

CHAPTER :- 8
COMPARATIVE DEVELOPMENT EXPERIENCE OF INDIA AND ITS
NEIGHBOURS

In this chapter we will compare the trend in various economic and Human Development indicators of India with its two principal neighbours.

1. China which has recently started moving towards a more liberal restructuring of its command economy
2. Pakistan, having an authoritarian militarist political power structure

All the three countries India, China and Pakistan have more than six decades of development experience behind them we will also appraise the strategies adopted by the countries to reach their present state of development.

Development path of India, Pakistan and China

India Pakistan and China have many similarities in their developmental strategies.

- (1) All the three Nations started their development at the same time.
- (2) India and Pakistan got independence in 1947 and People's Republic of China was established in 1949.
- (3) All three countries had started planning their development strategies in similar ways. India announced its first five year plan in 1951, Pakistan announced in 1956 and China in 1953
- (4) Since 2013 Pakistan is working on the basis of 11th Five Year development plan(2013-18), while China is working on 13th five year plan(2016-20). Until March 2017, India has been following five year plans based development model.
- (5) India and Pakistan adopted similar strategies, such as creating a large public sector and raising public expenditure on social development.
- (6) Till, 1980s all the three countries had similar growth rate and per capita incomes.

All the three countries have performed differently. India and Pakistan have made slow and irregular progress as compared to China, which has made a miraculous progress. But before we make comparative study of the three countries, let us first analyse the structure of Economies of China and Pakistan.

CHINA

Economy

Being one of the oldest Civilizations in the world, China has been the world's largest economy. After the establishment of Republic of China under one party rule, all the critical sectors of economy, enterprises and lands owned and operated by individuals were brought under government control.

1. **Great Leap Forward campaign(GLF):** In 1958, a Programme named The Great Forward(GLF)' campaign was initiated by Mao to modernize China's economy.
 - (i) The aim of this campaign was to transform agrarian economy into a modern economy through the process of rapid industrialization.
 - (ii) Under this programme, people were encouraged to set up industries in their backyards
 - (iii) In rural areas communes were started. Under the commune people collectively cultivated land.
 - (iv) In 1958 there was 26000 Communes covering almost all the farm population.
 - (v) GLF campaign with many problems. A severe draught caused havoc in China killing about 30 million people

2. **Great Proletarian Cultural Revolution:** In 1965 Mao introduced the great proletarian cultural revolution (1966-76), under which students and professionals were sent to work and learn from the countryside however when Russia had conflicts with China, it withdrew its professional who had earlier been sent to China to help in the industrialization process.

3. **Reforms introduced in China:** The present day fast industrial growth in China can be traced back to the reforms introduced in 1978. China introduced the reforms in phases:
 - (i) In the initial phase reforms were initiated in agriculture, foreign trade and investment sector
In agriculture commune lands were divided into small plots which were allocated (only for the use and not as ownership) to the individual household.
 - (ii) They were allowed to keep all income from the land after paying stipulated taxes.
 - (iii) In the later phase reforms were initiated in the industrial sector.

- (iv) Private sector Firms and township and village Enterprises were allowed to produce goods.
 - (v) At this stage enterprise is owned by the government known as State Owned Enterprises (SOEs) were made to face competition.
4. **Dual pricing:** In the reforms process the Reform process has also involved dual pricing this means fixing the prices in two ways farmers and Industrialist units were required to buy and sell fix quantities of inputs and outputs on the basis of prices fixed by the government for other transaction the inputs and outputs were purchased and sold at market prices
5. **Special Economic Zones(SEZ):** In order to attract foreign investors, special economic zones were set up

PAKISTAN

Economy

1. **Mixed economy:** Pakistan follows the mixed economy model with coexistence of public and private sector
2. **Introduction of various policies:** In the late 1950s and 1960s Pakistan introduced a variety of regulated policy framework for growth of domestic industries. The policy combined tariff and protection for manufacturing of consumer goods, together with direct import controls on competing imports
3. **Green Revolution:** In case of agriculture the introduction of Green revolution and increase in public investment in infrastructure led to the rise in the production of food grains. This changes the agrarian structure dramatically.
4. **Importance to role of public sector in early 1970:** In the early 1970. nationalization of capital goods industries took place
5. **Important role of private sector in late 1970:** In late 1970s, there was a shift in the government policy, when it adopted the policy of denationalisation, government encouraged the private sector and also offered various incentives to them. All this created a conducive climate for new investment.
6. **Financial support during late 1970:** During this period Pakistan also receive the financial support from Western nations and remittances from emigrants to the Middle East. This helps the country in stimulating economic growth
7. **Reforms in 1988:** Reforms were initiated in the country in 1988.

Comparison of Demographic Indicators:

Demographic indicators, Growth indicators, GDP and sectors and Human Development Demographic indicators we shall compare demographic indicators of India, China and Pakistan on the basis of estimated population, annual growth of population, density of population, sex ratio, fertility rate and urbanization

Select Demographic Indicators (2017-18)

Country	Estimated Population (In Million)	Annual Growth of population in	Density (Per sq KM)	Sex Ratio	Fertility Rate	Urbanisation %
India	1352	1.03	455	924	2.2	34
China	1393	0.46	148	949	1.7	59
Pakistan	212	2.05	275	943	3.6	37

- (i) **Estimated population:** looking at the Global population out of every 6 people living in this world one is an Indian and another Chinese China is the most populous country in the world with 1393 million people, India ranks second with 1352 million people population of Pakistan is 212 million and accounts for roughly about one tenth of China or India.
- (ii) **Annual growth of population:** In spite of being the world's most populous country, China's annual growth rate of population(0.46%) is lower than compared to India's 1.03% and Pakistan's 2.05%. This is largely due to One Child Norm' introduced in China in 1970s which reduced the population growth rate.
- (iii) **Density of population:** Although China is the most populous country in the world its density is the lowest 148 person per square kilometer due to its large geographical area, density of China is low in comparison to that of India 455 person per square kilometer and Pakistan 275 persons per square km.
- (iv) **Sex ratio:** Sex ratio the proportion of females per thousand males is low and biased against females in all the three countries due to son preference in India, the sex ratio 924 females per thousand males and corresponding figure for China and Pakistan are 949 females per thousand males and 943 females per thousand males respectively
- (v) **Fertility rate:** Fertility rate defined as the number of children borne by a woman in the reproductive age of 15 to 45 years on an average is highest in Pakistan with 3.6 births per women in comparison to 2.2 births per women in India and 1.7 births per women in China.

- (vi) **Urbanisation:** In comparison to only 34% of Indian people living in urban areas, 59% people in China and 37% people in Pakistan are residing in urban.

Growth Indicators (GDP and sectoral contribution)

In the present date China is more advanced than India and Pakistan in spite of all three countries having similar growth rates and per capita income till 1980s, the growth indicators are studied with respect to:

Growth rate of Gross Domestic Product and Sectoral contribution

Growth rate of GDP it is the single most important indicators of an economy. China has the second largest GDP PPP dollar 19.8 trillion whereas India's GDP PPP is 8.07 trillion dollar and Pakistan's GDP PPP is 0.94 trillion dollar, roughly about 12% of India's GDP. India's GDP is about 40% of GDP of China when many developed countries were finding it difficult to maintain a growth rate of even 5%. China was able to maintain near double digit growth for one decade.

Annual Growth of Gross Domestic Product (%) 1980-2017

Country	1980-90	2015-17
India	5.7	7.3
China	10.3	6.8
Pakistan	6.3	5.3

Sectoral contribution: It refers to the contribution made by each sector to the country's GDP. The following table shows that how people engaged in different sector contribute to GDP.

Sectoral Share of Employment and GDP (%) in 2018-19

Sector	Contribution to GDP			Distribution of Workforce		
	India	China	Pakistan	India	China	Pakistan
Agriculture	16	7	24	43	26	41
Industry	30	41	19	25	28	24
Service	54	52	57	32	46	35
Total	100	100	100	100	100	100

The sectoral share of output and employment also shows that in all three economies in the industry and service sectors have less proportion of workforce but contribute more in terms of output. If we look at the proportion of workforce in the 1980s. Pakistan was

faster in shifting its workforce to service sector than India and China. In the late 1980s India, China and Pakistan employed 17, 12 and 27% of its workforce in the service sector respectively. In 2014 it has reached the level of 29, 43 and 34% respectively.

Trends in Output Growth in Different Sectors, 1980-2015

Country	1980-90			2014-18		
	Agriculture	Industry	Service	Agriculture	Industry	Service
India	3.1	7.4	6.9	3.1	6.9	7.6
China	5.9	10.8	13.5	3.1	5.3	7.1
Pakistan	4	7.7	6.8	1.7	4.8	5

Human Development Indicators

One of the most important indicators to study Human Development is Human Development Index. Higher value of HDI implies higher growth and development level of a nation. It is on the basis of HDI the ranks are given to different countries.

Some Sectoral Indicators of Human Development, 2017-2019

S.N.	Items	India	China	Pakistan
1	Human Development Index	0.645	0.761	0.557
2	Rank (Based on HDI)	130	87	154
3	Life Expectancy at Birth (Years)	69.7	76.9	67.3
4	Mean Years of Schooling (age 15 and above)	6.5	8.1	5.2
5	GDP per Capita (PPP US Dollar)	6681	16057	5005
6	People Below Poverty line (At Dollar 3.20 a Day PPP) (%) (2011)	21.9	1.7	24.3
7	Infant Mortality Rate (Per 1000 live Births)	29.9	8.5	57.2
8	Maternal Mortality Rate (Per 1 lakh Birth)	133	29	140
9	Population using improved sanitation(%)	60	75	60
10	Population with Sustainable Access to improved Water Sources (%)	93	96	91
11	Percentage of Undernourished children	37.9	8.1	37.6

As per human development report 2016, HDI for India, China and Pakistan was 0.645, 0.761 and 0.557 respectively. Accordingly these countries were ranked at 130, 87 and 154 corresponding to their HDI, the various indicators are:

1. Life expectancy:

life expectancy refers to the average number of years for which people are expected to live. A country which provides better Civic amenities and health facilities secure a higher life expectancy for its citizens. China has the highest life expectancy of 76.9 years among the three countries. Life expectancy for both India and Pakistan is 69.7 years and 67.3 years respectively.

2. Mean years of schooling:

It is a calculation of the average number of years of education received by people based on education attainment levels of the population converted into years of schooling. This data is 6.5% for India, 5.2% for Pakistan and highest 8.1% for China.

3. GDP per capita:

Higher per capita GDP plays a major role in increasing the Human Development Index for the nation. In 2017 China's GDP per capita is estimated at US Dollar 16057 for India and Pakistan it is US dollar 6681 and 5005 respectively.

4. People below poverty line:

Those people are considered to be living below the poverty line whose level of income and expenditure is not sufficient to meet specified minimum level of calories intake. 21.9% people in India, 1.7% people in China and 24.3% people in Pakistan live below the poverty line. These values are measured against International poverty rate of 3.2 dollar per day.

5. Maternal mortality rate:

High maternal mortality rate would imply failure of a country to provide sufficient and competent health facilities during child birth

For 1 lakh birth 29 women die in China where as in India and Pakistan maternal mortality rate 133 and 140 respectively.

6. Infant mortality rate:

Infant mortality rate refers to number of infants dying before reaching 1 year of age per thousand live births in a year. Low infant mortality rate would imply better health care facilities and improved sanitation and hygiene. Infant mortality rate is lowest in China with 8.5 infant dying before attaining one year of age per 1000 live births. The

corresponding figures for India and Pakistan are 29.9 infants and 57.2 infants respectively.

7. Access to improved sanitation:

India's success to provide sanitation facilities to its citizen is far worse than China and Pakistan. India has been able to provide sanitation facilities to only 60% of its population. The corresponding figures for Pakistan and China are 60% and 75% respectively.

8. Access to improved water sources:

It refers to percentage of population that has a reasonable access to water from tap, hand pump and well etc. is able to obtain at least 20 litres per person per day. 93% of population in India has access to improve water sources the corresponding figures for China and Pakistan are 96% and 91% respectively.

9. Undernourished population:

Undernourished population refers to the percentage of population which is unable to consume adequate diet. 37.9 percent of India's population, 37.6% of Pakistan's population and 8.1% of China's population is undernourished

10. Adult literacy rate:

Adult literacy rate is the ratio of literate adult population to the total adult population in a country. 95.1 percent of population is 15 and above are literate in China where is only 62.8 present in India and 54.7 percent of the population corresponding to this age group is literate in Pakistan as per **Human Development Report 2014**

Appraisal of Development Strategies

Developmental strategies of a country act as a model to others for lessons and guidance for their own development. In order to learn from economic performance of our neighbouring countries, it is necessary to understand the roots of their success and failures and different phases of their strategies.

Though different countries go through their development phases differently, let us take the initiation of reforms as a point of reference. Reforms were initiated in China in 1978, Pakistan in 1988 and India in 1991. Let us briefly assess their achievements and failures in pre and post Reform periods.

China

China did not have any compulsion to introduce reforms as dictated by the World Bank and International Monetary Fund to India and Pakistan. But, some adverse situation of the economy prior to 1978, forced China to go for reforms.

Pre Reforms Period

1. There had been massive extension of basic health services in rural areas.
2. Through the Commune system, there was more equitable distribution of food grains.
3. Despite extensive Land Reforms, collectivisation, the Great Leap Forward and other initiatives, the per capita grain output in 1978 was the same as it was in the mid-1950s.

In 1978, the Government of China was not satisfied with slow pace of economy and lack of modernisation under the Maoist rule. They felt that Maoist vision of economic development had failed. As a result a number of reforms measures were introduced in 1978.

Post Reforms Period

The various reforms measure led to Rapid growth in China.

- (1) Each Reform measure was first implemented at a smaller level and then extended on a massive scale
- (2) Development of infrastructural facilities in the area of education and health, land reforms, long existence of decentralized planning and existence of small enterprises helped positively in improving the social and income indicators.
- (3) Agricultural reforms handing over plot of land to individuals for cultivation, brought prosperity to a vast number of people. It created conditions for the subsequent phenomenal growth in rural industries and build up a strong support base for more reforms.

Pakistan

In Pakistan, the reforms process led to worsening of all the economic indicators. As compared to 1980s the growth rate of GDP and its sectoral constituents decreased in 1990s. The proportion of poor in 1960s was more than 40% which declined to 25% in 1980s and started rising again in 1990s.

The reasons for the slow-down of growth and re-emergence of poverty in Pakistan's economy are:

- (1) Agricultural growth and food supply situation was based on good harvest and not on institutionalized process of technical change. When there was a good harvest,

the economy was in good condition, when it was not, the economy's indicators shows stagnation or negative trends.

- (2) Foreign exchange is an essential component for any country and it is always preferred to build Foreign Exchange Reserves through exports of manufactured goods. in Pakistan most of the foreign exchange earnings came from remittance from Pakistani workers in the Middle East and the exports of highly volatile agricultural products.

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MULTIPLE CHOICE QUESTIONS

1. Indian, Pakistan and _____ have many similarities in their development strategies.
(a) Nepal (b) China (c) Srilanka (d) Bangladesh
2. Which type of economic system is followed in China?
(a) Mixed Economy (b) Socialist Economy
(c) Capitalist Economy (d) None of these
3. Which sector of the economy contributes the highest to India's GDP?
(a) Service (b) Agriculture
(c) Industry (d) None of these
4. Which one of the following is an indicator of human development?
(a) Life Expectancy at birth (b) Contribution to GDP
(c) Infant Mortality Rate (d) All of these
5. _____programme was started in China with the aim of industrialization.
(a) Great Leap Forward
(b) Great Proletarian Cultural Revolution
(c) One child policy
(d) None of these
6. _____has the highest life expectancy at birth.
(a) India (b) China
(c) Pakistan (d) Both (a) and (b)
7. Great Leap Forward campaign was initiated in:

(a) Pakistan (b) India
(c) China (d) Both (a) and (b)

8. Rank India, Pakistan and China in terms of better value of human development index.
- (a) 1st -Pakistan: 2nd -China 3rd -India
 - (b) 1st -Pakistan: 2nd -India: 3rd -China
 - (c) 1st -China: 2nd -Pakistan: 3rd -India
 - (d) 1st -China: 2nd -India: 3rd -Pakistan
9. When were reforms introduced in China?
- (a) 1979
 - (b) 1977
 - (c) 1978
 - (d) 1979
10. In which year, a program named The Great Leap Forward Campaign was initiated by Mao to modernise China's economy?
- (a) 1957
 - (b) 1958
 - (c) 1959
 - (d) 1968
11. Which of the following country has adopted the Mixed Economic system?
- (a) China
 - (b) India
 - (c) Pakistan
 - (d) Both (a) and (b)
12. Which of the following country followed the Five Year Plan pattern of economic development?
- (a) India
 - (b) China
 - (c) Pakistan
 - (d) All of the above
13. Arrange the following events of China in chronological order and choose the correct alternative:
- i. Great Proletarian Cultural Revolution
 - ii. Great Leap Forward campaign
 - iii. Introduction of Economic Reforms
 - iv. First five year plan
- Choose the correct alternative:
- (a) ii, iv, iii, i
 - (b) iv, ii, i, iii
 - (c) ii, iv, i, iii
 - (d) iv, i, ii, iii

14. Introduction of Economic Reform in Pakistan took place in_____. (Choose the correct alternative)

(a) 1978

(b) 1980

(c) 1988

(d) 1991

Answer.

1. (b):

2. (b):

3. (a),

4. (a), (c):

5. (a):

6. (b);

7. (c),

8. (d),

9. (c):

10. (b);

11. (b), (c).

12. (d):

13. (b),

14. (c).