At present, India is the world's fastest-growing major economy, with robust projections indicating that it will surpass several peers in the coming decades. Yet, while China dominates global manufacturing, still accounting for roughly 25% of its GDP in recent years, India has carved out a distinct path. Its economy leans heavily on the services sector, which contributes over 54-56% of gross value added (GVA) in 2024-25, according to official estimates from India's Ministry of Statistics and Programme Implementation and the Economic Survey 2025-26. This services-led model, powered by technology, finance, digital infrastructure, and professional services, offers notable resilience compared to China's manufacturing-heavy approach, which faces cyclical vulnerabilities from global trade disruptions and domestic imbalances.

China's manufacturing prowess remains formidable. The sector drove much of the country's rise, with its share in GDP hovering around 36-40% in earlier decades before a gradual decline to about 25% in 2025, per national statistics. This reflects a deliberate shift toward higher-value activities and services (now over 50-57% of GDP), but manufacturing continues as the core engine of exports, employment for over 100 million people, and geopolitical leverage. China's export-oriented factories have weathered challenges like U.S. tariffs through diversification to emerging markets, yielding record trade surpluses in 2025. However, this model exposes vulnerabilities: overcapacity, reliance on external demand, property sector slumps, and weak domestic consumption amplify cyclical risks. Industrial output grew solidly in 2025, but investment in manufacturing slowed sharply in the latter half amid trade uncertainties.

In contrast, India's services sector has solidified as the dominant driver. In 2024-25, services accounted for approximately 55% of GVA (up from around 51% a decade earlier), with subsectors like financial, real estate, and professional services contributing nearly 23%, and trade, hotels, transport, and communications around 18%. Manufacturing, by comparison, hovers at 13-14% of GDP, far below China's levels and reflecting "premature deindustrialization" seen in some emerging economies. This services tilt stems from India's

early investments in human capital, English proficiency, and liberalization in the 1990s, enabling explosive growth in IT and business process outsourcing.

The tech industry exemplifies India's edge. India's IT-BPM sector generated substantial export revenues, with software services leading growth at around 13-14% annually in recent years. Services exports surged, doubling pre-pandemic growth rates to 14% in FY23-FY25, making India the world's seventh-largest services exporter (share rising from 2% in 2005 to 4.3% in 2024). Professional consulting and management services grew even faster, at nearly 26%. This export strength provides a stable foreign exchange inflow, cushioning against merchandise trade deficits.

Finance and fintech further bolster this resilience. India's digital infrastructure, particularly the Unified Payments Interface (UPI), has revolutionized transactions. UPI processes billions of transactions monthly, often exceeding 20 billion, with near-zero costs, interoperability, and widespread adoption (over 500 million users). This public-led, open platform contrasts with China's closed ecosystems dominated by private giants like Alipay and WeChat Pay. UPI's growth has fueled fintech innovation, financial inclusion, and low-volatility economic activity, enabling seamless digital commerce and reducing informality.

Professional services, including consulting, legal, and advisory, add high-value, tradable components less susceptible to physical supply chain shocks. Unlike manufacturing, which requires massive capital and faces tariff barriers or geopolitical tensions, these services scale via digital delivery, leveraging India's skilled workforce.

This composition fosters greater economic resilience. Services exhibit lower cyclicality than manufacturing. India's services grew steadily at 7-9% annually, even amid global slowdowns, while manufacturing fluctuates with demand and investment. Domestic consumption (around 60% of GDP) anchors India's model, buffering external shocks like tariffs or recessions, unlike China's export sensitivity. During recent global disruptions, India's services-led growth

proved steadier, with less pronounced downturns in employment or output in high-skill segments.

China’s manufacturing model, while powerful for scale and jobs, carries risks: vulnerability to protectionism (e.g., U.S. tariffs), overreliance on investment (leading to imbalances), and slower adaptation to services transitions. India’s approach, though employment-absorptive challenges persist (services create fewer mass jobs than manufacturing), offers adaptability in a digital, knowledge-driven era.

Looking ahead, India’s services dominance positions it well for future growth amid AI, digital transformation, and global demand for tech-enabled solutions. Sustained reforms could further amplify this edge, while China navigates its rebalancing. The two models highlight complementary strengths: China’s manufacturing scale versus India’s resilient, high-value services engine.