

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

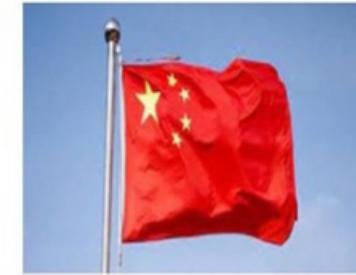
What will be Study?

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

teachoo



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

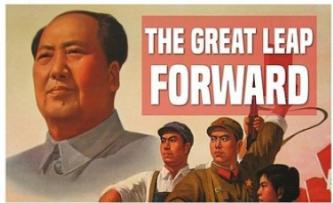
1951

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 completion 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 etc)

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

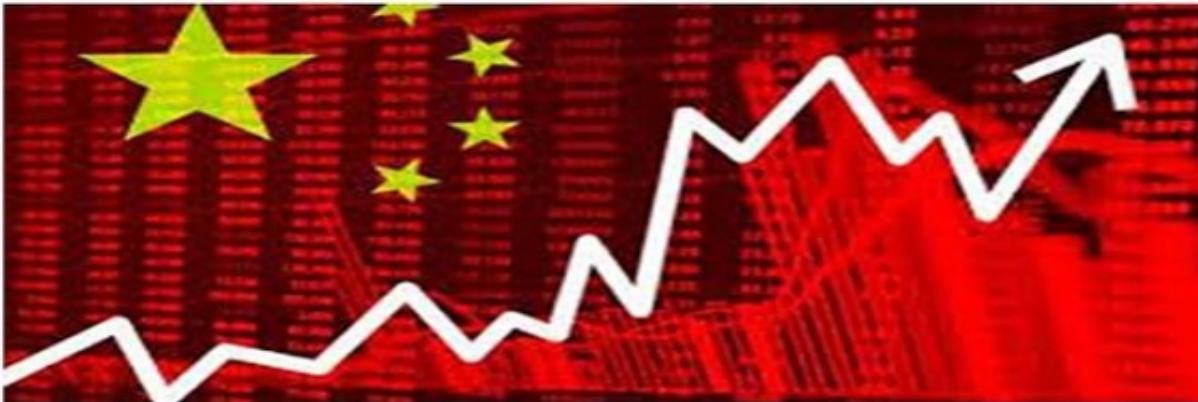
Massive Investment in Infrastructure
was undertaken like Building of
roads,bridges,electricity supply, new
cities ,extension of basic health services

Comparison-India vs China Development Policies



India China Comparison

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

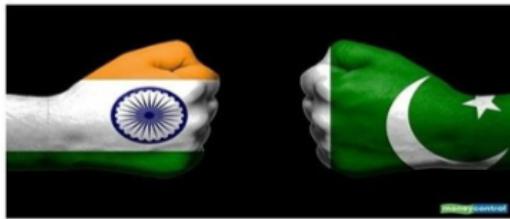


teachoo

Important Dates - Pakistan's Development

- | | |
|------------------|---|
| 1947 | Pakistan got independence from Britishers on 14 August 1947 |
| 1950-60 | Reforms introduced for Import Substitution, Protection of Domestic Industries Public Investment in Infrastructure Green Revolution |
| 1970 | Nationalization Program Launched
All major Capital goods industries came under Govt Control |
| Late | Denationalization took Place and private Sector was encouraged |
| 1970-1980 | 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



teachoo

	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

teachoo

GDP Comparison - China, India and Pakistan

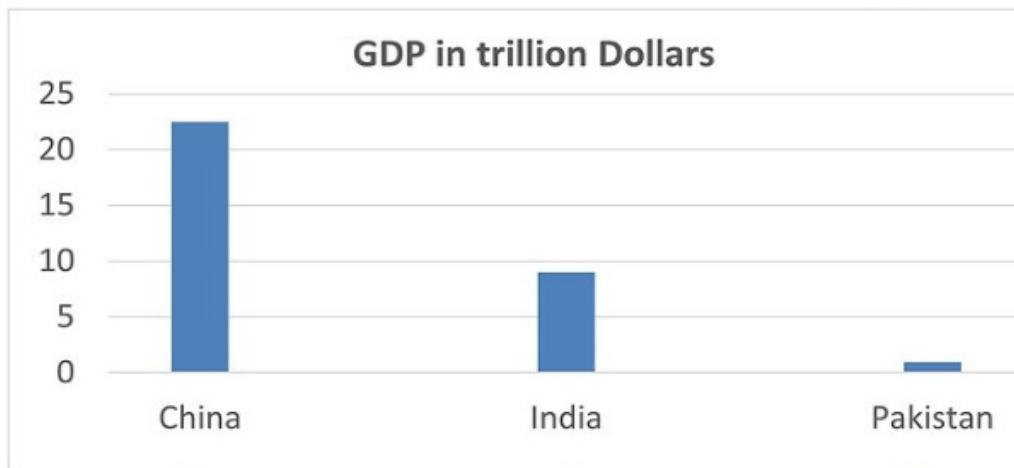


GDP in Trillion
Dollars

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%	<p><i>China's GDP growth was high in 1980's. Now declined</i></p>
India	5.7%	7.3%	<p><i>India's GDP growth was lowest in 1980's. Now it is the best</i></p>
Pakistan	6.3%	5.3%	<p><i>Pakistan's GDP was better than India, Now declined due to Political instability</i></p>

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

teachoo

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



Decent Standard of living	India	China	Pakistan
Gross National income per Capita	→ 6.829	16.127	5.190 → <i>Higher the better</i>
Population with a least Basic Sanitation	→ 60	75	60 → <i>Higher the better</i>
Population with a least Basic Drinking after	→ 93	96	91 → <i>Higher the better</i>

*People in china earn higher income
Also they have better sanitation facilities
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



India

Disadvantage

Lower Income
Lower living Standards

These are
Human
Development
Indicators

These are
Liberty
Indicators

Advantage

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

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

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

Decent Standard of living

teachoo



Human Development Index

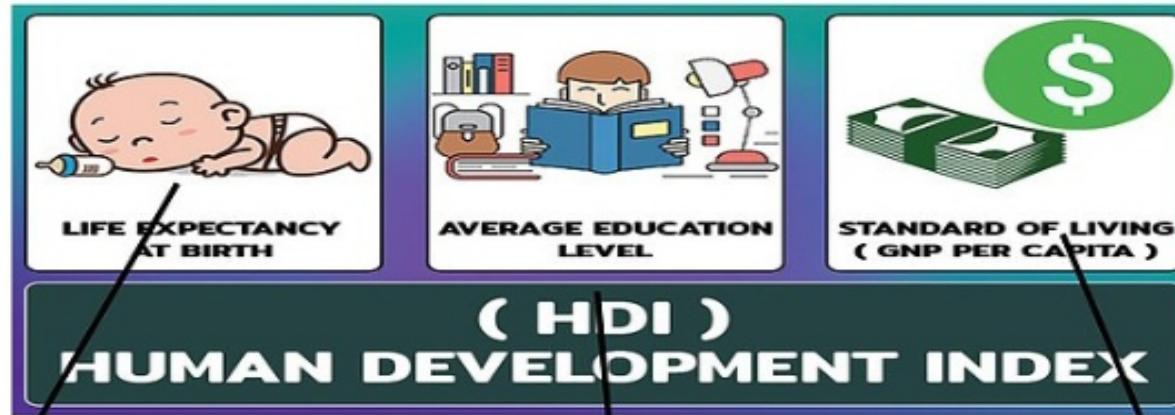
↓
Improvement of
life of people

↓
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



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



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

Reforms Comparison

teachoo



Reforms in China

Introduced in
1978



Reforms in Pakistan

Introduced in
1988



Reforms in India

Introduced in
1991

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

Introduced because
Financial Crises Faced
Pressure from World Bank & IMF

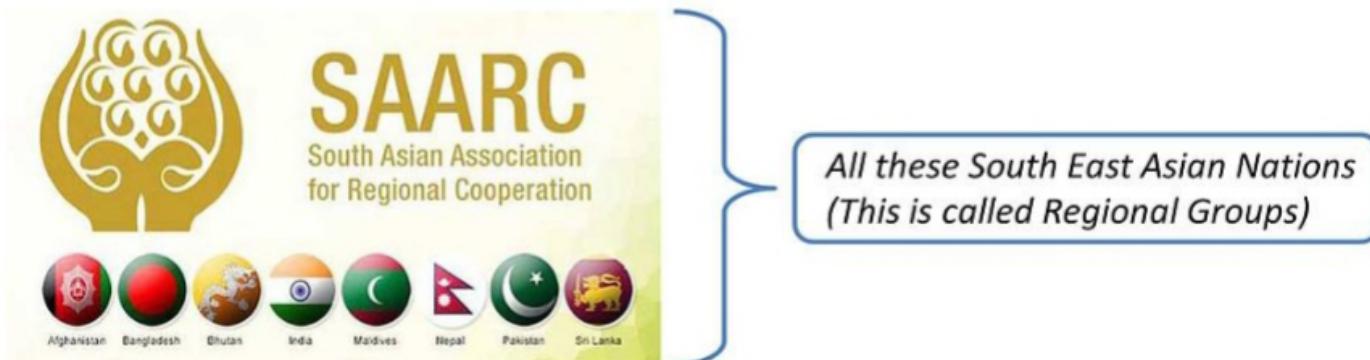
different groups

teachoo

Different Groups of Countries



BRICS



SAARC

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 Unions
 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

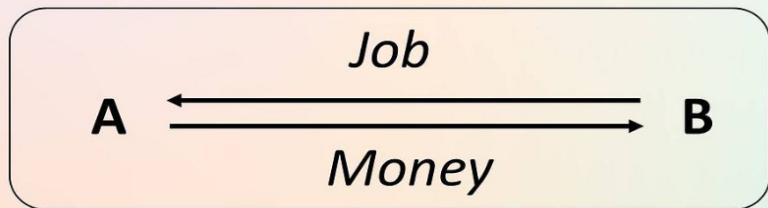
He sells them to B



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

