

CBSE Class 11 Economics
Revision Notes
Chapter - 19
DEVELOPMENT EXPERIENCE OF INDIA
A COMPARISON WITH NEIGHBOURS

Development Path of India, Pakistan and China.

- (i) All the three countries started their development path at the same time. India and Pakistan got independence in 1947 and people's Republic of China was established in 1949.
- (ii) All the 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.
- (iii) India and Pakistan adopted similar strategies, such as creating a large public sector and raising public expenditure on social development.
- (iv) Both India and Pakistan had adopted 'mixed economy' model but China had adopted 'Command Economy' model of economic growth.
- (v) Till 1980s, all the three countries had similar growth rates and per capita incomes.
- (vi) Economic Reforms were implemented in China in 1978, in Pakistan in 1988 and in India in 1991.

Development Strategy:

A. China

- (i) After the establishment of People's Republic of China under one party rule, all the critical sectors of the economy, enterprises and lands owned and operated by individuals, were brought under government control.
- (ii) A Programme named 'The Great leap Forward (GLF) campaign was initiated in 1958, which aimed at industrialising the country on a massive scale. Under this programme, people were encouraged to set up industries in their backyards.
- (iii) 1965, Mao Tse Tung introduced the 'Great Proletarian Cultural Revolution (1966-1976)', under which students and professionals were sent to work and learn from the countryside (rural areas).

(iv) In rural areas, commune system was started, under which people collectively cultivated lands.

(v) Reforms were introduced in China in phases.

(vi) In the initial phase, reforms were initiated in agriculture, foreign trade and investment sectors. In the later phase, reforms were initiated in the industrial sector.

(vii) The reforms process also involved dual pricing. This means fixing the prices in two ways; farmers and industrial units were required to buy and sell fixed quantities of raw materials and products on the basis of prices fixed by the government and rest were purchases and sold at market prices.

(viii) In order to attract foreign investors, special Economics Zones (SEZ) were set up. SEZ is a geographical region that has economic laws different from a country's typical economic laws. Usually the goal is to increase foreign investment.

B. Pakistan

(i) Pakistan followed the mixed economy model with co-existence of public and private sectors.

(ii) Pakistan Introduced tariff protection for manufacturing of consumer goods, together with direct import controls on competing imports.

(iii) The introduction of Green Revolution and increase in public investment in infrastructure in select areas, led to a rise in the production of food grains.

(iv) In 1970s, Capital goods industries were nationalised.

(v) In 1988, structural reforms were implemented. Major thrust areas were denationalisation and encouragement to private sector.

(vi) Pakistan also received financial support from western nations and remittances from emigrants to the Middle countries. This helped the country in stimulating economic growth.

C. India

After Independence, India has adopted mixed economy as economic developmental strategy. Both public and private sector co-exist side by side. In order to achieve rapid economic growth, planned development economy was introduced.

Economic Development Strategy after Independence:

(i) Both public and private sectors were allotted to carry business activities. Public sector was

allotted activities like coal, mining, steel, power, roads etc. Private sector was allotted to establish industries subject to control and regulations in the form of law.

(ii) Public sector was given major push by the Government. Maximum revenues in this sector was invested which increased from Rs. 81.1 crore in First Five-Year Plan (1951-56) to Rs 34,206 crores in Ninth Five-Year Plan (1992-97)

(iii) Public sector was given importance in order to eliminate poverty, unemployment etc.

(iv) Public sector contributed to the industrialisation of the economy. It also helped Indian economy to achieve a considerable degree of self-sufficiency.

Comparative Study – India, Pakistan and China:

1. Demographic Indicators:

a. The population of Pakistan is very small and accounts for roughly about one-tenth of China and India.

b. Though China is the largest nation geographically among the three, its density is the lowest.

c. Population growth is highest in Pakistan followed by India and China. One child norm which was introduced in China in the late 1970s is the major reason for low population growth. But this measure led to a decline in the sex ratio, that is the proportion of females per 1000 males.

d. The sex ratio is low and biased against females in all the three countries. There is strong son-preference prevailing in all these countries.

e. The Fertility rate is low in China and very high in Pakistan.

f. Urbanisation is high in both China and Pakistan- with India having 28 percent of its people living in Urban areas.

2. Gross Domestic Product (GDP) and Sectors :

a. China has the second largest GDP (PPP) of 10.1 trillion (approx) in 2013 whereas India's GDP (PPP) and Pakistan GDP (PPP) are (approx) and \$0.47 trillion (approx) respectively.

b. On this path of Development china's average growth rate is about 9.5% while India's and Pakistan's average growth rate is about 5.8% and 4.1% respectively.

c. In China, in the year 2011. with 37 percent of its workforce engaged in agriculture, its

contribution to GDP is 9 percent (approx). While in India and Pakistan the contribution of agricultural sector in GDP is about 19% and 21% respectively. In India about 56% are engaged in agricultural sector, while in Pakistan this figure is about 45%.

d. In china, manufacturing contributes the highest to GDP at 47 percent whereas in India and Pakistan, it is the service sector which contributes the highest (more than 50 percent of GDP)

e. Though china has followed the classical development pattern of gradual shift from agriculture to manufacturing and then to services, India and Pakistan's shift has been directly from agriculture to service sector.

f. In the 1980s, India, China and Pakistan employed 17, 12 and 27 percent of its workforce in the service sector respectively. In 2011, It reached the level of 25, 33 and 35 percent respectively (approx.).

g. China's growth is mainly contributed by the manufacturing sector where as in both India and Pakistan, the service sector is emerging as a major player of development.

3. Human Development Indicators:

a. In most areas of human development, China has performed better than India and Pakistan. This is true for many indicators-per Capita GDP or proportion of population below poverty line, health indicators such as mortality rates, access to sanitation, literacy, life expectancy or malnourishment etc.

b. Pakistan is ahead of India in reducing proportion of people below the poverty line and also its performance in transferring labour force from agricultural sector to industrial sector and access to water is better than India.

c. Contrary to it, India is ahead of Pakistan in education sector and providing health services.

d. India and Pakistan are ahead of China in providing improved water sources.

Conclusion

A. India-India performed moderately as is clear from

a. A majority of its people still depend on agriculture.

b. Infrastructure is lacking in many parts of the country.

c. It is yet to raise the level of living of more than 22% of its population that lives below the poverty line.

B. Pakistan-Pakistan has performed poorly. The reasons for the slowdown of growth

and re-emergence of poverty in Pakistan's economy are:

- (i) Political instability.
- (ii) Volatile performance of agriculture sector.
- (iii) Over dependence on remittances.
- (iv) Growing dependence on foreign loans on the one hand and increasing difficulty in paying back the loans on the other.

C. China-China has performed comparatively the best as is clear from:

- a. Success in raising the level of growth along with alleviation of poverty.
- b. It used the market mechanism to create additional social and economic opportunities without political commitment.
- c. By retaining collective ownership of land and allowing individuals to cultivate lands, China has ensured social security in rural areas.
- d. Public intervention in providing social infrastructure has brought about positive results in human development indicators in China.