

comparative Development Experiences of india and its neighbours

1. Developmental Path-A Snapshot view
2. Demographic Indicators
3. Gross Domestic product and sectors
4. indicators of human development
5. Development Strategies



India is surrounded by following Countries:

North	China
East	Nepal, Bangladesh, Myanmar, Bhutan
South	Srilanka
West	Pakistan

Why to Learn Development Process of Neighbours?



To better Compete with them



To learn from their Good Economic Policies and Mistakes



Understand Own Strengths and Weakness

Different Neighbouring Countries of India



Which countries we will study in this chapter?

China vs India
Pakistan

What will be Study?

We will study
Development Policies,
Indicators and Experiences
Of China and Pakistan in
comparison to India

China vs pakistan vs india

Common Points - India, Pakistan and China

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All 3 got Independence around same time

India

1947

(From Britishers)

Pakistan

1947

(From Britishers)

China

1949

(People's Republic of China was formed)

5 Years Plans announced around the same time

India

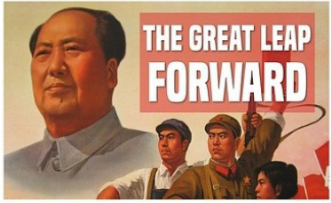
1951

Pakistan

1956

China

1953



Great Leap Forward Reforms of 1958

Commune System was Launched

People collectively Cultivated Lands
Income from Farming went to Govt)

All Major Sectors with Government

State Owned Enterprises did not face
any competition from private sectors)



1978 Reforms of China

Commune land divided into Small Plots

(These were allocated for use to
individual households)
Income from Farming went to Individual
households after paying applicable taxes

Private Sector firms allowed

State Owned Enterprises
faced competition



Great Leap Forward Reforms of 1958

Price Fixed by Govt

Govt had complete control over
fixing of prices of different goods
(both industrial and agricultural)



1978 Reforms of China

Dual Pricing

Certain Fixed Quantity of inputs and
outputs were purchased and sold at
prices fixed by govt

Remaining quantity at price determined
by market

Later when production increased, goods
sold at price determined by market as
increased



Great Leap Forward Reforms of 1958

Foreign Investment Not allowed

China was a closed economy and
there was very little foreign
investment

Less focus on Infrastructure

Not much development in
Roads, Electricity supply et)



1978 Reforms of China

Foreign Investment Encouraged

Govt set up SEZ (Special Economics
Zone) where tax concessions were
given to foreign investors

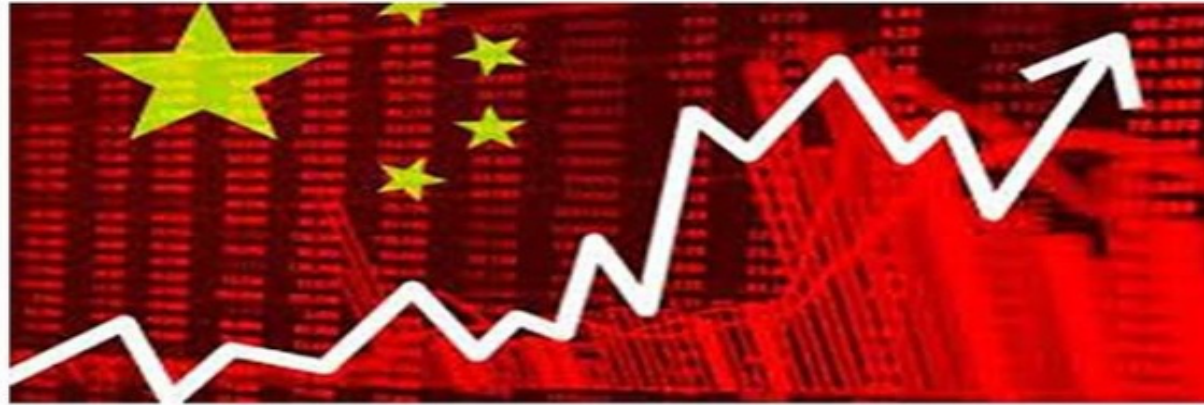
Large Scale Infrastructure Development

Massive Investment in Infrastructure
was undertaken like Building of
roads, bridges, electricity supply, new
cities, extension of basic health services

Comparison-India vs China Development Policies



	India	China
Independence	1947	1949
5 Year Plans	Started 1951	Started 1953
Who Owned Land	Private Sector	Government
Agriculture	Small Farmers owned small prices of land	Commune System and collective Farming
Reforms in Agriculture	Green Revolution (1960'S)	1978 Reforms, Commune land divided and allocated to Small Households)
Industry	Public Sector Undertakings run large Industries Private Sector operated small business	Earlier, Only Govt Sector run major sectors Later in 1978, Private Sector also allowed
Reforms in Industry	1991 Reforms (Policy of Liberalization, Globalization, Privatization)	1978 Reforms (Dual Pricing, Foreign Investment allowed, Infrastructure Improvement)



Important Dates - China Economic Development

- | | |
|----------------|--|
| 1949 | China got Independence
(People's Republic of China formed) |
| 1958 | Great Leap Forward(GLF) Campaign was Launched
(Commune System in Villages, All major sectors with Private Sector) |
| 1966-76 | Great Proletarian Cultural Revolution
During this period, Students and professionals were sent to countryside(villages) to learn and work |
| 1978 | Major Reforms in Agriculture, Industry and Infrastructure
Commune land divided, Dual Pricing Launched
Improvement in infrastructure, Foreign Investment encouraged through SEZ) |

1988

Major Reforms were undertaken in
Trade Liberalisation, Export Promotion,
Financial Sector Reforms



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Important Dates - Pakistan's Development

1947	Pakistan got independence from Britishers on 14 August 1947
1950-60	Reforms introduced for Import Substantiation, Protection of Domestic Industries Public Investment in Infrastructure Green Revolution
1970	Nationalization Program Launched All major Capital goods industries came under Govt Control
Late 1970-1980	Denationalization took Place and private Sector was encouraged Pakistan received financial support from Western Nations like USA Remittance received from Pakistani people working in Middle east's
1988	Major Reforms introduced in Trade Liberalization, Export Promotion, Financial Sector Reforms

Comparison-India vs Pakistan Development Policies



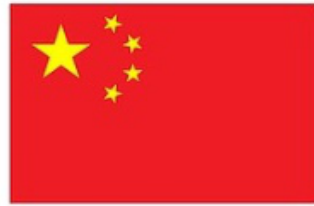
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	India	Pakistan
Independence	14-Aug-47	14-Aug-47
5 Year Plans	Started 1951	Started 1956
Policy followed 1950-60	Import Substitution Protection of Domestic Industries Public Investment in Infrastructure Green Revolution	Import Substitution Protection of Domestic Industries Public Investment in Infrastructure Green Revolution
Nationalization of Capital Goods Industries	Already under Govt (PSU)	1970'S
Denationalization	1991	Late 1970-80
Major Reforms	Started 1991 (Liberalization, Globalization, Privatization)	Started in 1988 Trade Liberalization, Export Promotion, Financial Sector Reforms

GDP China vs India vs Pakistan

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GDP Comparison - China, India and Pakistan

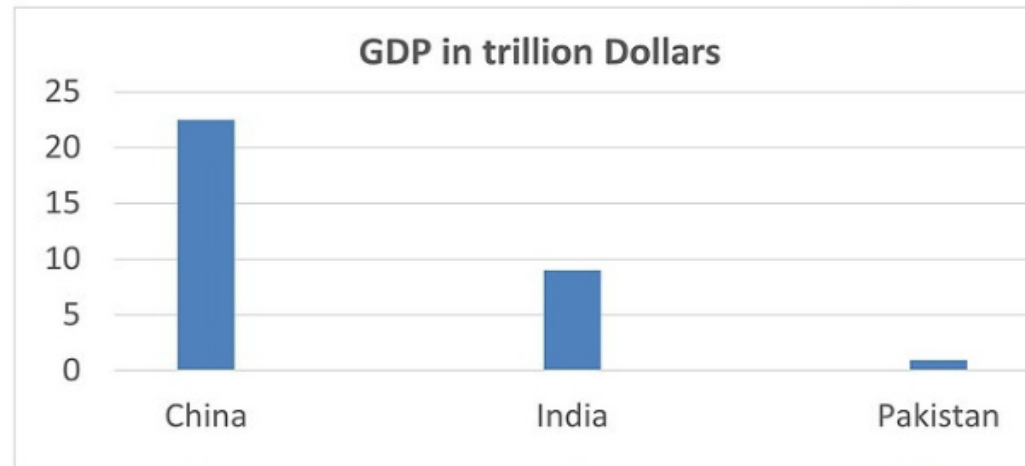


GDP in Trillion Dollars

China
22.5

India
9.3

Pakistan
0.94



Second highest
GDP in World

(India's GDP is less,
it is around 41% of
China GDP)

(Pakistan's GDP is very
less, it is around 11%
of India GDP)



GDP Growth Rate - China, India and Pakistan

	1980-90	2015-17	
China	10.3%	6.8%	China's GDP growth was high in 1980's. Now declined
India	5.7%	7.3%	India's GDP growth was lowest in 1980's. Now it is the best
Pakistan	6.3%	5.3%	Pakistan's GDP was better than India, Now declined due to Political instability

Compare the Growth of GDP of 3 nations

	1980-90	2015-17
India	5.70%	7.30%
China	10.30%	6.80%
Pakistan	6.30%	5.30%

Human index

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Decent Standard of Living Comparison – India, China and Pakistan in HDI



India

China

Pakistan

Decent Standard of living

Gross National income per Capita	→ 6.829	16.127	5.190 → Higher the better
Population with a least Basic Sanitation	→ 60	75	60 → Higher the better
Population with a least Basic Drinking after	→ 93	96	91 → Higher the better

People in china earn higher income
Also they have better sanitation faculties
However, Drinking water is available to
large amount of population

Which Country is better to Live?



China

Advantage

Higher Income
Better Living Standards

Disadvantage

No Democracy, One Party One Rule
No Right to protest of Citizens
No Independent Judiciary



China is better in Human Development Indicators but lacks in Liberty Indicators



India

Disadvantage

Lower Income
Lower living Standards

Advantage

Democratic Country - Different Political Parties and Elections
Constitutional Protection of Fundamental Rights of Citizens
Independent Judiciary to protect people's Right



India performs much better in Liberty indicators but have work to do in Human Development Indicators

These are Human Development Indicators

These are Liberty Indicators

Decent Standard of living

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Human Development Index



**Improvement of
life of people**



Statistical tool

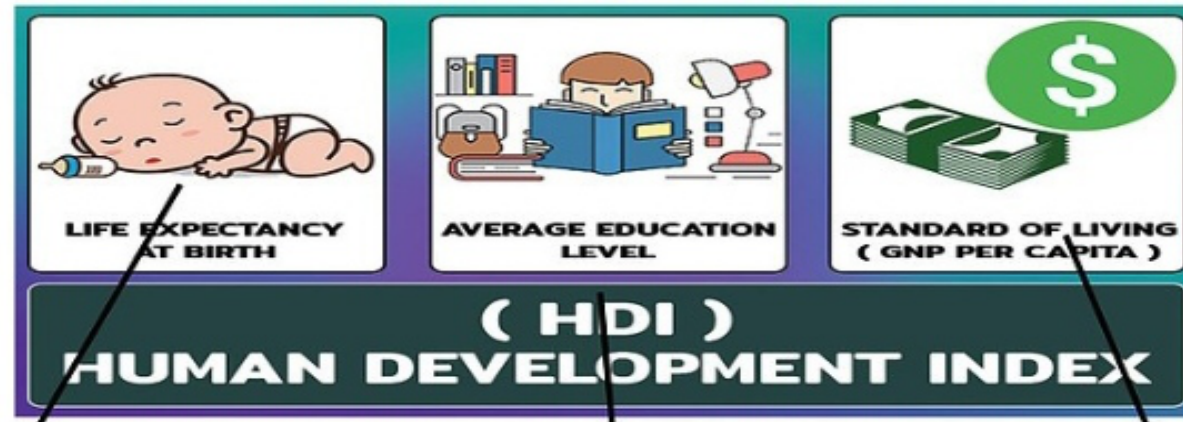
It is a Statistical tool

*which measures achievement in
areas of human development like
Long and Healthy Life, Knowledge,
Decent Standard of living*

All these are important for
Improvement of life of
people

Different Human Development Indicators

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Long and Healthy Life

Life Expectancy

No of Years Person is expected to live

Infant Mortality Rate

No of children who die at birth

Maternal Mortality Rate

No of women who die during child birth

Percentage of Undernourished Children

No of Children who do not get sufficient nutrients

Knowledge

Mean Years of Schooling

No of years a person has attended school

Decent Standard of living

Gross National income per Capita

Income per Person

Population with at least Basic Sanitation facilities

Availability of Sanitation Facilities like Toilet

Population with at least Basic Drinking after

Availability of clean drinking water

Long and Healthy Life Comparison – India, China and Pakistan in HDI



India



China



Pakistan

Life Expectancy	69.4	76.7	67.1 → Higher the better
Infant Mortality Rate	29.9	8.5	57.2 → Lower the better
Maternal Mortality Rate	174	27	178 → Lower the better
Percentage of Undernourished Children	37.9	8.1	37.6 → Lower the better

China has better health facilities so has better life expectancy and lower mortality Rate compared to India and Pakistan

Reforms

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Reforms Comparison



Reforms in China

Introduced in
1978

- Introduced because
Leadership not happy because of
1. Slow pace of growth
 2. Lack of Modernization
 3. No Increase in Per capita Grain Output
 4. Failure of Maoist Vision based on decentralization, shunning of foreign technology



Reforms in Pakistan

Introduced in
1988



Reforms in India

Introduced in
1991

Introduced because
Financial Crises Faced
Pressure from World Bank & IMF

different groups

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Different Groups of Countries



BRICS

*All these Developing Nations
(This is called Economic Groups)*



SAARC

*All these South East Asian Nations
(This is called Regional Groups)*

Different Economic Groups Formed

Name of Group

Countries Involved

Common Point



BRICS

Brazil, Russia, India, China, South Africa

All are Emerging Economies



G-8

France, Germany, Italy, the United Kingdom, Japan, the United States, Canada, and Russia

Group of 8 highly Industrialized Countries like



G-20

All Major Countries of world including India, China USA (but doesn't include Pakistan)

Group of 19 Countries + European Unpins



OPEC

All main oil producing nations like Saudi Arab, Iran, Kuwait etc

Organization of Petroleum Exporting Countries

Why formed?

To Strengthen Local Economy and learn from each other

SAARC
(All South east Asian Countries)

Promote International Trade and fix prices of their Commodities

European union
(All European Countries)

Different Regional Groups Formed

Name of Group

Countries Involved

Common Point



SAARC

Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives, Pakistan and Sri Lanka

All south Asian Countries (South Asian Association for Regional Corporation)



ASEAN

South east Asian Countries like Malaysia, Singapore, Thailand

AEAN Means Association for Southeast Asian Nations



EU

Countries like France, Germany, Italy (doesn't include UK)

EU means European Nations, so all these are group of European Countries

Why formed?

- To Safeguard Common Interests
- To Promote Peace and Stability in Region

EXAMPLE OF SIMPLE ECONOMY

Suppose In an Area

There are only 2 persons A and B

A runs a Factory and produces goods

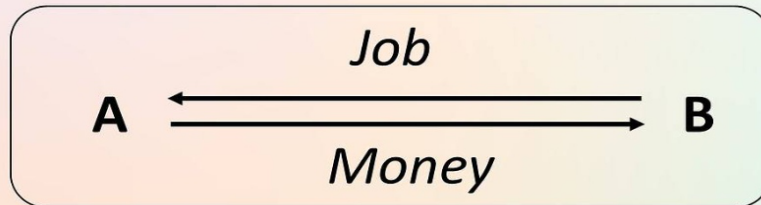
He sells them to B



Suppose

B also works in same factory as employee

A pays him Salary



Above is Example of Simple Economy



SUPPOSE B ALSO
WORKS WITH A AS
EMPLOYEE

