

Scope of economic cooperation between India and China with Export- Import analysis

Ms. Pooja Gaur

Faridabad, Haryana (India), 121004

Abstract

India and China are two fastest growing economies which affecting world market at the large scale. These two countries consist 36.5% of total world population (Wikipedia). Apart from population these countries have a great contribution in world GDP. So, it is very important to find out what is the scope of economic cooperation between these two countries and in this paper the scope of economic cooperation between India and China is found out by analysis India's Exports and Imports to China for different years. We also try to find out the measures which can enhance export and reduce import of India with China. This paper described the challenges faced by India from China. The result shows that India import more but export very less from India. Apart from that India's import includes high valued goods and exports to China include raw material like ash and slag etc.

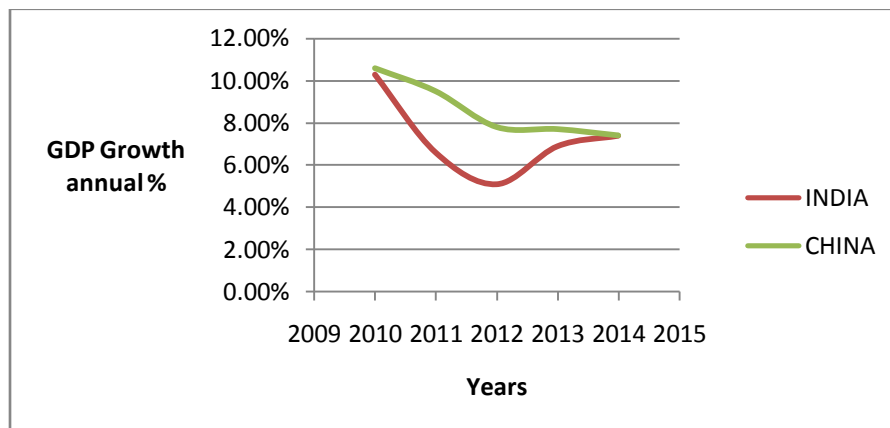
Key words: - India, Export, Import, China, Trade, Economic cooperation.

Introduction: - India and China are two Asian superpowers. India achieve its freedom almost two years before China but China seems to be ahead of India in many aspects whether it be Infrastructure, technology, cheap production, defense, education and others. There are various reasons for this. Economic reforms started in China in 1978 at a very large scale aggressively but India's reforms started in 1991 at a slow speed with a small scale. India and China both countries agreed the terms of WTO and being its members to get into trade agreements with WTO member countries by accepting its terms and conditions. While India is a WTO member from beginning China joined the organization in 2001. This also increased the scope of trade between these two countries. If India wants to be superpower i.e. economic superpower it has to compare its economic position not only with U.S.A and other developed countries but also with neighbor China. China and India are among the world's fastest developing nation with annual GDP growth rate of 7.4% in 2014 as per World Development Indicators. Now, it has been estimated by IMF, World Bank and others that India will pass China as fastest growing economy in next two year. Here I provide a list including comparison of annual GDP growth rate percentage.

TABLE 1.1

YEAR	INDIA	CHINA
2010	10.3%	10.6%
2011	6.6%	9.5%
2012	5.1%	7.8%
2013	6.9%	7.7%
2014	7.4%	7.4%

Source: - <http://databank.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

**FIGURE 1.1**

From the above figure it is clear that in 2010 both countries have almost equal annual GDP growth rate and in year 2011, 2012, 2013 both countries face decrease in their annual GDP growth rate but after look at the table and figure below we find out that India's annual GDP growth rate decrease at a great rate than China. But in year 2014 we can observe that India started to regain its annual GDP growth rate at increasing rate while China's annual GDP growth rate still decreasing. India's growth rate is expected to increase from 7.2% in year 2014 to 7.5% in year 2015 and 7.5% in year 2016 and if this happened India will leave China behind because China's growth rate is expected to decrease to 6.8% in year 2015 and 6.3% in year 2016 (Source: IMF World Outlook Projections).

Review of literature: -

Mazher(2011) suggest that India and China will have similar effect on employment while dissimilar on economic growth of global economy. Narayan(2013) explained that while the India and China are two fastest growing big economies and have various conflict of interest but their relationship is satisfactory. He emphasized that both the countries are not having ideal relationship but they can contribute great to each other economies as well as global economies. Enrico *et al.* also analysis the economic growth of India and China. The result shows that positive growth has an impact on opening up and integration in the world economy.

Bilateral trade position between India and China: -

The structure of bilateral trade between India and China is not in favor of India. Here I provide a list of exports and imports of India with China.

Main items of India's import from China: -

- Boilers and machinery
- Chemicals and nuclear reactors
- Electronic goods
- Computers and machine appliance etc.

Main items of India's export to China: -

- iron ore
- Plastic
- Machine parts
- Mineral
- Slag
- Cotton and chemical

Here I presented table showing India's import from China and India's export to China in year 2010, 2011, 2012 and 2013 of different items including capital, intermediate and other goods.

TABLE 1.2**INDIA'S IMPORT PRODUCT SHARE FROM CHINA: -**

Product Group	Import Product Share (%)			
	2010	2011	2012	2013
All Products	100	100	100	100
Capital goods	46.31	43.2	43.62	47.2
Consumer goods	10.62	10.99	11.42	12.06
Intermediate goods	32.86	33.62	32.88	33.34
Raw materials	1.6	2.82	2.38	1.07
Animal	0.03	0.05	0.03	0.02
Chemicals	16.03	15.94	17.26	18.24
Food Products	0.15	0.18	0.16	0.12
Footwear	0.42	0.43	0.48	0.58
Fuels	1.55	2.6	1.53	1.07
Hides and Skins	0.27	0.34	0.38	0.46
Mach and Electronic	44.82	41.5	43.11	46.87
Metals	9.65	8.56	8.31	7.32
Minerals	0.29	0.43	0.3	0.21
Miscellaneous	11.14	11.67	12.33	9.22
Plastic or Rubber	2.74	3.02	2.97	2.9
Stone and Glass	2.93	4.92	4.08	3.41
Textiles and Clothing	4.18	3.95	4	4.73
Transportation	4.5	4.6	3.44	3.44
Vegetable	0.46	0.75	0.7	0.47
Wood	0.86	1.07	0.92	0.93

Source: World Bank indicators

TABLE 1.3**INDIA'S EXPORT PRODUCT SHARE TO CHINA:**

Product Group	Export Product Share (%)			
	2010	2011	2012	2013
All Products	100	100	100	100
Capital goods	3.22	4.95	5.35	7.39
Consumer goods	3.88	10.75	5.67	7.14
Intermediate goods	41.79	36.14	44.88	49.3
Raw materials	50.89	47.64	43.68	35.71
Animal	1.57	1.89	1.63	1.57
Chemicals	6.81	7.35	10.14	9.81
Food Products	1.15	1.41	0.18	0.29
Footwear	0.54	0.8	1.14	1.42
Fuels	2.13	9.68	2.32	4.51
Hides and Skins	0.39	0.71	0.88	0.91
Machinery and Electronics	2.79	4.19	4.44	4.94
Metals	25.94	16.2	18.32	16.18
Minerals	38.19	28.53	21.65	14.93
Miscellaneous	0.68	1.08	1.25	1.37
Plastic or Rubber	2.25	4.14	4.32	4.48
Stone and Glass	1.68	1.24	1.25	1.41
Textiles and Clothing	13.23	18.19	26.03	30.99
Transportation	0.3	0.74	0.76	2.33
Vegetable	2.34	3.82	5.65	4.79
Wood	0.03	0.04	0.05	0.07

Source: World Bank indicators

From the above tables it is clear that India's import from china includes capital goods, machinery and electronic, chemical and other high value added goods but on the other hand India export only raw material, minerals, consumer goods, textile, clothing and other low value added goods. So, it can be said that India's trade to china is limited to only few goods which are low value added good but India's import from China includes high value added goods. For India this type of trade structure is not good because India is a developing country. India should try to make its trade with China more diversified and of high value added goods.

TABLE 1.4

Top three Importer countries to India: -

1. China
2. United Arab Emirates
3. Switzerland

From the above table it is clear that India imports its most of imported items from China. In fact China is the top country among the countries which import to India

TABLE 1.5

Top three Exporter countries of India: -

1. United Arab Emirates
2. U.S.A
3. China

From the above table it is clear that India exports most of its items to United Arab Emirates and China got third place in Indian exporting countries. So, from the above analysis it is clear that while India imports most of its items from China but export less to China.

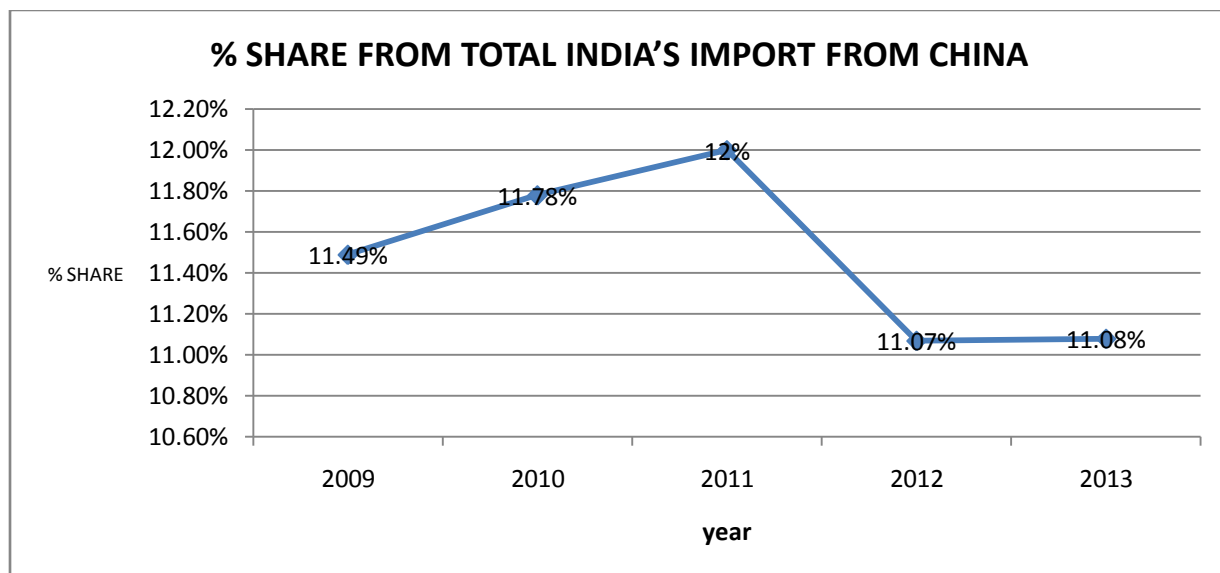
India's Import from China (shares in percentage from 2009 to 2013): -

Here table shows the percentage share of India's import from China from year 2009, 2010, 2011, 2012 and 2013 to find out its trends.

TABLE 1.6

YEAR	% SHARE FROM TOTAL INDIA'S IMPORT
2009	11.49%
2010	11.78%
2011	12%
2012	11.07%
2013	11.08%

Source: - World Bank indicator

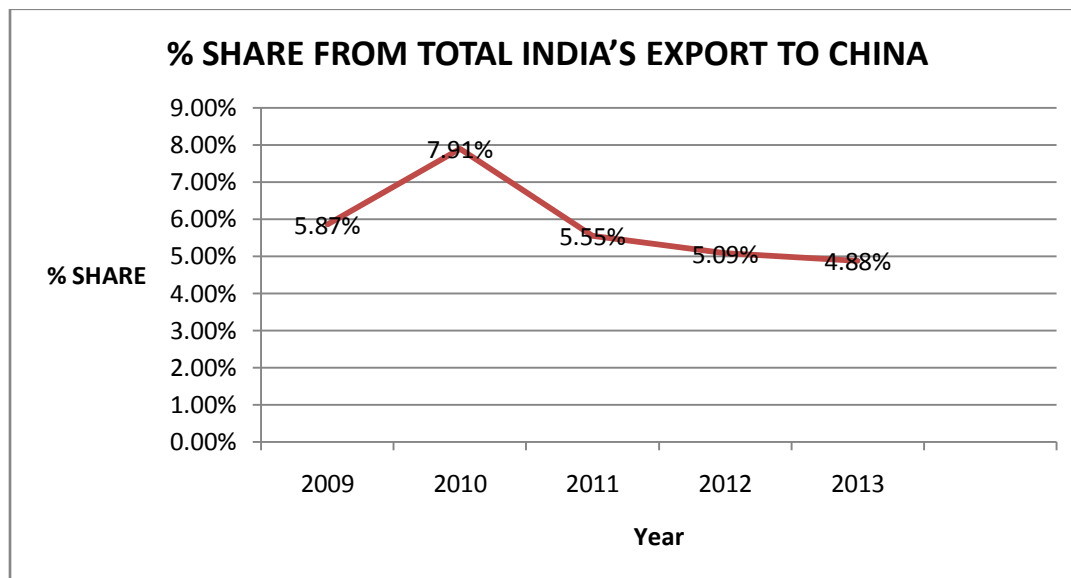
**FIGURE 1.6**

The above figure shows that % share of India's import from China is very large percentage and this percentage varies very less between years.

TABLE 1.7**India's Export from China (shares in percentage from 2009 to 2013): -**

YEAR	% SHARE FROM TOTAL INDIA'S EXPORT TO CHINA
2009	5.87%
2010	7.91%
2011	5.55%
2012	5.09%
2013	4.88%

Source: -Word bank indicators

**FIGURE 1.7**

The above table and figure shows that India export very less to China and the percentage is decreasing from various years and still continue decreasing. If India want to compete with China it should make its export to China increased with high value added goods. India should also try to be self reliant and had less dependency on China. It is possible only when India facilitate making high quality products at lower cost than China. India should also try to make strong infrastructure and open more production unit. Only then India can compete China.

Conclusion: - From the above discussion it is cleared that economic cooperation is needed between two countries because of reliant on each other. It is also cleared that India's export to China is decreasing while import from the same is increasing. India's import from China includes high value added goods while export to China includes low value added goods like raw material, slag and other. This type of condition is not good for a developing country like India. India can use its knowledge based service to improve India's condition in this bilateral trade. India can improve trade in services with China to improve its condition but barriers to trade in services and other need to be detached.

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