



Data Taste Revealed

06.11.2025

Economic Research Vertical: Canara Bank: Head Office

Discussion

Why India didn't grow as fast as Other Major Asian Economies?

Data Source

IMF & World Bank Report. Mint Article (06.11.2025)

Reflections

- ✓ China and Vietnam's socialist-to-market transitions yielded rapid catch-up.
- ✓ East Asian tigers (Japan, South Korea) built on early industrial policies
- ✓ Southeast Asia recovered from 1997 via ASEAN integration
- ✓ India's delayed reforms (pre-1991) created a lag.
- ✓ The 1991 U-turn was too late as when India finally opened, China had already built 50,000 km highways, Korea had Samsung making microwaves for the world

Major Asian Economies Transformation: Decade Wise Comparison

Nations	1970s	1980s	1990s	2000s	2010s	2020s
India	Green Revolution deepens; public sector-led growth	License Raj limits private investment; slow growth	1991: Balance of Payments Crisis → Liberalization, Privatization, Globalization (LPG); FDI allowed; SEBI set up	IT & services boom; telecom expansion; rural roads, Golden Quadrilateral	Insolvency Code (IBC), digital payments (UPI); Make in India; fiscal consolidation	PLI schemes, green energy mission, infrastructure capex surge, fiscal discipline focus
China	Deng's "Reform and Opening Up" (SEZs, rural decollectivization)	Massive industrialization; export-led growth model; urban migration	WTO entry (exports surged 3% to 30% of world manufacturing)	Belt and Road Initiative Infrastructure boom; high savings/investment; SOE reform	Belt & Road Initiative (2013); shift to tech & consumption; "Made in China 2025"	"Dual Circulation" strategy; EV, AI, and chip focus;
South Korea	Park Chung-hee's era: heavy industries & chaebol growth; export-oriented model	Rapid export growth; GDP/capita surges; education investment	1997–98: Asian Financial Crisis → IMF bailout; corporate, labor, financial restructuring	Tech innovation; global rise of Samsung, Hyundai; creative economy	Aging challenge; innovation-driven growth; K-content & cultural exports	Net-zero transition; green tech investment; population decline concerns
Japan	"Economic Miracle" – MITI-led industrialization; high savings, tech adoption	Asset price boom; yen appreciation post-Plaza Accord (1985)	1991: Asset bubble burst → "Lost Decade"; deflation, stagnation	Banking reform, deregulation; outward FDI (manufacturing in ASEAN)	Abenomics (2012–2020): QE, fiscal stimulus, labor reforms, "Womenomics"	Slow growth; aging; digital transformation under Kishida's "New Capitalism"
Indonesia	Suharto's New Order: political stability; FDI, oil revenue-driven growth	Industrialization, infrastructure push; poverty reduction	1997–98: Asian Crisis → political shift, decentralization; democratic reform	Resource-based growth; financial reforms; commodity exports	Infrastructure drive; manufacturing revival; tourism, digital economy	Omnibus Law (2020): deregulation; FDI ↑44% (2022); Nusantara capital project

Key Takeaway:

India didn't just "lag" – it deliberately chose the opposite path for 44 crucial years (1947-1991) while the rest of Asia sprinted ahead. Korea started poorer than India in 1950 (\$82 vs India's \$90 per capita). By 1991, a Korean earned 22× more than an Indian. \$100 invested in Korea in 1962 yielded \$18,000 by 2025 but same \$100 in India only yielded \$1,100.

Bottom line is: India didn't lag because of "colonialism" or "population" but out of Choice.