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Comparison of China and India's Planned Economy Development Policies in 1950s-1970s: Institutional logic based on the performance difference of economic reform between China and India

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Abstract
As two typical developing economies in the Asia-Pacific region, China and India have made remarkable achievements in their respective economic reforms, and also revealed their differences in reform performance in the development process. The existing research results on the performance differences between China and India's economic reform mainly focus on the qualitative analysis of the development situation of the two countries since the economic reform, but lack of explanatory power in the historical logical connection and influence mechanism of the performance differences between China and India's economic reform. From the historical perspective, this paper compares and analyzes the differences between the development policies of the two countries in the 1950s and 1970s, which are influenced by the mainstream economic growth theory, and discusses the logical relevance between the planned economic development policies and institutional models and the market economic reform between China and India. In order to study the great difference and heterogeneity of the development performance of the two typical developing countries (China and India), this paper provides the reasons for the policy, organization and other factors leading to this phenomenon, and provides a different research perspective for the development of development economics. The research shows that the two countries' de facto institutional structure and development policies in the 1950s and 1970s are specious, which has a main logical connection with the later two countries' entering into different economic development models. That is to say, the performance difference of current development policies is based on the historical development policies and achievements of the past government, market, economic system structure and other factors.
Keywords: China and India; Planned economy; Development policy; Economic growth; Institutional Logic

I. Raising of the problem

1.Research background

China and India almost simultaneously transformed into modern countries (China in 1949 and India in 1947). The two ideologies that promoted economic growth in the early days of the People's Republic of China-Communism and Fabian socialism did not weaken the traditional antipathy of the two countries to trade and commerce. In the early 1950s, when China and India began to develop planned economy, they all adopted the Soviet model. The state controls the commanding heights of economy, and centrally plans economic development through inward-oriented industrialization facing heavy industry. Although the control mechanisms are somewhat different, they all implement their industrialization plans through extensive control of foreign investment, trade and foreign exchange (Srinivasan, 1994). In China, the self-sufficient trade policy accompanied by trade and foreign exchange control cut off the link between the relative prices in China and the world, resulting in the loss of both productivity and labor productivity (Guitian, 1987).

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After the macroeconomic crisis broke out in 1980s in India, although the price distortion and export deviation began to be eliminated, there were similar situations in India during the period of planned economy development. In the 30 years after the founding of the People's Republic of China (1950s-1970s), China and India, bound by the licensing system, quota system, priority development of heavy industry and rigid import substitution policy under the planned economic policy, were often regarded as typical examples of wrong development strategies by the West. However, in late 19 78, China carried out reform and opening up, and started the highest economic growth in the world. India began to partially implement economic liberalization in 1980s. With the introduction of the "New Economic Policy" (i.e., economic reform) in 1991, economic liberalization has been in full swing. India's economic growth has been maintained at 5-6% since 1980s. China and India have achieved remarkable economic growth in the past 40 years (after 1980s) since the beginning of the market reform policy, which makes China and India become two model students of "carrying out economic reform based on economic marketization". In particular, the two countries have achieved steady and high growth rates in the ten years since the global financial crisis broke out in 2008 (as shown in Table 1). The economic recovery of most developed economies is still slow in the past decade, while the GDP growth rates of China and India reached 6.6% and 7.3% respectively in 2018.

Table 1 GDP growth rate of the world and major countries and regions from 2008 to 2018 (%)

	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018
World	3.0	5.4	4.2	3.5	3.3	3.4	3.2	3.2	3.7	3.9
OECD	0.1	3.1	1.7	1.2	1.2	1.9	2.1	1.7	2.4	2.4
China	9.6	10.6	9.5	7.9	7.8	7.3	6.9	6.7	6.9	6.6
India	3.9	10.3	6.6	5.6	6.6	7.2	7.6	7.1	6.7	7.3
U.S.A	-0.3	2.5	1.6	2.2	1.7	2.4	2.6	1.5	2.3	2.9
Eurozon	0.4	2.1	1.5	-0.9	-0.3	1.0	2.0	1.8	2.4	2.2

Source: World Economic Outlook Database, IMF. http://www.imf.org/external/ns/cs.aspx?id=28

However, we should pay attention to the fact that since the economic reform, the two countries have begun to show considerable differences in many aspects, such as development path and direction. Since the market-oriented reform carried out by the Rao government in the early 1990s, India has taken a completely different development path from Japan, South Korea and other emerging economies in East Asia, especially compared with China, which is also a developing country with a large population. [The development of emerging economies in East Asia has experienced a development model similar to that of advanced industrial countries revealed by Colin Clark: the industrial structure has changed in the order of primary industry → secondary industry → tertiary industry, but this transformation path has not appeared in India. China's economic growth has always followed the traditional industrialization development model. Manufacturing accounted for 40.7% of the whole national economy in 2018, and a large number of manufactured goods were exported, which is known as the world factory. While India's emerging software, information technology and other service industries are the main engines of growth. The traditional growth pillar manufacturing industry (as shown in Table 2, India's industrial output value only accounted for about 23.1% of GDP in 2016) has limited contribution to India's national economy. Through the horizontal comparison of the same GDP volume between China and India (the ratio of China's GDP in 2005 to India's GDP in 2016 is close to 1), we can see that the industrial output value of China's GDP in 2005 exceeded US $1 trillion (US $4500 billion in 2016), while that of India's GDP in 2016 was only US $525.3 billion, that is, with the same GDP volume, China's industrial output value is more than twice as much as India's (if compared with 2016, China is nearly nine times as big as India. Therefore, in order to change the sluggish situation of India's manufacturing industry, after taking office in 2014, modi proposed the "make in India" plan with China as the learning object, as well as major initiatives focusing on expanding opening up and attracting foreign investment (Ning Shengnan, 2017).

The above significant differences in economic structure between China and India are mainly due to the differences in economic reform paths between the two countries. In 1990s, Indian Prime Minister Rao and other leaders realized the opportunities brought by globalization and adopted the economic policy of developing export-oriented economy and increasing exports as the reform direction. However, in the past 30 years, the Indian economy, especially the manufacturing sector, has not been deeply integrated into the global market. On the contrary, China has adopted the economic policy of attracting foreign investment to develop manufacturing industry by virtue of cheap and high-quality labor, land, preferential tax policies and stable social and political order, and the manufacturing sector has deeply integrated into the global market and become a "world factory". Why did the leaders of China and India adopt different economic policies in getting rid of the development dilemma in the period of planned economy? Considering that economic policy is mainly the product of domestic political and economic processes in nation states, international change is only regarded as "background variables" (Kohli, 1989). Therefore, regarding the institutional impact of the development policies in the planned economy period between China and India on the economic reform performance difference between the two countries, it is necessary to explore the explanation of the economic reform performance difference between China and India from its historical logical connection and influence mechanism. That is to say, based on the comparison of planned economic development policies between China and India in 1950s and 1970s, it is necessary to explore the great differences and heterogeneity of development performance between China and India, and provide the internal historical logic to explore the system, policy, organization and other factors that lead to this phenomenon. Especially when China and India have made remarkable achievements, but also exposed various differences in development performance, it provides a very important object for comparison and reference for the development of many countries that are still in the late stage.

Table 2 Horizontal comparison with GDP volume (China in 2005 and India in 2016) (100 million US dollars)

	China in 2005	India in 2016	China India ratio
GDP volume	22859	22742	1.01
Agriculture: China 12.1% India 15.4%	2766	3502	0.79
Industry: China 47.4% India 23.1%	10835	5253	2.06
Service industry: China 40.5% India 61.5%	9258	13986	0.66

Source: National Bureau of Statistics, http://data.stats.gov.cn/easyquery.htm?cn=C01; THE WORLD FACTBOOK. https://www.cia.gov/library/publications/the-world-factbook/fields/2012.html

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2.Literature Review, Research Significance and Methods

In the 40 years since the reform and opening up, in the comparative study of the typical economic development performance differences between China and India, scholars at home and abroad can gain useful enlightenment from the development strategy theory and economic policy practice. This kind of comparative study mainly starts from the development differences between China and India, summarizes the development characteristics of the two countries, and explores the institutional and policy factors that lead to the performance differences. For example, Wen Fude pointed out in 1989 that due to the differences in social systems between the two countries, the road, progress, results and problems of China's economic system reform and India's economic policy adjustment are quite different (Wen Fude, 1989). The book Comparative Study of Economic Development between China and India, edited by Sun Peijun (1991), explains the different economic development achievements between China and India, mainly starting from the comparison of macroeconomic management means between China and India, emphasizing the internal institutional model and the rules of building power politics. In India: Economic Development and Social Opportunities, Amartya Sen and Jean Dreze made a comparative analysis of the impact of educational policies from 1950-1970' s on the subsequent economic development, and held that the successful popularization of basic education since the founding of the People's Republic of China was an important thrust for China's rapid economic growth (Dreze and Sen, 1996). Huamin clearly pointed out that due to the different institutional environment and initial conditions, the development models of China and India have obvious differences in marketization path, open mode and growth path (Hua, 2006). Ashwani Saith explained the different performance of economic development through the characteristics of China and India under different institutional frameworks. These different characteristics of China and India formed in the first 30 years of the founding of the People's Republic of China explained their different development trajectories after the reform and opening up (Ashwani, 2008). Jie Shijun (2018) thinks that since China and India's reform and opening up, influenced by their different political and economic systems formed before 1980s, China and India have chosen different paths leading to marketization. Some scholars explain the economic comparison between the two countries through groundbreaking theories. For example, Ye Min thinks that the different liberalization policies adopted by China and India cannot be independently explained through institutional variables, and creatively uses the' social network theory' to study that the differences and differences between the two countries are due to different economic transformation models, resulting in different economic results (2007, p15).

In recent years, some studies have established directly comparable framework models from different angles to measure the development performance differences between China and India, evaluated the advantages and disadvantages of the two countries' development models by empirical analysis, and studied the objective laws and internal logic of the two countries' development models. For example, Shen Kaiyan (2011) pointed out through theoretical, empirical and comparative methods that India is affected by the diversity of language, religion and race systems, and India has failed to make a gradual transition from unbalanced development strategy to scientific development concept as China has adopted since the reform. It is the unbalanced development strategy adopted by China that makes China more conducive to the development of manufacturing industry. Magda Kandil and other scholars used the annual data from 1970 to 2013, aiming to study the impact of globalization and financial development on the economic growth and differences between China and India through endogenous capital and inflation and the comparison between the two fastest-growing emerging market economies (Magdaet al., 2017). Leonard Lynn and other scholars discussed the process of outsourcing technology development to India and China by Western and Japanese multinational companies, and pointed out that better policies to attract foreign investment and technology will enable countries to seek mutual benefit through today's more globally dispersed technology development capabilities, which is also one of the main reasons for the differences in economic development models between China and India (Leonard et al., 2012). The above scholars generally emphasize the global trend dominated by technological progress and financial development as the research object. However, the government's decision to change its economic policy usually does not depend on the trend of globalization. In addition, the trend of globalization cannot explain the timing, scope and nature of countries' liberalization. As the Indian-American economists Jagdish Bhagwati and Arvind Panagariya pointed out, the reforms in the last 25 years of the 20th century in China and India were spontaneous and endogenous (Jagdish bhagwati, Arvind Panagria, 2015, p80). China and India's own social variables are more convincing than economic calculations, and China and India's own regional conditions are more prominent than global trends. This is why the logical analysis of this paper is based on the development policies of China and India from 1950s to 1970s. It is necessary to make a logical inquiry based on in-depth country study and comparison of historical experience on the institutional impact of the development policy in the planned economy period between China and India on the performance difference of economic reform between the two countries. However, the existing literature has insufficient explanatory power on the logical connection and influence mechanism of the differences between the two countries' market-oriented reform models. At present, when China and India have made remarkable achievements, but also exposed various development performance differences, it is very necessary to study how the planned economic development policies of China and India in 1950-1970' s affected the performance differences in development achievements during the economic reform period.

The possible contribution of this paper lies in: through the comparison of historical logics, to explore the respective historical system logics that the development differences between the two countries in the planned economy period of 1950-1970' s influenced the performance differences of economic reform and development. In order to study the difference and heterogeneity of development performance between two typical developing countries (China and India), the reasons of policy, organization and other factors leading to this phenomenon are discussed, and a different research perspective is provided for the development of development economics. The research method of this paper is to summarize the institutional logic of economic reform performance differences between China and India by discussing the background, development policy differences and historical influence under the planned economic system of the two countries. Based on the theoretical literature at home and abroad, this paper tries to compare and sort out the relationship between the development differences of traditional planned economy between China and India from 1950-1970' s and the economic reform performance differences between China and India, and finds out the institutional influence of the development policies of China and India from the perspective of comparison, and makes a logical inquiry based on in-depth country studies and comparison of historical experiences.

II. A comparison of economic development policies between China and India in the 1950s-1970s

1. The background of planned economy development policy adopted by China and India in the early days of the people's Republic of China

After the establishment of China and India in the late 1940s, the leaders of the new regimes of the two countries were faced with the problem of choosing which development path and management system to organize economic construction and quickly realize the ideal of strengthening the country and enriching the people. The first is to choose an economic development strategy, that is, to choose a development way that can quickly and directly achieve the goal of strengthening the country and becoming self-reliant. The reason why the leaders of the two countries chose the development strategy of giving priority to the development of heavy industry is that this strategic choice not only depends on the international and domestic political and economic environment at that time, but also intuitively reflects the political ambitions and economic ideals of political leaders.

Since World War II, the late-developing countries have sought to explore the road of development and catch-up in the international economic system of center-periphery and the international political system of nation-state continuous competition. At the same time, after the end of World War II, the theory and practice of development economics changed greatly to the direction of state interventionism. In addition, in the 1950s, the analysis of the nature and causes of economic backwardness and the policy proposals aimed at solving these problems have undergone substantial changes in their efforts to formalize. Pure international trade can't make the developing countries develop, but it will further worsen the backward problems. These policy proposals advocate that the state is the basic unit in the system, and in order to achieve the goal of development, it needs to go through a series of continuous investment processes in different historical stages (the well-known theory of five economic growth stages put forward in Rostow's Economic Growth Stages-Anti-Communist Party Declaration). Hirschman and Albert O., development economists, pointed out in the book The Strategy of Economic Development published in 1958 that the task of development is to stimulate investment (Emile, 1961). However, due to the structural characteristics of backward national economy, it is difficult for late-developing countries to improve their investment level. That is, the backward economic structure hinders development, and it is almost impossible for the domestic capital economy to support sustained and steady economic growth. Orthodox economics based on market and private capital is hardly helpful to the development of late-developing economy. Only when the government can mobilize resources can it overcome obstacles to development and rigid economic structure and accelerate economic growth. Late-developing countries such as China and India, which are at the low end of the global capital industry chain, can only become economically dependent countries to developed capitalist countries if they imitate the development path of Europe and America and rely solely on the market to develop their economies.

Therefore, under the influence of the development of government interventionism theory, the social ideological trend of giving priority to the development of advanced large-scale heavy industry and "import substitution" as the premise of modernization naturally emerged in China and India. After getting rid of colonial rule and gaining independence, the political and social elites in developing countries will naturally follow this social trend of thought and accept the ideology of economic nationalism in their efforts to build the country, giving priority to the development of advanced large-scale heavy industries in China.

2.A comparative analysis of development policies between China and India in the 1950s-1970s

After the Second World War, "development economics" based on national independence under colonial rule grew rapidly under the influence of the rise of Keynesian economics and the success of Soviet planned economy after the Great Depression. During this period, China and India achieved national liberation and independence respectively, and imitated the Soviet-style planned economic system under the same initial conditions of economic development. Both China and India are developing countries, and both are in a similar stage of industrialization. Both economies have similar economic development structures, and their economies are relatively less complementary. From the point of view of common ground, it is impossible to analyze the differences of economic reform performance between China and India, so it is necessary to make a comparative study on the differences of development policies between the two countries. In order to strengthen the analysis, this section explores the deep-seated internal factors of the policy differences between the two countries, and compares and combs the theoretical literature at home and abroad, so as to explore the institutional and policy factors that cause the differences in the performance of economic reform between China and India.

(1) Domestic and foreign debt:

Compared with China, India's fiscal deficit has expanded rapidly (Deficit Fiscal Policy), and its domestic and foreign debt has increased sharply. The Indian government has made a lot of public investment (heavy industry projects) in the "Five Year Plan", but failed to ensure that domestic taxes (especially taxes on rural areas and landlords or luxury goods) are a stable source of fiscal revenue. In the 1950s-1970s, Indian government's fiscal expenditure greatly exceeded the growth rate of government revenue, resulting in the long-term implementation of Deficit Fiscal Policy and the rising fiscal deficit. During the first three five-year plan periods, India's national budget deficit is not very large, and is generally controlled between 3.3 billion rupees and 11.3 billion rupees. Since the Fourth Five-Year Plan, India's fiscal deficit has expanded rapidly. The average annual fiscal deficit during the Fourth Five-Year Plan period is about 6 billion rupees, which has increased to 33 billion rupees during the Sixth Five-Year Plan period and 70 billion rupees during the Seventh Five-Year Plan period. In fact, in the last four years of the Seventh Five-Year Plan, India's annual fiscal deficit even exceeded 100 billion rupees (Rudahl Dart and K.P.M Sang Dalam, 1994, p. 562).

In order to make up for the ever-increasing national fiscal deficit, successive Indian governments had to borrow from both domestic and foreign countries, which led to the ever-increasing domestic and foreign debts. By 1984-1985, the total external debt of the Indian government was as high as 385.72 billion rupees, and in 1990-1991 it soared to 1,224.01 billion rupees. With the increasing domestic and foreign debts, the Indian government's debt repayment burden is increasing. By the mid-1980s, the amount of Indian government debt interest expenditure exceeded the total revenue of the government's main tax, goods tax and customs duty. India's foreign debt repayment burden is very heavy, which leads to one of the main objectives of India's market-oriented reform since 1980s, which has prompted the Indian government to introduce a series of measures to relax industrial control and promote trade liberalization in succession in 1980s.

(2) Differences in labor laws and regulations: China with imperfect development of labor laws and regulations caused by ideology VS India with strict labor and factory regulations

Under China's planned economy system, the ideology in the planned economy era leads to the close connection between labor laws and regulations and the concept of state. On the one hand, the relationship between workers and enterprises is attached to the relationship between workers and the state. All the benefits that workers get in the enterprise are given by the state, and the enterprise only plays a role as a transit agent. On the other hand, enterprises existed as an accessory tool of planned economy for a long period after the founding of the People's Republic of China. From this point of view, the relationship between employees and enterprises in planned economy is much weaker than that between employees and enterprises in market economy, so the development and improvement of labor laws and regulations is very slow under this one-sided ideology.

In contrast, India began to form strict labor and factory regulations throughout the planned economy period from the colonial government period. Generally speaking, by 1950, India had formulated the most comprehensive labor laws and regulations in any country with a similar level of economic development. The standards formulated by the International Confederation of Labor have been accepted by India, and India has also formulated some measures to meet these standards (Bhatacharya, 1979, p.186). Various kinds of "factory bills" have come one after another by restricting working hours, formulating good working conditions and various minimum labor standards recommended by the International Labour Organization. Although these factory bills promote humanitarian care, they also bring about the economic effect of rising the real price of labor for producers. It can be said that due to India's strict labor protection policy and strong trade union strength, enterprises with typical labor-intensive characteristics have always lacked the motivation to expand production scale.

(3) The fundamental difference of planned economy system: China with highly centralized planned economy system VS India with mixed economy system

China takes a highly centralized planned economy as the center and adopts a system in which the state-owned economy dominates the national economy. Individual, private economy and even regular market transactions in urban and rural areas are also considered as' capitalist tails'. Thus, after the socialist transformation, the state-owned economy occupied a dominant position, the individual economy declined rapidly, and the private economy almost disappeared. Under the traditional planned economy system without distinguishing between politics and enterprise responsibilities, the state planning system determines the management, finance, cadres, materials and welfare facilities of enterprises. As a result, enterprises in the state-owned economy have extremely limited management rights, which strictly limits the efficiency of enterprise operations and leads to a large demand for liquidity. The data in Table 3 shows that in the early stage of reform and opening up, China's liquidity accounted for the largest share of the total assets. Its ratio is higher than that of Britain, Japan, South Korea and other countries with developed market economy. Even higher than India, the Soviet Union and other countries with developed planned economy. This means that the inventory of inputs and outputs in China is larger than that in other countries, and the inventory time is longer than that in other countries, so the efficiency of enterprise operation is lower. The reason why India's business operation efficiency is higher than that of China lies in the fundamental difference between the planned economic systems of the two countries, that is, the development policy of India in 1950s-1970s was a mixed economic system that recognized the private property system as its basic system. In fact, entrepreneurs and their entrepreneurial spirit play an irreplaceable role in the process of industrialization in developing countries. India still retains private enterprises in the planned economy period, while entrepreneurs can play an important role as independent economic subjects and legal persons.

Table 3 International comparison of the share of liquidity in total assets

Country	Year	Liquidity accounts for total assets %
China	1981	32.7
India	1979	27.9
Soviet Union	1972	29.5
South Korea	1963	7.0
Britain	1970	12.6
Japan	1953	19.9

Source: The World Bank, China: Economic Structure in Industrial Perspective, Annex 5 to China: Long-term Issues and Options(World Bank Country Study) Washington D.C. 1985.

(4) Different development of human capital allocation structure: China for popularizing basic education VS India for vigorously promoting higher education

Nelson-phelps model shows that abundant human capital constantly promotes technological innovation, while advanced technology can really promote economic growth only if it is combined with skilled labor. Many practices have proved that the efficiency of human capital is not only restricted by the technical level of productivity, but also influenced by the structure of capital allocation. Therefore, the different development of human capital allocation structure in the two countries has a great influence on the development path of future economic reform.

In 1950s and 1970s, the growth of human capital in China was limited by relatively closed international relations, multiple cities and different workers and peasants, and its accumulation and allocation were inevitably affected by the planned economic system. One of the remarkable characteristics of human capital growth in China's planned economy period is the popularization of basic education. Universal education in the planned economy era is not only an investment in human capital, but also a measure to transform society. Its significance goes far beyond the connotation of purely economic human capital investment.

There are three factors that affect the human capital allocation structure in India during the planned economy period. First, the education structure is seriously unreasonable and the funds are insufficient. After independence, the India government unilaterally believed that secondary and higher education played a far greater role than primary education in promoting social and economic development. This understanding led the India government to vigorously promote higher education from 1960s to the end of 1970s, while ignoring the development of primary education and secondary education. Edmund King, a famous educator in Britain, analyzed: "One of the main problems in India after the war is to develop higher education vigorously without the solid foundation of primary education, which is a mushroom cloud. " Such a development policy inclines the limited educational resources to higher education, which leads to the slow development of primary education and secondary education, and millions of children cannot receive compulsory education. The popularity of primary education is closely related to the supply of skilled labor. India's higher education has developed rapidly, and the number of students in higher education increased from 263,000 in 1950-1951 to 7.078 million in 1997-1998. Higher education institutions increased from 30 universities and 750 colleges in the academic year 1950-1951 to 229 universities and 10555 colleges in the academic year 1997-1998. At the same time, the penetration rate of primary education was 50% in 1960 and only 64% in 1980. Second, the sequela of caste system hinders the progress of literacy. The sequelae of caste system hindered the progress of literacy. People outside the four castes, the so-called "untouchables", are also called "Da Park Jung Su" and "scheduled castes". They have the lowest social, economic and cultural status and are most discriminated against. Although the caste system has a deep-rooted influence on India's social structure and people's consciousness, it is difficult to eliminate the adverse effects in a short time. As a result, the literacy rate of scheduled castes and scheduled tribes is far below the national average. Third, the illiteracy of women caused by gender discrimination is too high.

In 1950s, when Nehru put forward "Scientific Policy Resolution", an "anti-rightist" movement took place in China, and a large number of intellectuals were wrongly attacked by the right. In the following ten years, during the Cultural Revolution, all kinds of schools in China completely stopped their normal teaching activities, and a whole generation of young people failed to receive the necessary education when they should receive education most, because they participated in the movements of "strike and revolting" and "going to the countryside". In contrast, India already had the third-level college students in the world in the 1980s. It can be said that it is this difference that enables India to embark on the fast lane of information revolution as early as Europe and America. In 1983, the India Parliament passed the Technology Policy Statement. It became the second guiding and programmatic policy document in the field of science and technology, which was passed by the parliament after India's independence and had legislative significance. Although the content of the Technical Policy Statement is not much new compared with the past, under the guidance of this statement, "Indian Ministry of Science and Industrial Research has launched the development measures of" promoting and supporting the consulting service industry ",which provides conditions for the development and growth of Indian IT enterprises (Dong Lei, 2013, p. 173)". It can be said that without these college students who have received higher education, India's economic development will obviously not be able to take this road with high technology as the main line after the Indira government's policy of supporting consulting enterprises is introduced. Because without the support of talent base, no industrial policy can get the response from "micro-vitality", and its stimulation to economic development cannot be realized. It can be seen that the attention and support of Indian governments from all walks of life since Nehru for higher education has laid the foundation for India's economic development since then.

(5) Differences in infrastructure construction: large scale infrastructure industry and infrastructure construction of China VS India, democratic but decentralized and inefficient political system lead to slow development of infrastructure.

At the time of independence in 1947, the total length of Indian railways was more than 50,000 kilometers, and the main highways were connected. India already had some important infrastructure needed for economic development. After independence, India paid attention to infrastructure construction, but India's democratic but at the same time decentralized and inefficient political system, incomplete land reform and government fiscal expenditure inclined to heavy industry, etc., led to the slow and gradual improvement of various infrastructures. Although the railway construction has been improved to a certain extent, it has only increased by about 20% in the past 30 years. Long-term lack of maintenance resulted in outdated railway equipment, and the railways built during colonial rule had three different tracks: wide track, narrow track and meter track, which seriously affected the exertion of railway function. Due to the problem of capital and land acquisition, India has built many roads, but it is faced with the problems of poor road conditions, low road standards and imperfect coverage of road facilities. Infrastructure such as airports are difficult to build because of the huge cost, and even the original airports and ports are difficult to play their full role due to problems such as disrepair and outdated facilities. China began to implement the first five-year plan after three years of economic recovery after the founding of the People's Republic of China. From then on until nearly 30 years of reform and opening up, China has carried out large-scale economic construction, the important content of which is to carry out large-scale infrastructure construction. From 1954 to 1977, China invested 299.6 billion yuan in basic industries and infrastructure construction, with an average annual growth of 8.7%. Before the reform and opening up, a distinctive feature of the basic industry and infrastructure construction is that the growth rate of industrial investment in the basic industry and infrastructure is much higher than that in other industries. It is easy to ignore that the rural infrastructure built during the period of Mao Zedong in the 1950s and 1970s, that is, the rural people's communization movement led by the government, ensured food security through the construction of water conservancy and tractor roads.

To sum up, after independence, the two countries invariably set building a powerful modern country as their common development goal. Therefore, the two countries hope to establish advanced industries and technology systems owned by developed countries on the basis of poor and poor agricultural economy, and catch up with advanced countries in the world in the shortest time. However, these modern industries (mainly heavy industries) are capital-intensive industries, which violates the extreme capital shortage and comparative advantage based on abundant cheap labor. In the open competitive market, the heavy industries of the two countries do not have the strength to compete with the similar industries of developed countries and lack the ability of self production. In order to protect and subsidize these domestic heavy industries, the two countries have taken a series of measures to distort various factors and product prices, and directly allocate resources through administrative means.

These common failures highlight the need to understand the following issues: one has to think about why the performance of the two countries in the period of planned economy is so different from the brilliance of the reform on the world stage. A comprehensive comparison and explanation of how the planned economic development policies of China and India in the 1950s-1970s affected the differences in development achievements during the period of economic reform can provide a very important experience and lesson for the policy-making of the late developing countries. In the next section of this paper, based on in-depth country studies and comparison of historical experiences, it will logically explore the institutional impact of the development policies of China and India in 1950s-1970s on the economic reform performance differences between the two countries. The logical inquiry analysis of this paper starts from the development policies of China and India in 1950s-1970s, and the external influencing factors discussed by many domestic and foreign scholars after 1980s are not the object of this paper. For example, in the late 1970s and early 1980s, the neo-liberal theory with privatization, marketization, liberalization and global integration as its core content gradually replaced Keynesianism and became the mainstream economic theory of the United States and Britain, thus becoming an important external environmental factor affecting the market-oriented reform of China and India.

III. The institutional logic influence of development policy on the performance difference of economic reform

(1) The impact on the market oriented reform of China and India

Steady economic growth can only happen through the transition to a market economy system. Economic system refers to various systems and behavior patterns for arranging economic activities, and is a variety of operation modes for meeting consumption needs and resource allocation, such as laws, habits, customs and values of a country, which reflect various operation modes. Cross-time and cross-section analyses show that there are considerable differences between China and India before 1980s when the planned economic systems of the two countries did not change. China has adopted a state-owned economic system centered on a highly planned economy, and more resources are allocated through government means. India's development policy in 1950s and 1970s was a typical mixed economic system based on the recognition of private property system. This fundamental difference in system determines that China and India have chosen different reform paths during the transition to market economy (see Table 4). The following article will analyze the internal logic of how China and India's planned economic development policies affect China and India's market-oriented reform.

Table 4 The characteristics of the different reform paths in China and India in the 1980s

Reform of ownership structure in China	Economic liberalization in India
1978-1984 ownership structure reform: ① Rural reform: the emergence of household contract responsibility system; ② The reform of "decentralization and profit transfer" in the state-owned economy; ③ The emergence of non-public economy.	1980-1984: Internal liberalization without external opening
The reform of ownership structure in 1984-1992: ① The state-owned enterprises carry out the reform of "separation of two rights";	1985-1989: limited external liberalization
② The collective economy of villages and towns rises suddenly; ③ The private economy gained its legal status and the "three capital" enterprises developed from point to area.	After 1991: gradually opening up foreign direct investment

Source: According to Chang Xiuze and others, "Ownership Reform and Innovation: 40 Years of Ownership Structure Reform in ——China", Guangdong Economic Publishing House, 2018 edition, the author collated the data.

1. The logical evolution of the formation of China's market-oriented reform road focusing on the reform of ownership structure

① China's market-oriented reform road-the driving force focusing on the reform of ownership structure

Logically speaking, when Deng Xiaoping started the reform and opening-up strategy, according to the interaction between the government and micro-business units (state-owned enterprises and people's communes), the reform of ownership structure was the focus of the whole reform and opening-up, which was the result of the interweaving of many factors. There are two main reasons why China should carry out the reform aimed at constructing new ownership. First, the actual result of China's long-term implementation of the strategy of giving priority to the development of heavy industry is that compared with the determined goal of "catching up", the gap has not narrowed, but has become larger and larger; Especially after ten years of turmoil, the national economy is on the verge of collapse. Second, in the face of the grim situation of low economic efficiency of state-owned enterprises and people's communes, which are micro business units, and the lack of enthusiasm of workers for production, the new leaders are not willing to fall deeper and deeper into the traditional economic system with distorted structure, insufficient incentives and low efficiency. They want to speed up economic growth and development with the help of reform, so that people's living standards can be improved more quickly, so as to enhance their prestige among the people of the whole country. This is also an important driving force for China to carry out the reform of constructing a new economic system (Lin Yifu et al., 2014, P. 102).

It can be seen that the logical starting point of economic reform is due to the poor economic benefits of state-owned enterprises, so we should promote the development of state-owned enterprises through the reform and adjustment of property rights system of state-owned enterprises [16]. However, under the specific historical conditions in the early stage of reform and opening up, the development of non-public economy under the socialist economic system, the resistance of state-owned enterprises to reform the property rights system is very large. The reform of the collective property right system originated in the countryside has prompted China to break the single ownership system. Through the implementation of the responsibility system of rural household contract management, on the premise of ensuring that the ownership of rural collective land remains unchanged, China has given the farmers in the collective organizations the right to contract management, which has led to profound changes in the rural economy and society. It can be said that the exploration of ownership reform in China started from the countryside at first, and then it was quickly carried out in the whole economic field with a single spark, thus successfully laying the institutional foundation for China's transition from planned economy to market economy. According to the statistics of the World Bank, from 1978 to 1984, China's agricultural output increased by 42% because the Chinese government made clear the reform of land property rights and other property rights in rural areas. In the whole process of China's economic growth, economic growth is highly positively correlated with the reform of property rights and the development of private enterprises. Then the central government tried to improve the low economic benefits of state-owned enterprises by formally introducing property rights and private enterprise systems and joint ventures with foreign-funded enterprises. In the aspect of foreign cooperation, Deng Xiaoping and other leaders began to promote the introduction of new forms of international cooperation, such as joint production and joint ventures (MacDougall, 1982, p.160). By the end of 1978, China had signed several contracts with foreign-funded companies to establish joint ventures, which was the first time in 30 years that foreign investors were allowed to directly invest in enterprises in China.

② The beginning of the reform of ownership structure: the internal logic of exploring from the countryside

First of all, as far as practical performance is concerned, the rural economic system reform in China, which began in the late 1970s, not only led to the liberation of productive forces in rural areas, but also acted as the trigger mechanism of China's overall reform and opening-up strategy, which led to market-oriented reforms in many fields and provided important support for China's continuous integration into the global economy.

Secondly, logically speaking, the transformation of rural production and management mode has a relatively clear historical "foundation". Wen Yi and George Fortier think that in the socialist movement forced out by the serious market failure in modern China history, the Chinese government actually solved the problem of lack of rural infrastructure through the rural cooperative movement and people's communes (which was basically solved by building water conservancy and tractor roads in the government-led rural people's commune movement), and the transaction cost and social trust of establishing the commune and brigade enterprises (Wen Yi and George Fortier, 2017). Therefore, when Deng Xiaoping and other leaders started the rural reform, relying on the rural infrastructure built in the planned economy period greatly improved the labor productivity and the ability to resist natural disasters in household agricultural production, reduced the risk of agricultural division of labor and other transaction costs, and also improved the profit rate of agricultural products trade. Thus, more rural laborers can transfer to urban industries and service industries while maintaining stable agricultural output.

Finally, another easily overlooked but crucial achievement in the planned economy period is to teach farmers how to establish and manage rural enterprises-Shedui enterprises, and township enterprises are just like "extension lines" developed by Shedui enterprises. Restricted by the dual household registration system divided between urban and rural areas, the non-agricultural employment of agricultural labor force in the early stage of reform and opening-up was restricted in rural areas. Under the guidance of Shedui enterprises, this redistribution of agricultural labor force has led to a trend of rural industrialization in the vast rural areas, which has led to the rational and orderly transfer of rural surplus labor force to non-agricultural industries and towns, thus changing the situation that industrialization and urbanization were separated from each other in the past and greatly accelerating the process of industrialization. In the short 10 years after Deng Xiaoping initiated the reform, the number of township enterprises, the total industrial output value and the total income of farmers all showed explosive growth. The number of township enterprises has increased 12 times, from 1.5 million to 18.9 million; Its GDP has increased by 13.5 times, from 14% of GDP to 46%. By 1988, about 100 million jobs had been created by township enterprises, and the average income level of farmers had increased 12 times. It can be seen that these aspects of "social capital" during the planned economy period are the foundation for the success of China's rural reform during Deng Xiaoping's period, and the key to start the primitive industrialization of rural areas. Therefore, it is difficult to simply regard the rise of township enterprises in the early stage of reform and opening up as the innovation in Deng Xiaoping's period. Mao Zedong showed the same hobbies, and the rural industrial system established at the expense of "hard work" during the Cultural Revolution undoubtedly provided a pillar for the accelerated growth of reform and opening up.

2.Logical evolution of India's road to "economic liberalization" marketization

Different from China, before the market-oriented reform in India, the control of important departments was dominated by state-owned enterprises, but it does not mean that private enterprises have no room for development. On the contrary, there are a large number of private enterprises, which have made remarkable development in 1950s-1970s (see Table 5). Actually, before the reform, India had similar problems to China, but there were many different problems. Although the private economy has always occupied most of India's economy, the Indian government has strictly controlled it in terms of business areas and business scale by means of licenses, while the state-owned enterprises have been given multiple protections. With the deterioration of economic development, it is extremely urgent to gradually deregulate the private sector.

Table 5 Changes in assets of major private companies in India (10 million rupees)

	1951	1958	1968	1972	1975	1980	1985
Birla	104	180	577	726	905	1432	4111
Tata	116	303	585	818	925	1539	3699
Thapar	15	43	103	145	198	348	1068
J.K.Singhania	29	30	79	119	210	413	1057
Mafatlal	13	25	136	235	244	428	965
Modi	-	-	19	-	115	199	819
A.C.C	22	49	106	129	160	275	743
Bangur	17	53	125	149	172	264	651
Walchand	13	20	86	103	127	150	607

Source: Centre for Industrial and Economic Research(CIER), 1994. CIER's Industrial Data Book, 4th edition, New Delhi.

In the 1980s, in order to cope with frequent economic crises, Indira Gandhi government and rajiv gandhi government began to make major adjustments to traditional economic policies, mainly through the market-oriented road focusing on partial and gradual "economic liberalization": First, gradually deregulate the private sector. Second, reduce the restrictions on the private sector and reform the licensing system. Third, gradually promote economic and trade liberalization. In 1991, the Rao government changed its focus to "economic liberalization" as a whole, and comprehensively entered various important fields. There are two internal logics that influence India's road to marketization in 1980s.

First, the promotion of external reasons. In response to the economic crisis in the early 1980s, Indira Gandhi's government, which won the general election in January 1980, specially borrowed 5 billion Special Drawing Right loans from the International Monetary Fund. In order to meet the conditions of IMF loan, India needs to open its market and adopt various deregulation measures in industrial policy and trade policy. The reason for the foreign exchange crisis in the economy lies in the fiscal policy in the planned economy period: the India government adopted a large number of public investment (heavy industry projects) policies in the' Five-Year Plan', but at the same time failed to ensure that domestic taxes (especially taxes on rural areas and landlords or luxury goods) were a stable source of fiscal revenue. In order to make up for the ever-increasing national fiscal deficit, successive Indian governments have to borrow internally and externally, resulting in a heavy debt repayment burden in India. The main goal of the market-oriented reform that prompted the India government to start in 1980s is to solve the debt problem. Therefore, the India government began to introduce a series of measures to relax industrial control and promote trade liberalization in 1980s. In this way, rajiv gandhi improved its diplomatic relations with western capitalists and resumed its relations with international organizations. More importantly, he appointed export-oriented and commercial embedded technology experts to serve in the government, and these new bureaucrats tried to integrate India into the global market more comprehensively. In fact, the main architect of India's reform plan India1991 was also related to Premier rajiv gandhi's liberalization attempt in 1980s.

Second, the main driving force for internal reasons is domestic private entrepreneurs, traditional commercial and trading companies. In the 30 years before the founding of the People's Republic of China, the India government pursued the import substitution policy of structuralism at all costs. Although this has enabled India to establish an extremely extensive and self-sufficient industrial system, the high production cost, poor product quality and backward production technology of the industrial sector are widespread. Although the goal of India's import substitution policy is to replace imports with domestic products, it leads to more import demand for equipment, technology and raw materials that are in short supply in China. Under such circumstances, many entrepreneurs are increasingly dissatisfied with the shackles of the original system, and have demanded that the government relax its control. India has appeared a lobbying group calling for the relaxation of the import of raw materials and machinery (Panagariya, 2004). After rajiv gandhi, who was supported by these entrepreneurs, won the 1984 election, he announced a series of deregulation measures in favor of the private sector, including canceling the licenses of certain industries and allowing companies in some industries to expand their business scope to related activities to expand their capabilities. Some steps have also been taken to reduce trade barriers and import restrictions and reduce taxes. Emphasis was placed on economic modernization and support for imported technology. In 1985, the rajiv gandhi government further adjusted its policies and strengthened more substantive measures aimed at relaxing industrial investment and improving the domestic business environment. Kohli's analysis of economic policies in 1980s pointed out that it was a real attempt to reform economic liberalization, trying to make a decisive change from state control and import substitution mode to free development mode (Kohli, 1989, p.311).

(2) The impact on the reform and opening up mode of China and India

From the impact on China and India's reform and opening-up model, there are also quite significant differences between the two countries. As far as China is concerned, China's reform and opening-up mainly focuses on the economic development of manufacturing based on low-cost labor, and then adopts the way of export induction and foreign capital introduction. However, India's reform policy has mainly driven the growth of information technology-related service industries (see Table 6), while opening up to the outside world has adopted foreign investment and promoted economic and trade liberalization. Next, this paper will analyze the internal logic of how the planned economic development policies of China and India affect the reform and opening-up mode of China and India.

Table 6 India Computer and Software Production/Export (Million USD)

	1984	1985	1986	1987	1988
Computer production	66	111	200	268	347
Hardware exports	0.6	0.5	3	3	34
Software exports	17	20	30	41	61

Source: Evans PB. 1995. Embedded autonomy: states and industrial transformation. Princeton, N. J.: Princeton University Press.

1. The logical evolution of the influence of development policy on the reform and opening up mode in the period of China's planned economy

The reason why China and India adopted almost completely opposite approaches in opening to the outside world lies in the totally different results of the development policies faced by the two countries in the 1950s and 1970s. At the beginning of the transition to a market economy, some literatures have concluded that "the result of China's planned economy model is that there is a huge amount of surplus labor, but there is no real enterprise or real entrepreneur, and it is still a typical country with dual economic structure with urban-rural division (Hua, 2006)". Combining the features of planned economy model in China from 1950s to 1970s, this result determines that China's economy in the early stage of reform and opening up must have the following features:

(1) The rural labor force that can be transferred to the secondary and tertiary industries is abundant. Nelson-phelps model shows that abundant human capital constantly promotes technological innovation, while advanced technology can really promote economic growth only if it is combined with skilled labor. In addition, many practices have proved that the efficiency of human capital is not only restricted by the technical level of productivity, but also influenced by the strong capital allocation structure. Therefore, the different development of human capital allocation structure in the two countries has a great influence on the development path of future economic reform. The growth of human capital in China's planned economy period is limited by the relatively closed international relations and the differences between urban and rural workers and peasants, and its accumulation and allocation are inevitably affected by the planned economy system. As a measure to popularize basic education by transforming the old society, the number of primary and secondary schools has increased rapidly, forming a basic education pattern of "primary schools in villages and junior high schools in townships". At the same time, China's higher education has been greatly impacted by the "Cultural Revolution", and the number of colleges and universities has been drastically reduced and semi paralyzed.

② Domestic demand is seriously insufficient due to the turmoil of the cultural revolution and the rigid distribution of the planned economy. Therefore, the "export-oriented" model oriented by the market of developed countries such as Europe and the United States has great attraction for China.

③ Centralized resource use decision and traditional planned economy make private enterprises and entrepreneurs highly scarce, so that domestic savings can not be effectively transformed into productive capital to increase national wealth and residents' income;

④ When China and India began their economic reform around 1980, leaders were embedded in different social network structures, which determined their different policies on FDI. In the domestic social structure after China Cultural Revolution, domestic industry and bureaucracy are extremely weak. At the same time, overseas Chinese are very strong in resources and have deep ties with policy makers and other domestic groups. Through demonstration, persuasion and joint selection mechanism, these external networks can change China's economic policy on foreign investment. Without such a vibrant external social network, India's economic transformation was led by powerful but generally inefficient domestic industries and bureaucracies in 1980s. Therefore, China has not adopted the economic policy of encouraging foreign investment and inducing exports as actively as China (Ye, 2007, p25).

As a result of the above-mentioned planned economy model and economic characteristics, China's reform and opening up can only adopt export-oriented and large-scale introduction of foreign direct investment. By adopting a positive trade policy to encourage exports, China has effectively solved the problem of overproduction caused by insufficient domestic demand. By introducing direct investment from multinational companies, China's total investment has been effectively increased, the domestic market competitiveness has been activated, the entrepreneurial spirit of China has been stimulated, a large number of township entrepreneurs have been produced, and private enterprises have grown significantly, thus promoting the reform of China's enterprise system. All of the above economic effects brought about by opening up have made China's economy grow stronger than ever.

2. The internal logic evolution of the influence of development policy on the reform and opening up mode in the period of India's planned economy

When India opened its door to economic reform, the results of its development policies in the 1950s and 1970s were quite different from those of China. Based on the differences between the development policies of China and India in the 1950s-1970s mentioned in the previous text, it can be summarized as follows:

① There is a better private enterprise system than China.

② The illiteracy rate exceeds 50%, resulting in a shortage of skilled manufacturing labor.

③ With the improvement of higher education system, there are plenty of talents related to information technology.

④ India's democratic but decentralized and inefficient political system has led to slow and gradual improvement of infrastructure.

⑤ From the period of colonial government, strict labor and factory laws and regulations were formed throughout the period of planned economy. In the face of such development policy achievements in the 1950s and 1970s, the Indian government can only take the following measures when choosing the mode of opening to the outside world: 1; 2. Promote the development of information technology related service industry; 3. Promote economic and trade liberalization.

The question that needs to be analyzed now is: Why can India only make the internal logic of these three choices?

First of all, we can analyze India's inability to attract a large number of multinational companies to invest and produce in China by combining the three conditions of India's lack of skilled labor, insufficient infrastructure construction and strict labor and factory regulations. In addition, when India companies develop manufacturing to a certain scale, they will also face the bottleneck of insufficient supply of high-quality manufacturing labor, slow improvement of infrastructure and unfavorable development of labor and factory regulations. This is why India's manufacturing industry lags far behind China's, and under such circumstances, a large number of Indian enterprises have to invest overseas.

Secondly, related to India's democratic but decentralized and inefficient political system, Vivik Kiber's comparative study of South Korea and India pointed out that "the conscious resistance of Indian bourgeoisie to the development policy of Indian government is the key reason why India failed to achieve the same development results. India government implements import substitution rather than export-oriented strategy. This makes the Indian bourgeoisie lack the motivation to expand production for export on a large scale, and the policy of restricting the import of foreign products has lowered the living standard of the Indian bourgeoisie, thus attracting their general opposition (Chibber, 2003) ". Therefore, the Indian government failed to establish a development alliance based on common interests with the Indian bourgeoisie, and was even less able to effectively guide its investment behavior to serve the national development goals. So far, this decentralized and inefficient democratic political system still puzzles the entry of foreign capital. For example, South Korea POSCO, one of the top ten consortia in South Korea, tried to enter the India market for 12 years, but finally failed. In 2004, it proposed to build a 10 million-ton steel mill in India. Despite repeated interventions by the Indian government, the steel mill project of US$ 12 billion was suspended in 2015, and finally it was announced in 2016 to abandon India's plant construction plan. In this famous case, although Posco has already obtained the iron ore mining license and environmental permit, the land for building the factory has not been completely handed over until it was announced to give up, but the environmental permit expired in July 2017, and there was not enough time for building the factory. The number of employees of the company in India project has also been reduced from 80 to 6, and key personnel have returned to South Korea, which reflects the "chicken ribs" problem faced by foreign-funded enterprises in setting up factories in India.

Finally, the composition of human resources brought about by the development policies in 1950s and 1970s is the logical reason for India to promote IT-related services. As mentioned above, the Indian government attaches great importance to education after independence, but the popularization of education has not been carried out between rural and urban poor, so higher education has become an only seedling after India's independence. On the contrary, with the strong promotion of the government, the basic education system in China made great progress in the 1950s, but after 1960s, higher education was paralyzed by the Cultural Revolution. Therefore, in 1980s, India, which has millions of college graduates, and China, which has a high proportion of primary education level, chose their own economic development path that suits them best. India elites who lack the ability to popularize education can only rely on cutting-edge science and technology IT information departments to take the lead in breaking through, while China, which lacks higher education, can only rely on extensive primary-level labor to achieve growth in the manufacturing sector. After India's independence from 1950s to 1970s, the governments of Nehru, Indira and Rajiv attached importance to science and technology and higher education, and the continuous emergence and growth of high-tech and high-tech industries promoted the change of India's industrial structure to a certain extent. That is to say, the proportion of service industry has greatly increased. With the promotion of high and new technology, modern service industry has been continuously produced and gradually developed, and service industry plays an increasingly important role. In fact, the service industry has become the most important sector of India's economy, and has become the main driving force for India's economic development. Therefore, some scholars even think that India may cross the long and slow industrialization stage that most developed countries have experienced and directly enter the service economy stage.

IV. Conclusions

This paper analyzes how China and India's planned economic development policies from 1950 to 1970' s influenced the performance differences in development achievements during the economic reform period, and summarizes the institutional logic of the performance differences in economic reform between the two countries from the perspective of historical logic. First of all, there are differences between the economic systems of the two countries in the planned economy period from 1950 to 1970: China's state-run economic system centered on highly planned economy, and India's typical mixed economic system that recognizes private property system. The reform is to make major adjustments to the relations of production that are not suitable for the development of social productive forces and the superstructure that is not suitable for the economic base within the scope of the existing basic social system. Therefore, the development and evolution of China's state-owned economic system centered on highly planned economy in the first 30 years determined the formation of China's market-oriented reform road centered on the reform of ownership structure. In the first 30 years, India recognized the private property system and regarded it as a typical mixed economic system, which determined its gradual deregulation of the private sector; We should reduce the restrictions on the private sector and reform the license system; Gradually push forward the market-oriented road of "economic liberalization" such as economic and trade liberalization. Secondly, due to the specious institutional structure (political system, land system, labor system, enterprise system) and development policies (infrastructure, education policy, land acquisition policy) in the 1950s and 1970s, the two countries entered different modes of opening to the outside world in 1980s. China's reform and opening-up mainly focuses on the economic development of manufacturing based on low-cost labor, and then adopts the way of export induction and foreign capital introduction. However, India's reform policy has mainly promoted the growth of information technology-related service industries, while opening up to the outside world has adopted foreign investment and promoted economic and trade liberalization. This difference in opening-up mode is one of the fundamental reasons for the difference in economic reform performance between the two countries.

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