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Parthasarathi Shome, *The G20 Development Agenda: An Indian Perspective*, Cambridge University Press, 2015, 309 pp. \$99 Hardcover

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Abstract. In the aftermath of the global economic crisis during 2008-09, the group of 20 nations (G20) came together to implement a series of macro-economic and financial sector reforms to bring the world economy back on the path of stability. India, given its growing GDP and increased external sector orientation, became a crucial part of the group. Once the recovery process started since 2010, G20 moved on to adopt a series of development agendas, including provisions on food security, infrastructural augmentation, energy and environmental sustainability and so on. Given India's unique position that allows coexistence of economic growth with livelihood challenges and considerations over environmental degradation, the new G20 development agendas may significantly influence the country's future policy choice and growth path. In this context, the recent volume edited by Shome is a well-structured and timely contribution to the literature, which analyses the G20 development agendas from an Indian perspective.

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JEL. F63, O10, O20, O50.

Book Review

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The first chapter by Parthasarathi Shome and Francis Xavier Rathinam discusses the underlying objective and evolution of the G20 development agenda over the years, detailing the decisions arrived at various summits. While India supported inclusion of the development agenda in global economic governance

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agreements, its unique standing compelled it to prefer the principle of ‘common but differentiated responsibility’.

Food security remained a major challenge in global forum, and the inclusion of the issue in the WTO Bali Ministerial Declaration in 2013 is a recognition of that. The second chapter by Rajesh Chakrabarti, Francis Xavier Rathinam and Vijay Kumar Varadi takes note of the rising commodity prices and argues in favour of market-based solutions for ensuring food security. It particularly advocated free trade, both through reduction of import tariff and removal of export bans, so that global market price can determine the cross-border movement of foodgrains. It further supports non-intervention in commodity future markets and adoption of proper trading process and transparency in both future and spot markets, so as to remove uncertainties and deepen market operations.

The persisting underdevelopment in a number of countries is a function of their limited domestic and foreign transactions (i.e., exports), given the poor infrastructural linkages. The third chapter by Renu Kohli discusses the possibility of channelizing the surplus savings of certain countries into infrastructure investment in emerging market economies, a proposal floated by India in 2010. Such transfers are expected to ease the demand for infrastructure finance in developing countries on one hand, and boost global productivity on the other. While global reserve holding is increasing at 10 percent annually, the desired pace in transfers is not automatically forthcoming. The analysis recommends setting up of an Emerging Markets Infrastructure Financing Fund (EMIFF) for this purpose.

The fourth chapter by D. K. Srivastava observes that several structural factors, protectionist inclination and movement of global commodity prices have shaped the crisis. While G20 members have agreed on the broad steps to be undertaken, sharing the burden for funding environmental commitments and official development aid requirements remains at a high level. Given the decline in official development assistance (ODA) in the aftermath of the crisis, the analysis recommends the need to explore innovative measures like financial transaction tax, integrating the markets for greenhouse gas (GHGs) emissions permit and so on.

While India has broken away from the shackles of the infamous ‘Hindu rate of growth’ since early nineties, maintaining a consistent double-digit growth remains a formidable challenge. With economic liberalization, while the service sector is growing, the primary and manufacturing sectors are stagnating. The fifth chapter by Kirit S. Parikh identifies lack of infrastructural finance, human capital development, food and energy security related challenges, danger of middle-income trap and governance related issues as the major structural impediments faced by the country, all of which requires immediate policy attention.

With growing concerns over the climate change consequences, the multilateral forums are busy in negotiating agreements on sustainability commitments (e.g., COP 21 in December 2015). While all the countries are expected to honour their commitment, the developing countries and less developed countries (LDCs), who are on the upward slope of the Environmental Kuznets Curve, may suffer in the short run, as the lowering of emissions might influence their growth process. The sixth chapter by A. Damodaran argues that there is a need to recognize that the mitigation actions are capable of producing co-benefits on low adaptation costs, and integrate this principle in designing carbon markets.

Reducing the fossil fuel subsidies across countries, which significantly add to environmental consequences (e.g., fuel subsidies to fishing trawlers going to deep sea for fishing), is a major problem. The seventh chapter by Parthasarathi Shome and Amrita Goldaracknowledges both the optimality of removal of inefficient fossil fuel consumption subsidies and the concerns relating to resulting inflation of energy prices. The analysis explores various options for enhancing sustainability

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including border tax adjustments (BTAs) on embodied carbon, although the WTO-compatibility of the same is a debatable issue.

The eighth chapter by Meeta Keswani Mehra and Divya Datt discusses the types and devolution of energy subsidies being offered in G20 and OECD countries, and the resulting concerns for both developed and developing countries. Energy subsidies exist in India for various reasons including cross-subsidization of power tariff, regulation of domestic fuel and so on. The current subsidy regime significantly influence the composition of fiscal spending particularly on development front on one hand and affect economic efficiency and environmental sustainability by distorting the price signal on the other. The higher taxation of petrol vis-à-vis diesel is another anomaly present in India. Comparing the own and cross-price elasticities of demand, the analysis calls for development of more detailed national and state-level databases for informed policymaking.

International Energy Agency (IEA) is an autonomous agency with OECD countries as members. The last chapter by Prodipto Ghosh weighs the pros and cons of an Indian entry in IEA. After discussing the functions of IEA and India's energy challenges, the analysis discusses the possible inclusion of India, China and Russia in the forum. As membership of IEA can follow after India's membership in OECD, that eventuality will take quite some time to materialize. Nevertheless, membership in IEA means India needs to comply with two major challenges: (1) enhancing strategic petroleum reserve as per IEA norms, which requires massive investment, and (2) loss of control over national decision-making in emergency scenarios. The analysis concludes that India needs to participate in IEA institutional structures, maybe as observer members, for building mutual confidence.

The Indian growth odyssey is moving forward, but a lot of challenges still remain. On the external front, the country has already participated in several trade blocs (e.g., Indo-ASEAN FTA) and currently moving ahead for the mega-blocs like Regional Comprehensive Economic Partnership (RCEP). However, domestic reforms in money, financial and fiscal markets as well as provision of better governance would enable it to improve the economic performance further. Moreover, reforms in the energy price subsidies would ensure greater devolution of funds on developmental activities on one hand and greener environment on the other. In particular, lower emissions would enable the country to negotiate its commitments at the multilateral forums. The analysis in the volume clearly calls for greater reliance on market forces, rather than interventions and distortions. Given India's growth aspirations, recent domestic policies (e.g., 'Make in India') and the participations at the WTO and UNEP forums, the current volume is a must-read reference to the academicians, policymakers and researchers who have keen interest in this area.



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