Understanding India’s Global Engagements:
Some key issues and entry points for an inclusive development agenda

Lucy Dubochet

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India’s international position is one of increasing influence and assertiveness, but is also shaped by powerful constraints. This situation raises questions: how does the country view its role in global affairs? What are the drivers and constrains that shape India’s international engagement? For India’s civil society, it raises another set of questions: what changes to its involvement are called for by the country’s new influence: what new topic, what opportunities and what risks does it bring into play?

The report approaches these questions by focusing on two issues: global policies on food security and agriculture, and climate change negotiations. For each issue, it considers India’s alliances with other developing countries, as well as possible entry points for civil society. The report then considers India’s engagement in the G20. It assesses India’s priorities so far, and the potential for the emergence of other development-related issues.

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<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>AWG KP</td>
<td>Ad Hoc Working Group on the Kyoto Protocol</td>
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<td>AWG LCA</td>
<td>Ad Hoc Working Group on long-term Cooperative Action</td>
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<td>BASIC</td>
<td>Brazil, South Africa, India, China</td>
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<td>BJP</td>
<td>Bharatiya Janata Party</td>
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<td>BRIC</td>
<td>Brazil, Russia, India, China</td>
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<td>BRICS</td>
<td>Brazil, Russia, India, China, South Africa</td>
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<td>CGIAR</td>
<td>Consultative Group on International Agricultural Research</td>
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<td>CII</td>
<td>Confederation of Indian Industries</td>
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<td>CLRA</td>
<td>Centre for Legislative Research and Advocacy</td>
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<td>DTAA</td>
<td>Double Taxation Avoidance Agreements</td>
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<td>FAO</td>
<td>Food and Agriculture Organisation</td>
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<td>FAT</td>
<td>Financial Activities Tax</td>
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<td>FICCI</td>
<td>Federation of Indian Chambers of Commerce and Industry</td>
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<td>FTA</td>
<td>Free Trade Agreement</td>
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<td>GATT</td>
<td>General Agreement Tariffs and Trade</td>
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<td>GCAP</td>
<td>Global Call to Action against Poverty</td>
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<td>GHG</td>
<td>Greenhouse Gas</td>
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<td>IBSA</td>
<td>India, Brazil, South Africa</td>
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<td>ICRIER</td>
<td>Indian Council for Research on International Economic Relations</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPR</td>
<td>Intellectual Property Rights</td>
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<td>ITEC</td>
<td>Indian Technical and Economic Cooperation</td>
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<td>NAPCC</td>
<td>National Action Plan on Climate Change</td>
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<tr>
<td>REDD</td>
<td>Reducing Emissions from Deforestation and Forest Degradation</td>
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<tr>
<td>RIS</td>
<td>Research and Information System for the Non-Aligned and other Developing Countries</td>
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<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<td>SAFTA</td>
<td>South Asia Free Trade Agreement</td>
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<td>SSM</td>
<td>Special Safeguard Mechanism</td>
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<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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I. Introduction

India’s international position is one of increasing influence and assertiveness. In several international negotiations, India has emerged as an influential actor. It played a crucial role in articulating the positions of developing countries at the Doha round of the World Trade Organisation (WTO) and at the United Nations Framework Convention on Climate Change (UNFCCC). For the next two years, India will be a temporary member of the United Nations Security Council; the claim for a permanent seat is one of its most pressing demands.

This diplomatic trajectory is backed by India’s economic performance. The country’s growth, estimated by the International Monetary Fund (IMF) to 8.75 percent in 2011, has attracted the attention of economists, private companies and governments akin. Overall, the country comes out strengthened of the economic crisis: it is a member of the G20, which is increasingly seen as the league of powerful nations. Visits to the country by heads of states are more numerous than ever: the Presidents or Prime Ministers of the US, Russia, France, and China, have all visited Delhi over the past few months. Alongside these political delegations have come many private companies with an eye on the opportunities of India’s fast growing market.

India’s geopolitical situation also contributes to this growing influence. Its regional influence has always been important. Increasingly, its position between Pakistan and China make it an important ally for Western states. This strategic consideration undoubtedly explains the its increasing proximity with the US. In the South Asian Sea as well, India is viewed as a buffer against China’s growing influence.

Beyond this, India has entered a series of alliances that have strengthened its relation with developing countries worldwide. It partakes in reflections on common issues with China, Brazil, South Africa and Russia.

Finally, India’s influence in Africa is growing. The government is increasing its presence through technical collaboration or financial assistance through preferential loans. At the same time, Indian companies are investing in oil, mining, agriculture, diamonds, or telecommunications.

However, India’s global influence is restricted by strong constrains. Despite India’s growth, the country’s internal situation is one of widespread poverty and growing inequalities. Access to basic services remains out of reach for most of its population and public spending in health or education are lower than the average of developing countries. Levels of malnutrition are among the highest in the world, and inflation in food prices has reached worrying levels. Despite the government’s investments, infrastructures remain more than limited in all but a few regions around big cities and the west coast. There is no doubt that India’s internal situation will continue to shape its global policy.

Geopolitically, India’s weaknesses echo its strengths. Its position between Pakistan and China grants it a crucial stabilising role in a troubled region. However, it also prevents it from taking up the role of a regional power. The animosity that characterises its relation with Pakistan and China’s assertive stance dramatically reduce India’s opportunities for constructive engagement. Furthermore, tensions in the region are so important that they undermine any attempts of political integration.

This means that, in the foreseeable future, India is unlikely to be seen as the legitimate representative of the region. Countries such as Bangladesh, Nepal or, obviously, Pakistan, are not inclined to view India as their
legitimate representative. India, which in all global negotiations has presented itself as the voice of developing countries, may find this role undermined by the lack of political cohesion in its own region.

Finally, India’s global outreach is limited by a lack of diplomatic capacity. The external service, which is the main body in charge of multilateral negotiations and diplomatic engagement, is badly understaffed. Decision making on global negotiations is often limited to a small circle of civil servants with no institutional backing. In Africa, for example, the diplomatic service is so overstretched that one representation often covers many countries.

The picture sketched above raises a series of questions. How does the country view its role in global affairs? What are the drivers and constrains of India’s engagement in global affairs? Who are the protagonists of India’s foreign policy? What is the role of developing countries alliances? Do they have consistent positions on development issues?

India’s growing influence also raises questions concerning its civil society. What changes to its involvement are called for by the country’s new influence? What new topics does it bring into play? What are the entry points for this involvement and what are its risks?

This report approaches these questions by focusing on two issues: global policies on food security and agriculture, and climate change negotiations. For each issue, it considers India’s alliances with other developing countries, as well as possible entry points for civil society. The report then considers India’s engagement in the G20. It assesses India’s priorities so far, and the potential for the emergence of other development-related issues.
II. Food security

India’s global stance on issues related to food security cannot be dissociated from the country’s internal situation. India accounts for a large share of the world’s undernourished: eight Indian states are home to 421 million poor people, with hunger and poverty as acute as in the 26 poorest African countries; this is more than the 410 million poor living in those African countries combined.

The geography of undernourishment — with food insecurity concentrated in the rural regions of central India — points towards the missing link in the increasingly complex and globalised relation between food production and food security: hunger is largely concentrated among small farmers, who have limited access to basic infrastructures including irrigation, and services, and are marginalised by food markets. They are also highly vulnerable to new challenges linked to climate change.

These risks, and the related internal pressure, have framed the government’s global stance. In a country where more than half of the voters are small farmers, the government cannot afford to be seen as ignoring their interests. Avoiding inflation of food prices is another immediate priority for a country where up to 80 percent of the population lives either below or just above the poverty line.

This makes India a powerful voice among countries faced with similar vulnerabilities. It also makes the successes — or failures — of India’s policies meaningful examples for other countries.

Traditionally, concerns for food self-reliance and support to subsistence farmers have shaped India’s international stance. They are core to India’s line of negotiation at the WTO. They also show in the country’s relatively high levels of investments in research and extension of technologies to farmers. Those give India a comparative advantage, which translates in programmes of technical cooperation with other developing countries.

However, the last decade saw the emergence of an increasingly complex picture: stalled multilateral negotiations under the aegis of the WTO, gave way to a multiplicity of bilateral free trade negotiations; an increasing number of private companies are now playing a crucial role in the production and distribution chain.

This report looks at how this evolution impacts the relation between internal situation and international stance. It then explores the potential entry points and challenges for civil society. It does so by focusing on a few factors where the global dimension is most obvious: international trade negotiations and the shift from multilateralism to bilateralism; domestic policies on research and extension to farmers; and private sector agricultural investments in India and abroad.

A. Trade Negotiations on Agriculture

India’s original approach to trade negotiations on agriculture was marked by the country’s historic experience. Until the 60’s, the country had faced major shortages of food grains and was dependent on aid. With the

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2 A polemic started over these estimates. Estimates by the planning commission, based on a poverty line of INR 446 a month per person in rural area and INR 579 in urban area, set the percentage of people living in poverty at 37.2 percent. But in 2009, a report by the National Commission for Enterprises in the Unorganised Sector, estimated the percentage of poor and vulnerable people at 77 percent of the population. The estimates were based on a poverty line of INR 600 a month. Sengupta A. (2009). “The Challenges of Employment in India, An Informal Economy Perspective,” National Commission for Enterprises in the Unorganised Sector, Ministry of Small Scale Industries, Government of India.
green revolution in the 70’s, it finally became self-sufficient, but the issue remained sensitive. This translated into policies centred on self-reliance. Even after the 1991 economic crisis triggered a shift towards economic liberalization, India’s stance in trade negotiations has been marked by two opposite tendencies: the concern for self-reliance and the push toward liberalization.

India remained reluctant towards the General Agreement Tariffs and Trade (GATT) and the WTO negotiations until the beginning of the Doha round in 2001. After that, it intensified its engagement and India’s lead negotiator, Kamal Nath, Minister of Commerce and Industry until 2009, became a strong voice in the developing world. Building coalitions with other developing countries, he was able to get concessions on some of India’s priorities.

India’s initial proposal for the Doha round stresses that “trade should sub serve the food security interest of developing countries.” This fundamental principle, backs three core demands. The first is the reduction of domestic farm subsidies in developed countries: they introduce an “unfair competition for local farmers” in developing countries and threaten their livelihood; this, in turn, undermines food-reliance and increases the country’s vulnerability to instability in international markets.

India’s second demand is to allow flexibility for developing countries’ public support to production. Though the country’s overall levels of public support are well below the limits set under the WTO, India risks being targeted for the type of support it provides, i.e. product-specific supports. Those include the guaranteed minimum price offered by the government for some basic food products — a policy meant to support self-reliance by keeping basic food crop attractive to producers, while insuring minimum income to poor farmers. They also include direct subsidies to inputs, such as fertilizers or pesticides.

Finally, India has defended measures to protect domestic food markets from volatility in international markets. India backed a Special Safeguard Mechanism (SSM), which allows developing countries to raise tariffs when global prices surge.

These three demands are at the core of the opposition between developing and developed countries, which repeatedly brought the Doha negotiations to a standstill: the US and the EU’s repeated failure to reduce agricultural subsidies hampered the negotiations, and the talks finally collapsed in 2008 when India, China and the US clashed over details of the Special Safeguard Mechanism. Since then, India has been proactive in trying to revive the negotiations. In 2009, it organised a ministerial meeting to “re-energise” the Doha talks, and a call for a prompt conclusion of the round figures in most official declarations at the G20 or at the Brazil, Russia, India, China (BRIC) summits.

However, the multilateral process appears to have reached a prolonged deadlock, and India is turning towards bilateral Free Trade Agreements (FTA). India is either negotiating or has finalized agreements with its South Asian neighbours (Nepal, Sri Lanka, Pakistan, Bangladesh and the Maldives), the South Asia Free Trade Agreement (SAFTA), as well as with the EU, the US, the Association of Southeast Asian Nations (ASEAN) countries, etc.

This trend raises a series of issues. Bilateral agreements do not recognise the development necessities inscribed in the Doha round, instead all points are negotiated on a give and take basis. India’s economic trends, with

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2 Ministry of Commerce and Industry, Government of India, “Indian Proposal on Food Security,” section 1. Available at: www.commerce.nic.in/wtomarket.htm
agricultural share of the GDP falling from more than 29.6 percent in 19915 to 14.2 in 20116, behind industry and services, increases the likelihood that the government will make concessions on agriculture and food security if they yield benefits in other sectors. The shift to bilateralism also deprives India of the alliances that made its strength at the WTO. Finally, the lack of transparency and the prospects for civil society engagement are even bleaker in these negotiations. While the media’s focus on the WTO summits insured the visibility of the process, the multiplicity of FTA negotiations makes it difficult to maintain a strong civil society engagement.

Preliminary texts of the FTA negotiations are not public. But information filtering from the FTA agreement currently being negotiated between India and the EU suggest that India is making more concessions than it did at the WTO.7 For instance, India will reduce tariffs on import while accepting limited cuts in EU subsidies. Provisions for a special safeguard mechanism are weak. With lower tariffs on import, European products are likely to give stiff competition to some key Indian food products. European producers of dairy products, cereals other than rice, sugar, etc. have a competitive advantage and will gain ground in India.8 This risks pushing the country towards greater dependence.

1. Alliances

The series of confrontation that marked the history of the Doha round is underlined by the emergence and the consolidation of alliances of developing countries. The most meaningful alliance was the G20, created in 2003 under the impulse of India, Brazil, China, and South Africa, to oppose a joint text pushed by the US and the EU.9

India itself consolidated its position at the WTO by joining alliances with two different groups of countries represented within the G20. It has aligned with Brazil and other exporting countries to demand access to European markets. At the same time, it has joined hands with countries characterised by similar populations of small farmers to defend a protective stance. The two group’s position differs significantly on key issues, including protective mechanisms and tariff cuts.10

Ten of the G20 members, including Brazil, Argentina and South Africa are part of the Cairns group, which stands for deep tariff reductions, with little flexibility for vulnerable countries. In contrast, India and six other countries of the G20, namely China, Indonesia, Nigeria, Pakistan and Zimbabwe, are part of the G33. For these countries protective measures are a priority. These countries shared India’s stance on SSM, and joined its call for measures to support small farmers. They are also particularly concerned about agricultural subsidies in industrialized countries.

These two interest groups continue to play a role in international negotiations, beyond the WTO. They are for example showing at the G20 discussions on agriculture.

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9 This appellation stands for two groups successively mentioned in this research. Here we focus on the G20 of developing countries that played a role at the WTO. It includes Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Philippines, South Africa, Tanzania, Thailand, Venezuela, and Zimbabwe. Below, we focus on the G20 of powerful nations including the main industrialized and emerging countries.
Given these divergences, India’s ability to play along both lines has surprised commentators. But the divergences do not seem to affect the interplay of the two alliances. India adopts a pragmatic approach: it sees a strong ally in Brazil for access to rich countries markets and the abolition of subsidies, while China and G33 countries are allies for its protective concerns.

2. Protagonists

In 2009, Anand Sharma took over the Ministry of Commerce and Industry, thus becoming India’s representative in trade negotiations. While Kamal Nath was known for his sharpness, Anand Sharma, holds a more consensual line of negotiation. This change of portfolio certainly reflects the government’s willingness to conclude negotiations on economic liberalization, even if this means making concessions regarding agriculture.

A WTO study of India’s internal structure of engagement with the negotiations also highlights the crucial role played by the country’s main industrial lobbies,11 the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Confederation of Indian Industries (CII).

Interestingly, the study also shows how the government opened up to inputs from independent think tanks. However, the institutes mentioned in the report are those that always come up in relation to government-mandated research on developmental and economic issues.12 This reduced network somewhat narrows the scope for independent research, which in turns narrows the government’s move towards openness.

Beyond this, public debate is limited. In general, members of parliament have a weak understanding of the negotiations.13 The problem is even more acute for FTAs. Preliminary studies and proposals are seldom communicated beyond the group of civil servants dealing with the negotiations. Moreover, the multiplicity of processes and the lack of media attention complicates civil society mobilisation.

This situation raises one obvious question: what can serve as a focus point for debates over global policies. The Food and Agriculture Organisation (FAO) has been losing ground to the WTO, which in turn is failing to canalise discussion.14 Clearly, this leaves a vacuum. It now seems that the G20 could provide a forum to revive global debates on food policies. This possibility is discussed more in detail in the section below, devoted to the G20.

B. Domestic Policies and Globalization

India’s overall trajectory is one of increasing liberalization. Since the green revolution, India has become a major producer. It is either the first or the second producer worldwide of rice, milk, wheat, sugar cane, groundnuts and pimento.15 Much of these products are consumed domestically, but exports have grown steadily over the last twenty years. Today, India is a major exporter of rice, pulses, soybean, buffalo meat, cashew, maize, and cotton.16 Much of India’s rice and buffalo meat exports go to Saudi Arabia, followed by Bangladesh, while ASEAN countries import the biggest share of soybean.

At the same time, India’s imports have increased. Vegetable fats make up for a majority of its agricultural

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12 The National Council for Applied Economic Research, the Indian Institute of Foreign Trade, the Indian Council for Research on International Economic Relations (ICRIER) and the Research and Information System for the Non-Aligned and other Developing Countries (RIS).
13 Interview, Bhanu V., Centre for Legislative Research and Analysis (CLRA), 6 January 2010.
16 FAOSTAT, “Export commodity by countries, India, 2008.” Available at: faostat.fao.org/site/342/default.aspx
imports (40 percent), followed by protein-rich peas. For the first time in 2006, India imported wheat. Since then, shortfalls in wheat production have resulted in intermittent imports. The crop being one of India’s staple foods, this is a significant albeit slow shift away from self-sufficiency.

Trade liberalization negotiations are likely to increase this trend. So far, reductions in tariffs on imports linked to India’s commitments at the WTO or in other FTAs, have not translated in massive imports. But completion of current negotiations would accelerate this trend. A deal with the EU, for example, will subject farmers to stiff competition on key products such as wheat and dairy.

India’s growing inclusion in the global markets holds consequences both for India as an importing country and for other country as destination countries for export. Food prices peaked during the global food crisis in 2008 and are today nearing these levels again. The government is responding by implementing a series of measures including distribution of subsidised food, an increase of export tariffs and reduction of import tariffs for specific products, and a ban on export of essential products, including rice in 2008 and onions in 2010.

Similarly, India’s policies to ensure internal stability impacted global prices stability. The control of rice exports, through taxes, and its ban during 2007-2008 adversely affected countries such as Bangladesh, which rely on India’s export. The FAO has warned against similar measures, as they promote global price hikes.

Internally, the government’s measures failed to address the structural causes of the food crisis. The post-reform period saw a significant decline in agricultural growth rate. From more than 3 percent in the eighties, it fell to an average of 2.6 between 1996 and 2003. The government’s 11th Plan pledges to bring it back to 4, but this seems unlikely: though growth increased to 4.7 percent in the first year of the plan, it dropped to 1.6 in 2008 and 0.2 in 2009. Meanwhile, the number of people living from agriculture remains high despite declining slightly, from 80 percent in 1991 to 59 today.

The crisis finds its roots in the weakening of the model that allowed India’s self-reliance. In the 60’s, investments in agricultural research and development helped increasing agricultural productivity. The government undertook irrigation project, which account for much of the 43 percent of sown areas currently under irrigation. High yielding seeds were introduced, and the use of fertilizers was promoted. The government helped to set up centres for research and promoted outreach through local advisors and the All Indian Radio.

Food production in a few states increased enough to ensure the country’s self-reliance. These states became the nodal points of a national system of production and distribution, with limited but increasing integration to the international market.

However, this transformation has excluded a majority of farmers living in the country’s nearly 60 percent of sawn land: without access to irrigation, electricity or distribution networks, their production remains low and highly dependent on climate variation. They are excluded from food markets with no possibility to sell their products, and no income to compensate for insufficient yields. The growth rate in agriculture mentioned earlier clearly points towards a grim reality: this population does not fit within India’s growth story — it has not contributed to India’s growth, nor has it benefited from it. This population constitutes the largest share of India’s poor and undernourished population.

18 Ibid.
The momentum of the green revolution slowed down during the post-reform period. Public investments in research and development declined, from 3.4 percent of agricultural GDP in the 1980’s to 1.9 in 2001-2003. Weaknesses in agricultural extension programmes were not corrected: advices were often not adapted to local specificities, the use of water or fertilizer was excessive, programmes reached only a few areas, and emphasis was given to transfer of technologies for high yielding crops and inputs without sufficient attention to post-harvesting issues. As a consequence, unsustainable practices have not been curbed.

The disarray of the public research and extension system is a recognized problem. The 11th plan appraisal accuses the public network of inefficiency, and proposes to tackle the difficulty through public–private partnerships on all levels, including research, infrastructures and extension.

Indeed, the role of private sector companies has increased in food production and distribution. Indian and international corporations now play a crucial role in all segments of the production chain. Most of the major multinational companies are present in India, often through a complex network of mergers.

Traders have taken up the role of advisors and trainers. Existing reviews of India’s extension system — though limited in their scope — point towards mitigated outcomes. On one hand, private sector approaches do contribute to fill a gap. Public approaches tend to focus on putting technologies and seeds on the shelf, without adequately advising and supporting farmers. Private companies have proliferated in this sector — with activities ranging from contract farming, to systems enabling access to weather forecasts or information on seeds, soil testing, etc. They have introduced modern methods of communication such as mobile phones or internet kiosks.

On the other hand, however, these services remain limited to a few regions, where profits are guaranteed. As such, they largely do not reach the vast majority of marginal farmers. Besides, the reliance on private companies has also had adverse effects, as the planning commission acknowledges in its 11th plan Mid Term Appraisal. The methods proposed are often unsustainable, and many farmers get caught in a circle of dependency and indebtedness. Low levels of education among farmers and limited access to information only increase the risk of abuses. Farmer organisations or NGOs, where empowered, have helped reducing these risks, but the general picture remains problematic.

The consequence of these policies shows on many levels. Growth rates of production and yield between 1996 and 2008 have declined for all major food grains including wheat, rice and pulses, when compared to the previous decade. For the first time since the mid-sixties, the growth of food grain production was lower than the growth of population. Official estimates warn that India could become food insufficient by 2010. As a consequence, inflation of food prices has been exceptionally high, and the government’s efforts to stabilize the prices have remained unsuccessful.

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23 Ibid., p. 10.
26 This landscape is too complex to be mentioned here exhaustively. However, a few major companies are: for inputs, Monsanto and its mergers MAHYCO and E.I.D. Parry, Du Pont, Syngenta, Aventis, Novartis, Dow, Bayer, BASF, and Empresas La Moderna; for equipment: John Deer; and for trade: Cargill. For more details, see: Pray E. C., Fuglie K. (2001), “Private Investment in Agricultural Research and International Technology Transfer in Asia,” Agricultural Economic Report No. 805, November, United States Department of Agriculture.
At the same time, a majority of farmers who have not been integrated globally are more vulnerable than ever before. With no means of irrigation, they are the first exposed to climate change and have little capacity to adapt.

The government is now acknowledging the importance of this population. It moreover recognises the difficulty of relying on irrigation to improve yields. The obvious constrain set by water scarcity does not seem to be the government’s core concern — it is for example not mentioned in the 11th plan mid term appraisal’s discussion on irrigation policies — but other obstacles have prompted a shift in policies. Irrigation projects are met with increasing resistance due to their impact on local populations and on the environment. Some projects had to be suspended; others fail to serve their purpose due to lack of cooperation between states or to poor maintenance. As a consequence: “additional area brought under irrigation by new projects is offset by decline in existing area,”32 despite the fact that irrigation accounts for 80 percent of public investments in agriculture.33

The government has announced a major intervention to increase productivity in rain dependent areas, with a plan for watershed farming. But so far, implementation has been limited. Much of the funds allocated to the programme have not been claimed by states. 34 Even where the projects have been implemented, independent assessments show modest outcomes: some projects, where local population has been included, generally with the help of NGOs, are working reasonably well, but many fail to do so and have mediocre outcomes.35

C. India’s Footprint Abroad

Despite neglecting agricultural research and development during these last decades, India’s investments in this field are among the highest in the developing world. In 2000, India is estimated to have accounted for 5 percent of global investment in agriculture, behind China and at par with Brazil.36 The three countries are estimated to make up for 41 percent of the developing world’s public investments in this field.37

India’s comparative strength in this field has materialized in programmes of technology and know-how sharing. Food security is one of the focuses of India’s aid. The Indian Technical and Economic Cooperation (ITEC) programme plays a central role in these exchanges. ITEC was launched in 1964 with the objective to be the government’s “flagship programme” of “cooperation and partnership for mutual benefit.”38 This cooperative approach is intended to distinguish India’s engagement from traditional forms of aid. As part of the initiative, India has provided Ghana, Senegal, Burkina Faso, Mali and Suriname with equipment and expertise for agricultural use.

Besides, cooperation on matters relating to food security has been an important part of India’s dialogue with several countries. Global food security is a pillar of the country’s dialogue with the US. The joint statement of Manmohan Singh and Barack Obama, after the former’s visit to India announces a shared cooperation to support food security in Africa:

Taking advantage of the global nature of their relationship, and recognizing India’s vast development experience and historical research strengths, the two leaders pledged to work together, in addition to their independent programmes, to adapt shared innovations and technologies and use their expertise in

32 Ibid.
33 Ibid.
34 Ibid, p. 70.
38 Programme introduction, available at: www.itec.mea.gov.in/
capacity building to extend food security to interested countries, including in Africa, in consultation with host governments.39

This partnership somehow contradicts India's long time claim that its model of aid is fundamentally different from that of the traditional donors. It moreover casts light on some ambiguities in India's programme of assistance. India makes no secret of its growing interest in Africa. The continent is the only region along with Afghanistan to be given a special section on the web site of the Ministry of External Affairs. Anand Sharma, the Minister of Commerce and Industry has frequently visited Africa to stress the "huge untapped potential for investment and trade between the two regions."40 India sees Africa as a source to satisfy its pressing demand for energy and raw materials. Moreover, African markets hold major potential for Indian companies. A simple look at India's top imports clearly tell about India's priorities in the continent: in 2009-2010, petroleum and crude imports came first, gold and other non ferrous metals third, and precious and semi precious stones sixth.41

According to Indian officials, the story has deeper historic roots. Officials point to India's historic support to the African movements of independence, and to the history of collaboration for development. This discourse of historic "mutual understanding and support"42 covers the more modest reality of India's diplomatic engagement in the continent. India's diplomatic representation in Africa is limited, and the government does not have an official Africa policy. India cannot even count on its well-established Diaspora, as this group maintains only weak if any links to its country of origins.

China's recent but massive arrival on the continent has highlighted these weaknesses and is undermining the older Indo-African relation. This competition certainly shapes India's revived engagement with the continent. Though India's levels of engagement with Africa do not match China's, it has quite successfully established its comparative advantage by playing the democratic card and mobilizing its model of historic relation and south-south cooperation. It is viewed as a benign player in contrast to China's somewhat threatening advance.43

Quite understandably, the US is eager to be associated with this perception. For India, in return, this image is a good token for developing privileged relationship with the US. This brings the stakes back to South Asia and to India's attempt to strike alliances that consolidate its regional position. India's strategic community remains obsessed by the weakness of India's position vis-à-vis an increasingly fragile Pakistan and an assertive China. The US is viewed as the only third party that has enough influence to stabilize this regional game. The US's policy towards Pakistan has so far been negatively perceived from India, but the recent strengthening of Indo-US relations is giving India hopes that the US will be its ally in the region. Africa, in this regard, is a privileged platform to work towards this economy of forces.

42 A column by Rajiv Bhatia, who served as India's High Commissioner to South Africa and Lesotho as well as to Kenya, is a good example of this approach. He writes: "India played a leading role in assisting and expediting Africa's de-colonisation process. The help it extended to the African countries in gaining independence and to South Africa in its struggle against apartheid was recognised widely and often. At the root of Nehru's belief was that India's independence would be incomplete without Africa's freedom. As a visionary, he also foresaw and strengthened Afro-Asian unity that led to the Bandung Conference and the birth of non-alignment. Political relations have since been marked by mutual understanding and support." Bhatia R. (2010), "India's Africa policy: can we do better?" The Hindu, July 15. www.thehindu.com/opinion/lead/article515718.ece?homepage=true
43 Interview, Naidu S., Fahamu, Emerging Powers in Africa Programme, 7 January 2010.
1. Public Cooperation, Private Investments

One troubling aspect of India’s policy in Africa is that it blurs the distinction between private sector engagement and diplomacy, profit led enterprise and assistance. Many observers have noted that the government’s Africa policy is widely business driven. They have highlighted the role of concessional Lines of Credit extended to African countries in establishing new economic opportunities.44 Similarly, private sector organisations such as CII and FICCI appear to play an informal role in setting the government’s assistance programme. CII representatives make no secret about the fact that on the basis of their contacts and knowledge, they do their best to inform the government about needs and facilitate the implementation of programmes.45

Agriculture is an important area of India’s private investment in Africa. In Ethiopia, Indian companies are leading in the sector of agriculture, while Chinese companies are focusing on infrastructures and other sectors. A growing number of large Indian companies such as Karuturi Global, Ruchi Soya, Emami Biotech, BHO Agro Plc are now involved in export-oriented commercial farming. This involves large-scale agricultural land leasing from governments for periods ranging between 25 to 99 years. Indian companies are also present in Kenya and Tanzania, and are moving into other countries such as Uganda and the Democratic Republic of Congo.

The government’s priorities for the year converge with this drive in private sector investment. Gurjit Singh, joint secretary in charge of east and southern Africa was quoted as saying “Agriculture is without doubt at the forefront of India’s engagement with Africa in the current transformation phase,”46. Investments in agriculture are announced to be among the priorities in the next India-Africa Forum Summit, scheduled for 21 to 24 May in Addis Ababa.

However, these deals raise various issues. Information about the agreements is generally scarce; contracts are rarely public. Customary land rights of local communities are rarely officialised, thus placing ownership in the hands of the government. As a consequence, local communities are easily excluded from the negotiations and from the benefits resulting from the deals. Civil society has very little say in the process: the India-Africa Forum summits for example, which are the busiest moments of this interaction, do not provide a platform for civil society.47

D. Entry points for civil society

The growing role of private companies in agricultural research and extension to farmers opens an area for civil society engagement. The evolution involves a series of challenges: the persisting exclusion of certain populations and regions and the risks of abuses in a context where farmers have very little access to basic services, including education and independent information, to mention only a few.

Civil society has a role to play in managing these risks: at the grassroots level, initiatives to support farmers’ organisations in articulating their demands have shown some successes in making private sector initiatives more responsive to their needs. Engagements on a framework of Corporate Social Responsibility (i.e. the UN-commissioned Global Reporting Initiative, that provides companies with a framework to report on social and environmental performances) may help this grassroots work. More fundamentally, objective assessments of the impact of private sector engagements are needed. A plethora of private sector projects are being implemented

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44 Price G. (2010), Understanding India’s Impact on Global and Regional Public Goods, Chatham House, April, p. 66.
47 Interview, Naidu S., Fahamu, Emerging Powers in Africa Programme, 7 January 2010
with little independent monitoring. Research is needed to clarify which projects benefit to which social groups, and inform policies.

In parallel, India’s large-scale agricultural investments in foreign countries question India’s civil society as to whether and how to internationalise engagement on private sector activities. In India, the lack of information and awareness regarding this issue is striking. The deals are not discussed within the public sphere, and the interactions between private sector and government remain unquestioned. One obvious entry point for civil society, therefore, is to gather and spread information about the issue.

This will also involve differentiating India’s positive contribution from the problematic ones. The official discourse makes little difference between cooperation, marketing of technologies and land acquisition. On the two first aspects, India undoubtedly may offer models and technologies that are adapted to the African context. The third point, however, calls for caution on issues linked to local communities land rights and food security.

Civil society in India and other countries may consider working on a cross-country framework. To do so, it may base itself on existing tools such as the Framework and Guidelines on Land Policy in Africa adopted by the African Union in 2009. A first step may be to compare this African framework with Indian legislations on land rights and rights to livelihood — i.e. the problematic Land Acquisition Act, the Forest Rights Act. Such frameworks might help attracting attention to similarities in the impacts of land acquisitions on populations both in India and in countries where Indian companies are investing. They might help to relate powerful civil society reactions in India to the situation in these countries.

Finally, Indian civil society obviously has something to share regarding its rights-based approach. It can pride itself with a number of successes in defending customary rights of local populations, or their right to livelihood despite at time brutal reactions of the authorities. Synergies between movements that have proven efficient in India, and movements elsewhere might be explored.

This mobilization fits well with the official discourse: the credo shared and repeated by the government and private sector bodies, is that interactions with Africa are demand driven — they claim that technical collaboration and investments depend on interests of African partners. Therefore, it seems useful to increase the visibility of a demand that does not simply reflect the interest of governments and businessmen.

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49 Examples are too numerous to be listed here. A recent illustration is the case of Vedanta, a company, which after years of opposition by local populations and civil society was refused environmental clearance for its mining activities on the Niyamgiri Hills in Orissa in 2010. The decision by the Ministry of Environment and Forests is based on the project’s negative impact on the environment and livelihood of populations holding customary rights over the hill. Saxena N. C., Parasuraman S., Kant P., Baviskar A. (2010), “Report on the Proposal Submitted by the Orissa Mining Company for Bauxite Mining in Niyamgiri,” submitted to the Ministry of Environment and Forests. For a broader picture, see: Bhushan Rawat V, Bharath Bhushan M., Surepally S. (2011), “The Impact of Special Economic Zones in India,” International Land Coalition, p. 10.
III. Climate Change

Since the 2009 Copenhagen summit of the UNFCCC, India has become a pivotal actor in climate change negotiations. It was at the forefront of the opposition between industrialized and developing countries that resulted in the Copenhagen deadlock; one year later, in Cancun, it helped shaping the consensus that got the talks back on track. India, alongside the three other emerging countries of the Brazil, South Africa, India, China (BASIC) alliance, will be a crucial party in any attempt to find a global response to climate change.

India’s line of negotiation has fuelled debates: for some, in the international community primarily, it was a bridging attitude, which helped overcoming the deadlock of the 2009 Copenhagen summit; for other, in India, it was overly concessional and weakened the country’s ability to press for much needed measures of mitigation and adaptation.

India’s traditional stance is best captured by the basic principle of “common but differentiated responsibility” of industrialised and developing countries. This translates into claims on three levels. First, regarding mitigation targets, India calls for a renewal of binding commitments for industrialized countries under the Kyoto Protocol, while rejecting such commitments for developing countries. Second, it demands effective transfer of funds to finance mitigation and adaptation measures in developing countries. Third, it defends a strong regime of technology transfers.

In what follows, we summarise the main issues at stake for these three areas. We then consider possible prospects for the future in each area: will India push for meaningful mitigation targets? Regarding finance and technologies transfers, will it help shaping measures that satisfy the needs of the most vulnerable populations?

India’s global importance on issues related to climate change goes beyond its influence in international negotiations. For India, adaptation is a pressing need. The country is highly vulnerable to climate change: not only are many regions considered to be particularly sensitive, but a vast number of poor also depends on climate-sensitive activities to survive. They are typically small farmers, who have little autonomous means of adaptation. Given both the scope of the challenge and the country’s international weight, the measures India takes to meet the needs of these populations are of importance to the world. Demands to give more weight to adaptation within international negotiations are becoming increasingly pressing within civil society and government alike. Will India be able to defend effective mechanisms to support these needs within the UNFCC? Can its domestic measures be emulated?

Regarding mitigation, India’s profile also gives it a special importance. India’s per capita Greenhouse Gas (GHG) emissions of 1.5 tonnes are very low when compared to a global average of 4.2 in 2005, and 18.4 in the US. The country is one of the rare major international players that, in many areas, still has the choice of adopting a low carbon path of development. In some ways, India shows signs of moving towards this model, but resistances within the government and the private sector are strong. Will the move towards low carbon translate into substantial policies and technologies?

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52 Climate Modelling Forum (2009), “India’s GHG Emissions Profile, Results of Five Climate Modelling Studies,” Ministry of Environment and Forests, Government of India, p. 6
A. Mitigation Targets

The Kyoto Protocol remains the reference for India’s negotiation line. The agreement establishes a clear differentiation captured in the classification of Annex I countries, comprising all industrialized states — with the noteworthy exception of the US, which has not ratified the treaty —, and non-Annex I countries, comprising developing countries including India. While the first group’s mitigation targets are legally binding, the second group’s efforts are voluntary.

Since 2007, when negotiations focused on the post Kyoto period, India’s concern has been to maintain the principle of the Protocol. India’s reference document in this regard is the 2007 Bali Action Plan, which outlines the roadmap for negotiations on the post-Kyoto period in 2012. The Plan prolongs the two-track approach by establishing two working groups: the first focuses on further commitment for annex I countries under the Kyoto Protocol (AWG KP), the second on long-term cooperative action for non-annex I countries (AWG LCA).

India itself estimates that its current level of GHG emissions, at 1.5 tonnes per capita, are bound to grow at least to 3–3.5 tonnes per capita by 2030, whatever efforts are made to maintain low emission levels. It has however announced voluntary efforts to reduce GDP intensity emissions by 20-25 percent by 2020.53

India’s stance, shared by major developing countries, met fierce opposition. Divergences culminated in the 2009 Copenhagen summit, which under the Bali Action Plan was to deliver an agreement on the post-Kyoto period. The BASIC alliance mobilized around the following priorities: renewing binding commitment for Annex I countries, while avoiding measures that risk tying up developing countries to internationally binding commitments. The US, followed by Russia, Japan, Australia, New Zealand and Canada, on the other hand made it a priority to place emerging countries emissions under the loop.

This new front of opposition made India and its BASIC allies pivotal actors in the negotiations. At the same time, it sidelined the EU–US opposition centred on the binding mitigation targets defended by the first and the purely market-based mechanism to manage mitigation efforts baked by the latter.54

Before Cancun, India’s insistence on a strict differentiation of responsibilities had not softened. Jairam Ramesh warned that the “Kyoto Protocol is the make-or-break issue”55. At the same time, the Cabinet made it clear that a binding commitment for developing countries remained a red line for India.

With this rejection, India positioned itself on the forefront of opposition to Japan, Russia, Australia, New Zealand and Canada, which had stated just before the Cancun summit that they would not sign up to a second commitment under the Kyoto Protocol without rallying major polluters. India’s stance was shared by a limited number of states, including China, Venezuela, Bolivia, Nicaragua, Saudi Arabia and Philippines, but it was relatively isolated internationally since the position diverged from two of its BASIC allies, Brazil and South Africa.

However, in the course of negotiations Jairam Ramesh appeared to nuance this stance. No decision on a second commitment to the Kyoto Protocol was reached in Cancun, but India seemed willing to compromise on other fronts.

Jairam Ramesh surprised by saying that “all countries must take on binding commitments in an appropriate legal form.” This opening towards an agreement under the long-term cooperative action track seemed to break away from India’s traditional position.

The remark raised considerable expectations among supporters of a deal; it created even more considerable animosity in India: by giving ground on this priority, Jairam Ramesh was seen to weaken the country’s bargaining power.

In a letter to parliamentarians, Jairam Ramesh later made it clear that his comment was in no way a nod to a legally binding agreement on emission cuts. The agreement does not mention legally binding commitments; instead, it loosely requests the ad hoc working group to “continue discussing legal options.” It also does not mention country-specific “quantitative targets for emission reduction by 2050” or a “global peaking year,” two elements that would have paved the way for binding commitments.

India argues that three points need to be clarified before it can consider a binding agreement. It needs clarity on the “substance of such an agreement,” the “penalties for non-compliance,” and the “system for monitoring.”

1. **Legal Form**

Jairam Ramesh’s remark is linked to a technical issue: what should be the legal status of a decision under the two tracks? Should it be two separate legally binding treaties, or one single legally binding treaty?

India’s position so far has been along the following lines: it is not in principle opposed to a legally binding treaty, provided that a strict differentiation between industrialized and developing countries is respected. This is in theory compatible with one single agreement, provided that the method to measure country-wise targets captures the different responsibilities of the two groups of countries.

However, such a proposal has no chance of being accepted by all countries. The alternative arrangement is a two-track negotiation, with prospects for a binding outcome under the second track depending on the deal and compensations agreed upon under the first track. But divergences on a range of issues, including mitigation targets, monitoring, finance, and technology, compromise this second arrangement.

As a consequence, India has in practice opposed any legally binding outcome under the long-term cooperative action working-group. Instead, it has favoured a legally binding treaty under the Kyoto Track, and a series of Conference of Parties decisions for the long-term cooperative action working-group.

Jairam Ramesh’s comments point towards a willingness to consider a binding agreement under the second track or even a unique treaty. But any commitment to one or the other is still distant, since both would mean solving some of the most contentious issues at stake in the negotiations.

2. **International Consultation and Analysis of Developing Countries’ Targets**

India has traditionally been opposed to any international monitoring of its voluntary mitigation efforts. This position has become a point of contention since Copenhagen, when the US made the monitoring of developing

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59 Ibid, section IV.
countries’ voluntary mitigation actions its number one priority and the condition for progress on other fronts.

The final negotiation broke the deadlock. Last minute talks to save the summit started with about 29 countries, but the consensus was not reached before a cell composed of the BASIC and the US agreed on what Jairam Ramesh later described as the “grand bargain” between developing countries and the US: in exchange for guarantees on finance, the BASIC agreed to a loose compromise. The accord holds that non-Annex I countries will report upon their mitigation action with “provision for international consultations and analysis under clearly defined guidelines that will ensure that national sovereignty is respected.”

However, this reference was so unspecific that it merely postponed the resolution of the divergence. In Cancun, the issue had the potential to strain negotiations again: the US continued to make this a condition for advances on other fronts, and China as well as India continued to oppose international monitoring of their voluntary commitment.

Finally, India broke the deadlock by proposing that developing countries’ mitigation actions be submitted to international consultation and analysis “in a manner that is non-intrusive, non-punitive and respectful of national sovereignty.” China, which had remained reluctant, finally followed suit by agreeing to more transparency.

3. Equitable Access to Sustainable Development vs. Equitable Share of Carbon Space

On the substance of the agreement, India’s approach has traditionally been based on the idea of an equitable sharing of carbon space:

“Now that the world has broadly agreed to a “global goal” of limiting temperature increase to 2 degrees Celsius […], we must agree on an appropriate methodology to determine carbon space that has been used up and that can be used in future, the rights and allocations for this space between developed and developing countries, including the implications for finance and technology transfers to developing countries.”

The method defines the atmosphere as a “common good,” where space for emissions is limited. It then defines each country’s equitable share by looking back to a preindustrial period, much before the 1990 base year adopted by the Kyoto Protocol. The calculation highlights a striking over-occupation by industrialized countries. This backs the developing countries’ claim to a right to increased emissions. The over-occupation of the carbon space also commits industrialized countries to transfer technologies and funds.

This approach is in principle supportive of a top-down methodical definition of binding targets for each country. The Indian government has attempted to develop a method that could become a basis for negotiations: it has mandated a research and organized workshops with participants from Brazil, China, the UK, Germany, etc. However, the approach clashes so fundamentally with the negotiation stance of the US that it has no chances of meeting a broader consensus.

In Cancun, India’s position saw yet another shift to a more concessional stance: Jairam Ramesh dropped the expression of equitable “access to carbon space,” referring instead to “equitable access to sustainable

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60 Press Trust of India (2010), “Kyoto Protocol, finance make or break issues in Cancun: Ramesh,” 6 December:
development."\textsuperscript{65} His argument was that the notion of equitable access to carbon space "connotes a fundamental ‘right to pollute’ that is seen today as negative and insensitive to the global challenge of climate change."\textsuperscript{66}

Again, the move was heavily criticised: according to the architects of India’s traditional stance, the phrase lacked clarity, and thus weakened the notion of equity based on differentiation.\textsuperscript{67}

This last point gives an opportunity to reflect about the broader implication of India’s perceived shift in Cancun. What are the prospects for the future? Will India be a force pushing for a strong binding deal, or does it simply accommodate itself with an ailing negotiation process?

In summary, India appeared to be making significant concessions. The arrival of Jairam Ramesh at the Ministry of Environment and Forests seems to mark the beginning of a more consensual approach to negotiations.

However, critics claim that, by showing flexibility, India participates in watering down the treaty. They note an increasing parallelism between the two tracks, and argue that India has simply dropped its claim for a strong binding treaty for Annex I countries. The new flexibility would express a resignation to a common lower denominator dictated by the US: Cancun only confirmed what had started with the last minute “grand bargain” between the BASIC countries and the US. In this worst-case scenario, India would be spared being held accountable for substantial mitigation actions —\textsuperscript{68} a minimal gain given the country’s vulnerability to climate change.

They are however encouraging signs. On 26 February 2011, experts of the BASIC met to clarify the notion of “equitable access to sustainable development.” Their discussion focused on the necessity to adopt a low carbon development path. They outlined the efforts made by each country: the National Action Plan on Climate Change (NAPCC), and a low-carbon strategy that is being prepared for the 12\textsuperscript{th} plan starting next year.

More importantly, the shift of negotiation stance comes in pair with a call to strengthen mitigation measures internally. Since Copenhagen, Jairam Ramesh has insisted on the importance “to deepen our capacity to pursue proactive climate diplomacy internationally” by “implementing a comprehensive domestic agenda of both adaptation and mitigation.”\textsuperscript{69} He details necessary cuts to India’s emission level, and increased capacities to measure and monitor the impact of climate change. This gives reasons to hope that the move observed in Cancun will really lead to stronger international commitments. In short, that it will make India a force for a strong deal.

**Domestic Policies**

The reality, however, remains a somewhat mixed bag. In 2008, the government launched the NAPCC, with a series of measure intended to reduce emission intensity: extended use of solar electricity, with a target of 20 GW of on-grid\textsuperscript{70} and 2 GW of off-grid capacity by 2022; increased energy efficiency, particularly in urban areas; enhanced carbon sinks through sustainably-managed forests and ecosystems.\textsuperscript{71}

\textsuperscript{66} Ibid.
\textsuperscript{67} The view was expressed by Shyam Saran, the Prime Minister’s Special Envoy on Climate Change until February 2010, and Chandrashekhar Dasgupta, India’s negotiator at Copenhagen and Cancun. “Cancun Climate Agreements,” Seminar at the Centre for Policy Research, 21 January 2010.
\textsuperscript{70} In comparison, 20 GW of capacity is equivalent to that of 13 large, modern nuclear plants.
These measures, however, are a somewhat heterogeneous package. Civil society organisations working on climate change have criticised the Plan for its lack of ambition on emission intensity reduction, and its failure to "question the current non-sustainable, high emission pattern of economic development." They also criticise the Plan because it focuses on a minority of city inhabitants, and leaves aside the vast majority of rural poor who have no access to the energy grid, and thus account for the country’s very low level of emissions.

Beyond the current positive intentions and mixed reality, concrete outcomes in the future will depend on the means that can be invested in low-carbon development path. This ties to two other priorities of India’s negotiation stance: finance and technology.

B. Finance

The claim that industrialized countries should pay for developing countries mitigation and adaptation actions is an integral part of India’s stance based on differentiation of responsibility.

Finance was part of the “grand bargain” between the US and BASIC countries in Copenhagen. The accord sets two financial targets: a $30 billion “new and additional resources” in fast-start money, and a $100 billion Green fund for longer-term finance. It should be added, however, that India and other BASIC countries indicated that they would not demand priority access to the funds, which avoids potential interferences with poorer developing countries.

One year later in Cancun, the contributions had remained limited; some of the announced sums had been diverted from aid budgets; and a polemic started before the summit about the EU’s intention to distribute part of this funds in loans rather than grants. Jairam Ramesh was the most articulate critic of this lack of commitment, which placed him at the forefront of media attention. He particularly insisted on immediate actions on fast-start finance, but was less specific on long-term finance.

Despite this insistence, the Cancun agreement repeats the pledges of Copenhagen without meaningful added guarantees. It establishes a new $100 billion “Green Fund for Climate Change,” to be governed by a board of 24 countries, of which a majority are developing countries. The fund is to be channelled through the World Bank; a measure once opposed by India. It remains a weak measure, however, as no long-term source of finance was agreed on. It moreover does not guarantee that the money is new and additional to aid, and the proportion to be disbursed in loan is not defined.

For India, as for other developing countries, this raises the question of how to finance a low carbon development path. The Ministry of Finance announces that resources for its low carbon strategy for the next 12th plan “will need to be mobilized from various sources.” In other words, the plan will have to compete with other priorities in an already more than tight budget.

But beyond this, the crucial question for most people in India is adaptation. Officials and civil society members share the view that funding is the most needed and the least available in adaptation measures for vulnerable populations. It is observed that a real commitment by annex I countries to meet their mitigation targets would generate affordable technologies, which would allow developing countries to maintain low levels of emissions.

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72 Durban Group for Climate Justice (2009), “Memorandum to the Government of India on the UNFCCC’s 15th Conference of the Parties at Copenhagen,” 12 July.


without excessive costs. Adaptation measures, in contrast require substantial investments in research and development in non-Annex I countries because they depend on local specificities. They require mechanisms that insure that the funds trickle down from the global level to meet the need of the poor. The failure of the UNFCCC to address these needs is a major loophole of the process.

This is particularly obvious for agriculture: in India and most developing countries, the sector cumulates physical and social vulnerability: it is not only highly climate-sensitive, but also has the biggest share of poor people with the least means of individual adaptation. Studies consistently point towards a negative impact on yields in India, and more generally in developing countries of the subtropical and tropical zones. This makes it an obvious priority for the UNFCCC negotiations.

On the internal front, adaptation is a meaningful part of the government's climate actions. It claims that 2.84 percent of its budget was spent on adaptation in 2009-2010. The expenditures cover: crop improvement and research; livelihood preservation; drought proofing and flood control; risk financing; forest conservation; health and rural education.

Civil society organisations, on their side claim that much of the government's investment in climate change adaptation overlaps with other rural poverty reduction schemes. Moreover, the above discussion on public support to research and investment in agriculture clearly shows the limits of such efforts. While there might be some punctual successes in research on drought resistant crops, or some successful projects of watershed management, it overall remains insufficient to meet challenges.

1. Market Based Mechanisms

India has widely used the market mechanisms that allow industrialized countries to buy emission credits by funding mitigation projects in developing countries. It has been a major actor of the Clean Development Mechanism, with 22 percent of all registered projects.

It has also expressed its readiness to work with the mechanism for Reducing Emissions from Deforestation and Forest Degradation (REDD+). This makes sense given the government's estimates that forest areas have grown by 17 million hectares over the last decade. However, implementation of a REDD+ mechanism will involve difficult issues, and some NGOs have already warned about the danger of sidelining populations that depend on forest to survive. Though the safeguard measures included in the REDD+ are positive in that regard, the sensitivity of the internal situation needs to be taken into account.

20 percent of India’s territory is designated as forest, and much of it is placed under the surveillance of the Ministry of Environment and Forests. Forest management in India has traditionally been top down, with Forest Departments given all power of how to use forest areas. Tenure rights of the estimated 200 million people who

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80 Data available at: cdm.unfccc.int/Statistics/Registration/NumOfRegisteredProjByHostPartiesPieChart.html
depend on forest to survive have not been legalized. Only in 2006 did the government pass the *Scheduled Tribes and Other Forest Dwellers Act*, known as *Forest Right Act* aimed at compensating this historic neglect.

Civil society demanded and obtained that the Act be implemented by the Ministry of Tribal Affairs, known to be more inclusive of local community. Though the reform is a positive step, there is still a long way to go before a majority of forest dwellers see their rights oficialised. Many state governments do little to implement the act: they fail to inform local populations and set conditions that leave no chance to claimants. The written proof of 75 years residency demanded by some states is an example of such conditions. The risks that a REDD+ mechanism, which would fall under the responsibility of the Ministry of Environment and Forests, will interfere with this fragile process need to be taken in account.

**C. Technologies**

More even than in finance, India is interested in technologies. It claims that a strong regime of technology transfer is a crucial aspect of an equitable deal. Even before becoming a crucial player in the UNFCCC, India has proactively engaged in negotiation: the 2002 summit held in New Delhi led to the first major declaration on technology transfer. At Copenhagen, India made a series of propositions aimed at building strong mechanisms in that regard.

Its demand to gain free access to a set of technologies protected by Intellectual Property Rights (IPR) faced most resistance. Governments of the EU and the US argued that the UNFCCC was not an adequate forum to review a system that concerned the private sector. India proposed to bypass this difficulty by targeting a few core technologies and freeing those from IPR. But this did not solve the controversy. Indeed, the Cancun final agreement simply leaves out the issue of IPR. This was seen as another major concession by India’s negotiators.

In contrast, India’s proposition of a network of technology innovation centres was well accepted. India first proposed the idea in Copenhagen; before Cancun, the Ministry of Environment and Forests put forward a discussion paper that inspired the mechanism agreed upon during the summit. The agreement sets up an Executive Committee with 20 members, 9 from developed countries and 11 from developing countries. The decisions of the Committee are to be implemented by a network of Climate Technology Centres.

The idea draws on successful models in the field of agriculture — notably, the Consultative Group on International Agricultural Research (CGIAR) —, the rationale behind this link being that the two fields partly overlap. The idea has some interesting features: the centres are to focus on adaptation rather than mitigation; moreover, they are supposed to link the bottom-up approach enabled by their regional inscription with a top-down scientific approach. These features seem well designed for the challenges of adaptation mentioned above. But the actual implementation of the network will say whether the centres can be a meaningful contribution to the adaptation needs of the vulnerable.

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D. Power Analysis

1. Alliances

The shifting and sometimes contradictory positions shown by the above overview of the government’s policies on climate change highlight some of the conflicting forces underlying India’s stance. In the following, we outline the key alliances, drivers and actors, which influence India’s trajectory.

The gathering of the BASIC countries, in a meeting just before the Copenhagen summit, triggered the emergence of a new force in the negotiations. For the first time, emerging countries gained a significant leverage. This helped them limit the concessions made to the US’s demand on monitoring of developing countries’ emissions, while trading those for advances on some of their priorities, including transfer of technology and finance. This success gave the alliance momentum. During the following year, the BASIC met every few months to articulate their common position.

Despite the coordination, the alliance was more discrete in Cancun. Punctual divergences between each country’s stances surfaced when negotiating the agreements. India and China’s opposition to any internationalization of their mitigation targets diverged from Brazil and South Africa willingness to accept such measures. This divergence amongst allies certainly played a role in the concessions made by Jairam Ramesh in the course of the negotiation. Indeed, India nuanced its opposition whilst China remained at the back, until it finally made one step ahead by declaring its willingness to communicate its actions transparently.

The context also explains this lower profile. While the Copenhagen accord was a last minute consensus on a broad framework, negotiations in Cancun were to reach more specific agreements. In this context, the BASIC could hardly be a coherent block. Nevertheless, India’s move, followed by China’s, shows that negotiators are ready to make concessions in order to spare the alliance.

In the medium term, a more serious threat to the alliance may stem from China’s profile. China is a major polluter and is viewed by industrial countries as a competing power. As such, it has been a central cause of the reluctance of the US, Japan and other countries. A strong deal is unlikely if this equation is maintained. The three other members of the alliance, including India, are smaller emitters. Besides, they are not perceived as rivals to the same extent. This makes them easier partners for a strong deal. For India, such an outcome is a tangible necessity. The country is highly vulnerable to climate change, and in great need of technology and funds for adaptation. Some voices within civil society already call for a stance focusing on the efficiency of the agreement, even if that means breaking away from China.84

Another alliance that plays a role in India’s negotiation line is the G77. India is part of this broader coalition, which was the initial platform of developing countries in the UNFCCC process. But the creation of BASIC complicated the forces at play.

Since its creation, the BASIC alliance has been careful to reach out to the G77. It emphasizes the importance of “working closely with other members” of the group,85 and the chair of the G77 is a regular guest at the summits. In negotiations, the BASIC alliance has been attentive to remain a voice of the G77: on fast-start finance, it threw its weight behind the smaller countries, though the big four themselves renounced to the fund.

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It would be unfair to see this position as a mere negotiation tactic. The per capita emissions and the vulnerability of the two groups of countries naturally link them. On the other hand, it makes no doubt that BASIC countries gain from their alliance with this group. For a country like China in particular, whose growing emissions have become an issue of debate, remaining part of this wider alliance of developing countries is the best protection against being imposed more stringent reduction measures.

However, divergences between the two alliances exist. African and small island states are among the strongest supporter of an ambitious legally binding deal for all countries. Their vulnerability to climate change and their modest emissions explain this stance. Since Copenhagen, the feeling that BASIC countries are hindering the negotiations has increased amongst the smaller countries.

A number of countries also criticised the negotiations’ lack of inclusiveness: in Copenhagen, a few Latin American countries, small island and African states, opposed an agreement negotiated by a limited group, and the Conference of Parties could only take note of the document; in Cancun, Bolivia opposed the treaty on similar ground.

In summary, the BASIC–G77 alliance is a fragile equilibrium of tensions and convergences: on one side it is undermined by differences of interest and power; on the other the benefit it brings to both sides pulls them towards collaboration. The tension shows clearly in a quote by Jairam Ramesh defending his opening on legally binding commitments:

Most countries, including our BASIC partners Brazil and South Africa, our developing country partners in AOSIS, LDCs, Africa, and four of our SAARC partners (Bangladesh, Maldives, Nepal and Bhutan) shared [the view that all countries must agree to a legally-binding agreement]. […] It was therefore important for India to demonstrate that it was not completely oblivious and insensitive to the views and opinions of a large section of the global community.86

2. Drivers

India’s attention to its international image certainly plays a role in the evolution of its stance. Jairam Ramesh identifies “the achievement of our foreign policy objectives, in particular that India be seen as a constructive, solution-oriented player in global negotiations,”87 as one of his guiding principles in the negotiations. This ties to a broader trend in India’s foreign policy, i.e. to the government’s ambition to play a stronger role in global decision-making bodies. In particular, the claim coincides with India’s temporary membership at the United Nations Security Council and with its longer-term claim for a permanent seat.

This consciousness about India’s international image has to compose with internal concerns about its national interest. It moreover has to articulate India’s ambivalent position — as a leader among developing countries and as a powerful emerging country. This irremediably creates some tensions and apparent incoherence.

Two radically opposed arguments shape internal opinions. On one hand, the conviction that development and poverty reduction cannot go without emissions is widespread. It is moreover defended by powerful industrial lobbies, which have good access to media, decision makers, and parliamentarians. Jairam Ramesh’s move was followed by an outcry in the media and in the parliament. This highlights some of the resistances that a progressive line of negotiation has to count with.

86 Ramesh J. (2010), "Letter to Parliamentarians on the Cancun Agreement," 17 December, section V.
87 Ibid V.
On the other hand, the concern for India’s acute vulnerability to climate change is widespread. As the foreword to a government study highlighting India’s vulnerability to climate change puts it: “no country in the world is as vulnerable, on so many dimensions, to climate change as India.” This position has a broad consensus among the scientific community and civil society organisations working on climate change.

3. Protagonists

The shift in India’s position since 2009 is largely due to a change of protagonists. After the 2009 elections, Jairam Ramesh was appointed Minister of Environment and Forests. His style was so different from India’s traditional line that a conflict soon opposed the newly appointed Minister and Shyam Saran, the Prime Minister’s Special Envoy on Climate Change and an architect of India’s traditional position. The conflict peaked after Copenhagen, leading to the demission of Shyam Saran in February 2010. India’s stance in Cancun partly is a result of Jairam Ramesh’s influence after this demission. The Minister’s stance, however, continues to be controversial, and India’s negotiator at Copenhagen and Cancun, Chandrashekhar Dasgupta, remains closer to the traditional line of Shyam Saran.

Beyond this group, awareness is limited. Parliamentarians do not have much say before negotiations. Many of them also have a limited understanding of the multilateral process. However, the outcomes of the negotiations are discussed in parliament, which gives parliamentarians leverage on long-term targets.

Beyond this, the Ministry of Environment and Forests works in partnership with a network of researchers. It has established the Indian Network for Climate Change Assessment, which includes researchers from major universities in India. The wide range of institutes makes it a comparatively open consultation — much more so than comparable consultations for the G20 or agriculture.

Civil society has been active on climate change, though the Copenhagen setback somewhat diminished its momentum. However, civil society organisations share the feeling that the negotiation gives little attention to the needs of the poor. Negotiations have become overly technical and focused on mitigation targets, with no appropriate platform to address adaptation needs of the poor.

Industrial lobbies are powerful and vocal critics of any binding commitment to cut emission. They are well connected amongst parliamentarians and the executive, and are very visible in the media. At the same time, the business community has been targeting the market of affordable low carbon technologies. FICCI and CII both have their low carbon projects. But their position is ambivalent as it coincides with a critic of commitments to cut emission. The area of low carbon technologies is seen as a market niche rather than as an overall path for development.

E. Entry Points for Civil Society

The outcry after Cancun shows the influence of the idea that an emission-intense development is a necessity. This is an obstacle to a move towards consistent targets. Civil society actions that address this opinion could

90 Interview with Bhanu V., CLRA, 6 January 2010.
91 For a detailed list of institutions and researchers see: Indian Network for Climate Change Assessment (2010), Climate Change and India: A 4X4 Assessment, New Delhi: Ministry of Environment and Forests, Government of India, p. 3.
92 Interview with John L., Global Call for Actions Against Poverty (GCAP), 11 January 2011.
93 Interview with Bhanu V., CLRA, 6 January 2010.
help widening the space for a progressive negotiation line. Given the central role of private lobbies in spreading the idea, engagement at this level may be useful. Would companies whose operations will be affected by climate change be willing to speak out and offer an alternative voice?

Holding the government accountable for its voluntary mitigation pledges is another area of civil society engagement: is the low carbon strategy announced for the 12th plan a coherent policy? Will its measures strike a balance between curbing emissions in urban centres, and managing access to clean energies for those, in rural area, who are still at the margin of the energy grid?

Moreover, civil society will need to watch that mitigation actions do not have a negative impact on vulnerable populations. The implementation of the REDD+ mechanism needs to be followed to insure that it does not interfere with the fragile process of recognizing the rights of forest dwellers.

On adaptation, civil society is demanding that realistic measures aimed at vulnerable populations be included in the negotiations. In this regard, one sector that obviously deserves greater attention is agriculture. There is a need to effectively channel funds towards supporting smallholders. This may bring a welcome momentum to India’s patchy system of research and extension to farmers. Civil society also needs to engage the government on its internal pledges on adaptation: why is the outcome of its scheme to support rain-fed farmers so mediocre, and what can be improved? Etc.

The same holds for technologies. India’s engagement on this issue makes this a possible entry point for civil society. India will no doubt continue to have a central role in designing the network of Climate Technology Centres. Those centres will need to live up to their promises of supporting adaptation for the poor. Civil society may want to explore its scope of action in this regard.
IV. The G20

The 2008 summit of the G20 in Washington marked the first time India was granted a visible place in the league of most powerful nations. Before 2008, the G20 had been a relatively unnoticed group of finance ministers. But it was upgraded during the financial crisis into a summit-level meeting of powerful nations, and emerged from the crisis as a key global economic forum.

The question of the G20's longer-term agenda inevitably surfaced when the immediate response to the crisis stopped absorbing all attention. Development had repeatedly been discussed, but no working plan had been agreed on until 2010, when under the Korean presidency, the forum adopted a Multi-Year Action Plan under the Seoul Development Consensus for shared Growth.

France assumes the presidency in 2011. The year's outcomes are still uncertain, but the issues that France proposes to prioritise are known. Three are worth mentioning in particular: food security and agriculture, with measures comprising financial tools to fight price instability, better crisis response and responsible investment; infrastructures for development; and innovative measures to finance development — a Financial Activities Tax (FAT), notably.

India's membership at the G20 “boosted its soft power status”. Manmohan Singh has since proposed to create the G20's secretariat in New Delhi. But the idea has so far not been concretized. Later summits were a chance to establish India’s increasing power by contrasting the country’s buoyant economic situation with the global effects of the crisis. The summits also gave Manmohan Singh an opportunity to revive bilateral ties with the US and other powerful nations.

However, besides this, expectations towards the G20 have been limited. So far, policy makers have expected little beyond the short-term target of coordinating financial responses to the crisis. India made few concrete propositions at the G20, and the government has not yet established a structure with enough manpower to allow engaging the G20 on issues that reach beyond purely financial ones, such as those linked to regulations and global imbalances.

Mistrust seems to be one of the underlying reasons for this lack of engagement. Indian policy makers have limited belief in the G20’s capacity to foster changes that allow an equitable representation of developing countries is limited. Their expectations about the G20’s ability to deliver on broader issues including development are even smaller.

This seems to be changing slowly, however. The G20 statement calling for a shift of quota at the IMF, has played a crucial role in this regard. Since 2008, the equitable representation in international financial institutions has been a priority for developing countries. The shift is seen as a first sign that the G20 may go beyond mere rhetoric and really contribute to rebalancing global relations. This punctual result may help convincing policy makers to take a more proactive attitude on broader issues linked to development.

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96 This point has been emphasised by international observers: see Price G. (2010), Understanding India’s Impact on Global and Regional Public Goods, Chatham House, April, p. 14.
97 This point is analysed more in details below. See p. 40.
98 Interview, Alex D., ICRIER, 5 January 2010; views expressed are personal.
A. India’s Priorities at the G20: Is Development Among Them?

Since the Washington Summit in 2008, Manmohan Singh’s speeches have repeatedly stressed the impact of the economic crisis on development and called for more support to developing and least developed countries. He reminds leaders of the G20: “we all know that [developing] countries were in no way responsible for the crisis, but in many ways, they are the hardest hit”\textsuperscript{99}. He adds: “Some additional effort is surely justified to help the developing countries to cope with the spill over effects of a crisis for which they were not responsible”\textsuperscript{100}.

Beyond this call, however, the speeches’ scope is limited; they focus on growth while excluding social protection and inclusiveness measures. Manmohan Singh’s 2008 speech in Washington starts with this call: if we are “to ensure that Millennium Development Goals are achieved, we need to ensure that growth in developing economies is not affected.”\textsuperscript{101} This focus will be maintained in later speeches, which hardly include references to the imperative of increasing access to basic services or to tackle the challenges of food security and climate change adaptation.

This macroeconomic focus and the lack of substance concerning measures aimed at reducing poverty and inequalities could be linked to India’s reluctance to debate poverty and exclusion at a global level. In fact, at the G20 more so than in other global negotiations, India appears eager to position itself as a rising economic power rather than as a country still beset by poverty.

This places India in a somewhat ambivalent position. On one hand, it speaks for the developing world and reaches out to low income countries; on the other hand, it stresses the contrast between these countries and its own economy, which came out of the crisis strengthened as it “rebounced fairly well.”\textsuperscript{102}

This ambivalence also characterizes India’s relation to developing countries. While India often speaks in the name of the developing world, it simultaneously pursues a stance that aims to limit representation of less powerful countries. It is, for example, not in favour of formalizing the inclusion of local bodies, such as the African Union, into the G20. Hence, the motivations behind India reaching out to other developing countries are mixed: their shared concerns and experience no doubt play a role, but one other major reason is that they gives India leverage on the global scene.

More specifically, India’s priorities at the G20 have focused on a limited number of issues. These include the reform of international financial institutions, increased funding for developing countries by recapitalizing the IMF and International Development Banks, as well as financing the infrastructures of developing countries.

Besides these contributions, much of India’s interventions have followed the G20’s traditional priorities, with an emphasis on recovery measures, financial regulations, and global imbalances. India currently co-chairs with Canada the working group on the last subject.

Ironically, policy makers acknowledge that the main macroeconomic issues debated at the G20 are of limited concern to India. The issue of global imbalances, whose working group India chairs, is considered as being of no immediate relevance to the country. The same feeling holds for financial regulations, as India’s financial system is small and strongly regulated. Policy makers acknowledge that India’s main areas of interest are related to the G20’s development agenda.\textsuperscript{103} But India is yet to articulate its position on this front.

\textsuperscript{103} Interview, Economic Adviser, Department of Economic Affairs, Ministry of Finance, 4 January 2010.
1. Reform of International Financial Institutions

Since the Washington summit, in 2008, the reform of international financial institutions has been a priority for India and other developing countries. Their immediate demands have focused on obtaining a more equitable representation in these institutions. In 2009, India’s accession to the Financial Stability Forum (FSF) and the Basel Committee on Banking Supervision, the two standard setting bodies for financial regulation, was a first step in this direction. But the core issue remained the representation at the IMF and at the World Bank.

One major step was made in October 2010, during the G20 meeting of finance ministers and central bank governors in Gyeongju. The group reached a consensus on a six percent increase of the quota share of developing countries. The decision still has to be approved by the IMF and implemented in the next quota reform in 2013, but it is seen in India as an important landmark, which establishes the “legitimacy” of the forum. While these changes satisfy the claims of emerging economic powers, it does not improve the representation of poorer countries. However, this issue has not been raised by India. Policy makers have labelled the new quotas as a success, without addressing broader issues of equity for those that are not among the new league of powerful countries.

India’s next target is the reform of the IMF’s presidency, which is currently alternating between the US and the EU. India and other developing countries demand a rotating presidency that includes developing countries. A consensus on this point seems to be near, and Indian policy makers hope that the next presidency will be either Chinese or Indian.

Hopefully, the changed quotas and the expected reform of the IMF’s presidency will favour a broader debate concerning India’s stance on the reform of international financial institutions. Historically, engagements with the IMF and the World Bank have been highly sensitive issues in India, associated with a loss of national sovereignty. India has been a recipient of loans from both the IMF and the World Bank, but successive governments avoided the corresponding stigma by keeping an aura of secret around these loans.

As a consequence, assessing these financial institutions remained the prerogative of a few employees of the Ministry of Finance. Until recently, parliamentarians and members of the civil society, including the media and research institutes, were kept aside of the debate. This constraint partly accounts for the obscurity of India’s stance. Hopefully, the reform will help desensitizing the issue and favour a more open discussion.

2. Investment in Infrastructure

At the G20, India’s contributions linked to development have focused on infrastructure. During the crisis, in 2008 and 2009, India’s proposed rescue plan for developing countries was to increase public investment in infrastructure. For poorer countries, they would be financed by loans of the World Bank and the IMF, stronger economies such as India would finance them autonomously.

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104 “China has skyrocketed to the third biggest member position of the IMF ahead of UK, France and Germany with 6.19 percent from the previous 3.65 percent quota share whereas India has moved ahead to the eighth position ahead of Saudi Arabia, Russia and Canada with 2.75 percent as opposed to previous quota share of 2.44 percent.” Natarajan S. (2010), “IMF Reform and G20,” Financial Express, 6 November. Available at: www.financialexpress.com/news/column-imf-reform-and-g20/709180/

105 Ibid.

106 Interview, Alex D., ICRIER, 5 January 2010.

In 2010, when the priorities of the G20 shifted from immediate economic relief to recovery, Manmohan Singh’s intervention largely focused on infrastructure again. In Toronto, he called for investment in infrastructure as the best way to increase internal demand of developing countries. Finally, his speech in Seoul proposes to tackle the problem of global imbalances by investing the savings of countries such as China in infrastructure of developing countries, including poorer countries from Sub-Saharan Africa. Multilateral development banks would be entrusted with managing these funds.

This idea is now considered, among policy makers working on the G20, as the country’s main proposition for development. “Recycling surplus savings into investment in developing countries will not only address the immediate demand imbalance, it will also help to address developmental imbalances” says Manmohan Singh. The Ministry of Finance has mandated the Indian Council for Research on International Economic Relations (ICRIER), a Delhi based think-tank with a macroeconomic approach, to clarify this idea. Much remains to be done, however, and the interest of other key players such as China is yet to be felt.

3. Agriculture and Food Security

The French presidency has placed agriculture and food security high on its list of priorities. The outcome will depend on other member countries’ consent, but France has opened the discussion by proposing to address the issue on various fronts.

On the financial front, France proposes a series of measures to fight price instability. Those include: stronger regulation of financial markets for food products; better information on the availability and demand to increase transparency of markets; closer international coordination during crisis, the idea being to coordinate the management of safety stocks on one hand, and on the other hand to avoid measures that affect the global stability of prices such as export ban and restrictions.

On the development front, France’s priorities are framed by the Seoul development plan with two primary focuses: strengthen and coordinate investments in agricultural development and research, as well as mitigate the risks of price volatility for the most vulnerable.

India’s previously mentioned agricultural situation makes it quite obvious that the first aspect is bound to be an essential element of a long-term solution. However, France does not seem to view it as a priority; instead it focuses on the stability of prices. This falls short of the expectations of developing countries. The issue at stake for them will be to bring the deeper causes of food insecurity into the agenda.

France has proposed to anchor agriculture in the G20’s agenda. It has called for a special meeting of agriculture ministers, which is announced for June 2011. Again, the direction that talks will take remains very uncertain, but France seems to favour an agricultural agenda along the lines of the development agenda proposed in Seoul. France has so far attempted to keep trade out of the discussions, to avoid steering the debate towards issues that have opposed the EU and the US to developing countries in the WTO negotiations. But Brazil has been pushing to make this link.

Clearly this set of topics is of great interest for India. But in discussions held in working groups so far, India has remained discrete.

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One of the reasons for India’s discretion may be its uncertainty about how to integrate the two dimensions of its traditional position in agricultural negotiations — the protective stance backed by countries that, like India, have a large population of small farmers, and the aggressive stance backed by large exporters. The divergence between the formers and the latter, which structured negotiations at the WTO, was visible again in some of the reactions to the proposals mentioned above.

Beyond this, India’s restraint certainly reflects the limited scope of India’s engagement with the G20. Neither the Ministry of Finance, nor ICRIER have a vision of the G20’s role in negotiations on agriculture. Hopefully, the G20 meeting of agriculture ministers in June will launch a reflection on this issue.

4. Innovative Finance for Development

India’s propositions on finance either focus on short-term responses to the crisis or are limited to building infrastructure. It is at best not proactive on innovative finance.

In the midst of the crisis, in Washington and London, India repeatedly called for increasing public funding for the IMF, the Word Bank and regional development banks to compensate for the decrease in private investment to developing countries. India has played a healthy role in pointing out the responsibility of developed countries in the crisis, the impact on developing countries and the need for developed countries to financially assist poorer ones. The increase of funding to these three financial agencies is one of the successes mentioned by Manmohan Singh’s during his press briefing after the London summit. Since the end of the crisis, India’s contributions for longer-term finance have focused on financing infrastructure by reinvesting excess savings.

The idea of a FAT is expected to be on the G20’s agenda this year. France is willing to push for it, and it has the support of Germany, the UK, and Brazil.

India has opposed the idea of a financial transaction tax in the past. Today, policy makers are not as explicit. Some observers argue that this discretion is not related to a change in India’s position but to the fact that other countries have spoken against the FAT, thus freeing India from the need to do so. Others argue that there is much uncertainty amongst policy makers, and that India is yet to come up with a clear position. ICRIER, which has been mandated to define India’s priorities at the G20, is not aware of any official position on this issue.

What can be said with certainty is that awareness about this idea is extremely limited. It remains the realm of a few persons in the country’s executive; parliamentarians have not raised the idea, nor has it been taken up by civil society.

There is therefore an opportunity for the civil society to act on this point. It could use the momentum created by France’s willingness to push for a FAT to work on popularizing the idea in India, as is discussed more concretely below.

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116 Interview, Alex D., ICRIER, 5 January 2010.
117 Interview, Bhanu V., CLRA, 6 January 2010.
118 Interview, John L., GCAP, 11 January 2011.
5. Tax Flight

The fight against tax flight is closer to India’s concerns. India’s tax system remains weak. It looses considerable amounts of money through tax evasion, and a series of unprofitable Double Taxation Avoidance Agreements (DTAA) restrict its tax incomes on foreign investments. As the government has pledged to consolidate its fiscal policy, efforts to tap these flows seem more relevant than ever.

For years, India has attempted to review some of its DTAA, but progress has been slow. To take only two examples, the 2009 Direct Taxation Bill was supposed to overrule the DTAA with Mauritius. Over time, much of the foreign investments flowing into India have come to transit through the island to avoid the comparatively high taxes levied by India. But the measure was eliminated in the final draft, following an outcry from the private sector. India and Switzerland agreed to revise their DTAA, and include a clause on information sharing about Indian account holders. But annex clauses are so stringent that the tool will be of limited use. Moreover, it is associated with considerable tax reductions for Swiss companies, which amount is likely to exceed expected benefits. Despite the importance of this issue, India has not vocally championed the fight against tax heavens at the G20.

Internally, the issue gained visibility in 2009. International pressures on tax heavens, and the focus of the G20 summit in London had drawn attention to the topic. India was preparing for general elections, and the Bharatiya Janata Party (BJP) made the promise to bring back $1.4 trillion that it claims is stashed away in foreign accounts. After the election, the issue lost much of its international visibility. In India, it has only resurfaced sporadically, and largely as part of a populist agenda.

The issue is currently back at the forefront of media attention. In a context of repeated corruption scandals, leaks about Indian tax evaders holding accounts in Swiss banks drew public attention. The recent unfavourable revision of the Indo-Swiss DTAA also surfaced as part of this polemic. But the debate has been shallow and largely misleading: it seemed to link tax evasion with corruption, thus drawing the attention away from the underlying causes of the phenomenon.

Analysts hold that this politicisation contributed to weakening the Indian stance in the negotiation with Switzerland.119 The government’s main focus was to obtain an “information sharing” clause to oppose the BJP’s attack and, to this end, accepted concessions that largely cancel the benefits of the deal.

The government’s efforts will remain weak without a globally favourable context. Moreover, an engagement by the civil society would be needed to deepen India’s position. So far, the civil society has largely ignored the question of tax policies, instead focusing on budget allocation and accountability on the national level. Recently, limited efforts to raise awareness of tax avoidance have been made.120 Organisations such as Oxfam could play a role in spreading information, as we will discuss more concretely below.

6. Inclusion of Low Income Countries

As a club of “systemically important” economies,121 the G20 raises the question of the representation of poorer countries. Not a single low-income country was granted membership; neither does the club include any regional organisation, except for the European Union. The decision to formalize the invitation of two African states is a first small step towards a better inclusion. But it remains rather symbolic if others do not follow.

120 Interview, Kishan R., Christian Aid, 22 December 2010.
121 “About G20:” www.g20.org/about_what_is_g20.aspx
Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission, one of India’s tone setter on issues related to the G20, has made it clear that India will not support the inclusion of the African Union, or of Asian and Latin American regional bodies. The argument goes that this enlargement would diminish the decision-making capacity of the G20. Instead, the consensus in Delhi is that the number of member countries should be reduced.\(^{122}\)

Rather than granting formal representation to more countries, Indian policy makers address the issue of representativeness by sweeping references to India’s responsibility to speak on behalf of other developing countries in South Asia. This clearly raises difficulties given the diverging interests of countries in the region, and the overall weakness of regional integration.

Here again, civil society could play an important role in holding India accountable to other countries and to regional bodies such as the SAARC.\(^{123}\) The lack of regional integration is an obstacle to this goal. But the dynamic of power created by the G20 also offers an opportunity to increase interactions between civil societies in the region. It may be a chance to find common synergies and projects.

**B. Protagonists**

The Ministry of Finance plays the central role in issues related to the G20. Montek Singh Ahluwalia, Director of the Planning Commission and Dr Alok Sheel, Joint Secretary at the Ministry of Finance are leading India’s engagement with the G20. A team of civil servants working on the G20 assists the two men. This structure is currently being consolidated. A special unit responsible for engaging the G20 is being set up in the Ministry of Finance\(^{124}\).

Other ministries play a punctual role, depending on the agenda of the G20. However, divergences of views hamper the collaboration between ministries, and hence are an obstacle to the articulation of a substantial position on development. The Ministry of Agriculture for example, which leads the engagement on this year’s agricultural agenda, appears to be working in complete isolation from the Ministry of Finance.\(^{125}\)

The Ministry of External Affairs lends its expertise in multilateral negotiations. Beyond this, its role is limited compared to that it played in other organisations such as the G8. Joint Secretary J.S. Mukul has been the Ministry of External Affairs’ main contact person at the G20. He was appointed to the working group on development for Seoul, and has been engaged in previous summits.

There are no existing or planned structures to facilitate interactions between different ministries. This structural weakness, added to limited human resources, is likely to limit India’s capacity to play a proactive a role in shaping the development agenda.

So far, discussions have mainly taken place behind closed doors at the Ministry of Finance. Businesses have not been engaged in the process, partly due to its lack of visibility, but also because finance is not a major business activity in India.

The civil society has also had little chance to contribute to the reflection on India’s engagement with the G20. This seems to be changing progressively, however. At the end of 2010, the Ministry of Finance mandated ICRIER to

\(^{122}\) This view is expressed among others in a paper by Rajiv Kumar, which proposed “to strengthen the HAP (G-8 +O-5) process, which will bring together the eight advanced economies and the five large emerging economies” and “immediately phase out the G-20”. Kumar R. (2009), “G-20: In Search Of A Role in Global Governance,” Conference at the Japan Centre for Economic Research, October.

\(^{123}\) Interview, John L., GCAP, 11 January 2011.

\(^{124}\) Interview, Economic Adviser, Department of Economic Affairs, Ministry of Finance, 4 January 2011.

\(^{125}\) Interview, Alex D., ICRIER, 18 April 2011.
undertake research that will help defining India’s priorities at the G20. ICRIER and the Ministry of Finance have identified a series of priorities: the mutual assessment process, global imbalance and financial regulations, management of capital flows, IMF reforms, energies and the role of subsidies, as well as infrastructure for development.

This list makes it clear that the focus will remain traditional with limited space for a broader development agenda. But the inclusion of ICRIER is a step towards more openness.

C. Challenges and Opportunities for Civil Society

The configuration of the government’s engagement with the G20 is a challenge for direct civil society intervention. Platforms of interaction between the civil society and government before, during or after the summits do not exist. Moreover, information about India’s engagement tends to circulate only within a limited group of civil servants. This circle is slowly expanding, in particular following ICRIER’s mandate to do research on these issues. But most of the work required for opening up the debate and steering it towards development issues lies ahead. The lack of coordination between ministries is an additional obstacle for civil society engagement. It makes it difficult to find an interlocutor within the government who has both the influence and the profile needed to champion development issues.

Government officials and researchers at the ICRIER acknowledge that efforts to clarify India’s priorities for development are needed. They express interest in receiving inputs from civil society to help them doing so.126 For civil society, this could offer an opportunity to join the debate. Cross-country data about common needs of developing countries are particularly sought after. Hence, civil society could work with other country offices to provide such data on issues it deems important.

The convergence of civil society’s ongoing campaign on food justice, France’s emphasis on food security and agriculture and the current crisis of food prices in India defines one possible focus. Within the G20, the summit of agricultural ministers planned for June 2011 will be the main venue for reflections on agriculture and food security. It would be worth contacting people and exploring specific themes for the conference’s preparatory phase.

Besides, civil society could provide policy briefings bringing to attention issues that had seen little interest so far. These briefs ought to be circulated in particular to relevant personnel at the ICRIER or in the government. Seminars on specific issues, targeting both officials and members of the civil society, could help bridge the gap between these two groups and favour the development of a long-term relation.

Civil society may also want to work on spreading awareness in broader circles. Parliamentarians are obvious targets of such a campaign. Many of the issues mentioned above have hardly been discussed in parliament, and the lack of easily accessible information is an obstacle for future debates.127 Policy briefs that highlight the G20’s relevance to issues such as fiscal evasion, food security, etc., would certainly be useful in that regard.

126 Interview, Alex D., ICRIER, 5 January 2011.
127 Interview, Bhanu V., CLRA, 6 January 2011.
V. Summary

A. India’s Alliances

A crucial feature of the growing influence of developing countries is the emergence of a multiplicity of alliances. Negotiations on climate change and food security show how these alliances are a tool and an expression of this growing influence — a tool, because they allow developing countries to gain leverage they did not have despite their growing economic power; an expression, because they provide a platform where developing countries can explore commonalities and position themselves during this time of shifting influences.

The influence of developing countries alliances is most obvious in international negotiations. At the WTO, the role of the G33 and of the G20 is striking, as is the role of the BASIC at the UNFCCC. Beyond this, the concrete outcomes of these alliances are unclear. The current phase appears to be one of exchanging information, discovering common needs and interests, as well as potential actions.

The India, Brazil, South Africa (IBSA) alliance is the oldest and the most established among India’s grouping of developing countries. IBSA was conceived during negotiations at the 2003 G8 summit. Its official creation followed on 6 June 2003, with the signing of the Brasilia Declaration. The Declaration articulates the relation of the three countries around a common feature — all are “vibrant democracies” —, and a series of common targets. First on the list is the reform of the United Nations Security Council, followed by a shared commitment for human security, social equity and a common emphasis on fighting hunger.

16 working groups on sectors including agriculture, health, scientific collaboration, trade and defence provide the three countries with a platform for cooperation. Progress has been most significant in scientific research so far. On agriculture, the three countries have laid the basis for a common programme of research and development, with propositions to set a fund or create technology transfer networks. But outcomes beyond this have been limited.

One more tangible aspect of the collaboration is the creation of a trilateral trust Fund for Alleviation of Poverty and Hunger. The fund is fed by the three countries’ annual contribution of $1 million, and operated by the United Nations Development Programme. It has supported six projects in various fields, including smallholder agriculture, infrastructure and waste management.

The Brazil, Russia, India, China (BRIC) alliance emerged on a different basis. Originally, a purely economic term coined by Jim O’Neil to point at economic commonalities between the four major emerging markets, the group gathered for its first summit in 2009.

The group pledges to be more than an economic forum. On 26 March 2010, Ministers of agriculture from the four countries agreed to cooperate on food security. Their statement proposes four areas of cooperation: first, to establish a general database on consumption and demand of food; second, to share experiences in management and distribution of food stocks to vulnerable population; third, to adapt to climate change; fourth, to develop technological innovation for agriculture. So far, these remain mere intentions, but concrete propositions should be examined at the next summit, in 2011.

This lack of concrete outcomes points towards the group’s heterogeneity. Geographic, strategic, political and social differences between the four countries reduce the scope for cooperation on issues beyond economic concerns.

Meanwhile, the arrival of a new member introduces an extra element of heterogeneity. On 24 December 2010, China communicated the group’s common decision to include South Africa, in the now called BRICS. This decision has surprised many given the comparatively small size of South Africa’s economy. The country’s GDP for 2010 is estimated at $350 billion, nearly five times less than the one of the two smallest BRIC economies, India and Russia, at $1,600 billion.\textsuperscript{130} At 50 million, South Africa’s population is also much smaller than the smallest of the four, Russia that has around 139 million.

The primary intention behind this inclusion is quite clear: getting a foot in the African continent. It clearly reflects China and Russia’s economic interest in the continent. For India and Brazil, this inclusion is more ambiguous because the BRICS now largely overlaps with IBSA. This brings China’s massive weight into the equation, which was so far limited to the three IBSA countries. With China’s involvement, economic competition over what Africa has to offer in terms of economic opportunities intensifies.

To conclude, the different alliances mentioned here constitute an evolving field, shaped by the convergence of economic and strategic interests. The nodal points around which these dynamics evolve are a series of basic common interests. To capture all the emerging players in this field, the focus on IBSA and BRICS is obviously insufficient. A scrutiny of these common interests would outline broader groupings, which include other major players such as Indonesia, Mexico, etc.

For civil society, this continuingly evolving nature reduces the interest of engaging directly with these alliances before or during the summits. For civil society as much as for governments, the phase appears to be one of discovering synergies, exchanging information and defining themes that could mobilise actions. These international themes could then help give visibility and leverage to national engagements. Quite obviously, actions will vary deeply given the radical political and social heterogeneity of developing countries.

**B. Challenges of Regional Integration**

Regional bodies appear weak when contrasted with the vibrant alliances of emerging countries. And yet, a strong regional response would obviously be key to realizing some of the broader aims of alliances such as the IBSA or the BRICS. Regarding food security, for example, a regional coordination appears much more efficient than one spanning continents. The same holds for coordination of economic responses to inflation of food prices, as neighbouring countries are generally the most affected because of tight trade links. Regional integration would surely help setting efficient climate change adaptation programmes, or disaster responses.

But the regional forum that includes Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, the South Asian Association for Regional Cooperation (SAARC) has been marred by political divergences since its creation in 1985. The animosity between India and Pakistan is the most obvious obstacle to any collaboration. But other tensions are at play in this context, many of which evolve around India’s problematic role as a regional power. This defines any cooperation with less powerful countries, including Nepal or Bangladesh. The tensions have shown in the incapacity of agreeing on common measures and in the leaders’ lack of accountability to their SAARC commitments.

In the last two years, the SAARC seems to have gained some momentum on issues linked to climate change adaptation and disaster management. Regarding climate change, a series of resolutions were announced during the April 2010 summit: amongst other, it establishes an inter-governmental expert group on climate change and mandates a research to set a regional fund for adaptation and disaster management. Concrete outcomes however, are expected to remain modest given the tensions that undermine the association.

This institutional weakness and the tensions characterising the regional context, only increase the importance of developing interactions among civil society organisations from these regions. The difficulty is that civil society in South Asia is itself shaped by the regional tensions, and more fundamentally, the lack of a feeling of identity. Given the weakness of regional bodies, national level actions around some common campaigns and themes are most likely to succeed.

C. India’s Civil Society and Globalization

Civil society in India faces opportunities and constraints of a particular and complex nature. In conclusion, they are worth discussing in more detail, as they influence any attempt to internationalise engagement. The history of civil society goes all the way back to the country’s independence. The existence of a democratic space, though somewhat limited by social inequalities and political trends, allowed the emergence of a vibrant and well-established movement.

Until the beginning of this century, civil society organisations mainly focused on providing charity to the poor. Many international organisations were working in India, and they played a significant role in supplementing the government’s weak programmes for basic services.

However, since a few years, civil society engagement has moved towards a rights-based approach. The focus has shifted from providing assistance, to holding the government accountable of its duty to ensure basic political, civil and social rights. This includes empowering people to exercise their basic rights.

This shift was supported by a favourable political context. Over the last years, the government introduced a series of policies that helped establish a judiciable rights framework. A few examples of such policies are the Right to Information Act, the National Rural Employment Guarantee Act, the Forest Right Act, the Right to Education Act and the upcoming Food Security Act.

By seizing these new tools, civil society has achieved some remarkable successes. Emblematic in this regard is the case of Vedanta, a mining company that was refused a license to operate in Orissa. The Forest Rights Act, which provides forest dwellers a right over the land they occupy, was a crucial factor in this decision by the Ministry of Environment and Forest.

However, this positive evolution contrasts with more worrying trends. Since 2000, the government’s message to international organisations has been that the country does not need aid anymore. The message fits with the discourse of India’s economic emergence. The government modified administrative rules making it increasingly difficult to register organisations in India or obtain visas for foreign workers. Officers at the Ministry of Home Affairs make it clear to applicants that NGOs are too numerous in India. As a consequence, many international organisations have left.

These new constrains are part of a broader development. The Indian government has shown increasing sensitivity towards NGOs who are raising issues linked to poverty and deprivation of basic rights internationally.

131 Interview, Kishan R., Christian Aid, 22 December 2010.
133 Interview, John L., GCAP, 11 January 2011.
Too much attention on these major internal problems, it is felt, would compromise the government’s efforts to present India as a success story in the developing world. It does not fit with India’s claim for a place at the table of powerful nations.\(^{134}\)

Another reason for this sensitivity is that poverty and deprivation of basic rights are linked to social conflicts that have reached worrying levels during the previous years. In India’s poorest regions — a belt that cuts across India’s eastern and central states — the Maoist insurgency has developed into a major conflict.\(^{135}\) The government has opposed any measure that could steer international attention towards this conflict. It is doing its best to keep out international organisations and to prevent internal public debate from spilling over to the international media. A similar attitude holds for other internal conflicts in Kashmir and Manipur.

Despite the risks it entails, the internationalisation of issues linked to basic rights might also bring opportunities. Given India’s attention to its international image, global attention is a strong leverage tool for civil society. The challenge for civil society thus is to balance the risks and the opportunities of international visibility.

The position of international NGOs is ambivalent. On one side, their international visibility reduces their vulnerability: their staff can operate without facing immediate personal risks. But the organisation can easily be attacked as foreign and illegitimate.

The position of civil society also needs to be mentioned when evoking these tensions. Civil society has generally adopted a critical position aimed at holding the government accountable and uncovering violations. While this is legitimate and important, it is useful that working relations with officials, on issues where positive engagement is deemed appropriate, be established or consolidated.\(^{136}\)

The focus on Indian domestic issues also frames attempts to internationalise civil society engagement. Understandably, organisations have so far focused on demanding basic rights in the country. Awareness of global forums such as the WTO, UNFCCC, and the G20 largely depend on their impact on India’s vulnerable population. The impact of Indian activities abroad goes largely unnoticed. Agricultural investments by Indian companies in Africa are a good example of this lack of awareness of external issues. In India itself, such large-scale acquisitions would trigger strong civil society reactions, but there is hardly any interest when they are taking place in Africa.

Given India’s growing integration in the globalized world, it seems essential to explore ways of internationalising civil society engagement. However, given the tremendous internal challenges, this will have to be done in a way that continues and strengthens current engagements, rather than simply multiplying the fronts of engagement.

Finally, a last constraint lies in the relation between the national and international agendas. Civil society organisations stress the limitations of traditional methods of campaigning and advocacy in India. When focusing on negotiations in open forums, civil society is faced with major limitations. There are no mechanisms to access officials during the preparation of summits. After summits, the accountability on commitments made is weak. This calls for a long-term approach that focuses on holding leaders accountable. Therefore, the challenge for civil society is to find a right balance between the global agenda and the national agendas of countries such as India.\(^{137}\)

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\(^{134}\) Interview Kishan R., Christian Aid, 22 December 2010.

\(^{135}\) So far the conflict has been considered a low intensity conflict, but official estimates acknowledged 1000 casualties between January and October 2010 (Ministry of Home Affairs, Government of India, “Annual Report 2010-2011,” p. 21). This makes it a major conflict according to the classification of the Stockholm International Peace Research Institute, which sets the limit at 1000 battle related death per year.

\(^{136}\) For example, a researcher at the RIS, a think tank with close ties to the government, proposed to organise seminars based on background research from both policy makers in the government and in the civil society. This could help establishing a long-term working relation.

\(^{137}\) Interview, John L., GCAP, 11 January 2011.