



# **Chapter - 10**

## **COMPARATIVE DEVELOPMENT EXPERIENCES OF INDIA AND IT'S NEIGHBOURS**

## **INTRODUCTION**

**Over the last two decades or so, the economic transformation that is taking place in different countries across the world, partly because of the process of globalisation, has both short as well as long-term implications for each country, including India. Nations have been primarily trying to adopt various means which will strengthen their own domestic economies. To this effect, they are forming regional and global economic groupings such as the SAARC, European Union, ASEAN, G-8, G-20, BRICS etc. In addition, there is also an increasing eagerness on the parts of various nations to try and understand the developmental processes pursued by their neighbouring nations as it allows them to better comprehend their own strengths and weaknesses vis-à-vis their neighbours.**

## **DEVELOPMENTAL PATH—A SNAPSHOT VIEW**

**India, Pakistan and China have many similarities in their developmental strategies. All the three nations have started towards their developmental path at the same time. While India and Pakistan became independent nations in 1947, People's Republic of China was established in 1949.**

**All three countries had started planning their development strategies in similar ways. While India announced its first Five Year Plan for 1951–56, Pakistan announced its first five year plan, now called the Medium Term Development Plan, in 1956. China announced its First Five Year Plan in 1953. Since 2018, Pakistan is working on the basis of 12th Five Year Development Plan (2018–23), whereas, China is working on 14th Five Year Plan (2021–25). Until March 2017, India has been following Five Year Plan- based development model. India and Pakistan adopted similar strategies, such as creating a large public sector and raising public expenditure on social development.**

**Till the 1980s, all the three countries had similar growth rates and per capita incomes.**

**China: After the establishment of People's Republic of China under one party rule, all critical sectors of the economy, enterprises and lands owned and operated by individuals were brought under government control.**

**The Great Leap Forward (GLF) campaign initiated in 1958 aimed at industrialising the country on a massive scale. People were encouraged to set up industries in their backyards. In rural areas, communes were started. Under the Commune system, people collectively cultivated lands. In 1958, there were 26,000 communes covering almost all the farm population. GLF campaign met with many problems. A severe drought caused havoc in China killing about 30 million people.**

**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. The present day fast industrial growth in China can be traced back to the reforms introduced in 1978. China introduced reforms in phases. In the initial phase, reforms were initiated in agriculture, foreign trade and investment sectors.**

**Pakistan: Economic policies that Pakistan adopted had many similarities with India. Pakistan also follows the mixed economy model with co-existence of public and private sectors. In the late 1950s and 1960s, Pakistan introduced a variety of regulated policy framework (for import substitution-based industrialisation).**

**The policy combined tariff protection for manufacturing of consumer goods together with direct import controls on competing imports. The introduction of Green Revolution led to mechanization and increase in public investment in infrastructure in select areas, which finally led to a rise in the production of food grains. In the 1970s, nationalisation of capital goods industries took place. Pakistan then shifted its policy**

**orientation in the late 1970s and 1980s when the major thrust areas were denationalization and encouragement of private sector. During this period, Pakistan also received financial support from western nations and remittances from continuously increasing outflow of emigrants to the Middle-east. This helped the country in stimulating economic growth.**

## **DEMOGRAPHIC INDICATORS**

**The global population, out of every six persons living in this world, one is an Indian and another a Chinese. If we compare some demographic indicators of India, China and Pakistan. The population of Pakistan is very small and accounts for roughly about one-tenth of China or India.**

**Though China is the largest nation and geographically occupies the largest area among the three nations, its density is the lowest. The population growth as being the highest in Pakistan, followed by India and China. Scholars point out the one child norm introduced in China in the late 1970s as the major reason for low population growth. They also state that this measure led to a decline in the sex ratio, the proportion of females per 1000 males. In recent times, all three countries are adopting various measures to improve the situation. One child norm and the resultant arrest in the growth of population also have other implications.**

## **GROSS DOMESTIC PRODUCT AND SECTORS**

**China has the second largest GDP (PPP) of \$22.5 trillion in the world, whereas, India's GDP (PPP) is \$9.03 trillion and Pakistan's GDP is \$ 0.94 trillion, roughly about 11 per cent of India's GDP.**

**India's GDP is about 41 per cent of China's GDP. When many developed countries were finding it difficult to maintain a growth rate of even 5 percent, China was able to maintain near double-digit growth during 1980s. In 2015–17, there has been a decline in Pakistan and China's growth rates, whereas, India met with moderate increase in growth rates. Some scholars hold the reform processes introduced in Pakistan**

**and political instability over a long period as reasons behind the declining growth rate in Pakistan.**

**China and Pakistan have more proportion of urban population than India. In China, due to topographic and climatic conditions, the area suitable for cultivation is relatively small — only about 10 per cent of its total land area. The total cultivable area in China accounts for 40 per cent of the cultivable area in India. Until the 1980s, more than 80 per cent of the people in China were dependent on farming as their sole source of livelihood. In 2018– 19, with 26 per cent of its workforce engaged in agriculture, its contribution to the GVA in China is 7 per cent. In both India and Pakistan, the contribution of agriculture to GVA were 16 and 24 per cent, respectively, but the proportion of workforce that works in this sector is more in India. In Pakistan, about 41 per cent of people work in agriculture, whereas, in India, it is 43 per cent. Twenty four per cent of Pakistan workforce is engaged in industry but it produces 19 per cent of GVA. In India, industry workforce account for 25 per cent but produces goods worth 30 per cent of GVA. In China, industries contribute to GVA at 41, and employ 28 per cent of workforce. In all the three countries, service sector contributes highest share of GVA.**

**The proportion of workforce engaged in industry in India and Pakistan were low at 25 per cent and 24 per cent respectively. The contribution of industries to GVA is at 30 per cent in India and 19 per cent in Pakistan. In these countries, the shift is taking place directly to the service sector.**

**In the last five decades, the growth of agriculture sector, which employs the largest proportion of workforce in all the three countries, has declined. In the industrial sector, China has maintained a near double-digit growth rate in 1980s but began showing decline in recent years, whereas, for India and Pakistan growth rate has declined. In case of service sector, China was able to maintain its rate of growth during 1980–1990, while there was a positive and increasing growth of India's service sector output. Thus, China's growth is contributed by the manufacturing and service sectors and India's growth by the**

**service sector. During this period, Pakistan has shown deceleration in all three sectors.**

## **INDICATORS OF HUMAN DEVELOPMENT**

**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. China and Pakistan are ahead of India in reducing proportion of people below the poverty line and also their performance in sanitation. But India and Pakistan have not been able to save women from maternal mortality. In China, for one lakh births, only 29 women die whereas in India and Pakistan, about 133 and 140 women die respectively.**

**All the three countries report providing improved drinking water sources for most of its population. China has the smallest share of poor among the three countries.**

**Along with these, we also need what may be called ‘liberty indicators’. One such 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 obvious ‘liberty indicators’ like measures of ‘the extent of Constitutional protection given to rights of citizens’ or ‘the extent of constitutional protection of the Independence of the Judiciary and the Rule of Law’ have not even been introduced so far. Without including these (and perhaps some more) and giving them overriding importance in the list, the construction of a human development index may be said to be incomplete and its usefulness limited.**

## **DEVELOPMENT STRATEGIES — AN APPRAISAL**

**In order to learn from economic performance of our neighbouring countries, it is necessary to have an understanding of the roots of their successes and failures. We know that reforms were initiated in China in 1978, Pakistan in 1988 and India in 1991. Their achievements and failures in pre- and post-reform periods are.**

**China did not have any compulsion to introduce reforms as dictated by the World Bank and International Monetary Fund to India and Pakistan. The new leadership at that time in China was not happy with the slow pace of growth and lack of modernisation in the Chinese economy under the Maoist rule. They felt that Maoist vision of economic development based on decentralisation, self-sufficiency and shunning of foreign technology, goods and capital had failed. 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.**

**It was found that establishment of infrastructure in the areas of education and health, land reforms, long existence of decentralized planning and existence of small enterprises had helped positively improving the social and income indicators in the post reform period. Before the introduction of reforms, there had already been massive extension of basic health services in rural areas. Through the commune system, there was more equitable distribution of food grains. Experts also point out that each reform measure was first implemented at a smaller level and then extended on a massive scale. The experimentation under decentralised government enabled to assess the economic, social and political costs of success or failure.**

**Scholars argue that in Pakistan the reform process led to worsening of all the economic indicators. The growth rate of GDP and its sectoral constituents have not yet improved.**

**Though the data on international poverty line for Pakistan is quite healthy, scholars using the official data of Pakistan indicate rising poverty there. The proportion of poor in 1960s was more than 40 per cent which declined to 25 per cent in 1980s and started rising again in the recent decades. The reasons for the slowdown of growth and re-emergence of poverty in Pakistan's economy are agricultural growth and food supply situation were based not on an institutionalised process of technical change but on good harvest.**

**India had to borrow from the IMF and World Bank to set right its balance of payments crisis; foreign exchange is an essential component for any country and it is important to know how it can be**

**earned. If a country is able to build up its foreign exchange earnings by sustainable export of manufactured goods, it need not worry. In Pakistan most foreign exchange earnings came from remittances from Pakistani workers in the Middle-east and the exports of highly volatile agricultural products; there was also growing dependence on foreign loans on the one hand and increasing difficulty in paying back the loans on the other.**

**However, during the last few years, Pakistan has recovered its economic growth and has been sustaining. In 2017-18, the Annual Plan 2019-20 reports that, the GDP registered a growth of 5.5 per cent, highest when compared to the previous decade. While agriculture recorded growth rate far from satisfactory level, industrial and service sectors grew at 4.9 and 6.2 per cent respectively. Many macroeconomic indicators also began to show stable and positive trends.**

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