, and freedom of press in India – is explained by their greater contempt for an authoritarian China under Xi, than say, a need for developing bonhomie with the India that India is.

Modi's India may unfortunately fall in the same category of authoritarian nation states (or turned 'illiberal democracies') if India continues to treat all counter-veiling powers as India's enemies.

The Indian strategic base and core diplomatic circle may well realise, for example, that a tit-for-tat diplomatic response against Canada's allegations will only anger the West (anchored by the G7). This could affect their cooperative position.

Somewhere, 'India's moment' to assert its position and shine from a well-organised summit that otherwise saw thousands of tax-payers' crores spent on public relations on India's 'Mother of Democracy' status may all fall flat if it continues to antagonise powers from where most technology-transfers and capital may actually come in (for India's own benefit and growth).

As Pankaj Mishra recently pointed out,

“Those hoping to recruit Modi's Bharat as a Western ally should consider the plain historical fact that, as the scholar Nirad Chaudhuri wrote in 1954, the most ineradicable aspect of Hindu nationalism is “xenophobia, both personal and ideological.” The sentiment may be muted “when and where the military and political strength of the foreigner” is overwhelming but nevertheless thrives on an “incessant campaign of slander and denigration. Certainly, neither of the two main commonplaces about the world's most populous nation – that it is a rising, vibrant democracy or that it is descending into authoritarianism – will seem adequate in the treacherous months and years ahead. More historically grounded analyses will be needed as yet another batch of reactionary modernists rises in the east.”

Also, a greater openness shown by the US toward the priorities of the Global South and flexibility on the war language comes as China is gaining influence in the BRICS forum, an expanding grouping of strategically important actors like Brazil, Russia, India, China and South Africa – which excludes Washington. It is easier to guess that American interests wouldn't have aligned with the likelihood of a failed G-20 summit, which would have given the Chinese a win at India's expense. The US and the rest therefore are happy to put their weight of confidence behind India for the time being.

[Also read: The Limitations of India's Obsession With Short-Term GDP Growth Data](#)

From inward-outward outlook, India's domestic economic fragility presents a serious concern for its future ability to expand infra-based regional and international connectivity and trade capacity. While since after 1991, Indian economy saw high growth, a service-sector led

expansion, accompanied with a higher employment rate and an urban-focused growth model with a swelling middle class, what we are experiencing now is perhaps the opposite.

Growth is weak, debt is high, fiscal deficit is widening when private investment levels remain low, potential of the service sector remains the key but the Modi government keeps pushing for a struggling manufacturing sector-led growth model (yielding mixed results), and the macro-employment rate remains poor, given the demographic potential India has. These are all issues that the government needs to more urgently acknowledge and fix, rather than put a green sheet over to hide the existence of.

Deepanshu Mohan is Professor of Economics and Director, Centre for New Economics Studies, O.P. Jindal Global University. He is a Visiting Professor to the School of International Development and Global Studies, University of Ottawa, Canada, and an Honorary Research Fellow, Birkbeck College, University of London this Fall.

The founding premise of The Wire is this: if good journalism is to survive and thrive, it can only do so by being both editorially and financially independent. This means relying principally on contributions from readers and concerned citizens who have no interest other than to sustain a space for quality journalism. For any query or help write to us at support@thewire.in

I would like to contribute

Once

Monthly

Yearly

Select amount

₹200

₹1000

₹2400

Type an amount