

India - Israel Economic Comparison

Team Israel

Quick Demographics

India

Total population 1,210 million (2011 census)

Rural population 72.2% (2001 census)

Age structure 0–14 years: 30.8%; 15–64 years: 64.3%; 65+ years: 4.9%; (2007 est.)

Median age 25.1 years

Population growth rate 1.548% (2009 est.)

Literacy rate 81.4% (total population, age 15–25, in 2006)

Per cent of population below poverty line 22% (2006 est.)

Unemployment rate 7.8%

Net migration rate −0.05 migrant(s)/1,000 population (2007 est.)

Sex ratio 1.08 male(s)/female (2011 est.)

Life expectancy at birth 68.3 years (source: UN Human Development Report, 2015)

Religions Hindu 80.5%, Muslim 13.4%, Christian 2.3%, Sikh 1.8%, Buddhists 0.8%, Jains 0.4%, others 0.7%, unspecified 0.1% (2001 census)

Israel

Total population 8.5 million (2017 census)

Rural population 11.6%

Age structure 0–14 years: 28.0%; 15–64 years: 62.1%; 65 years and over: 9.9%

Median age 29.7 years

Population growth rate 2%

Literacy rate 97.8% (total population, age 15–25, in 2006)

Per cent of population below poverty line NA

Unemployment rate 4.1%

Net migration rate 2.2 migrant(s)/1,000 population (2016 est.)

Sex ratio 1.01 male(s)/female (2011 est.)

Life expectancy at birth 82 years

Religions 75.4% Jewish, 16.9% Muslim, 2.1% Christian, and 1.7% Druze

Independence Era

India

- First budget of Independent India was presented by R K Shanmukham Chetty. The budget estimate for total revenues was a mere Rs 171.15 crore.
- Presented by John Mathai, the finance minister in the Congress government, this budget laid down the road map to the creation of the Planning Commission. The Planning Commission assesses all resources of the country and plans the most effective use of these resources.

Israel

- Received large sums of capital inflows: U.S. aid in the forms of unilateral transfers and loans, German reparations and restitutions to individuals, sale of State of Israel Bonds abroad, and unilateral transfers to public institutions, mainly the Jewish Agency, which retained responsibility for immigration absorption and agricultural settlement.
- Massive investment program, financed through a special government budget.
- Governmental budgets and strong protectionist measures to foster import-substitution enabled the development of new industries, chief among them textiles, and subsidies were given to help the development of exports, additional to the traditional exports of citrus products and cut diamonds.

1960 - 1970

India

GDP (bil USD)	:	38.71
GDP per Capita (USD)	:	84.4
Population (mil)	:	458.5

- Ended the need for excise department officials to step and assess each goods leaving the factory gate.
- It introduced the system of self-assessment that all big and small manufacturers could follow.
- Withdrawal of the "spouse allowance" where both a husband and wife were income tax payers

Israel

GDP (bil USD)	:	3.138
GDP per Capita (USD)	:	1436
Population (mil)	:	2.18

- Most dramatic event was the Six Day War of 1967, at the end of which Israel controlled the West Bank and the Gaza Strip, controlled until then by Egypt.
- Israel was responsible for the economic as well as the political life in the areas taken over. The allocation of resources to Jewish settlements in the occupied territories has been a political and economic issue ever since.
- Loans were provided primarily for purchases of U.S. agricultural surpluses.

1970 - 1980

India

GDP (bil USD)	:	61.59
GDP per Capita (USD)	:	111.26
Population (mil)	:	553

- Nationalisation of the general insurance companies, Indian Copper Corp and coal mines.
- This was to allow uninterrupted supply of coal in line with the growing demand for coal in industries like power, cement and steel.

Israel

GDP (bil USD)	:	6.26
GDP per Capita (USD)	:	2107
Population (mil)	:	2.97

- Trade in goods and services developed, with restrictions placed on exports to Israel of products deemed too competitive, and Palestinian workers were employed in Israel particularly in construction and agriculture.
- Arab uprisings led to severe Israeli restrictions on employment of Palestinians in Israel.
- Annual loans and grants averaged \$1.9 billion, and covered some 60 percent of total defense imports.

1980 - 1990

India

GDP (bil USD)	:	183.8
GDP per Capita (USD)	:	263.84
Population (mil)	:	696

- Dismantling of the license raj. Budget was also the modest beginning at major indirect tax reforms that would lead to the change in GST regime.
- Highly profitable companies that were legally managing to avoid paying income tax were brought into the tax net with this budget. It became a major source of revenue for the government thereafter.

Israel

GDP (bil USD)	:	21.88
GDP per Capita (USD)	:	5643
Population (mil)	:	3.87

- Hyperinflation rates were reached in the early 1980s, about 400 percent per year by the time a drastic stabilization policy was imposed in 1985.
- Exchange rate stabilization, budgetary and monetary restraint, and wage and price freezes sharply reduced the rate of inflation to less than 20 percent, and then to about 16 percent in the late 1980s.

1990 - 2000

India

GDP (bil USD)	:	316.7
GDP per Capita (USD)	:	363.96
Population (mil)	:	870

- Overhaul of the import-export policy. It also slashed the import licensing and promoted exports at optimal import compression.
- This exposed the Indian industry to global competition.

Israel

GDP (bil USD)	:	52.49
GDP per Capita (USD)	:	11264
Population (mil)	:	4.66

- Economic agreement was signed in 1994, gave Israel full freedom to export to the Territories but put restrictions on Palestinian exports to Israel
- Economic fluctuations have been associated with immigration which abruptly increases the population
- Investments for its absorption in employment and housing

2000 - 2010

India

GDP (bil USD)	:	438
GDP per Capita (USD)	:	462
Population (mil)	:	1053

- Intention to promote India as a major software development hub.
- The introduction of software export led to an exceptional growth in the Indian IT industry.

Israel

GDP (bil USD)	:	132.4
GDP per Capita (USD)	:	21052
Population (mil)	:	6.3

- Very drastic monetary policy, from the late 1990s, finally reduced the inflation to zero by 2005.
- However, combined with high-tech bubble, recession abroad, and domestic insecurity resulting from the intifada, led to unemployment levels above 10 percent at the beginning of the new century.
- Prudent fiscal policies and regulations, combined with a particularly robust banking sector, allowed the economy to recover quickly.

2010 - Current - Future

India

GDP (bil USD)	:	2264
GDP per Capita (USD)	:	1709
Population (mil)	:	1324

- Believes that they can achieve growth rates of over 8 per cent and anything less than that is seen as a major slowdown.
- Indian growth story not limited to Mumbai, Bangalore or New Delhi but spread to smaller towns and cities. Has enabled us to raise the incomes of the mass of our population, leading to an improvement in their living conditions.
- However, a major problem that has surfaced as we have grown is the problem of demand and supply.

Israel

GDP (bil USD)	:	318.7
GDP per Capita (USD)	:	37292
Population (mil)	:	8.4

- Economy has evolved from a Second World communist level economy to where GDP per capita now exceeds that of France and Japan. Soon will surpass UK and Germany.
- Massive infrastructure investments are being carried out (rail lines, roads, new airport, etc...), dozens of new colleges opened, and the number of quality jobs expanded significantly.

Q&A Time

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