



INDIA AND CHINA'S ECONOMIC DEVELOPMENT: STRATEGIES AND SUSTAINABILITY



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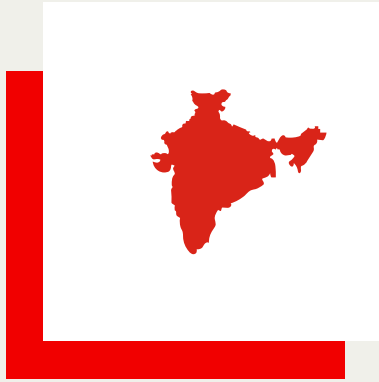
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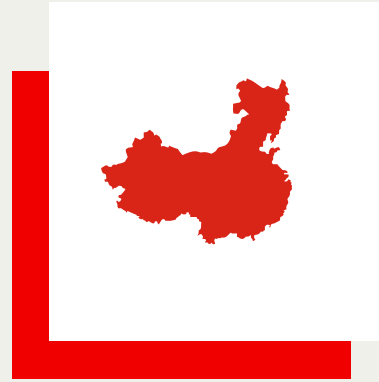
01

**TOPIC &
ARGUMENT**

Topic: Why China and India?



INDIA



CHINA

Argument



Crucial Factors for both China and India's Economic Development:

- Policy, Trade, Investment, and Infrastructure

Unique Challenges for Sustaining Growth:

- Income Inequality, Environmental Sustainability, Political Reforms, and Demographic Shifts
-



02

THEORETICAL FRAMEWORK

Theoretical Frameworks



Globalization

- **Scale-Making:** Negotiation of economic identity and governance on a global and national scale.
- **Neoliberalism:** Embrace of market-oriented policies, deregulation, and privatization.



State Development

- **State intervention** for long-term capital accumulation and developmental goals.
- **Unified state** pursuing common objectives, tight control, and support for key sectors.



Structural Transformation

- Focus on **shifting** the population from **low to high** productivity sectors.
- **Transition** from agrarian-based economies to industrial and service-based economies.



03

INDIA

India's Policy Reforms



1991 Liberalization

- Reduction of trade barriers, fiscal reforms, and financial sector reforms
- Abolishment of the License Raj in 1991
- Indian economy became around five times larger since 1991



Agriculture

- Green Revolution (1966-1991)
- Agricultural Produce Market Committee (APMC) system
- Shift towards private capital in agricultural produce markets since the 2000s



Labor Market

- Pre-1991: Intricate labor regulations, high job security, low employment opportunities
- Post-1991: Labor productivity growth, real GDP per employed person surged



Financial Sector

- Nationalization of banks in 1969 and 1980 for rural banking
- Liberalization milestones: Market-oriented interest rates, reinforcement of regulatory bodies

India's Three Drivers of Growth

1

International Trade

- Trade-policy reforms since 1991
- Reduced tariffs, simplification of tariff structures, and enhanced regulatory framework
- Emphasis on improving trade-facilitation institutions and policies

2

Foreign Direct Investment (FDI):

- Comprehensive reforms to attract foreign investments
- Initiatives like 'Invest India' campaign and reduction of corporate tax rates

3

Infrastructure Development:

- Roads, ports, power supply, civil aviation, and urban development
- National Infrastructure Pipeline, The Golden Quadrilateral, and Delhi-Mumbai Industrial Corridor
- Smart cities and digital infrastructure



04

CHINA

China's Policy Reforms



Open Door Policy

- Late 1970s, shift to market economy
- Market-oriented reforms, attracted foreign investment, and fostered trade
- Separating Party and state bureaucracies



Agriculture

- Late 1970s decollectivization, empowering individual farmers
- Household Responsibility System allowed leasing land and surplus production sales
- Lifted millions out of poverty



Labor Market

- 1979 youth unemployment and 1980 "Three Elements Employment"
- Open recruitment, labor contract system, and relaxed rural-urban job immobility



Financial Sector

- Late 1970s emphasized stock markets, bond markets, and interest rate liberalization.
- 1990s comprehensive reforms modernized and internationalized China's financial institutions.

China's Three Drivers of Growth

1

International Trade

- Export-led growth
- 2001 WTO entry
- Management of exchange rates and proactive export promotion

2

Foreign Direct Investment (FDI):

- Belt and Road Initiative
- Special Economic Zones (SEZs) in Shenzhen and Zhuhai
- Shanghai-Hong Kong Stock Connect and Bond Connect

3

Infrastructure Development:

- High-speed rail, highways, ports, airports
- Digital infrastructure (AI; quantum computing)
- Higher education and research centers



05

COMPARISONS & CHALLENGES

Comparative Analysis

India

- **5th** largest economy
- **IT services**
- **Slower** to open up
- **More open** than China in services and foreign investment



China

- **2nd** largest economy
- **Global trade and manufacturing**
- **Faster** to open up
- **Less open** than India in services and foreign investment

Both

- Both attract significant FDI and influence global investment trends.
- Economic strength translates into geopolitical influence.
- Notable differences in labor-intensive industries

Challenges

Income Inequality

- Efforts to alleviate poverty and redistribute wealth, but both have income inequality issues

Demographic Shifts

- China: aging population.
- India: youthful demographic

Env. Sustainability

- Both combat environmental degradation, but both struggle with sustainability

Trade Deficits

- Both had reforms, but face sustained trade deficits

India Specific

- Infrastructure deficits, skill gaps, reliance on agriculture

China Specific

- Trade tensions, intellectual property rights, and debt



06

CONCLUSION

Key Findings

Drivers

Strategic policy decisions, encompassing international trade, FDI, and infrastructure.

Interplays

Globalization, state influence, and structural shifts in development.

Challenges

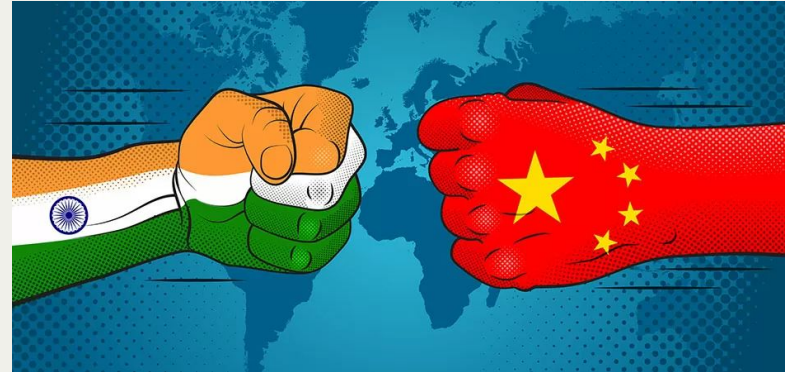
Income inequality, demographic shifts, and environmental sustainability.

Opportunities

Innovation, cooperation, and sustainable development.

THANKS!

Do you have any questions?



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