

# CHAPTER - 10

## COMPARATIVE DEVELOPMENT EXPERIENCE OF INDIA WITH ITS NEIGHBOURS

**Question 1. Mention some examples of regional and economic groupings.**

**Answer.** Every country aims to strengthen its own domestic territory. The nations are forming regional and global economic groupings such as:

1. SAARC. It has 8 countries of South Asia.
2. EU has 25 independent states based on European Communities.
3. ASEAN. It has 5 countries of South East Asia.
4. G-8 (Group of Eight). It has 8 countries.
5. G-20 (Group of Twenty). It consists of 19 world's largest economies.

**Question 2. What are the various means by which countries are trying to strengthen their own domestic economies?**

**Answer.** Countries are trying to strengthen their own domestic economies by:

1. forming regional and global economic groupings like SAARC, EU, ASEAN, G-8, G-20, etc.
2. By having economic reforms.

**Question 3. What similar development strategies have India and Pakistan followed for their respective developmental paths?**

**Answer.** Similar developmental strategies of India and Pakistan are:

1. India has the largest democracy of the world. Pakistan has authoritarian militarist political power structure.
2. Both India and Pakistan followed a mixed economy approach. Both countries created a large public sector and planned to raise public expenditure on social development.

**Question 4. Explain the Great Leap Forward campaign of China as initiated in 1958.**

**Answer.** Communist China or the People's Republic of China, as it is formally known, came into being in 1949. There is only one party, i.e., the Communist Party of China that holds the power there. All the sectors of economy including various enterprises and all land owned by individuals was brought under governmental control. A programme called 'The Great Leap Forward' was launched in 1958. Its aim was to industrialise the country on a large scale and in as short a time as possible. For this, people were encouraged to set up industries in their backyards. In villages, village Communes or cooperatives were set up. Communes means collective cultivation of land. Around 26000 communes covered almost all the farm population

in 1958.

The Great Leap Forward programme faced many problems. These were:

1. In the earlier phase, a severe drought occurred in China and it killed some 3 crore people.
2. Soviet Russia was a comrade to communist China, but they had border dispute. As a result, Russia withdrew its professionals who had been helping China in its industrialisation bid.

**Question 5. China's rapid industrial growth can be traced back to its reforms in 1978. Do you agree? Elucidate.**

**Answer.** Starting 1978, several reforms were introduced in phases in China. First, agriculture, foreign trade and investment sectors were taken up. Commune lands were divided into small plots. These were allotted to individual households for cultivation.

The reforms were expanded to industrial sector. Private firms were allowed to set up manufacturing units. Also, local collectives or cooperatives could produce goods. This meant competition between the newly sanctioned private sector and the old state-owned enterprises. This kind of reform in China brought in the necessity of dual pricing. This meant the farmers and industrial units were to buy and sell fixed quantities of raw material and products on the basis of prices fixed by the government. As production increased, the material transacted through the open market also rose in quantity. Special Economic Zones (SEZs) were set up in China to attract foreign investors.

**Question 6. Describe the path of developmental initiatives taken by Pakistan for its economic development.**

**Answer.** The developmental initiatives taken by Pakistan were:

1. In the late 1950s and 1960s, Pakistan introduced a variety of regulated policy framework (for import substitution industrialisation). The policy combined tariff protection for manufacturing of consumer goods together with direct import controls on competing imports.
2. The introduction of Green Revolution led to mechanisation of agriculture. It finally led to a rise in the production of foodgrains. This changed the agrarian structure dramatically.
3. In the 1970s, nationalisation of capital good industries took place.
4. In 1988, structural reforms were introduced. The thrust areas were denationalisation and encouragement to private sector.
5. Pakistan received financial support from western nations and remittances from emigrants to the Middle East. It helped in raising economic growth of the country.

**Question 7. What is the important implication of 'one child norm' in China?**

**Answer.** One-child norm introduced in China in the late 1970s is the major reason for low population growth. It is stated that this measure led to a decline in the sex ratio, that is, the proportion of females per 1000 males.

**Question 8. Mention the salient demographic indicators of China, Pakistan and India.**

**Answer.** We shall compare some demographic indicators of India, China and Pakistan.

1. The population of Pakistan is very small and accounts for roughly about one-tenth of China or India.
2. Though China is the largest nation geographically among the three, its density is the lowest.
3. The population growth is highest in Pakistan followed by India and China. One-child norm introduced in China in the late 1970s is the major reason for low population growth. They also state that this measure led to a decline in the sex ratio, that is, the proportion of females per 1000 males.
4. The sex ratio is low and biased against females in all the three countries. There is strong son- preference prevailing in 11 these countries.
5. The fertility rate is low in China and very high in Pakistan.
6. Urbanisation is high in both Pakistan and China with India having 28 per cent of its people living in urban areas.

**Question 9. Compare and contrast India and China's sectoral contribution towards GDP. What does it indicate?**

**Answer.** Sectoral Distribution of Output and Employment:

1. Agriculture Sector. China has more proportion of urban people than India. In China in the year 2009, with 54 per cent of its workforce engaged in agriculture, its contribution to GDP is 10 per cent. In India's contribution of agriculture to GDP is at 17 per cent.
2. Industry and Service Sectors. In both India and China, the industry and service sectors have less proportion of workforce but contribute more in terms of output. In China, manufacturing contributes the highest to GDP at 46 per cent whereas in India it is the service sector which contributes the highest. Thus, China's growth is mainly contributed by the manufacturing sector and India's growth by service sector.

**Question 10. Mention the various indicators of human development.**

**Answer.** Parameters of human development are:

1. HDI— (a) Value—higher the better.  
(b) Rank—lower the better.
2. Life expectancy—higher the better.
3. Adult literacy rate—higher the better.
4. GDP per capita (PPP US \$)—higher the better –
5. Percentage of population below poverty line (on \$1 a day)—lower the better.
6. Infant mortality rate (per 1000 live births)—lower the better.
7. Maternal mortality rate (per 100,000 live births)—lower the better.
8. Percentage of population having access to improved sanitation—higher the better.
9. Percentage of population having access to improved water source—higher the better.
10. Percentage of population which is undernourished (% of total) – lower the better.

**Question 11. Define the liberty indicator. Give some examples of liberty indicators.**

**Answer.** Liberty indicator has actually been added as a measure of ‘the extent of democratic participation in social and political decision-making’ but it has not been given any extra weight. Some of the examples of liberty indicators are : literacy rate, women participation in politics, etc.

**Question 12. Evaluate the various factors that led to the rapid growth in economic development in China.**

**Answer.** Reforms were initiated in China in 1978. China did not have any compulsion to introduce reforms.

**1. Pre-Reform Period : Failures**

(a) There was slow pace of growth and lack of modernisation in the Chinese economy under the Maoist rule.

(b) It was felt that Maoist vision of economic development which was based on decentralisation, self-sufficiency and shunning of foreign technology, goods and capital, had failed.

(c) 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.

**Pre-Reform Period: Success**

(a) There was existence of infrastructure in the areas of education and health.

(b) There were land reform.

(c) There was decentralised planning and existence of small enterprises.

(d) There was extension of basic health services in rural areas.

(e) Through the commune system, there was more equitable distribution of foodgrains.

## 2. Post-Reform Period (after 1978): Success

- (a) In agriculture, by handing over plots of land to individuals for cultivation, it brought prosperity to a vast number of poor people.
- (b) It created conditions for the subsequent phenomenal growth in rural industries and built up a strong support base for more reforms.
- (c) More reforms included the gradual liberalisation of prices, fiscal decentralisation, increased autonomy for state owned enterprises (SOEs), the introduction of a diversified banking system, the development of stock markets, the rapid growth of the non-state sector, and the opening to foreign trade and investment.
- (d) The restructuring of the economy and resulting efficiency gains have contributed to a more than ten-fold increase in GDP since 1978. Measured on a Purchasing Power Parity (PPP) basis, China in 2005 stood as the second largest economy in the world after the US.
- (e) China's economic growth as measured in terms of GDP on an average is 10.9% per year. In economic size, China is surpassed today only by the US, Japan, Germany and France.
- (f) If its present growth trend continues, China is likely to be the world's largest economic power by any measure by the year 2025.

### Comparative Development Experience of India with its Neighbours 11 .IS

- (g) China had success when it enforced one-child norm in 1979. The low population growth of China can be attributed to this one factor.

Thus, China's structural reforms introduced in 1978 in a phased manner offer various lessons from its success story.

### **Question 13. Group the following features pertaining to the economies of India, China and Pakistan under three heads.**

1. **One-child norm**
2. **Low fertility rate**
3. **High degree of urbanisation**
4. **Mixed economy**
5. **Very high fertility rate**
6. **Large population**
7. **High density of population**
8. **Growth due to manufacturing sector**
9. **Growth due to service sector**

### **Answer.**

1. China
2. China
3. Pakistan and China
4. India and Pakistan
5. Pakistan
6. India and China

7. India
8. China
9. India.

**Question 14. Give reasons for the slow growth and re-emergence of poverty in Pakistan.**

**Answer.** Reforms were initiated in Pakistan in 1988.

**1. Pre-Reform Period : Failure**

(a) The proportion of poor in 1960s was more than 40 per cent.

(b) The economy started to stagnate, suffering from the drop in remittances from the Middle East.

(c) A growth rate of over 5% in the 1980s could not be sustained and the budget deficit increased steadily.

(d) At times foreign exchange reserves were as low as 2 weeks of imports.

**2. Post-Reform Period (after 1988): Failure**

The reform process led to worsening of all the economic indicators.

(a) The growth rate of GDP and its sectoral constituents have fallen in the 1990s.

(b) The proportion of poor declined to 25 per cent 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:

(i) Agricultural growth and food supply situation were based not on an institutionalised process of technical change but on good harvest. When there was a good harvest, the economy was in a good condition; when it was not, the economic indicators showed stagnation or negative trends.

(ii) Fall in foreign exchange earnings coming from remittances from Pakistani workers in the Middle East and the exports of highly volatile agricultural products.

(iii) There was also growing dependence on foreign loans on the one hand and increasing difficulty in paying back the loans on the other.

**Question 15. Compare and contrast the development of India, China and Pakistan with respect to some salient human development indicators.**

**Answer.** It is clear that:

1. China is moving ahead of India and Pakistan. This is true for many indicators—income indicator such as GDP per capita, or proportion of population below poverty line or health indicators such as mortality rates, access to sanitation, literacy, life expectancy or malnourishment.
2. Pakistan is ahead of India in reducing proportion of people below the poverty line and also its performance in education, sanitation and access to water is better than that of India. Both China and Pakistan are in similar position with respect to the proportion of people below the international poverty rate of \$1 a day, whereas the proportion is almost two times higher for India.

3. In China, for one lakh births, only 38 women die whereas in India it is 230 and in Pakistan it is 260.
4. India and Pakistan are ahead of China in providing improved water sources.

**Question 16. Comment on the growth rate trends witnessed in China and India in the last two decades.**

**Answer.** Growth of Gross Domestic Product (%), 1980-2009 In 1980s, China had remarkable growth rate of 10.3% when India was finding it difficult to maintain a growth rate of even 5%. After two decades, there was a marginal improvement in India's and China's growth rate.

**Question 17. Fill in the blanks:**

1. **First Five Year Plan of commenced in the year 1956. (Pakistan/China)**
2. **Maternal mortality rate is high iri (China/Pakistan)**
3. **Proportion of people below poverty line is more in (India/Pakistan)**
4. **Reforms in were introduced in 1978. (China/Pakistan).**

**Answer.** (1) Pakistan, (2) Pakistan, (3) India, (4) China.