

An Analysis Of The Economic Impact Of India's G20 Presidency

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Introduction:

The 2023 G20 New Delhi summit was the eighteenth meeting of the G20. It was held at Bharat Mandapam International Exhibition-Convention Centre, Pragati Maidan, New Delhi on 9-10 September 2023. It was the first G20 summit held in India. The G20 presidency has historically been one of the main channels of boosting the export and development of a country via improving its soft power. This article analyzes the effect of the presidency on the domestic and geopolitical scale with the help of the Indonesian case study of the 2022 G20 held in Nusa Dua, Bali.

This article will analyze India's own USP with regards to the G20 presidency with special emphasis on the handicraft and tourism industry. We will also attempt to predict India's economic boost post the G20 using a case study of Indonesia's presidency in Bali.

Past history of Indian trade ties within the G20:

India boasts of a diverse multilateral treaty with several countries participating in the G20 summit. The main focus of talks like these is to diversify existing trade portfolios,

for which it is important to understand the current trade dynamics of India within the meet.

Japan:

India and Japan share a close friendship with a long history of spiritual and cultural affinity. Their civilization ties go back to the visit of the Indian monk Bodhisena in 752 AD. India and Japan established diplomatic relations in 1952. Since then, the relationship has transformed into a partnership of great substance and purpose. Today, Japan is regarded as a significant partner in India's economic transformation.

In recent years, the economic relationship between the two countries has expanded and deepened steadily. The trade volume has increased, with India being Japan's 18th largest trading partner whereas Japan was the 12th largest trading partner for India in 2020.

Major exported items from India to Japan include mineral fuels, mineral oils & products, bituminous substances, mineral waxes, and organic chemicals in FY21. Major exported items from India to Japan include marine products and petroleum products during April-November 2022.

Indonesia:

Indonesia is the 2nd largest trading partner of India in the ASEAN region. The bilateral trade between India and Indonesia increased from US\$ 6.9 billion in 2007 to US\$ 38.84 billion in 2023. Indonesia occupies the 33rd position in FDI equity inflows into India with a cumulative FDI of US\$ 648.39 million (April 2000-March 2023).

Major exported items from India to Indonesia include petroleum products, motor vehicles/cars, sugar, ships, boats, floating structures, along with iron and steel in FY23.

Major items imported by India from Indonesia include coal, coke, briquettes, vegetable oils, iron and steel, bulk minerals and ores, and cosmetics and toiletries, etc. in FY23.

India and Indonesia are soon going to have real-time settlement and trading in local currencies, Senior Government Officials said on the sideline of the G20 Finance Minister Central Bank Governors' (FMCBG) meeting under India's presidency.

South Korea:

The Republic of Korea is the 13th largest FDI investor in India from April 2000 – September 2022. Metallurgy, automobiles, electronics, prime movers, machine tools, hospitals, and diagnostic centers are the top sectors that have attracted investment. As India's economic ties continue to grow with South Korea, the bilateral trade is likely to reach \$50 billion by 2030. It was US\$ 23.7 billion in 2021, up 40% from the preceding year. Major exported items from India to Korea include mineral fuels, mineral oils & products, bituminous substances, mineral waxes, aluminium & articles thereof in FY 2021-22. The period, April-November 2022, witnessed major exports of petroleum products, aluminium, and products of aluminium, etc, from India to South Korea. India's imports from Korea include electrical machinery & equipment & parts thereof; sound and TV recorders, reproducers and parts thereof, and Iron and steel in FY 2021-22.

To improve bilateral economic relations, India and South Korea are seeking to expand a Comprehensive Economic Partnership Agreement (CEPA), with an ambition to increase bilateral trade to US\$ 50 billion before 2030. India is Korea's 16th most significant source of imports and 7th biggest export market as of 2021. The emerging strategic alignment between India and Korea is creating a new convergence of capabilities and closer synergy in new areas of economic cooperation such as public health, green growth, digital connectivity, and trade, among others.

Representation of traditional and handicraft sector in G20:

The G20 presidency for India presented opportunities to improve these existing ties and perhaps even form new ones due to the option of showcasing its art and culture and improving the country's geopolitical image. The summit itself presented several opportunities for local manufacturers and hospitality centers, which have the potential to increase future foreign interaction, primarily via tourism.

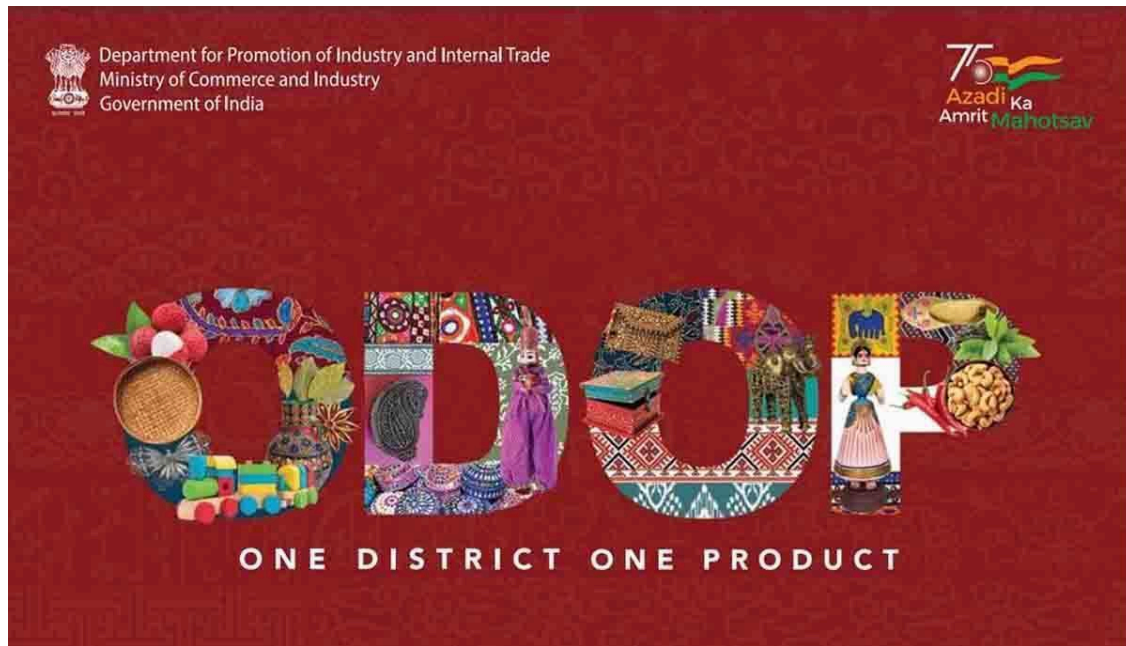
Local manufacturers:

The initiative under which all the locally produced goods were given a chance to be highlighted at the global level is One District One Product (ODOP), which led to the setting up of a Craft Bazaar. This Crafts Bazaar in Bharat Mandapam, Pragati Maidan, showcased handicraft products from different parts of India with a special focus on ODOP, GI-tagged items, and products crafted by women & tribal artisans. Delegates and international media participating in the Summit had the opportunity to visit this Crafts Bazaar and purchase locally sourced products. The Bazaar not only promoted

made-in-India products on a global stage but also opened up new economic and market opportunities for local artisans. To demonstrate the skills and exquisite workmanship of Indian artisans to international delegates, special live demonstrations by master craftsmen were also planned as part of the Crafts Bazaar. The exhibition was organized by the G20 Secretariat in coordination with the Ministry of Textiles and State/UT Governments. Around 30 States and UTs as well as Central agencies like Khadi Village & Industries Commission, TRIFED, and Saras Ajeevika participated in the Crafts Bazaar.

The ODOP (One District – One Product) Initiative is aimed at manifesting the vision of the Prime Minister of India to foster balanced regional development across all districts of the country. The idea is to select, brand, and promote One Product from each District of the country to enable holistic socioeconomic growth across all regions. The range of the chosen products varies across the length and breadth of the country while also touching upon multiple sectors with existing clusters and communities that have already created a niche identity for themselves. The ODOP Team at Invest India is working towards realizing this dream of New India for all its 761 districts.

Additionally, the National Gallery of Modern Art in Delhi hosted an art exhibition titled 'Roots and Routes' for the spouses of the delegates. This exhibition showcases Indian textiles, decorative items, and artifacts, offering a glimpse into the rich tapestry of Indian culture.



The Ministry of Tourism put its best foot forward and showcased the cultural heritage and culinary delights of India. As part of this, G20 delegates were shown live demonstrations of the making of local art and crafts by artisans. Self-reliant villages, community empowerment, encouraging youth entrepreneurship, success stories and models, opportunities, and issues in rural tourism were a few key points deliberated during a panel hosted on day 1 of the G20 Tourism Working Group Meeting in Gujarat. The Union Tourism Minister GK Reddy also emphasized that travel and tourism must be looked upon as a lever to enable, empower, and employ.

Case study: Indonesian G20 presidency and its economic impact

The G20 meeting in Indonesia hosted thousands of delegates from G20 member countries and invited guests who regularly attended meetings in various cities, fresh out of the COVID-19 pandemic. The Minister of Finance, Sri Mulyani Indrawati, estimated that the G20 event will create a contribution of US\$530 million or around US\$7.4 trillion to Indonesia's GDP, increasing domestic consumption by up to US\$1.7

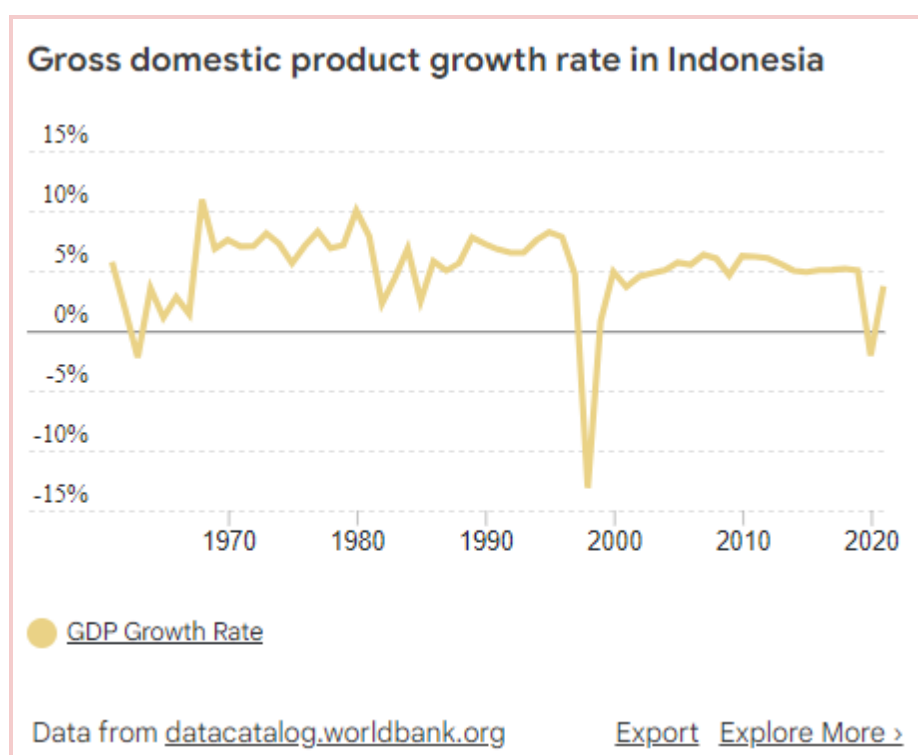
trillion. The Minister of Tourism and the Creative Economy, Sandiaga Uno, said that the soccer schedule event would contribute to the projected increase in foreign tourists from US\$1.8 million to US\$3.6 million and 600,000 to 700,000 new jobs supported by good performance in the culinary, fashion, and tourism sectors. The series of G20 activities in Indonesia itself involved MSMEs and absorbed a workforce of around 33,000 people. It encouraged investment in domestic MSMEs, considering that currently, 80% of global investors come from countries that are members of the G20. Demonstrating the success of structural reforms potentially increased global investor confidence.

The impact of the G20 on Indonesian MSMEs

The G20 presidency in Indonesia was an opportunity for Indonesian Micro Small Medium Enterprises to showcase their quality and promote themselves so that they get adequate recognition and successfully penetrate the global market. The Ministry of Cooperatives and SMEs curated superior products through a number of promotions for many G20 side events in order to improve their fictitious “revealed comparative advantage” and boost exports. This event had a positive impact that was felt by MSME business agents as well.

Firstly, the G20 presidency had a direct impact on the economy by increasing the country's currency revenue. More than 20,000 international delegates including previous experiences of presidencies under Turkey, Argentina, China, and Japan showed positive effects for their respective countries. The number of visits by international delegations was recorded at more than thirteen thousand. It is also estimated that each G20 summit generates more than US\$100 million in revenue for

the host country. Secondly, as President of the G20, Indonesia was able to encourage cooperation and achieve concrete results in three priority areas that are strategically important for recovery. This helped Indonesia gain global credibility and trust. In diplomacy and foreign policy, credibility is a very valuable asset. Lastly, in the field of sustainable economic and social development, the G20 presidency indicated that "Indonesia is open for business". The various exhibitions and events showed the growth and potential of Indonesian investment in Indonesia.



Lessons for India and conclusion:

As seen in the Indonesian case, an impact assessment of the G20's direct boost to the domestic economy in the short term would not be a farsighted way to estimate its effects on economic development. Development is an intricately linked process that is dependent on several factors, one of them being a country's soft power and potential to trade. Inviting foreign dignitaries to the host country could not have any potential

negative impact, but the way the host country utilizes this opportunity could have massive effects on the growth in trade and multilateral ties. Having the crafts bazaar and hospitality industry showcasing one of India's best service and manufacturing sectors, has the potential to boost India's current soft power. The image that it presents to other countries, with potential investors, is crucial to the geopolitical growth and development of each sector. A growth trajectory akin to that of Indonesia can be statistically mapped out with the availability of data in the future.

Thus, the G20 New Delhi summit 2023, showcased India's growing influence and economic prowess on the global stage. It provided a platform to strengthen diplomatic ties, diversify trade relationships, and promote India's rich cultural heritage. The success of the Indonesian G20 presidency serves as an encouraging case study, emphasizing the potential for economic growth, global recognition, and enhanced diplomatic relations that hosting an international summit can bring to a nation.

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