

A BRIEF COMPARISON BETWEEN INDIA AND CHINA AS EMERGING ECONOMY IN ASIA

Dr. Feisal Mirkazehi Rigi, PH.D in Economics from university of Pune
Feisal.rigi@gmail.com

Abstract

An effort is made in this research paper to assess how China has made advancement in human development, so that India could learn a great lesson to achieve the expected strategy of inclusive growth as started in the 11th Five year plan. Major factors of comparison are: GDP, GDP per capita, Tax, Infrastructure, Educational status, Health status and etc. In this paper we explain how China has already started shaping its economy through its own communistic pattern of development strategy i.e. antithesis of liberalized capitalistic economy. Our discussion is based on the publication of UNDP-Oxford entitled Human Development Reports. Key Words: India, China, comparison, Asia

1. Introduction

India is the largest democracy in the world. China is the highest populated country in the world next to India. In the eyes of the western European world, both the countries i.e. India and China are the bigger market for them due to ever increasing middle class consumer society. The increasing marketing powers of these two giant economies have open access to the globalised economy of the multinational corporate world.

United States of America (U.S.A) is recognizing India as leader in Asia. President Barack Obama said, "It is an emerging power and a responsible global power". With an enormous young workforce (the median age is 25) and with an impressive average 8% annual GDP growth rate, India is now projected to become power house of the world economic order. This is projection given by Goldman Sachs and other economists.

However China equally great economy in Asia will take these European remarks seriously. Now India and China have become competitors – who will influence more in Asia and global market – India or China? Both these countries are vying for dominance in Asia. Of course, as on today, China is superior to India – in manufacturing, trade and commerce in the international market. Whatever the projections/dreams of India's economic power have been calculated are related to India's potential capacity which is based on its precious human capital – i.e. engineers, technocrats, young scientists, IT experts etc. India's software industry is set to be worth \$ 12 billion by 2015.

When India and China are on their competitive edge to prove their dominance in Asia, both the countries have one common resource i.e. the young working population as driving force to become an emerging economy in the world. An effort is made in this article how China has already started shaping its economy through its own communistic pattern of development strategy i.e. antithesis of liberalized capitalistic economy. It is well recognized by all economies of the world that GDP – per capita income criterion based development indicator is getting 'by pass' approach and Human Development Index is becoming dominant factor to enjoy the benefits of 7%+ GDP growth rate of "emerging economies" such as India and China.

2. Economic Supremacy of China

In year 2010, China's population (i.e. 13540 million) is slightly greater than that of India (i.e. 12145 million). Despite this China's stronger economy could be judged by the indicators such as

greater tax revenues, almost triple GDP per capita and more than double Gross National Income per capita (See Table 1). It needs to be emphasized here that China is constantly maintaining its average annual growth rate of GDP at nearly by more than 7 per cent where as Indian economy was stick to hardly 3.6 per cent during 1970 – 2008.

Table 1: Major Economic Indicators India and China

Sr. No	Indicators	Year	India	China
1	GDP per capita	2008	1017	3267
2	Average Annual Growth Rate of GDP per capita	1970 -2008	3.6	7.9
3	Gross National Income per capita	2010	3337	7258
4	Population (in Million)	2010	12145	13540
5	Urban Population (% to total)	2010	28.1	47
6	Annual Growth Rate of Population	2010-15	1.3%	0.6%
7	Tax Revenue (% of GDP)	2008	13	9.4
8	Gross Fixed Capital Formation (% of GDP)	2008	34.8	42.0
9	Foreign Direct Investment Net Inflow (% of GDP)	2008	3.6	3.4

2.1 Infrastructure

China is far ahead of India in respect of infrastructure development which process was started 25 years before India (See Table 2). Except Railways, China is ahead of India in respect of road density (1001 k.m.), Air Transport, Freight, Electrification etc.

Table 2: Infrastructure

Sr. No	Indicators	India	China
1	Road Density Km of Road per sq. k.m. of land area (2004-2007)	1001	36
2	Rail Lines (k.m) (2004 2008)	63327	60809
3	Air Transport, Freight mt. per. K.m (2005 2008)	1234	11386
4	Population without Electricity (2008) % of population	34.2	0.6
5	Daily News Papers per 1000 people (2004)	71	74
6	Radio Coverage (% of population) (2005)	99	94

3. Human Development Index (HDI) 2010

In addition to Health, Education, Civil Rights and Environmental issues, the latest Human Development Index is added by the most dynamic concept such as empowerment, sustainability/ vulnerability, Gender inequality. According to the latest report of 2010, both the economies of India and China are classified in one group of countries defined as “Medium Human Development”. China ranks 89 where as India’s ranking in 119. The value of HDI of China (0.663) is greater than India (i.e. 0.519). The life expectancy at birth is estimated at 64 years for India where as it is 73.5 years for China.

The stronger human capital of China could be assessed by the fact (See Table 3) that educational status of Chinese society is brighter than that of Indian society. China has almost reached 100% literacy where as India’s literacy rate is still lingering at 61 per cent. Students-teacher ratio in China is more than double of India (40:18). In china primary school dropout is almost nil where

as India's school dropout rate is highest in the Medium Human Development Index group countries. What is the use of *Sarva Shiksha Abhiyan* and Mid-Day Meal Scheme of India?

3.1 Educational Status

Table 3: Educational Status of India and China

Sr. No	Indicators	India 2000 – 2008	China 2000 – 2008
1	Adult Literacy Rate (%ages 15 and above) (2005-2008)	62.8	93.7
2	Population with at least Secondary education (%ages 25 and above)	22.2	38.4
3	Higher Secondary and above college education ratio (Tertiary allotment ratio) (Age population to total population)	13.5	22.1
4	School dropout of primary schools	34.2	0.4
5	Pupil-Teacher Ratio	40	18

3.2 Health Status

Table 4: Health Status

Sr. No	Indicators	India	China
1	Per capita expenditure on health in \$ (2007)	109	233
2	Physician per 10000 population	6	14
3	Hospital Beds per 10000 population (2000 – 2009)	5	30
4	HIV Prevalence youth (Male) (% Age 15-24)	0.3	0.1
5	Infant Mortality Infant (2008) Per 1000 live birth Under 5 Per 1000 live birth Adult Female (2008) Per 1000 population Adult Male (2008) Per 1000 population	52 69 173 250	18 21 84 140
6	Death Rate for communicable Diseases Population 100000 (2004)	7	6.27

3.3 Gender Inequality

Although, gender inequality (discrimination women against men) is an universal phenomenon of demography of the nation, the developed countries of democracy assume the equal rights for men and women because of fundamental right of freedom and equality is given by their democratic constitution. The gender inequality index is generally measure by the indicators such as maternal mortality ratio, reservation for female in parliaments and labour force participation rates both for female and men. Very surprisingly the communist country of China is far far ahead of India to deduce gender inequality and protect the human rights for example the gender inequality ranking is highest in China (i.e.38) than India (i.e. 122). The high status of women in China can be understood by the fact that in China more than 21 seats are allotted to female in the

parliament which is more than double in India. The labour force participation rate of women in China is almost equal of men, whereas for India it is hardly 35 per cent. (See Table 5).

Table 5: Gender Inequality Index

Sr. No	Indicators	India	China
1	Gender Inequality Rank (2008)	122	38
2	Gender Inequality Value (2008)	0.748	0.405
3	Maternal Mortality (2003-08)	450	45
4	Seats in Parliament Female (%)	9.2	21.3
5	Labour Force Participation Rate (%)		
	Female	35.7	74.5
	Male	84.5	84.8

4. Human Capital: The Real Wealth of India and China

Nearly three-four decades before population was great burden (i.e. liability) on economies of these countries. Now with advent of green revolution and development of Science and Technology, roughly 35-40% population has been productive human resource. Keeping pace of GDP growth rate of more than 8% annually both the countries have been putting lot of investment for development of human resources.

4.1. Empowerment

Empowerment of the people in both democratic country of India and communist country of China is measured by the indicators such as political freedom (democracy) with score from 0-2, Human Rights violation with score from 1-5, index of press, number of journalist imprisoned, corruption victims who were trialed in the court. The findings are very surprising. Naturally, China has '0' score of political freedom and almost nil corruption victims. However, cases for human rights violation are the matter of great concern in both India and China. Media has almost zero role to play in China as a result of which during the period of eight years of 2000 – 2008 more than 24 foreign journalists were imprisoned in China.

5. Talk less of poverty and more about deprivation

We the academicians, policy makers and NGO experts have been talking too much about poverty of masses, below poverty line, subsistence level etc. Both the countries i.e. India and China have been successfully trying to implement poverty reduction programmes as a result of which nearly 35-36% of population of the lowest strata has been brought up above poverty trap. Now nearly 40% of the population has entered into category of middle class which is the major chunk of global market for consumer goods and services products such as health, education, insurance, media, transportation and communication.

The growth performance of the countries i.e. India and China is an on equal footing of reducing poverty in terms of National Poverty Line (i.e. 28%). However, the intensity of deprivation of the masses from basic services such as education, health and livelihood activities is a matter of great concern.(See the Table below) China has become more successful in providing these services at the door step of the masses that that of India. For example, more than 56% of population in India really deprived off from quality education facilities, where as this sort of deprivation rate is considerably lower (i.e. between 10 to 12% of population) in China. It means

that higher level of HDI of China is due to more and more extended level of facilities being provided to greater and greater proportion of services.

Very surprisingly the Chinese population started becoming techo savvy in terms of access to information and communication technology atleast 15 years before India. As a result 97 per cent of Chinese population is covered under mobile phone networks. China is the highest internet using country in Asia whereas India's performance is very poor (See table 6)

Table 6: Access to Information & Communication Technology

Sr. No	Indicators	India	China
1	Mobile Phone Subscription per 100 people (2008)	34	74
2	Population covered by mobile phone networks (%) (2008)	61	97
3	Internet users per 100 people	4.5	225
4	Broad Band subscribers per 100 people (2008)	05	62
5	Personal Computers per 100 people (2006-2008)	3.2	5.6

It is observed in most of the cities of the developing world that the people particularly in slums they are deprived from basic amenities such as improved water supply, sufficient improved sanitation facilities and the common people have many problems of health due to water pollution. According the Human Development Report of 2010 in both the counties of India and China more than 11 per cent of population do not have access for improved water supply. Very surprisingly nearly 69 per cent of Indian population does not have improved sanitation facility whereas this proportion for China comes to 45 per cent only. It is observed that in India 954 persons in one million population succumb to death due to air and water pollution this proportion comes to 693 deaths in China (Please refer table 7, 8 & 9).

Table 7: Sustainability and Vulnerability

Sr. No	Indicators	India	China
1	Adjusted Net Savings % of GNI (2008)	24.2	35.1
2	Carbon dioxide Emission per capita (tones) 2006	13	46
3	Population without access of improved water supply (%)	12	11
4	Population without access of improved sanitation (%)	69	45
5	Deaths due to air and water pollution (per million population)	954	693

Table 8: Multidimensional Poverty Index (2000 – 2008)

Sr. No	Indicators	India 2000 – 2008	China 2000 – 2008
1	Population with at least service deprivation % of Population		
	Education	37.5	10.9
	Health	56.5	11.3
	Living Standard	58.5	12.4
2	National Poverty Line (%)	28.6	28
3	Intensity of Deprivation (%)	53.5	44.9
4	Multi-dimensional Poverty Index	0.296	0.056

Table 9: Financial Flows & Commitment

Sr. No	Indicators	India	China
1	Public Expenditure (% of GDP)		
	Education	3.2	1.9
	Health	1.1	1.9
	R&D	--	1.5
	Military	2.6	2
	Debt Services (% of GNI)	2.7	0.8
2	Tax Revenue	13	9.4
3	Gross Fixed Capital Formation (% of GDP)	34.8	42.0
4	Foreign Direct Investment Net Inflow (% of GDP)	3.6	3.4
5	Development Assistance		
	Total % to GNI	0.2	00
	Per Capita (\$)	18	1.1
	Allotted to Social Sector (% of total Aid)	53.4	49

Conclusion

It is evidently clear from the above discussion that both the countries – India and China have to develop their human resources to become equal partners of world economic power center which is shifted from West to East of the Asian continent. The democratic countries of Europe should not boast that capitalism and democratic freedom is the only solution to become rich country. The China has proved that the economic dominance of world economic power could be exercised without democracy but with enhancement of human development indices measured in terms of health, education, gender equality and equal and equitable distribution of wealth even through non democratic influences. In this regard we can say that India is rightly adopting the strategy of mixed economy of course, the obstacles in achieving the target of inclusive growth must be removed through the means of minimum corruption, strict administration and strong political will which has already proved by China. So let India and China become equal partners and beat United States of America and be on Competitive Edge of world economic power.