

FROM A PRIMARILY AGRARIAN SOCIETY TO THE WORLD'S SECOND-LARGEST ECONOMY



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FROM THE DESK OF CHAIRMAN

China's economic transformation over the past few decades has been nothing short of astounding. We have always been comparing Indian economy vs. China's Economy. In this article delves into the multifaceted factors that have underpinned China's remarkable growth trajectory, role of great Deng Xiaoping in shaping present China, and assesses the lesson for India.

Factors Driving China's Economic Growth:

- **Pragmatic Economic Policies:** The pragmatic approach adopted by China's leadership, notably Deng Xiaoping's market-oriented reforms in the late 1970s, laid the groundwork for the country's economic take-off.
- **Infrastructure Development:** Massive investments in infrastructure, including transportation networks, telecommunications, and energy systems, have facilitated economic expansion and connectivity.
- **Export-Led Growth Strategy:** China's integration into global markets through export-led growth has fuelled industrialization and provided a crucial source of foreign exchange earnings.
- **Investment in Human Capital:** Emphasis on education, skill development, and technological innovation has enhanced productivity and competitiveness in the global arena.

Political Leadership and Economic Stewardship:

Deng Xiaoping's Reforms: Deng Xiaoping's visionary reforms unleashed the entrepreneurial spirit, encouraged foreign investment, and paved the way for China's economic liberalization.

His reforms were nothing short of revolutionary. His policies had far reaching favourable impact on the economic:



Market-Oriented Reforms: Deng abandoned orthodox communist doctrines and introduced market-oriented reforms. He aimed to incorporate elements of the free-enterprise system into the Chinese economy. By doing so, he shifted China away from a centrally planned economy toward a more dynamic and market-driven one.

Special Economic Zones (SEZs): Deng established SEZs, which were designated areas with preferential economic policies. These zones attracted foreign investment, technology, and expertise. The SEZs acted as laboratories for experimenting with capitalist practices within a socialist framework. They played a crucial role in China's economic takeoff.

Decentralization of Economic Decision-Making: Deng advocated for decentralization, allowing local authorities more autonomy in economic planning and management. This shift empowered local governments to respond swiftly to market demands, leading to increased efficiency and growth.

Modernization and Technological Advancements: Deng emphasized modernization and technological progress. His policies encouraged innovation, research, and development. China's leap in science, technology, and infrastructure owes much to Deng's vision.

Rising Standards of Living: Under Deng's leadership, China witnessed a massive rise in standards of living. Economic growth translated into improved quality of life, better access to education, healthcare, and housing.

Global Integration: Deng fostered ties with the world economy. China opened up to foreign trade and investment, leading to increased exports and foreign exchange reserves. "China's economic ascent on the global stage owes much to Deng's pragmatic approach."

Xi Jinping, the current paramount leader of China, has followed in the footsteps of Deng Xiaoping, albeit with his own distinct approach. When Deng launched China's "reform and open up" program in 1979, China's GDP was a mere fraction of Japan's, the UK's, and the US's. His state-driven economic system laid the foundation for China's remarkable growth. Deng encouraged foreign investment, established special economic zones, and shifted focus to manufacturing consumer goods for export. However, this progress came at a cost – air and water pollution escalated due to rapid industrialization, and income disparities widened. Deng's legacy was also marred by the Tiananmen Square massacre, reinforcing the West's scepticism about China's political system.

Xi Jinping, on the other hand, inherited an economy that had already experienced three decades of double-digit growth. His policy doctrine, known as "Major Country Diplomacy," replaces Deng's "keep a low profile" approach. His emphasis lies in rebalancing the economy away from manufacturing and exports, focusing instead on consumption and services. Xi engages in ideological competition with the West, reforms the international order, and assumes greater global responsibility. While Deng laid the groundwork, Xi navigates a more complex landscape, balancing economic growth, social welfare, and global influence.

India should learn valuable lessons from China's remarkable economic growth. China's sophisticated supply chain, facilitated through Hong Kong, allowed it to dominate global trade. India should incentivize investment in labour-intensive industries, remove restrictive labour regulations, and encourage firms to grow. Reducing corporate taxes and focusing on job creation are crucial steps. Learning from China's journey, India can strike a balance between state control and market-driven policies to achieve sustainable growth.

Thank you all..... Always in Gratitude

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