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An Effect on World Economies After Economic Partnership Between India and China in Future

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***Abstract*: China and India, the world largest and fastest growing economy. If there will be close economic partnership China and India have additional economies. India has raw materials, while China has production. India has businesses and consumers who use them, while China has advanced technologies. They also have long-standing trade disputes arising from their shared borders and China's friendship with the Indian enemy, Pakistan. There are several air routes and several visa delays. These disputes will not be resolved by a single friendly trade agreement. Both realize the potential benefits of a partnership. A trade agreement is a good first step towards a certain level of "awareness". With a third of the world's population, (INDIA + CHINA) =INDOCHINA can be a huge economic power in the global economy & replace dollar as world Currency by their own Currency (*rupee* + *yuan*= *rupyan*). It will be Best economic partnership for this region.**

***Keywords*: World economies**

1. Introduction

In 2018, China was the fourth largest economy in the world for the fourth consecutive year. It has generated $ 25.3 trillion in IMF estimates. This contributed 19% of global GDP to $ 135.2 trillion. The EU was in second place and generated $ 22 trillion. Together, China and the European Union represent 35% of the world economy. The United States remained in third place and generated $ 20.5 trillion. In the world's three largest economies, 50% of the total global economy has been generated. No other economy is even close to these three. The fourth largest economy was India, which generated $ 10.4 trillion. Japan was fifth, with $ 5.6 trillion. Germany, the strongest EU country, generated $ 4.4 trillion. These measures use purchasing power parity, taking into account changes in the exchange rate over time. It is also governed by the manipulation of rates by the government. Don't start exchanging US dollars for Chinese yuan and you haven't learned Mandarin yet. These three figures are very close. The Chinese economy is slowing as its leaders try to reform the asset bubble by reforming it. The yuan is therefore unlikely to replace the dollar as the world's reserve currency in the near future. The dollar is collapsing with the strength of the American economy.

China and India were the largest economies in the world before the middle of the 19th century due to their large populations. At that time, economic production was more functional for the population than for productivity. The industrial revolution increased productivity and, after the 1950s, the United States became the largest economy in the world. Innovations in manufacturing, finance and technology have helped maintain this status to this day. Productivity in the U.S. peaked after the dot-com boom. In the early 2000s and has declined over the past decade. At the same time, globalization has accelerated the transfer of technology around the world. These trends suggest that people, rather than innovation, will again become an important engine of economic growth.

Price water house Coopers, a London-based multinational consultancy, released a report called "The world in 2050" in February 2017, describing how the global economic order will change by 2050. In the report, researchers believe the economy America will fall to third place after India and China - and much of Europe will fall into the top 10 economies. These trends can have a significant impact on international investors. PwC predicts that France will no longer be a leading economy by 2050. This has prompted Mexico; which PwC plans to become the seventh largest economy in the world by 2050. PwC's "World in 2050" report says emerging markets will include many of the top ten economies in the world by 2050, including GDP and PPPs.

The table below presents IMF estimates for 2016 and PwC forecasts for 2050 to illustrate these changes. The PwC report also examines the fastest growing economies in 2016-2050, which include the current definition of frontier markets. Overall, PwC estimates that the global economy will have doubled by 2042, growing at an average rate of 2.6% between 2016 and 2050. These growth rates should be mainly driven by emerging countries, including Brazil, China, India, Indonesia and Mexico, Russia and Turkey. These countries are forecast to have grown by more than 3.5% on average, with Canada, France, Germany, Italy, Japan, the United Kingdom and the United States at 1.6% in above average. Home Country Investors Most investors are overweight in their home country investments. Vanguard, for example, found that US investors hold about 1.5 times more stocks than the US market capitalization, or 55.1% as of September 30, 2018.

Financial theory suggests that investors should invest more in securities which contributes to increased diversification and longer-term risk-adjusted returns. Home country bias can become even more problematic as the United States becomes less and less responsible for global market capitalization. If American investors maintain the same level of exposure to foreign investments, despite the drop in the United States' share in the world market capitalization, they will have a more marked bias towards the country. Investors should anticipate more emerging markets in the coming years to avoid this bias.

The United States has been a leader in the global economy for many years, but this dynamic may begin to change with the growth of emerging markets. For example, the US dollar has long been the most important reserve currency in the world, but the Chinese yuan may overtake the dollar in the coming years. This can have a negative impact on the appreciation of the US dollar over time and potentially destabilize the global economy if the yuan is volatile. Production is equal to the expenditure measured by GDP, so it takes into account the cost of living. India is expected to grow 59% while Japan will grow only 13%. A table comparing each one's GDP in 2018 a Projected Growth of World's 10 Largest Economies (in Trillions of U.S. Dollars).

Economy	2018	2023	% Growth
World	$135.2	$177.4	31%
China	$25.3	$37.2	47%
EU	$22.0	$26.5	20%
US	$20.5	$24.7	20%
India	$10.4	$16.6	59%
Japan	$5.6	$6.4	13%
Germany	$4.4	$5.2	18%
Russia	$4.1	$4.9	19%
Indonesia	$3.5	$4.9	42%
Brazil	$3.4	$4.2	23%
United Kingdom	$3.0	$3.6	19%

Even though the European Union produces more, some experts have said that the United States is still a large economy. He argues that the US is a country, while the European Union is just one trading region comprising 28 separate member countries. But the EU accepts many rights that make it more than just a free trade zone, like the North American Free Trade Agreement. In addition to tariff relief, the European Union allows free movement between countries for employment and commerce. In addition, 19 of these countries share a common currency, the euro. Despite the euro zone debt crisis, the European Union is moving towards greater fiscal and monetary integration. The European Union is functioning at all times as an increasingly integrated economy. The US economy grew more slowly than the European Union.

The Euro zone crisis has changed all that. Many analysts initially stated that the EU's "experience" was doomed to failure because these very different countries could never function together as a unified economy. The euro zone crisis can still vindicate them. But the European Union has achieved an economy of scale that destroys the comparative advantage that the United States has traditionally enjoyed. In addition, the European Union currency, the euro, has successfully competed with the dollar as a global currency. Thanks to these competitive pressures, and now China, the United States is no longer the world's largest economy. Many sources still claim that the United States is the largest economy in the world. They use IMF GDP figures as follows:

1. United States: $21.4 trillion
2. EU: $18.7 trillion
3. China: $14.1 trillion
4. Japan: $5.1 trillion
5. Germany: $3.8 trillion
6. United Kingdom: $2.7 trillion
7. France: $2.7 trillion
8. India: $2.9 trillion
9. Italy: $1.9 trillion
10. Brazil: $1.8 trillion

These calculations use official exchange rates instead of PPPs. The government of the country or central bank determines this course. It will tell you how much the bank will give you in exchange for your country's currency. Unlike PPP, it does not take into account exchange rate changes over time. Nor does it compensate for manipulation of government exchange rates. The PPP takes these differences into account, giving a more realistic picture. In 2018, the world's largest economy is China, measured in PPP. The European Union ranks second and the United States ranks third. But the US retains its 11th rank when nominal GDP is measured. This situation has remained unchanged since 1871. The top 20 economies generate around 81% of world GDP. It is also surprising to find that the rest of the world production is at least one-fifth of GDP.

India is the fourth largest economy in the world. In 2017, it generated $ 9.4 trillion in goods and services. But there is a long way to go in the top three: China at $ 23.1 trillion, the European Union at $ 19.9 trillion and the United States at $ 17.4 trillion. Despite the Great Recession, India has grown rapidly. It rose 6.7% in 2017, 7.1% in 2016 and 8% in 2015. From 2008 to 2014, it has increased from 5% to 11%. This unprecedented growth rate has reduced poverty by 10% in the last decade.

From 5 September 2013 to 4 September 2016 Raghuram Govind Rajan was the Governor of the Reserve Bank of India. It lowered interest rates and relaxed the Indian currency, the rupee, by relaxing banking regulations. He forced banks to write bad debts. This freed up their capital to invest in a healthy new business. Rajan has been known to warn central bankers of the 2008 financial crisis. In 2005, he described how structural deficiencies in the economy could lead to a financial crisis. He introduced a document titled "Has financial development created world risk?" In Central Bankers Annual Economic Policy Symposium.

Rajan found that banks kept derivatives to increase their own profit margins. He warned that if an unforeseen "Black Swan" event occurs, banks' exposure to these derivatives could create a crisis similar to the hedge fund crisis for similar reasons. Rajan said that "the interbank market may freeze. We can also face financial crisis." The public laughed at his warnings and called Laurence Summers, then president and economist at Harvard University, Rajan Ludd. But Rajan's prediction was exactly what happened two years later.

Prime Minister Narendra Modi won re-election on May 23, 2019. He was initially elected on 16 May 2014 and ended the party's 60-year leadership under Mahatma Gandhi. Successful businessman Modi has pledged to cut and regulate the red line, give green light to infrastructure projects and simplify the tax code. Opponents say he has broken his promises. Although the growth rate was over 6% in 2014 and 2017, unemployment is still 8.5%. Public banks had bad loans, which reduced their borrowing capacity. The rupee depreciated by 2016, a drop of 3.6%. The tax on goods and services was unpopular. India has a mixed economy. Half of Indian workers depend on agriculture, which is a membership of the traditional economy.

Socio-economic status is largely determined by geography. The three main regions of India have different class and educational divisions. Each year, 11 million people leave their villages to live in the cities. Most of them are young and educated. They are looking for superior quality. The lucrative Indian film industry is called "Bollywood". Bollywood is twice as big as the movies that make Hollywood. Bollywood contributed $ 4.5 billion to India's GDP. It will generate less revenue than the $ 51 billion in Hollywood simply because the price of its tickets is much lower. In addition, it costs less for Bollywood films: $ 1.5 million on average, $ 47.7 million in Hollywood.

These comparative advantages offer great opportunities to American companies. Foreign direct investment in Indian companies can be very lucrative. The Indian middle class has nearly 250 million inhabitants, more than the American middle class. It will continue to grow consumer spending and the economy of India. Besides FDI, India has experienced more than 100 initial public offerings in the past 18 months. Private equity funding increased in 2012 and 2013, a trend that is expected to continue. Energy, health, industry and materials are the top four areas. Although inbound mergers and acquisitions have decreased in the past year, inbound transactions have increased significantly in emerging markets in the Middle East, Asia, Africa and South America. These transactions were triggered by depressing valuations due to the recent recession.

Modi is against the bureaucracy of the authoritarian Indian government. This complicates any fiscal or monetary policy. In August 2015, it was not allowed to pass a law to acquire land for infrastructure development. US monetary policy has hurt the Indian economy. When the Federal Reserve began its quantitative easing program, lower interest rates boosted the value of the dollar. This led to the cost of the Indian rupee. Inflation of 9.6% forced the Central Bank of India to raise interest rates. This slowed India's economic growth, which resulted in moderate stagflation in 2013. In the second quarter, it experienced inflation of 9.6% and GDP growth of 0%.

Inflation was caused by a drop in the rupee. The slow growth is due to the contrast between monetary policy and inflation. In 2017, inflation slowed to 3.6%. Investors rebounded from India and other emerging markets when the US Federal Reserve began to cut its quantitative easing program. When the dollar rose 15% in 2014, it forced the rupee and other emerging market currencies to fall.

Climate change threatens India's efforts to improve the quality of life for its citizens. Over 600 million Indians face severe water shortages. Bangalore and New Delhi are two of the 21 cities to have groundwater wasted in 2020. About 200,000 people die from contaminated water. By 2030, 40% of the population will not have access to drinking water. Most Indian rainwater comes from the four-month monsoon.

The United States is one of its greatest allies and China is one of the main economic partners. In 2006, the United States agreed to conclude a nuclear distribution treaty with full access to civil nuclear cooperation with India. And this despite the violation of the Indian treaty. They detonated nuclear equipment and are not part of its program under the auspices of the International Atomic Energy Agency. India wants to act as five official nuclear powers: The United States, Russia, Britain, France and China. The United States wants India to assist in the production of highly enriched uranium and plutonium resins. But India refused. India plans to increase from 50 to 300 by 2010. For India, these rules are bad for the American allies who have agreed to refrain from building nuclear energy: South Korea, Taiwan, Brazil, Argentina, South Africa, Ukraine, Kazakhstan and Japan. The contract was part of an overall growth in trade relations between American companies and India. The United States and India should place greater emphasis on military cooperation, including joint defense exercises and counter-terrorism efforts.

2. Conclusion

China and India, the world's largest and fastest growing economy. Because of their close economic partnership, countries are often called coriander. China and India have additional economies. India has raw materials, while China has production. India has advanced technologies, while China has businesses and consumers who use them. They also have long-standing trade disputes arising from their shared borders and China's friendship with the Indian enemy, Pakistan. There are several air routes and several visa delays. These disputes will not be resolved by a single friendly trade agreement. Both realize the potential benefits of a partnership. A trade agreement is a good first step towards a certain level of "awareness". With a third of the world's population, (INDIA + CHINA) = INDOCHINA can be a huge economic power in the global economy & replace $ as world Currency by own Currency(*rupee+yuan=rupyuan*). It will be Best economic partnership for this region

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