



INDIA CHINA IN POST LIBERALIZATION

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ABSTRACT

The bilateral relationship between India and China is often marked as rivalry and hostility in the recent past, had been warm and cordial for centuries. India was among a few non communist to accord recognition to the new regime of China at its very inception in the year 1949. Even after signing of Panch Sheel, Chinese continued disturbances on Indian boarder and it attacked in october, 1962. After that In 1963 a treaty was signed between Pakistan and China by which Pakistan handed a large part of the Indian Territory in Kashmir illegally. China also supported fully Pakistan during India – Pakistan conflict in 1965 and also in 1971. This makes the relationship between countries very toughed. The Chinese perspective towards India underwent a sea change in the later part of the post cold war period.

KEYWORDS : Liberalisation, General agreement on Tariffs and trade, Privatisation, World trade organization, Globalisation, International Monetary fund, foreign direct investment, New Economic world order,

INTRODUCTION:

The bilateral relationship between India and China, which is often termed as rivalry and hostility in the recent time, had been very warm and cordial for centuries. Both contribute to an exceptionally very older history and relationship. The cultural and economic relation between the two Asian giants started in very ancient times. In those days several Chinese pilgrims and philosophers like Fa xian and Xuanzang, Huang san, Confucius had visited India to learn about Buddhism and Indian culture. Even during the period of colonial era, the Indian leaders supported the Chinese freedom struggle against the colonialism. Both India and China began planned for national development in the early 1950s following Indian independence in 1947 and Chinese independence in 1949. India was among a few non communist to accord recognition to China in the year 1949. China largely had a command economy structure until the late 1970s. At that time India has adopted a mixed economy, state regulation of economic activity was fairly extensive until 1991. Before this in 1950s, both India and China were at similar stages of development. India even advocated the cause of Red China's rightful claim to enter into United Nations Organization's membership. This won India the dis satisfaction of western powers.

Liberalisation aimed at eliminating structural and institutional rigidities which drag on economic performance, promoting export growth and attracting greater flows of foreign direct investment (FDI). India also signed an agreement with China in 1954 when is Nehru was the Prime Minister, is known as Panch sheel (five principles). These are 1. Respect for each other's territorial integrity and sovereignty, 2. Non aggression, 3. Non interference in each other's internal affairs, 4. Equality and mutual benefit, 5. Peaceful co existence.

On the other hand Chinese forces continued disturbances on Indian border and in October, 1962 China mounted a full-fledged armed attack on the India-China border. Then after China started coming very close with Pakistan and in 1963 a treaty was signed between Pakistan and China by which Pakistan handed a large part of the Indian Territory in Kashmir illegally. China also supported to Pakistan during Indo – Pak conflict in 1965 and also in 1971. After 1976 there is some improvement between India and China relation. But in recent years their relationship has been reduced on border issue be it Doklam, Galwan valley issue etc.

Economic liberalization in India:

A revolutionary changes takes place in Indian economy after the introduction of new economic strategy in the year 1991 which had a great impact on every sphere. When a nation becomes liberalized, the economic effects can be intense for

the country and for investors. Liberalization started in India in 1991 when Narashima Rao was the Prime minister of India. Economic liberalisation in India referred to the economic liberalisation of country's economic policies, with the goal of making the economy more market- and service-oriented, expanding the role of private and foreign investment. Liberalisation improved the flow of capital, Stock Market performance, Political risk reduced, diversification for Investors, positive Impact on agriculture etc.

By the turn of the 21st century, India had progressed towards a free-market economy, with a substantial reduction in state control of the economy and increased financial liberalisation. This has been accompanied by increases in life expectancy, literacy rates, and food security etc.

Positive and negative impacts of liberalisation in India

Free flow of capital: Liberalisation has improved flow of capital into the country which makes it inexpensive for the companies to access capital from investors. Lower cost of capital enables to undertake lucrative projects which they may not have been possible with a higher cost of capital pre-liberalisation, leading to higher growth rates. On other hand negative aspects of liberalisation is the destabilization of the economy. Tremendous redistribution of economic power and political power leads to destabilizing effects on the entire Indian economy.

Political Risks Reduced: Liberalisation policy lessens political risks to investors. Government can attract more foreign investment through liberalisation of economic policies. On the other hand negatively it becomes a threat for Multinationals. Prior to 1991 MNC's did not play much role in the Indian economy. In the pre-reform period, there was domination of public enterprises in the economy. On account of liberalisation, competition has increased for the Indian firms.

Impact on Agriculture: Adoption of liberalisation in Indian, it had a great great impact in the area of agriculture. The cropping patterns have undergone a huge modification, but the impact of liberalisation cannot be properly measured. From negative point of view that due to liberalization, acquisitions and mergers are increasing day-by-day. In cases where small companies are being merged by big companies, the employees of the small companies may require exhaustive re-skilling.

Stock Market Performance: Liberalisation brings the rise of stock market performance. Generally, when a country relaxes its laws, taxes, the stock market values also rise. Stock Markets are platforms on which Corporate Securities can be traded in real time. On negative point of view it had a impact

FDI in Banking sector: Foreign direct investment allowed in the banking and insurance sectors resulted in decline of government's stake in banks and insurance firms.

Diversification for Investors: In a liberalised economy, Investors gets plenty of benefits by being able to invest a portion of their portfolio into a diversifying asset class. While it had a negative impact on small & medium scale industry. Due to rapid increase in technology, many enterprises & small scale industries in India close their businesses.

Demolition of Soviet Russia: The demolition Soviet Russia in 1990s brought the end of bi polar world. During this period the Soviet Union disintegrated into independent nations and the USA emerged as the single largest world power, making the world unipolar. The psychological incompatibility between two super powers ends after demolition of USSR. Now the suzerainty of USA gives birth to unipolar world. In post cold war era India tried to be closer with America.

Globalization: The economy of India had undergone significant policy change in the beginning of the 1990s. The new model of economic reforms is commonly known as the LPG or Liberalisation, Privatisation and Globalisation is on. The primary objective of this model was to make the economy of India the fastest developing economy in the globe. These economic reforms had influenced the overall economic growth of the country in a significant manner. Due to LPG, the cottage industry and small scale industries in India were very much affected as Chinese products are plenty available at a very lowest price.

Strengthening of Indo-US Relations in the post cold war era: India and the United States of America had built a strong and strategic bilateral relationship and continue to the International peace and prosperity and tranquility. Now, India is an indispensable partner for the United States. Today both are among the most vibrant foreign strategic partners. But China is opposing this type good relationship between India and USA. In the Sino-Indian war of 1962, the US extended help to India against China's attack.

India China relation in G-7 matter: The group of seven members (G-7) is an International inter governmental economic organization consisting of seven major developing countries – Canada, France, Germany, Italy, Japan, United kingdom, United states of America etc. they are the largest IMF advanced countries in the world. Recently, the US President 'Donald Trumps proposed for expanding the G-7 in order to include four new countries including India, South Korea, Australia and Russia. Trump's idea of expanding the G-7 to include India, in the manner in which China handled the COVID-19 pandemic, and deliberately misled the rest of the world, causing untold death and destruction.

India and China in WTO: The World Trade Organisation (WTO) established on 1st January 1995 under the Marrakesh Agreement. It was signed by 123 nations on 15 April 1994. WTO replaced the General Agreement on Tariffs and Trade (GATT), which commenced in 1948. It is the largest international economic organization in the world. It's basic principle is based on the principle of non-discrimination, and this principle protects international trade between countries. India and China are parties to WTO agreements, unilateral acts without invoking exceptions under the GATT would be considered as violation of the non-discrimination principle in the GATT-WTO regime. Rapidly growing India-China two-way trade has attracted the attention of scholars and trade policy formulators' the world over.

India china relation in Post cold war era:

The goals and objectives of India and Chinese foreign policy have gone drastic changes in the post cold war period. During

this era India and china have redefined their foreign policy a goal in tune with the logic of emerging new world order (NIEO) and instead of ideology factor and becomes more closer. China is focused on its military security, protection sovereignty and territorial integrity, economic prosperity, social welfare, modernisation etc. Peace in the neighborhood has top the china's south Asian foreign policy agenda especially towards India. After that its competitive ambitions to achieve the status of global power raised.

Midi's pragmatic foreign policy in tackling China: During the prime ministership of Modi, India adopted a dynamic foreign policy by which India becomes strengthened, diplomatic relation was maintained very strategically with different countries of the world. India's foreign policy during Modi is characterised by a singular emphasis on securing India's national security as the central focus of India's foreign policy. Modi projecting a cooperative path and the other China is characterized by mutual rivalry and conflict. The primacy of the neighborhood for Modi is clear. Unlike previous leaders, he is eager to use foreign policy as a means to generate inward investment, business, and technology for domestic growth and development. As a pragmatic leader, he is enhancing regional cooperation and stability in South Asia. He is more emphasizing on national security and security system is strengthened. "For the Chinese leadership, a foreign policy position is a unified, theoretically articulated, comprehensive design for expansion.

Now a day's taking into the present situation between India and China, the famous slogan Hindi Chini bhai bahi becomes irrelevant. In recent years the relationship between India and China has been reduced on border issue be it Doklam or Galwan valley matters.

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