

1. China is a mighty newly emerging global power that naturally deserves space to expand its sphere of influence and so, 'engage China' would be better option for the existing world order rather than 'contain China' policy. Comment.

Answer:

As the balance of power is shifting from west to east, world is looking the 21st century as Asian Century. Major reason of this shift is anchoring around the rise of China as a global power. India is also seen as an emerging power, its time will come soon when it match the capabilities of these superpower.

What makes China an emerging global power?

- China has been the engine of world economic growth for past three decades and growing in two digits till recently. China is said to be the world's factory. It is also the largest exporter & largest trading nation of the world. Its foreign reserves have swollen to more than 3 trillion USD.
- China is acquiring assets & natural resources in Africa, Latin America & Central Asia; China is the world's second biggest spender on research and development.
- Major Infrastructure projects at world level are funded by Chinese's wealth. E.g. One Belt One Road initiative.
- China is already a member of UN Security Council & enhancing its military capabilities. Thus has a say in world affairs.
- Increase in voting rights of China at IMF from 3 to 6 percentage points, its surpassing of US GDP based on PPP i.e. contributing to almost 17% of world GDP while US is at 16%, establishment of Asian Infrastructure Investment bank with majority of stake & New Development Bank to counter the influence of west dominated IMF & World bank. All these showcase the expanding sphere of influence of China.

Why world should engage with China & avoid contain China Policy?

- To avoid cold war situation: History has proved that new powers need their space otherwise the consequences are damaging. Seeing the current unsaid rivalry of USA & China may create the situation of cold war. USA wants to contain the China's rise as superpower to continue its hegemony in the world affairs.
- Stability in South China Sea: South China Sea is becoming the new arena of global powers after Middle East. USA has deployed its biggest fleet of naval ships in the region & China is also placing its missiles on Spratly Islands which is making the region vulnerable.
- For consensus on major global issues of environment & terrorism: major issues which are the concerns of the whole humanity cannot be handled by any country alone. Presently world is facing the crisis of global warming, rise of religious fundamentalism, global terrorism, cybercrimes & many more. China now has economic, demographic, military & technological resources at its disposal. It can contribute significantly in global fight against these issues.
- Stability in financial sector: currently world is facing serious challenges in its economic growth. Cycles of recessions & depressions are shrinking and as a result of globalization world is becoming more vulnerable to domestic crisis of any

country. Downfall in Chinese stock market send a wave of panic in entire world, Currency war between the countries is making the financial sector as a ground of another world crisis. China has major investment world over & IMF has given Yuan the status of hard currency so without China's involvement these issues cannot be settled.

- China is largest trading country of the world, it is funding major infrastructure projects in developing & least developed countries of Africa and Latin America who don't have resources, technological capability for the development. To continue the cycle of development Chinese investment is required.
- North Korea which may be the threat to entire world due to its military dictator can be negotiated through China.
- In spite of all these China cannot be left to do its whims. World needed a responsible superpower which can support & guide the other countries but should not dominate militarily or financially. If there is any crossing of limit by china it needs to be given a serious heed. Issue should be resolved through negotiation, diplomacy & creating pressure in multilateral forums so that history doesn't repeat itself as was the case of Germany.

PRACTICE QUESTIONS

Answer the following Questions

1. Not only do services MSMEs contribute mightily to the overall GDP growth, they have a powerful, multiplier impact on the local economies as well. Elaborating on the statement, highlight the problems faced by service sector MSMEs. How can the government make it easier for MSMEs to start and grow a business? (150 words)
2. Contract Farming has many advantages, however it suffers from market failures. Elaborate. What can the government do to correct problems that lead to contract failures? Also, discuss whether the Model Contract Farming Act, 2018 is a step in the right direction. (150 words)