

CHINA, INDIA AND THE PROMISE OF THE POWER OF TWO

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'China and India have far more common interests than differences' | Photo Credit: AFP

The year 2023 marks a high point in India's diplomacy, with its presidency of the Shanghai Cooperation Organisation (SCO) and the G-20. The focus is also on China which held "two sessions" recently: the annual sessions of the National People's Congress of the People's Republic of China and the National Committee of the Chinese People's Political Consultative Conference. Here are some insights into China's development.

China is advancing modernisation on all fronts. Here, the path to modernisation is based on China's practices with a focus on high-quality development. It means the modernisation of a huge population, where there is common prosperity for all, material and cultural-ethical advancement, harmony between humanity and nature, and peaceful development. This will spell new opportunities to all countries in the world, especially neighbouring countries.

As two neighbouring and ancient civilisations, with a combined population of 2.8 billion, China and India are representatives of developing countries and emerging economies. India and China are both in the process of national rejuvenation and a crucial period of modernisation where challenges need to be overcome and problems need to be solved. China and India have far more common interests than differences.

The development of China in recent years can be summarised in four points.

The first is "steady growth". In 2022, China's economy grew by 3% with a total of 12.06 million urban jobs added. China's GDP increased to 121 trillion yuan (approximately \$18 trillion), registering an annual growth rate of 5.2% over the past five years and an annual growth of 6.2% over the past decade with GDP increasing by nearly 70 trillion yuan. China's economic strength is steadily reaching new heights.

The second is "people's well-being". As a result of continued efforts of the past eight years, China has historically resolved absolute poverty, with the alleviation of close to 100 million rural residents from poverty. Over 70% of the government's expenditure went toward ensuring people's well-being. Basic old age insurance covers 1.05 billion people, an increase of 140 million. Living standards continue to witness new improvements.

The third is “opening up”. In 2022, China’s total volume of trade in goods exceeded 40 trillion yuan, registering an annual growth rate of 8.6%. China’s actual use of foreign capital was up by 8% and the country remained one of the top destinations for foreign investors. The overall tariff level continues to fall, from 9.8% to 7.4%. China’s doors to the outside world are opening even wider.

The fourth is “win-win cooperation”. In the period 2013-2021, China’s contribution to global economic growth averaged 38.6%, higher than that of G7 countries combined (25.7%). Ever since the Chinese President, Xi Jinping, proposed the Global Development Initiative (GDI) in a speech at the United Nations General Assembly in 2021, more than 100 countries have expressed their support and over 60 countries have joined the Group of Friends of the GDI.

China and India are important trading partners, with bilateral trade volume reaching \$135.984 billion in 2022. Though there is a trade deficit, India’s import of equipment and materials from China does reduce the overall cost of “Made-in-India” products, benefits Indian downstream industries and consumers, enhances the competitiveness of Indian exports, and in turn facilitates India’s integration into global industrial and supply chains.

The Chinese market is open to India, and the Chinese side is happy to see more high-quality Indian goods, cultural and other products entering the Chinese market. Investments by Chinese enterprises have created a large number of jobs for the Indian people and contributed to India’s economic development. We hope that the Indian side could provide a fair, just and non-discriminatory business environment for Chinese companies with their investment and operations in India.

In his recent meeting with India’s External Affairs Minister S. Jaishankar, Chinese Foreign Minister Qin Gang said that the development and revitalisation of China and India embody a boost to the force of developing countries; it is one that will change the destiny of a third of the world’s population and having bearing on the future of Asia and beyond. This echoes what Mr. Jaishankar had expressed in 2022 — that the Asian Century will happen when China and India come together.

China is willing to strengthen communication and coordination with India, be a partner on the path to modernisation, safeguard the respective legitimate rights and the common interests of developing countries, and make contributions to peace and stability in the region and beyond.

Ma Jia is Chargé d’affaires ad interim, Embassy of the People’s Republic of China, in India

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