

A Study on Reform and Development Experience of India and the People's Republic of China

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The Dragon and the Elephant:
Emerging Lessons from the
People's Republic of China and India
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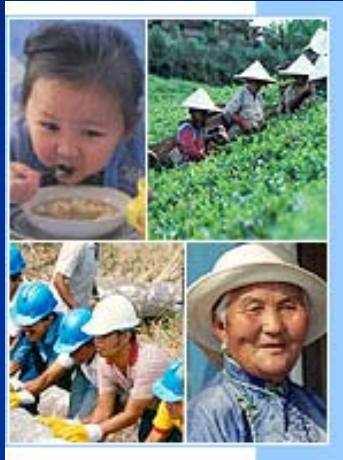
Methodology

	Report I	Report II	Report III	Report
Orientation	Timeline - event	Issue - KH	Area - project	Sector - policy
Interests	Common	Respective	Mutual	Negotiable
Key 1	Background	PRC related	Cooperation	Objectives
Key 2	Reform	India related	Complementary	Approach
Key 3	Experience	ADB related	Competition	Bottleneck
Style	Dabble Check	Contribution	Communication	Action
Side one	Govt. Factor	Advantage	Domestic	Theoretical
Side two	Non-Govt. F	Disadvantage	International	Practical

Outline

- Background
- Approach
 1. Indian Economy-Overall Reform
 2. Indian Finance Sector
 3. Indian Local Entrepreneurs
 4. Indian Higher and Professional Education
 5. Indian IT and Services Sector

Background



- Asian Development Bank
- Ministry of Finance/others, PRC
- Ministry of Finance/others, India

IPPS Team

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Approach

- Achievements: Well Recognized
- Background: no experience can be applicable to the others unless the background is similar
- Reform: legal system establishment, policy making, franchise, tax, fiscal support or land
- Experience: close to the truth, repeatable, can be learnt, can be copied, suitable to you
- Passive (change rules) or Active (no rules and make new rules)

Motto: "Crossing Rivers Via Stone Tangibility"

According to policy making or proposal, it is suggested we will check

1. Necessary of crossing water - benefit
2. Sufficiency of stone tangibility
3. Existence of a crossing solution
4. Solvability of the crosser
5. Feasibility - budget or critical path
6. Uniqueness of the feasible solution, any other alternatives
7. Optimality – how to evaluate these solutions by multiple criteria
8. Effectiveness- identify Pareto optimal

(1) Indian Economy - Overall Reform

Q: Bop crisis, Industrial stagnation, globalization pressure, or other catalyst of reform.....?

- Private-led economic growth (in contrast to state-led economic growth in East Asia)
- Services Sector is playing the leading role with the IT and ITES sector as the fastest growing sector
- Level-playing field for domestic and Foreign Firms (Unlike China which gave most favorable treatment to FDI)

(2) Indian Services Sector and IT

Q: Y2k bug chance, English and math talent, role of Indian diaspora, or simply lucky? Story behind.....

- Government Vision (IT Action Plan, and Rajiv Gandhi IT Policy)
- Software Technology Parks established in 1980s
- Export Orientation right from beginning for all the IT companies
- Indian Diaspora has been very important in promoting the IT sector
- Policy support and Tax Benefit from the government to the entrepreneurs have helped to boost the high growth
- Skillful Labor available with a cost advantage
- Soft-Infrastructure is good (Telcom, Broadband, and high-speed data transfer)

(3) Indian Finance Sector

Q: Reform Achievements upon Banks, Stock, Future, derivatives ,.....,and most of all, monetary policy is the trigger?

- Indian financial market is now well integrated with the global finance market
- BASEL-I implementation, reform in the public sector banks with NPA reduced to less than 4%
- Stock market achieved maturity with capital being raised about 10 billion USD in 2007 by the private companies
- Indian market has emerged as the major investing centre for the hot money, by 2007 attracted more than 70billion USD in portfolio investment
- Future trading in the Indian market is on the way to achieve maturity
- Derivatives products introduced since 2000, and have achieved the same trading volume as in the developed countries markets
- The regulatory framework for the derivatives products has been established

(4) Indian Local Entrepreneurship

- Q: Indian managers phenomena, international management skills and Entrepreneur within Top 500
- Tradition: Very High Entrepreneurial Spirit in certain part of India and in certain communities (Western India)
 - Environment: High influence of Family and Society
 - Creative: Individual case demonstrated its own unique business model
 - Easy capital available in the domestic capital market for the private entrepreneurs
 - The top 50 Indian companies have raised about 30% of their fund; requirements through ECBs
 - Excellent achievement of Corporate Social Responsibility

(5) Indian Higher and Professional Education

Q: Skillful labor force due to elementary education while Hi-tech elite due to world-class professional and higher education.

- Emphasis on Math and English has evolved as a tradition in Indian families
- Science and Technology Education emphasized right from Nehru time
- Management Institutes are one of the best in the world for training future entrepreneurs, up to date course structure
- Private educational institutions are also playing an important role, and foreign investment in education is allowed
- Quality of education is emphasized in India (13-14 per cent expansion of higher education in 1950s and 1960s, then only 4-5 per cent expansion in 1980s)
- Govt. Investment in education is comparatively higher than in other Asian developing countries (double of China, measured as percent of GDP)

Chinese Scholars in India

During this research duration we undertook two academic field trips and covered institutions of learning and Policy making in the cities of New-Delhi, Mumbai, Bangalore and Ahmadabad. Ours was a team work because the questions were concerned to all the chosen sections of our study. So in return we also received comprehensive explanation from the respondents. Although our researchers benefited a lot from all the discussions we had in India, but our experience at Infosys was very insightful. It was at Infosys that we were able to get the gene out of the bottle. Mr. Ravindran, the head of education and training at Infosys had explained to us the story of rise of Indian IT and services sector. At the centers of excellence of Indian education (such as IIM Ahmadabad, IIM Bangalore, and IIT Delhi, and JNU), our discussions with Indian scholars were fruitful. The meetings arranged by Dr. Palit at the Indian ministry of Higher Education, the Planning Commission of India, and the South Block where Indian Finance ministry is headquartered was of an excellent help. Dr. Palit also took us to FICCI and the Prime Minister's Economic Advisory Council. We have directly benefited from the comments and suggestions given at workshops held in New Delhi. We also acknowledge the written comments on each paper which was arranged by our counterpart in India (ICRIER). Ladies and gentleman, we appreciate your hospitality and excellent cooperation throughout this project work, and also for starting a new chapter of partnership of Indian Chinese academic institutions (as well as policy makers).

Indian Scholars in China

- In the reciprocity to the Indian hospitality, we here at the Chinese side had tried our best to look after our Indian guests. We were able to invite mainstream scholars of Chinese economic reform from all over the country to comment on the Indian papers. Chinese government officials from different department of concern had been very cooperative during the research progress. They all have helped us in their capacity and provided excellent hospitality when the Indian team visited the MOFCOM, SASAC, MoF, etc.
- Apart from Beijing, we were also able to arrange one workshop in Hang Zhou at Zhejiang University under the patronage of Professor Yao Xianguo, who is an well known expert on Chinese labor reforms. We also took Indian team for a survey of YiWu city in South China which is famous for its world's largest small commodity cluster. We were able to cater to individual requirements of each Indian researchers as per their difficulties, and in this regard we also want to thank each of them for their cooperation.

Thank You!

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