



Can India Overtake China

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ABSTRACT

This research paper is based on the overall progress of India and China. In this research paper we compare importance of population of the India and China. The high population of these two countries is the major concern for their development. But these two countries utilizing their major population as Major Assets for their progressive growth. China is having highest population in the world and they are utilizing this highest population as a source of cheap human resource for growth of manufacturing sector and obtained highest position in the world. India is also suffering due to the problem of high population, but same population is now treated as valuable human resource assets for the tomorrow's progressive India. In India availability of working age population is more in future and this is the most advantageous condition for India from this growing population.

Keywords: Assets, Population, Overtake, India, China.

INTRODUCTION

As we think about the rapidly growing population, first of all two names of countries click in each thinkers mind, China and India. While considering the population there are so many problems associated with this rapid growth in population such as poverty, hunger, health services and the life standard of public in respective country.

China is having 1.37 billion, highest population in the world. The main problem of China is to control the birth rate. For this they are strictly employing one child policy in their country and successful to control the population growth.

India with 1.15 billion is the second highest population county in the world. In India rapidly increasing population is also the same problem. To control this growth India launches Family Planning Program.

Having such a lot of population problems these countries are using their higher population as assets for the progress. Most importantly labor is very cheap. China leads in population count but we should also remember how well they organized the Olympics in 2008. Using the population they had, they made the Olympics a great success. They view their population positively and made optimum use of the human resource available. India is also using their population as an asset in the progress. India also organized Common Wealth Games 2010 with grand success.

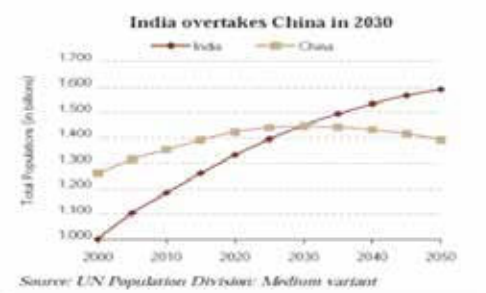
OBJECTIVE

1. Higher population is a Future Asset of India.
2. To overtake China is not impossible for India in future. (India can overtake china in future.)

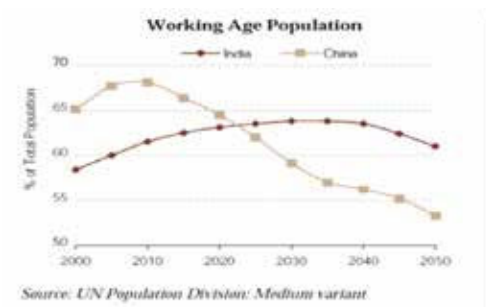
As we are trying to compare the progress of India and China, there are some sectors in which India is ahead of China due to some distinct advantages.

As China is implementing their birth control by One Child policy, the same Family Planning program is less effective in implementation to control the birth rate of India. But due to

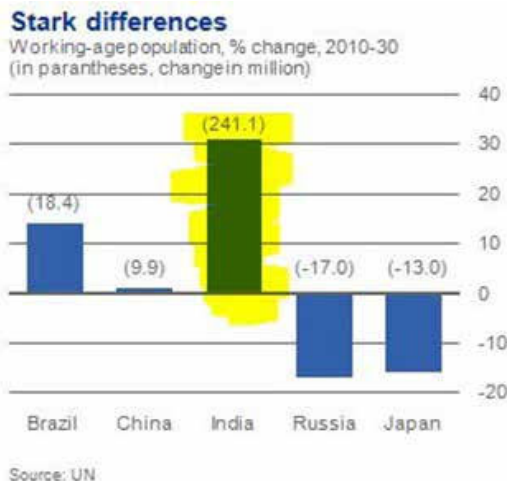
this, population of India is going to increase in future and in 2030 India will be having the maximum working population in the world.



More critical for economic growth, however, is the rate of growth in the labor force. This is best estimated by projecting growth in the "working-age" population (age 15-60). Here, India's advantages are amplified. The growth in India's working age population is expected to exceed its already rapid population growth until 2015. While China's working age population declines from 2020 to 2050, India's, increases until at least 2045. China's current working age population dwarfs India's by 230 million. However, by 2050 India's working age population will exceed China's by the same amount.



India's youthful population profile, coupled with a sharply declining fertility rate suggests a relative slowdown in the number of children expected to be added in the coming decades. The experience of Asia shows that the economic miracles in Japan and in the "Tiger Economies" of Southeast Asia and recently in China occurred at a similar stage of demographic transition where the share of working population grew sharply. China, conversely, is aging faster than any other country in history. It is unique since it is growing old before it has grown rich. Its one-child policy is largely responsible for this effect. Chinese officials state that 300 million births over the past 30 years were "Prevented" as a result of this policy. China's transition to an aging population is unexpectedly changing, and a serious gender imbalance will only exacerbate the population decline starting in 2030.



In the time span of 2010 to 2030, India will add 241 Million people in working-age population. The children who are currently in our education systems are in the working age human resource assets. While in 2010 to 2030 China will add a meager 10 million people during the same time.

Unlike many other countries that are grappling with aging population and rising dependency ratios, India has a young and rapidly growing population in the world. That would translate into more additional workforce per year. To put into perspective with China, India will add more than thrice the workforce at a growth rate of 1.6% per annum by 2025.

From the above, the Indian Human Resource Assets are going to prove pivotal in making India stronger to overtake China in coming years.

1. DEVELOPMENT OF IT SECTOR

In IT services, India is making more progress than China. To make this progress Indian IT service market has the following strong points than China.

2. POPULATION

China is the world's thickly populated nation with 1.3 billion residents to India's 1.17 billion. But in future span of time (2015) Indian population is expected to surpass China's population.

3. LABOR FORCE

China boasts 813.5 million workers and 4.10 percent unemployment compared to India's 467 million and 4.07 percent unemployment.

From the above figures, it appears unemployment problem of China is more than India.

4. COMMUNICATION (ENGLISH PROFICIENCY)

Hindi may be India's official language, but English is the unofficial language of business on the subcontinent with 232 million English speakers (out of which 226,449 have English as

their first language). China has just 10 million regular English users.

It is not difficult to find fluent speakers of French, German, Portuguese, Russian or any number of important world languages on the streets of India; the same cannot be said of China where, according to a 2006 article in English Today, only 0.77%, or 10 million people, speak English.

5. ITO MARKET SIZE

India has the leader ranking in annual IT service revenue collection, while China has lower than one third of the revenue collection from IT services.

The annual IT services revenue estimated \$70 billion of India from both domestic and offshore outsourcing. While China's overall revenue has about \$20 billion.

6. CUSTOMER RATIONALE (Fundamental reason)

Customers look to India and China for low cost, a large available talent pool, and expertise, according to Duke University's Offshoring Research Network. But IT buyers rank language requirements and co-location with business process facilities as top reasons for offshoring to India; they list access to the local market and co-location with manufacturing facilities as important reasons for outsourcing to China.

7. WAGE INFLATION

India continues to experience strong upward pressure on salaries, while China's wage inflation has been low till now.

Salaries rose by an average of 11.5% a year in India in the past five years compared to 7.5% in China.

China's labor costs are cheaper, according to data from offshore outsourcing consultancy Neo Advisory. An entry-level ITO worker earns \$7,000 a year versus \$8,400 in India while a Chinese team lead with two to five years of experience earns \$14,700 compared to \$17,000 in India. At the manager level, wage disparity increases with Indian manager earning \$30,800 a year, 36 percent more than their Chinese counterparts making \$22,600.

8. SCOPE OF IT SERVICES

India continues to climb the value ladder offering IT, business process, and knowledge process outsourcing. Consulting services are also on the rise. While China's focus remains on software and product development.

9. SERVICE DELIVERY MODEL

In India, traditional third-party outsourcing deals predominate as captive centers continue to be sold or folded. In China, captive centers account for more than half of all IT service delivery.

10. SUPPLIER BASE

India has a robust and competitive provider environment led by a region of Indian-owned, publicly held suppliers and large local operations of global providers, along with niche players. China's market is fragmented and dominated by small to mid-size suppliers, including Chinese owned providers, Western-managed companies, and local operations of global suppliers.

11. IT OURSOURCING BASE

India's most valuable customers are U.S. and European buyers of IT services. In China, domestic companies make up the majority of the customer base, followed by those from nearby Asian countries such as Japan.

12. PROCESS MATURITY

India's outsourcers have put years of investment and training into software development and other process maturity programs. In China, process and functional skills are necessary for requirement analysis, business process design, and use-case developments are scarce, say analysts.

13. IT OUTSOURCING "BRAND"

"India, Inc." is known as the leading offshore outsourcing destination thanks to concerted efforts of providers, trade association, and government. China lacks a clear identity or common message with competing government initiatives, regions, cities and technology parks.

14. TRANSPARENCY

More than 85 percent of outsourcing customers cited "Chinese inscrutability" as a concern, according to Gartner, making relationship-building difficult. Leading outsourcers in India tend to promote transparency with customers, in as much as true openness is ever a part of an outsourcing deal.

15. CULTURAL AFFINITY

A former British colony, India retains a strong cultural affinity with Western nations. U.S. and European customers cite cross-cultural differences as a big barrier to success when outsourcing to China, according to Gartner. Chinese workers can have difficulty adapting to collaborative or entrepreneurial environments.

16. GOVERNMENT INCENTIVES

India's government was slower to join its own ITO party but has created a business-favorable legal and regulatory environment. China's central government has gone into overdrive with a fiscal policy that encourages IT services development.

17. CURRENCY RISK

A strong India rupee still erodes the margins of Indian providers (or gets passed on in higher customer costs). China's currency is also strong, but does not float despite increasing pressure from trading partners to appreciate the yuan's value.

18. LEGAL SYSTEM

For Western customers, India's legal system is familiar—a British-based common law system with an independent judiciary. China's civil law system derived from Soviet and continental legal principles; critics warn that it is opaque, complex, and inconsistently enforced.

19. BPO SECTOR

BPO is one of the sectors where India enjoys an upper hand over China BPO industry. India's earnings from the BPO sector alone in 2010 are \$49.7 billion while China earned \$35.76 billion. Seven Indian cities are ranked as the world's top ten BPO's while only one city from China features on the list.

20. MANAGEMENT MATURITY

India possesses strong project management skills and continues to invest in initiatives to strengthen middle management

capabilities. China has a shortage of middle- and senior managers with experience managing client expectations.

If one looks at cross-border activity, China is yet to become active in acquisitions to-date. Big acquisitions by Chinese businesses

- Lenovo's takeover of IBM's PC business and more recently the Chinese acquisition of an interest in Blackstone.

On the other hand, Indian companies have been on a tear building up international assets and expanding throughout the world. Recent examples:

- Tata Steel's \$13.6 Billion Acquisition of Corus
- Mittal Steel's even larger \$31 billion purchase of Arcelor
- Tata Group's acquisition of U.S.-based Glaceau, a health drinks and water manufacturer, for US\$677 million
- Tata Tea's purchase of a controlling stake in Britain's Tetley for US\$407 million
- India's wind energy firm Suzlon's acquisition of Hansent Transmission for \$324 million
- Infosys's \$28 million acquisition from Phillips of BPO centers in Chennai; Lodz, Poland and Bangkok, Thailand.
- Indian Pharmaceutical giant Ranbaxy's acquisition of Romania's Terapia
- Ballarpur Industries (an Indian Paper and Pulp company) and JP Morgan's acquisition of Malaysia's Sabah Forest Industries

As can be seen from the above examples, Indian companies are actively becoming world players. Chinese companies really can't match the breadth or the depth of acquisitions and this is giving Indian companies a lead over their Chinese counterparts.

CONCLUSION

1. High population of India is the valuable Human Resource Assets for the tomorrow's progressive India. India using this Human Resource Assets to overtake China in present and future development activity.
2. In the age wise population, working age population of India is growing faster than China from 2010. In 2030 India is having more working age population than China and this is the main Human Resource Assets to overtake the China.
3. In IT and BPO sector India is always ahead of China. By considering the above strong advantages India's progress rate in IT, BPO and outsourcing is always faster than China and surely India can overtake China in future.

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