

CHALLENGES BEFORE INDIA, MARCHING TOWARDS 'WORLD LEADERSHIP'



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In the current scenario of globalization and liberalization, it is essential to measure the role of India on the canvas of world economy. India has unique features 'Unity in Diversity' and one of the largest democratic countries. These are the real strength of India marching towards world leadership. But on economic and political agenda - China 'watching,' China worship and China bashing' are favourite connotations. China one of the fastest growing economies has emerged from its shackles and is free to dominate the world. The role played by China is definitely outstanding and needed to take special cognition. The present article is focusing few economic elements of China, which are initially called as ladder to the world leadership. What is staring to us, China has been the world's largest economy on earth from 18 of the 20 centuries. Because of the re-emergence of China on the global canvas, it is needed to spot-out the massive impact of China. Modern China has astonished the world with its rapid and steady ascent to economic prosperity. In purchasing power parity terms China is the second -largest economy in the world. China has advantageous position, as it is called as one of the three poles in international order, together with the U.S. and E.U. The other achievement of China is inter-linkage with U.S. for commercial activities namely, 'economic umbrella'. China has its immense potential of 'cultural traditions' and 'human wealth', and ahead in the projection of 'Soft' power.

And all these are challenging situations for India especially in the race of world leadership. The GDP of China, its growth and dispersion, as well as its massive impact in the last decade have shown miracle results. The economic indicators of China are baffling not only because they are outstanding but also because China is the only country in the world, which has shown economic consistency in the last decade, although most of the countries of the world are facing the problem of recession. The size of GDP, its growth, and dispersion, massive impact in global trade, as well as

its inflation merit has acknowledgement by rest of the world. Such astonishing results are outcome of careful orchestrated strategies. The Chinese economy is planned in such manner looking as a 'world as a market'. This is a spirit of growth and it also fascinated most of the developed countries although it is very difficult to deserve. *No doubt India cannot replicate China but needed to inspire from 'Chinese Strategy'*. Since India and China are so close and influenced each other in many respect. Both the countries learned a lot from each other in first millennium, but the significance of that epistemic process has not dried up even at the beginning of the third millennium.

Comfort zones of Indian Economy :

• **Sectoral Priority** : With the encouraging results of five-years plans Indian economy secured sectoral priority for e.g. agriculture, industries or service sector. The Finance Commission also helps to increase the sectoral focus in the economy. Manufacturing, construction and communication were the leading sectors in the acceleration of growth during the Tenth Five Year Plan, judged by their increased contribution to growth.

• **Wide Spread Infrastructure** : Internal transportation, communication, banking, insurance and other infrastructural facilities are wide spread. Our agriculture base economy is sub-divided into rural and urban zone, which has different priority. The wide spread infrastructure has been availed by the government on priority basis. It resulted into accelerate the pace of infrastructure development grown faster in India. It reflected in the strategy for infrastructure development, which has been articulated in ample measure in the Eleventh Five Year Plan.

• **Huge Human Resources** : With rich professionals, India is also have plenty human resources which is necessary in different sector in all forms e.g. skilled, semi and unskilled employees. Our developed human resources contribute to sustained growth and productive employment. A healthy,

educated and skilled workforce can contribute more significantly and effectively to economic development.

Benchmarks for World Leadership:

✓**Global outlook** : In the vision one has to consider the global outlook not only for the massive marketing but for the technological advancement also.

✓**Balanced geographical factors** : For the positive acceleration of available resources balanced natural resources is must.

✓**Sectoral priority with private incentives** : For positive results of economic progress the key area is sectoral priority with private incentives are needed.

✓**Flexibility in Governance** : To avoid negativity, flexibility in governance is appreciable by all means.

✓**Standard reforms in financing and funding** : On the background of world recession there should be standard reform of financing and funding in both internal and external sources.

Challenges before India comparing Chinese Economy : With a visionary mission China is a 'compact-corporator', in the arena of marketing. China evokes very strong feelings with outstanding performance. China's sustained growth in last decade is a testimony to its resilience and sturdiness. Forth coming figures explores the financial stability of China.

Achievements of China are : • Steady economic growth - GDP - \$ 1.4 trillion- Growing @ 7-10 % for last ten years • Reasonably stable currency (Since 1994)- \$ 1.00 = RMB 8.25 • High Foreign Exchange Reserves - \$ 450 billion- with average growth rate @ 20% plus annually • High Foreign Trade - \$ 1.1 trillion • China is signatory of WTO • Comparative low inflation rate – not more than 4 % per year since last decade • Present per capita GDP growing @ 12 % per year • Wide spread and huge market potential of China • Cost-effective Chinese product & • Indian goods made in China are sometime preferred over Indian goods made in India

Moreover change in a GDP of \$ 1.4 trillion growing every year between 7 to 10 % is good indicator of growth. In this period the GDP of India was recorded as an average 6.8 %. The continuous increasing trend of GDP and per capita income bring the prosperity and increasing buying power to the population. China has successfully kept its currency stable with respect to the US dollar. The foreign deposit inflow in China was recorded excess of \$ 55 billion. In case of Indian economy was average \$7 to \$ 8 billion only. The favorable balance was recorded in foreign trade for e.g. China's foreign trade is at \$ 1.1 trillion, 80 % of their GDP with exports of \$ 600 million exceeding

imports of \$ 500 million. It is also noticeable that China's foreign exchange reserve is excess of \$ 450 billion growing at 20 % annually. These figures turned the China as 'economic model' in the global market.

As a part of visionary mission China welcome rest of the world through open market policy –looking at the rest of the world as a future market. According to Chinese geographical model - in its first phase Eastern Coast is focused with using all the strength – money, resources, and technology for the same. Fundamentally China has accepted the development criteria was manufacturing sector with unsurpassed excellence and cost reduction. Now under the second phase China is focusing on the service sector with the mission of global leadership. As far as governance is concern China is classic example of 'free economy that is controlled' as it offers a lots of freedom to entrepreneur within an overall controlled environment. China has proved that 'more controlled governance is better than less governance'. The government system of China is miracle. It has been absolutely successful as it is proactive and efficient at all level.

In the development zone Chinese government is shouldering the responsibility of its establishment of infrastructure where as private sector are taking care of the development of all other sectors. While providing good infrastructural facilities China adds 35,000 MW of grid capacity every year. In Indian case its only 3,000 to 4,000 MW every year. As far as taxes are concern Chinese government is able to modify its privilege in tune with requirements of the industrialists with timely progressive nature reforms. It is also noticeable that the government of China has gracefully and efficiently raises the non-core business also. As per census 2001 Indian population was 102 crore and China with 127 crore. It means 25 crore more population than India. The birth rate reported 15 per 1000 China and India noticed it 25. Child death rate of China in the same period was 32 and in India, it was reported 69. There is also a life expectancy difference between China and India for e.g. Chinese life expectancy rate is 70 years and Indian 65 years. As per the World Development Indicators (2003) per 1000 population facilities of telephone China 112: India 32, cellular Phone China 66: India 04, Personal computers China 15.9: India 4.5, T.V Set China 293: India 78. It shoes Chinas living standard is high comparing to India. In 2001, the GDP of China 1117 billion dollar as against India has 492 billion dollar. The per capita income of China in the 2001 was 878 American dollars and India per capita

income reported 477 American dollars. Socio-economical indicator shows China more progressive than India. In the last 10 years the average increase in per capita income was Indian 9.5 American dollar and of Chinese 40 American dollar. The percentage of agricultural income reported 15.9 % as against it Indian agriculture contributes 28 %. The economical shift of china was from agriculture to trade with 50.9 % contribution from trade and India is till agrarian and trade contribution is only 26 %. China is emerging as one of the developed trade centre in world. The service sector contribution in China in the year 2000 was 33.2 %, which was high in case of India 46%. The professional services from India are highly demanded through out the world. Foreign investment in China is extremely large for e.g. in 2002 it was 50 billion American dollars and India has only 4.5 billion American dollars. The balance of trade of India with China was negative as it shows negative figure of 2908.02 crore as our export from China were 3788.32 crore as against import is 6706.34 crore in 2001.

There are number of mis-concepts and orthodox views about China, which are now certainly crossed by them for e.g. China is all toys and umbrellas, quality of product is use and throw, lack of intellectuals, excels in low-end skilled product, and inferior labour policy, etc. China is however on the Communist regime and till facing some dis-advantageous position on social front. Religious supremacists, conflict policy, containment, military actions, and excessive military expenditure are few negative elements of Chinese economy.

Conclusion: On the social counter part India can boast one of the successful largest democratic countries of the world due to rising trend in different dimension of economic, nuclear technology, IT as well as manpower is concern. The development of India as a world leader is a matter of pride for the whole Asia. The thing that has to needed to change is attitude and aptitude of India people.

R E F E R E N C E

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