



China's& India : The Difference of Approach and the Different Results

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(Mains paper 2 & 3: India and its neighborhood- relations & Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment)

Context:

- China and India, two of the oldest civilizations, are also two of the youngest nation-states. Both came into being in their modern avatars in the late 1940s. And both looked up to paradigms from the West to chart their course for the future.
- However, both countries grow at much faster pace but Chinese economy surpasses Indian economy substantially.

Difference in approach of the two countries:

- For China, the preferred way forward was to imitate the USSR and its authoritarianism. India looked towards ideas rooted in western liberalism and individualism.
- China persisted with authoritarianism even after it rejected the Soviet Union as an exemplar. India stuck to a democratic course, belying all western experts who predicted that Indian democracy would collapse soon after Independence.
- China, while using western concepts, translated these into the local idiom, keeping local needs and aspirations in mind. India merely tried to live up to paradigms set by the West and found itself wanting.

- Many commentators have pointed out greatest failures of democracy in India, that India is not able to live up to the western expectations of a good democracy. China, of course, has no such problem since it simply claims to exist only for its people as embodied in its name: The People's Republic of China.

Chinese growth trajectory much higher than india:

- China modified the systems by which it measured its wealth. By the 1980s, China was ready to abandon the soviet economic model as it realised that a state-controlled centralized economy can neither grow equitably nor encourage individuals to actuate economic growth.
- So much so that it moved away from the Material Product System (MPS) to calculate economic output, which is what the Soviet bloc of countries, did.
- The MPS did not account for services, and used state-determined prices rather than market prices to calculate the value of goods.
- China switched to using market values for all goods, tangible and non-tangible, adopted the Gross Domestic Product as the measure of its economic success, and quickly demonstrated that it could better its position in the world like no other.
- This provided, inter alia, a tremendous psychological boost to the Chinese. It helped rekindle the flame of nationalism among the young in China.
- Meanwhile, the thinking classes of India, caught up in an economy that wasn't growing enough, spent their time trying to convince themselves and everyone that there was nothing called an Indian nation, that India was a creation of the British and, a poor imitator of liberal democracy.
- China used idea sets prevalent in the western world and moulded them to suit its lived experience. When they started on their path to economic superstardom, they put in place systems to create a knowledge economy.
- Without wondering about whether or not they had the funds to do so, they devoted substantial sums to research and set up their own peer review systems.

Comparison of the two countries GDP growth:

- People today talk about the Chinese economy being larger than India's. It is instructive to look at the details to understand how much larger and when.
- In 1993, when China adopted GDP as a criterion to evaluate the wealth of the nation, its GDP stood at \$0.444 trillion — one-and-a-half times that of India.
- In 2005, China's GDP had crossed \$2 trillion; India's was a little over \$0.8 trillion.
- By the time India's GDP crossed \$1 trillion in 2008, China was already touching the \$5-trillion figure. Currently its GDP remains almost five times more than India's.

Lessons for India:

- As China first focused on labour-intensive industries to create jobs for its huge labour force – textiles, garments, toys, assembly lines, electronics etc., India also need to focus on manufacture to dilute its jobless growth image.
- While GST is a good move to boost business, huge investment in infrastructure is needed for bettering the entire eco-system.
- Like china, India needs to attract massive FDI and become the factory of the world. To ensure this ‘Make in India’ and ‘AtmanirbharBharat’ will be given extra thrust.
- India needs to massively invest in skill development and higher education.
- Bettering port, power, highways and railway infrastructure becomes need of the hour.
- Promoting innovation and investing in urban governance is another priority.

Conclusion:

Although India remained content to serve as a handmaiden of the West in its intellectual agendas or rather lack of these. But now is the perfect time to grow by its own model of development rather please the west.