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Can the Indian tiger take on Chinese dragon?

BY [GAUTAMAN BHASKARAN](#) on [FEBRUARY 27, 2016](#) in [ASIA TIMES NEWS & FEATURES](#), [CHINA](#), [INDIA](#)

Indian Prime Minister Narendra Modi's Make in India Week, which recently ended in Mumbai after a colorful start replete with mascots and film-star studded cultural shows to attract foreign direct investment, had a sinister signal — a huge fire broke out at a cultural show connected to the big event.

In a way, as some averred, the blaze, which mercifully did not cause any casualty, was a sign that the country needed to tread the Make in India path with more caution and less optimism.



Although the Modi campaign was meant to take on China and emulate its 2014 export miracle and India scored big victories that included a promise by Taiwan's Foxconn to invest \$5 billion in an electronics manufacturing unit, there are still critical impediments on the way.

Even with a doubling of India's foreign direct investment to \$59 billion last year, the country cannot rest on such laurels.

According to a study made by the Boston Consulting Group, the "proportion of manufacturing to gross domestic product has remained around 17% for five years, below the government's goal to raise it to 25% Also, India has only created four million manufacturing jobs since 2010. And at this rate, it may only create eight million jobs by 2022, well below the government's goal of 100 million".

Professor Ravi Aron, a manufacturing expert based in America, said India could not possibly match China's exports for two important reasons. India had poor infrastructure (bad roads, inadequate railway network and unsatisfactory telecommunication facilities) and its workforce is not as skilled as that of China. Not as disciplined either, I would add.

Sadly, India neglected its manufacturing sector for two decades, jumping from an agrarian economy to a service-oriented one. And 20 years is a long time for a vacuum to remain a vacuum.

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China slowly but surely filled this vacuum with hundreds of its goods — all kinds of goods — that first made an appearance on India's border areas. They were smuggled into the country through Nepal and Bangladesh, and Indians got a taste of Chinese products, which were not superior, but so cheap that they gave a real run for money to India-made stuff.

Over the years, Chinese products improved considerably in quality. They may not be world class, but they are far better than what they were five years ago. However, the biggest coup came in the form of pricing, Chinese goods were — and continue to be — sold for a song!

Two weeks ago, I was in the southern Indian hill resort of Kodaikanal where on buying a hat I found a 'Made in China' tag on it. I got it for a mere Rs 100 (roughly a dollar and a half), and when I asked the shopkeeper why he was not selling a hat 'Made in India', he quipped, "But sir, will you pay three times the price for a hat that will also be qualitatively inferior to the one manufactured in China?"

I was foxed. I had no answer.

Last year, I picked a beautifully designed emergency lamp from Fuzhou that cost me Rs 500. I can never hope to get one in India for less than Rs 1,800, and the finish is not great.

My young friend, Lalitha Jain, who sells baby products in the southern Indian city of Chennai, stocks goods which he mostly sources from China. "The finish is beautiful. The design is unique and the margins I make are decent, because they are reasonably priced in China, where I go every two months", he contends.

Mind you, these are legally imported from China.

Today, so many goods in India come from China — from crackers to electric bulbs to electronics to garments to stationery. And they are in demand, because their quality is superior to what is being made in India — if made at all — and prices are far less expensive.

This is the kind of Indian market that Modi is trying to change. He is into a huge publicity drive to get the country's manufacturing machinery into motion. Sadly, we are 20 years or more behind China, whom we consider our main competitor.

For all these two decades, India completely neglected its manufacturing sector, its industrial output, focussing instead on the service sphere, including internet technology. But with the IT in the doldrums the world over — and with much of IT India's workforce depending on American or other Western establishments — the scene here is not happy.

Of course, India needs to kick start its factories, but it should peg its expectation at an achievable level.

As Aron quipped: "It should not be called 'Make in India' but 'Make In Spite of India'".

His advice to the Indian government, "Scale back your ambitions and focus on the growing domestic market".

And India has a huge home market (still growing) that needs to be provided with quality products at competitive prices.

Gautaman Bhaskaran is an author, commentator and movie critic, who has worked with The Statesman in Kolkata and The Hindu in Chennai for 35 years. He now writes for the Hindustan Times, the Gulf Times and Seoul Times.

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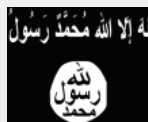
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Cherry Ian · 3 hours ago

Surely, if India build more toilets and improve its literacy, work hard, not shouting democracy in streets etc.... there may be a chance 50 years later.

2 ^ | v · Reply · Share >



Headstrong · an hour ago

Slow news day, I see. So pull out one from the dusty cupboards - this time it's the China vs India.

India has tons to do on the infrastructure front - and on the economy in general. Why compare with China? There's enough space for both to grow - why see it always as a zero sum game?

1 ^ | v · Reply · Share >



Shavi Tüpraş → Headstrong · 15 minutes ago

It's because neither the Chinese nor the Indians are "exceptional" or "indispensable" - they are just *untermensch*, and the appropriate Imperialist policy is therefore the same as it ever was - **divide & rule**

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Shavi Tüpraş · 21 minutes ago

China has infrastructure and an established supply-chain; India doesn't even have indoor sanitation

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Any Chinese notices about this?

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Shavi Tüpraş → Diaspora of No Country · 21 minutes ago

no, just bigoted American clickviews

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Ilmunc Makesuill · 2 hours ago

Indians have become jaded, till last year the railway stocks used to rise up to budget, hoping for some positive announcements, and then fall because nothing will happen. This year railways stocks took beating a month before budget because people realized that nothing special will be announced.

In last one month there were three announcements: Investors promising 15 lakh crore Rs investment in West Bengal, 20 lakh crore in Karnataka and then then power ministry announced 1 trillion dollar investment coming in power sector! All these announcements are bigger than 'Make in India' announcement, these investment promises seems to be all jokes. India has not done any investment in infrastructure and that sector is crumbling, Banks are crumbling, and in that environment who are these 'angel' investors who are promising to invest trillions of dollars of their money in India?

As far FDI increase, it is again change in definition. All money coming to India is called FDI whether it comes for stock market, real-estate or capital investments, all are called FDI!

^ | v · Reply · Share ·



Alex Wijaya · 2 hours ago

the problem isn't only in indian side, but also in the global market in general. China has the luck to ride on globalization for the past three decades. Now with economic meltdown every where, india will need to work twice harder to find a market to sell if india can indeed succeed in made in india program. The irony is that, it is probably China that india need to aim to sell to. China is in the middle of transformation from export oriented economy to consumption based one. Not to mention China is the king of the cash today. But with india's hostile foreign policy towards China today, it seems to me india is looking at political and economic suicide.

^ | v · Reply · Share ·



Hi banana republic · 3 hours ago

Can the Indian tiger take on Chinese dragon?

OH yes India have the most passenger train in the world

China have the fastest passenger train in the world

how about Olympics..?

Olympics committee reject India bid for the Olympics because they R not sports contender

^ | v · Reply · Share ·



Ilmunc Makesuill → Hi banana republic · 2 hours ago

That is not very useful either, if you are running your fast trains empty to nowhere ultimately things will catch upto you. You can't keep building ghost cities, ghost trains, to shore up your number.

^ | v · Reply · Share ·



Tickertapeguy · 3 hours ago

What stands out in this article:

"Also, India has only created four million manufacturing jobs since 2010. And at this rate, it may only create eight million jobs by 2022, well below the government's goal of 100 million". and

"India had poor infrastructure (bad roads, inadequate railway network and unsatisfactory telecommunication facilities) and its workforce is not as skilled as that of China. Not as disciplined either, I would add."

and

'Indians got a taste of Chinese products, which were not superior, but so cheap that they gave a real run for money to India-made stuff.'

To this I would add that Indian commercial banks which loan to companies in India so that they could expand have accrued up to 117 billion dollars in bad loans (or loans that cannot be paid). that slows growth.

But looking at India and China from an American point of view, China has taken over 3.2 million jobs from the US since 2001. India millions (though I do not have an exact figure). If Trump becomes President he stated that China imposes massive "Tariffs" on good she imports

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**Ilmunc Makesuill** → Tickertapeguy · 2 hours ago

Chinese are panicking and throwing money around. Indian 117 billion is peanuts compared to Chinese bad loan which will run into 10s trillion of dollars. That is why no one is worried about Indian default but what Chinese do will determine the future direction of America and rest of the world.

1 ^ | v · Reply · Share ›

**Shavi Tüpraş** → Ilmunc Makesuill · 17 minutes ago

100's of trillions, surely. thousands of billions of squillions of zillions, all of it bad debt

you haven't a clue what you are talking about, have you - you just think it sounds good. Go on, say "Ghost City"

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**Shavi Tüpraş** → Tickertapeguy · 18 minutes ago

"China has taken over 3.2 million jobs from the US since 2001"

those jobs didn't belong to America, and the Chinese didn't "take" them - the Americans lost them through waste, inefficiency and a deluded sense of entitlement

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