

**RESEARCH PAPER****India-China and United States: Trilogy to Stabilise the World Economy****Akhilesh Kumari**

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Email: raghvendra_22june@rediffmail.comReceived: 7th July 2017, Revised: 25th October 2017, Accepted: 27th October 2017**ABSTRACT**

India and U.S are the world's biggest and most influential democracies and since the end of cold war Indo-U.S relations have passed through many changes Both the countries have gone a step ahead in the areas of security, defense, counter terrorism, science & technology, health, trade, energy, maritime co-operation and environment. India and China stressed to broaden bilateral ties in various areas, working to achieve a "fair and reasonable settlement while seeking a mutually acceptable solution" to the border dispute. China and the United States despite having a bigger economic co-operation, shares a greater interest in reforming the international institutions like UN, IMF and World Bank along with regional stability in different geo-political locations especially in Asia. US along with China & India in co-operation with other G-20 countries should try to address the issues of improving of International Financial Institution's, required regulation or oversight for important international institutions and appreciation of transparency standards in the financial markets internationally. In the changed economic scenario, China, U.S. and India are going to share a major role in the revival of world economy; therefore stabilization in the relations in the economic arena among these three economies is very much necessitated in the current world economic order.

Key words: BRIC, IMF, World Bank, Chimerica

INTRODUCTION

India and U.S are the world's biggest and most influential democracies and since the end of cold war Indo-U.S relations have passed through many changes. The maiden visit of U.S president Clinton in March, 2000 in 22 years paved a new chapter in Indo-American relation. A mutuality of interest is recognized on both sides .India hopes to get bigger foreign financial investment and maintain itself as a key regional and international player. For this India requires US support to achieve her goals. In return US want to open India's market for its goods, to check nuclear proliferation and also want to limit Chinese dominance in South and South Eastern Asia. Both the countries have gone a step ahead in the areas of security, defense, counter terrorism, science & technology, health, trade, energy, maritime co-operation and environment.

China & India started their diplomatic relations on April 1, 1950. Indian Prime Minister Rajiv Gandhi's visit to China in December 1988 initiated a warming trend in relations. The two sides released a joint statement that emphasised the need to restore friendly relations on the basis of Panchsheel. India and China stressed to broaden bilateral ties in various areas, working to achieve a "fair and reasonable settlement while seeking a mutually acceptable solution" to the border dispute.

Recently Chinese premier Wen Jiabao came on official visit to India, where he said that India and China must increase their trade to \$ 30 billion level by 2010. Seeing the massive growth in Sino-Indian trade, China proposed a 5 point agenda, including removing trade barriers and increasing multilateral cooperation to improve bilateral trade. According to a CII study, special focus on investments and bilateral trade in services and knowledge based sectors, besides manufacturing, must be given, in view of the dynamic comparative advantage of India. Indian Companies could enter the \$ 615 billion Chinese local market by using it as manufacturing base.

United States now provide lot of importance to the India for being the biggest democracy in the world and its expertise in information and technology (IT) along with other fields, where MNCs of US have invested or in the process of it. China and the United States despite having a bigger economic co-operation shares a greater interest in reforming the international institutions like UN,

IMF and World Bank along with regional stability in different geo-political locations especially in Asia.

At the other end, it is possible for China, the US and India to establish a relatively better relationship if they can seek common views and area of interests, and forward their differences aside to deal with bilateral and trilateral issues within a strategic look out. International economic relations changes in view of new development in world economic scenario and there are like no permanent foe or friend in the world economic establishment. India will have to learn from China & USA, how can one move ahead in bilateral economic cooperation even having so many issues to confront with in side by.

WORLD ECONOMIC SCENARIO WITH REFERENCE TO INDIA CHINA AND US

In the present century, economic integration goes beyond the boundary of free trade. Economic integration includes the trade in goods, services, and flows of ideas & information along with movement of capital, people and co-ordination of policies at world level. The market-driven integration propels the Govt's to adopt the necessary measures to get the benefits of liberalisation. But all the economies may not be able to bring the necessary changes therefore some economies can set the example for the other economies.

China and India depends on different fields in economic arena as India has got better off in services, China on the other hand in industry and manufacturing. Bilateral trade relations rely a lot on regional stability in Asian region, which in turn assist to boost FDI in each country. In this regard China and India concluded several agreements on confidence building and co-operative monitoring to avoid issues of conflict. America can exert its influence at G-20, IMF and World Bank platforms to call upon the various national and regional regulators to make their regulations and other measures consistently. Being a sole super power US may persuade the regulators across the world to increase their coordination and cooperation across all segments of financial markets, including with respect to multi-national capital flows.

Strengthening co-operation on crisis management, prevention and resolution may lead the world experiencing the sub-prime crisis ever again. The 2008 recession has forced the US to bind for proposing reforms of the Bretton Woods institutions along with other major economies so that they can more profoundly reflect changing economic weights in the international economy in order to grow their legitimacy and effectiveness. This will require the expansion of Financial Stability Forum (FSF) to a greater membership of emerging economies into it. The IMF, in co-operation with the expanded FSF and other international bodies, should work to better identify vulnerabilities, anticipated potential stresses and act quickly to play a key role in crisis response.

US along with China & India in co-operation with other G-20 countries should try to address the issues of improving of International Financial Institution's, required regulation or oversight for important international institutions and appreciation of transparency standards in the financial markets internationally.

NEW WORLD ECONOMIC ORDER FOR 21ST CENTURY

US which is one of the biggest economy of the world has its economic ties with all the major trade blocks world wide therefore when this recession happened every country felt shock which was closely linked with US economy. The weakening of US currency raised the concerns in every trade region of the world and was later on held by Chinese government to stabilize the international economy.

The US provided for 25 percent of world GDP growth, while India and China jointly accounted for nine percent in 1950's. Today, the US has reduced to 20 percent but India and China economies have more than coupled and now together also provide some 20 percent. China and India are the two growth engines of the world that are required to keep the international demand cycle going and as all the financial experts are advising that in 21st century these two economies possess the weight and dynamism to change the world economic order, so stability in the relationship of these two is required for stabilization in international economic order.

Although relations between the US, China and India seem to be mainly bilateral in nature, they grow in an underlying triangular relationship. Thus the appropriate way to deal with the trilateral

economic relations in the world economy is to concentrate on common areas of interest and put the issues of conflict on a shelf for a while. This makes an amicable environment in dealing with the bilateral issues of conflict. In the changed economic scenario, China, U.S. and India are going to share a major role in the revival of world economy; therefore stabilization in the relations in the economic arena among these three economies is very much necessitated in the current world economic order.

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