CRITICAL OVERVIEW OF SUSTAINABLE ECONOMIC DEVELOPMENT BETWEEN INDIA & CHINA

Prin.Dr.V.S.Adigal\textsuperscript{1} and Asst. Prof. Pranita G. Joshi\textsuperscript{2}

\textsuperscript{1} Principal & Head Department of Business Economics, Manjunatha College of Commerce, Kanchangaon, Khambalpada, Thakurli (East), Dist-Thanе.Maharashtra, India.

\textsuperscript{2} Department of Business Economics, Manjunatha College of Commerce, KanchangaonKhambalpada, Thakurli (East), Dist-Thanе.Maharashtra, India.

ABSTRACT:

India and China both are agrarian economies. China is number one in the population followed by India. Cropping pattern of both the countries is same as both countries are leading in production of food grains, Pulses and Milk etc. Both were under the shadow of colonialism, and got independence on the same timeline i.e. India got independence in 1947 whereas China got the same in 1948. Both countries are geographically very giant with huge population so the common line between the two nations has to feed the population is their prime motive. Both the countries are relying on planned economies. Geo-political issues are somewhat same, still today China is quite spearheading than that of India. That doesn’t mean India is not growing. Though both the economies are performing well at their own level still India has to address to huge extent to the sectors such Agriculture, Industries, Service, Defense, Space and Technology and Research and Development etc. Instead of just boasting upon our victory if India seek keenly the development of our neighbor, it would realize that to what extent we need to tap the untapped potential that we treasures. Though India is known to be as a robust economy, China is emerging aggressively as a third world economy. China has dramatically increased its participation rate from almost zero in the mid-1990s to a level of over-involvement in international organizations for its level of development. Here researcher is trying to show comparative glimpses of both these giant economies with respect to Agriculture, Industry and service sectors, position of both the economies in different indices and bilateral trade in between the same nations etc. Researcher is trying to show an impetus that India should learn the strategies of China and accountable enough to spearhead the global economy.

KEYWORDS: agrarian economies, Agriculture, Industries, Service.

INTRODUCTION

India and China both are agrarian economies. Both were under the shadow of colonialism, and got independence on the same timeline i.e. India got independence in 1947 whereas China got the same in 1948. Both countries are geographically very giant countries with huge population so the common line between the two nations both has to feed the population is their prime motive. Both the countries are relying on planned economies. Geo-political issues are somewhat same, still today China is quite spearheading than that of India. That doesn’t mean India is not growing. Though both the economies are performing well at their own level still India has to address to huge extent to the sectors such Agriculture,
Industries, Service, Defense, Space and Technology and Research and Development etc. Instead of just boasting upon our victory if India seek keenly the development of our neighbor, it would realize that to what extent we need to tap the untapped potential that we treasures. Though India is known to be as a robust economy. China is emerging aggressively as a third world economy. Climatic, geographical condition of both the countries is same. China is number one in the population followed by India. Cropping pattern of both the countries is same as both countries are leading producer of food grains, Pulses and Milk etc. China’s support for them was mostly in diplomatic form, calling for the building of a new international political and economic order. China has dramatically increased its participation rate from almost zero in the mid-1990s to a level of over-involvement in international organizations for its level of development. The Indian model was deeply influenced by the then leadership, Jawaharlal Nehru guided the economic thinking of the time and laid his faith in the industrial sector. Thus, the early model of Indian economic development has been referred to as “NehruvianEconomics”. Adoption of industry as that of its PMF is based on P.C. Mahalanobis planning model in which we tried to copy from Russian experience.

OBJECTIVES OF THE STUDY:-
1. To study growth rate of India and China
2. To study position of India and China in indices
3. To know the share of Primary and secondary & tertiary sector of India and China

HYPOTHESIS:-
1. India is showing its growth at high pace but China is way ahead in its all sector growth even compared to developed countries.
2. India may supersede China with its demographic dividend

Comparative study of GDP of India and China from 2008-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>India GDP (USD Billion)</th>
<th>China GDP (USD Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1186.95</td>
<td>4598.21</td>
</tr>
<tr>
<td>2009</td>
<td>1323.94</td>
<td>5109.95</td>
</tr>
<tr>
<td>2010</td>
<td>1656.62</td>
<td>6100.62</td>
</tr>
<tr>
<td>2011</td>
<td>1823.05</td>
<td>7572.55</td>
</tr>
<tr>
<td>2012</td>
<td>1827.64</td>
<td>8560.55</td>
</tr>
<tr>
<td>2013</td>
<td>1856.72</td>
<td>9602.22</td>
</tr>
<tr>
<td>2014</td>
<td>2039.10</td>
<td>10482.37</td>
</tr>
<tr>
<td>2015</td>
<td>2102.4</td>
<td>11106</td>
</tr>
<tr>
<td>2016</td>
<td>2274.20</td>
<td>11190.99</td>
</tr>
<tr>
<td>2017</td>
<td>2600</td>
<td>12237.7</td>
</tr>
<tr>
<td>2018</td>
<td>2689.99</td>
<td>14092.27</td>
</tr>
<tr>
<td>2019</td>
<td>2700</td>
<td>15543.71</td>
</tr>
</tbody>
</table>

Table No. 1 Source: -World Bank Report
From the given table and graph, it is crystal clear that China’s GDP is higher than that of India, therefore, we need to take some curative steps to improve our GDP in the economic ladder of the world.

### Sectoral Composition of GDP and Employment

<table>
<thead>
<tr>
<th>Country</th>
<th>Parameters</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INDIA</strong></td>
<td>Contribution to GDP</td>
<td>23%</td>
<td>31%</td>
<td>53%</td>
</tr>
<tr>
<td></td>
<td>Employment to total workforce</td>
<td>42%</td>
<td>21.90%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>CHINA</strong></td>
<td>Contribution to GDP</td>
<td>9.3%</td>
<td>44.4%</td>
<td>46.40%</td>
</tr>
<tr>
<td></td>
<td>Employment to total workforce</td>
<td>27%</td>
<td>28.10%</td>
<td>44.90%</td>
</tr>
</tbody>
</table>

### India’s contribution of three sectors in its GDP and Employment to total workforce

- **Agriculture**
  - India Contribution to GDP: 23%
  - India Employment to total workforce: 42%
- **Industry**
  - India Contribution to GDP: 31%
  - India Employment to total workforce: 21.90%
- **Service**
  - India Contribution to GDP: 53%
  - India Employment to total workforce: 20%
China’s contribution of three sectors in its GDP and Employment to total workforce

Table No. 3 Source: -World Bank Report

Table No. 2, shows India’s Contribution of Agriculture to its GDP is about 23%, whereas for China it is only 9.3%. Apart from contribution in GDP, contribution workforce in agriculture is around 42% and 27% of India and China respectively. On the contrary, India’s contribution in industry is 31% engaged workforce for the same is around 21.90%, Whereas, Contribution of Industry in GDP and for workforce is 44.4% and 28.10% respectively in China. For service also researcher studied on two parameters such as share of service sector to the GDP and workforce employed. India contributes around 53% to its GDP in the service sector and employment in this sector is around 20%. China’s, tertiary contribution is around 46.4% and 44.90% to the GDP and total workforce respectively.

Ranking of India and China in 2018 for different indices

Table No. 3 Source: -Report of World Bank, IMF, WTO, UN, International Transport Forum, and OECD

According to Table No. 3, researcher is trying to show comparative position of both India and China in numbers of indices. Current Account Balance comprises of inflow and outflow of Goods, Services, investment incomes and transfer payments etc. in this current account balance China is much more ahead with 3rd position than that India having 194th rank. In foreign exchange reserve PRC has quenched 1st position while India’s position is 9th. Human Development Index is also one of the most peculiar index to study real
growth of an economy. It comprises three parameters such as Life expectancy at birth, Mean years of Schooling and Standard of living by per capita Gross National Income. In Human Development Index also China achieved 86th position compared to 136th position by India. China’s GDP as per PPP is about 23120 US $ followed by USA and India amounting to 19360 US $ and 9447 US $ respectively. Indicators of Gender Inequality Index which is given by UNDP is maternal mortality ratio, adolescent birth rate, female and male enrollment in secondary education and participation in parliamentary, and under labour force etc. in that China ranks 36th and India is far behind than that of China ranks 127th. Global Competitiveness Index (GCI) is published by World Economic Forum (WEF) based on twelve parameters such as institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training; goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation. India has crossed normal unemployment rate of 5% i.e. 6.9 % which is an ailing issue of our country in this contemporary era whereas unemployment rate of China is just 3.9%. Though India became successful in augmenting its foreign exchange reserve substantially since adoption of New Economic Policy of 1991 and quenched 9th position, China ranks 1st which is to be called as stupendous performance. Under Global Innovation Index also position of China is 17th whereas position of India is 57th. This report is co-published by Cornell University, INSEAD, and the World Intellectual Property Organization (WIPO, an agency of the United Nations) and put an emphasis on innovation capabilities and results of world economies. In the Press Freedom Index published by Reporters without Borders in which freedom to the journalist, reporters is judged and both the economies are not much free for their own media. Apart from all the development, environmental sustenance is also inevitable for bringing healthy and welfare status of the state but the Environmental Sustainability Index shows, environment is the concern issue for both the nations. But the India has done worst in this index. Logistics Performance Index measures performance along the logistics supply chain within a country and across a country.LPI is based on number of parameters i.e. quality of trade and transport, efficiency of clearance process, ability to track consignments, arrangement of competitive priced shipments, and timeliness of shipments in which China is far ahead compared to India. As per International Transport Forum 2014, India has been mentioned for least efficiency in terms of turnaround time per call for shipping. In addition with India, many developed nations contributed around 65% to 70% to its GDP in service sector. China adopted tertiary sector later on as China completely focused earlier on two sectors i.e. Agriculture and Industries.

**Bilateral trade between India and China**

![Graph No. 4 Source: -www.wto.org](graph_no_4.png)

On the basis of above graph, it is crystal clear that in 2018 export from China to India is about 68.06 Billion USD (81%) whereas export from India to China is accounted to just 16.34 Billion USD (19%). This shows
why China is to be known as Export Oriented Economy. As China is known to be for very aggressive for its export as it always tries to dump the international markets with its cheapest products. In this USA is also no exception to experience dumping of its own market with a flood of Made in China products. So Consequently China’s growth in current account balance and foreign exchange reservoir is very substantial.

Push factors that led India towards Industrialization as its Prime Moving Force:-
Indian agriculture was based on traditional tools and technology. Modernization of agriculture was obstructed due to the absence of an indigenous industrial support. Import of industrial equipments would have cost huge foreign reserves. Thus, industry was chosen so as to build the base for industrialization as well as agriculture. At that time Industrialization was the buzzword that time. The international organizations like IMF and WB favored nations with industrial orientation. Industrial model was seen as a key to faster growth. International organizations also supported the member countries to industrialize. Such support and motivation was not available in case of the agricultural model. Even the Second World War proved the supremacy of the Defense Power. To be secure, it was necessary that defense equipments were made indigenously. However, this required an industrial base as well as a developed science and technology. The consensus for the reform in the social system was built even before independence. The growing inclination of the leadership as well as the masses towards the modernization process made them accept the model of industrialization.

CONCLUSION:-
Here though India is mixed economy still it was quite leaned towards closed, centrally planned economy because India needed more government intervention to uplift the socio-economic condition of mass people. Therefore, India adopted Industries as its Prime Moving Force in its second five year plan. After the fall of USSR, and our Balance of Payment Crisis we adopted the new economic policy in 1991 i.e. Liberalization, Privatization & Globalization (LPG Policy) to get rid of huge debt burden. Here China opened its economic doors way before in 1978 compared to India with its political will. Researcher wants to say that India adopted New Economic Policy by chance due to heavy debt burden whereas China adopted the same by choice as it wanted to promulgate its trade vis-à-vis its overall economic development. After 1991 and strongly in the 10th five year plan India realized that Agriculture should not be considered a sign of backwardness, rather if we want to deploy huge population in the employment, we have to take an advantage of these labor for our agricultural growth. Therefore again India adopted Agriculture as a main component in the process of planning. So India had gone through the stage of quagmire in selecting its Prime Moving Force.

India has always been a significant talking point in terms of population because the country has the second highest population in the world after China. Moreover, according to United Nation (UN) India is projected to overtake China to become the world’s most populous nation by 2024. However, India is undergoing major demographic transition. The working age ratio in India’s population is projected to increase from 64% in 2013 to 69% up to2040 an addition of more than 300 million adults of working age population! In terms of pure numbers, India would thus become the largest contributor to the addition in the global workforce. Although the absolute numbers in working age population in India may increase there can still be many hick-ups as far as the demographic dividend is concerned, particularly linked up with economic growth. However, the World Bank report states that at present only 2.3% of the workforce in India has formal skill training. Whereas, in China nothing can beat the Chinese cheapest and very skillful labor market, which is inevitable for India to augment production with employability. Despite rampant economic growth, China is experiencing transition in demographic dividend dramatically. According to United Nation (UN), China’s Total Fertility Rate (TFR) dropped from 2.5 to 3 in the late 1970 to about 1.5 since the second half of the 1990s. China’s stringent ‘One Child Policy’ since 1979 to curb down population is responsible to this demographic transition. This policy relaxed in 2015 but the aftermath of this policy is still being there as the ageing population in China is increasing that may hassle its fast moving economic growth of China.
China-US trade war ignition is also responsible for economic slowdown in China. Researcher is trying to show that despite China’s transition of demographic dividend and economic slowdown due to US-China trade war, country is way ahead in many parameters compared to India.

Therefore, our country needs to learn from the Chinese economy and should step ahead with our valuable things that we treasures. Taking the advantage of demographic dividend and ageing population in China, we must convert our chance based economy to choice based one. So, we need to work in that direction to supersede Chinese economy.

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Prin. Dr. V. S. Adigal
Principal & Head Department of Business Economics, Manjunatha College of Commerce, Kanchangaon, Khambalpada, Thakurli (East), Dist-Thanve. Maharashtra, India.