

# Business environment essay

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In this task I have been asked to compare and contrast the economies of India and China. I will be researching on both countries in order to overcome a conclusion on the economics of India and China. India and China have been growing rapidly since the 1980; reports show that both countries GDP are growing fast. They also show that China's GDP grew the fastest as an average rate of 10.3% per year from the years of 1980 to 1990 while India grew only at 5.7% per year. This shows that the rate of the economy is growing.

Both countries India and China are expected to grow over the years at a fast rate. The economies of India is measured in USD (United States Dollar) exchange rate terms. India's economy is the twelve largest in the world as it has the GDP of 1 trillion in the year 2008. India's economy consists of manufacturing, agriculture and services. India has a main importance of outsourcing of customer's services and technical support. India is also known for highly skilled workers in areas like software, financial services, engineering, pharmaceuticals, and biotechnology.

India is the world's second largest farm output as agriculture and fishing are counted for 16.6% of the GDP in the year 2007 as it employed 60% of the total workforce. India is at number fourteen in the world for factory output as its GDP is 27.6% and employs 17% of the workforce although one third of the industrial labor is household manufacturing. Although India's household produces products, India is in threat of cheap Chinese imports which lead India to design and produce new products and rely on low cost of labor and technology.

There are ten leading companies in India which have been listed in the Forbes global 2000 ranking of the year 2008 which are Reliance Industries, Oil and Natural Gas Corporation, State Bank of India, Indian Oil Corporation, ICICI Bank, NTPC, Steel Authority of India Limited, Tata Steel, Bharti Airtel, Reliance Communications. India is the fifteenth in services output as it provides 23% of employment to the workforce and has the largest share of GDP of 55%.

The services industry consists of out sourcing as companies around the world are highly taking advantage of Indian workers as they are greatly skilled and educated and fluent in English. A large number of residents in India live below the poverty line and 14.3% earn less than 50 pence and day in the year 2005. Reports found that 65% of Indians, lived on less than 20 rupees per day with most working in informal labour with no job or social security, living in complete poverty. China is the third largest in the world for its economy with a GDP of 7.

1 trillion (PPP) (2008). The economy of China consists of farming, agriculture, private enterprise, services, light manufacturing and banking systems. China has more than half of the working age employed in agriculture and rural activities with low productivity than non farm workers; reports believe that China's non-farm workforce will increase by 70 to 100 million in the next decade. The two most important sectors of China's economy are agriculture and industry, as they employ more than 70 percent of the work force and produce more than 60 percent of the GDP.

China is the world largest producer of rice, wheat, corn, tobacco, soybeans, peanuts and cotton. China is also one of the world's largest producers of industrial and mineral products such as cotton cloth, tungsten cotton yarn, coal and crude oil. China has generated some highly smart production facilities which build advance engineering plants capable of building a range of nuclear weapons and satellites. Inflation increased by 7% in the year 2007 to 2008 annually raising at 8. 7% in China.

The major problem was the food and fuel sector. As there were shortages of fuel developed in the fall of 2007, the prices of fuel increased and were selling at \$2. 65 a gallon. The inflation caused problems for the Chinese government which lead to the government to increase prices on the market. By January 2008 inflation increased to 7. 1% which was described as the highest rate of inflation since the year 1997 where the economy of China had to face a down fall with price rises and shortages of food.