

Indian development paths and long run impacts on Australia

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There has been much speculation amongst policy makers and academics alike that the standard development path of countries observed since the industrial revolution may not be observed with the development of India. The large and fast growing Information Technology and general service sector, especially in places like Hyderabad, has prompted serious thought into the question of whether India will experience the now standard agriculture – industrial – service path, or whether the impact of the information revolution, globalisation and industrial competition from China will prompt India's development path to largely leap-frog the industrial phase directly to a high technology service economy. This paper analyses the impact of development paths for India on the global economy and on the long-term prospects of the Australian economy. The two development paths are simulated through Treasury's version of the Global Trade and Environment Model (GTEM) and the impacts of each are analysed.