

India: Catching up with China

July 14, 2023

Editorial comments: WWW.DIGINEWS360.COM is presenting in this news-item the hope of many western commentators that India would catch up with China so that the west's critical dependence on China can be eliminated. As the inter-actions of Germany and USA in this news-item show, China is clearly determined not to relax its stand on its right to take over Taiwan by force. Nor is it ready to give any public assurance not to help Russia in its Ukraine war.

After the Blinken trip to Beijing, there were some non-official news-items saying that China has stopped its exports to Russia. But www.DiGiNews360.com is not able to detect any signs of a break between Russia and China. Since Blinken made it clear to China that the west would not accept a military attack on Taiwan and since there are reports of China preparing for a war, would it mean an attack by China-Pakistan on their long borders with India?

*www.DiGiNews360.com does not think President Xi Jinping would dare take the risk, since a victory over **Modi's India** may prove to be tough, in spite of the fact that during the twenty-first century, every year, China's defense budget has been more than 5 times that of India.*



But China will continue to make all the efforts, it can, to impede every step of P.M. Narendra Modi for making India self-reliant in defense and critical industrial inputs. Secondly the open society of India will be exploited by China-Pakistan and strong forces in USA, led by George Soros and Barrack Obama, to unscrupulously use foreign money and media to strengthen the weak opposition parties in India in an attempt to defeat Modi in the General Elections of 2024.

Note: For Barrack Obama’s comments on the occasion of the State Visit of P.M. Narendra Modi to USA, please read “Democracy in India: Strong because Indians Value it” at <https://diginews360.com/democracy-in-india-strong-because-indians-value-it/> Please also visit <https://diginews360.com/indo-us-relations-modis-state-visit-part-2/> to understand the challenge before Indian bureaucracy and Indian industries to take advantage of the far-reaching Modi-Biden Agreements of 22nd June 2023.

Whether the highly diverse 940 million voters of India would be able to come together to ensure

-that Mr. Narendra Modi wins handsomely and that India’s own government, after May 2024, does not lose confidence while dealing with the China-Pak axis and George Soros-like elements will be known only by the end of May 2024.

July 13, 2023: **Germany** released its **China Strategy paper** titled: ‘China and Germany: Partners and rivals’, after separate high-profile visits of French and German leaders to China. The paper recommends ‘excluding using components from providers from authoritarian states in critical infrastructure and imposing stricter requirements for firms dealing with China.’ Last year, both the Foreign Office and the Economics Ministry had called for ‘reducing economic dependence on China, to reduce the trade imbalance with China and to level the playing field for German and European business and labor.’

(Reference: <https://www.dw.com/en/germany-keeps-searching-for-a-common-china-strategy/a-65360892>)

The Chinese embassy in Berlin responded in a statement: ‘Forcibly ‘de-risking’ based on ideological prejudice and competition anxiety will only be counterproductive and artificially intensify risks’

The Chinese embassy statement reiterated Beijing's opposition to "meddling of its internal affairs" by using issues including Taiwan, Xinjiang, Hong Kong and human rights. "China will resolutely safeguard its sovereignty, security and development interests," it said.

July 12, 2023: **Huileng Tan** in his article titled “*India's been touted as the new China — but there are 4 key areas where the South Asian giant is still playing catch up*” (at <https://tinyurl.com/yc8zznwb>) said that India is lagging behind China in **national literacy, infrastructure investment, a supply-chain lacunae and relatively more delays in Business Processes**. “In addition,” he points out,” in 2021, 1.6 million

Indians were enrolled in vocational education while 5.6 million students were enrolled in higher vocational colleges in China.”

www.DiGiNews360.com recognizes the fact that China had been able to universalize its literacy rate and its health infrastructure through **barefoot doctors** in the decades immediately after 1948, whereas Indian bureaucracy at Delhi had failed in the ‘last-mile delivery’ of the plans on paper, prepared by India’s Planning Commission. But Huileng Tan fails to note that **till 1985, India’s GDP per capita was a little more than that of China.**



President Xi Jinping stresses INNOVATION during a Factory Visit

In an earlier article of December 11, 2022 titled “*India is trying to become the new factory of the world, but it could take more than a global pandemic to unseat China from its 40-year reign*”, at <https://tinyurl.com/pcbe8x4b>, Huileng Tan admitted that many western companies understood the importance of not depending on one country for their supply chains during the China's zero-COVID policy . But he thinks that India would fail to become a factory of the world because it is **infamous for its bureaucracy and hindering red tape**. He quotes the statement of **Julie Gerdeman**, the CEO of supply chain risk management platform **Everstream**: “China manufactures at scale, while most factories in India are small and midsize due to federal regulations and protections designed specifically for SMEs.” Secondly Huileng Tan says that the west would now **not** put all its eggs in one basket, they would diversify to more than one country, and, that India may only be one of the multiple sources.

July 10, 2023: **Zahra Tayeb**, in an article titled “*India's economy will surpass the US in size by 2075, thanks to its tech scene and growing population, Goldman Sachs*

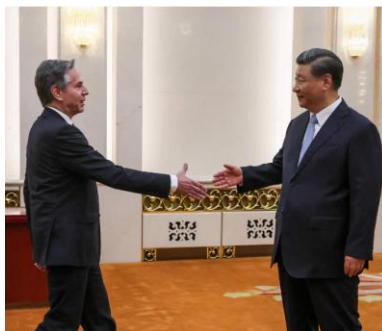
says” (at <https://tinyurl.com/63xnbbzc>) says that India faces hurdles of ‘hefty import taxes, bureaucracy and red tape, and the dominance of domestic business tycoons – which make it harder for foreign companies to snap up any market share in key industries.’

Zahra also quotes **Santanu Sengupta**, the Chief India Economist of **Goldman Sachs**, on capital investment: "Driven by favorable demographics, India's savings rate is likely to increase with falling dependency ratios, rising incomes, and deeper financial sector development, which is likely to make the pool of capital available to drive further investment." Sengupta cites the **twin challenges** of ‘**increasing the labor force participation**’ and of ‘**simultaneously training and upskilling the labor force**’.



PM Narendra Modi: during an Election Campaign

In the article, Zahra Tayeb quotes the Wall Street Bank’s projection that **in 2075, China, India and USA** will have a **GDP of \$57 Trillion, \$52.5 Trillion and \$51.5 Trillion** respectively.



June 19: Beijing: Antony J. Blinken with Xi Jinping

July 10, 2023: Both the Chinese government as well as its ‘citizens on Social Media’ seem to be aggressive in their dealing with the outside world. Or at least they have not come forward to meet the west half-way in their public stance.

USA in its desire to stabilize its relations with China has sent **Antony J. Blinken, US Secretary of State** and **Treasury Secretary** in high profile visits on July 8 and June 19 respectively. On the other hand, a group of Chinese female economists have been criticized as ‘traitors’, just because they met Janet Yellen over the week-end.



July 8:US Treasury Secretary Janet Yellen with China's Vice-Premier

It is true that USA has taken action to protect the West’s great lead in critical areas of technologies and China has taken retaliatory actions. (Please see “India to make chips; Chip wars between China & the West” at <https://diginews360.com/india-to-make-chips-chip-wars-between-china-the-west/>.)

It is also true that President Joe Biden has been strengthening, albeit slowly, his concept of an Alliance of Democracies through his ‘Summit of Democracies’ of March 29-30, 2023, through strengthening the ‘Group of Islands’ and through QUAD and alliances with Japan, South Korea and Philippines in the Indo-Pacific. China has been strengthening its hold in Central Asia and through admitting Iran into SCO on July 4, 2023.

Both China and USA (and the rest of the world) have to accept the fact of a global rivalry for dominance. Even while China and USA maneuver for greater space for themselves, they have to stabilize their relationship so that a world war does not rupture the existing system of trade, formalized by WTO, during the first decade of the twenty first century. www.DiGiNews360.com feels that both China and USA would not be able to come out of WWIII without doing great harm to themselves and without causing pain to the poor of the world. Hence, we expect them to behave as responsible powers, themselves since UN SC is unable to act.

References: 1.India Country Commercial Guide, September 2022, by the US International Administration at <https://www.trade.gov/country-commercial-guides/india-market-challenges>

2.National Informatics Center at <https://knowindia.india.gov.in/>