

Indian Economy

Development Experience of India

Introduction- With the advent of the globalization process, developing countries are determined to understand the development processes that their neighbours are pursuing as they face competition from developed countries as individuals.

Foreign Direct- Investment is enormous compared to India and Pakistan, and has a very strong impact on growth. China's SEZ (Special Economic Zones) policy is critical to FDI imports. SEZs provide robust FDI infrastructure.

Demographic profile- In both India and China, large numbers of people are an obstacle to the growth process, as they require a large amount of 'maintenance investment'.

Human Development some important principles of human development are as follows

- Lifespan is better.
- Adult literacy rate - high for the better.
- Infant mortality rates - better.
- Maternal mortality rate - better reduced.
- Percentage of people accessing improved water resources - are better off.
- Percentage of malnutrition-reducing better.

With a view to accelerating growth, the various countries form a regional and global economic base based on common bilateral relations. e.g., SAARC, EU, ASEAN, G-8, G-20.

The Common Success Story of India and Pakistan

- Significant increase in GDP per capita.
- Satisfaction with food production.
- Dual economic status is deteriorating.
- Significant reduction in incidence of poverty.

Common failures in India and Pakistan

- Slow GDP growth, compared to China.
- Poor performance at HDI level.
- Bad Financial Management.
- Political survival in the ruling party rather than good governance.

The Sex Ratio Sex ratio is found in the lowest of all three countries pointing back to society, where people are more in love with a son in the family.

Development Strategies in India, China and Pakistan-

India, China, Pakistan have many similarities in their next development strategy

- India, Pakistan and China have begun their course of development at the same time. India and Pakistan became independent nations in 1947. When the People's Republic of China was founded in 1949.
- All three countries have begun planning their development strategies in the same way. India announced its Five Year Plan in 1951-56, while Pakistan announced its Five Year Plan in 1956, called the Medium Term Plan. China announced its First Five-Year Plan in 1953.
- India and Pakistan adopt similar strategies such as building a larger social sector and increasing government spending on social development.
- Until the 1980s, all three countries had the same growth rates and per capita income.
- Economic transformation is taking place in all three countries. Changes began in India in 1991, in China in 1978 and in Pakistan in 1988.

Development Strategy in India

Some of the outstanding Indian techniques are discussed below

1. Sound Trade System India was a country with a history of closed trade. Because of this historical background; there is an important challenge in India to formulate a new policy that can support a new open trading system. This new change in the Indian economy has been introduced and has accelerated the growth of the Indian economy.
2. Poverty Alleviation India has adopted a number of poverty alleviation programs to reduce poverty in India. -This can help to increase individual income, increase the level of healthy food for the poor and the subsequent decrease in the total percentage of the poor in some provinces.
3. Rural Development Under this strategy, India took various measures to develop areas that are lagging behind in local economic development.
4. Employment Generation a number of economic reforms were initiated to create jobs in the country and their purpose was to provide decent work and wage skills.

Development Strategy in China

Following the founding of the People's Republic of China under a one-party state, all important sectors of the economy, business and private sector were placed under state control.

Some of China's development strategies are discussed below

1. Great Leap Forward (GLF) This campaign was launched in 1958 with the aim of making the country more industrialized. People are encouraged to set up factories in their backyards. In rural areas, communities were formed. Under the commune system, people ploughed the fields collectively.
2. The Great Proletarian Cultural Revolution (1966-76) in 1965, Mao Tse Tung embarked on a cultural revolution. In this transformation, students and professionals were sent to work and study on the national side. Unlike GLF, cultural change did not have a clear economic cause.
3. Changes of 1978 from 1978, China began to introduce a number of reforms in stages. These reforms were initiated in the agricultural, foreign trade and investment sectors. In agriculture, the fields are subdivided into small plots of land allocated to individual families. They were allowed to save the entire world's income after paying their taxes.

In time, changes were made in the industrial sector. All businesses that owned and operated local collections in particular, were allowed to produce goods.

Currently, state-owned enterprises (known as State Board Enterprises - SOEs), in India we call state-owned enterprises are set to face competition. In the version, prices were determined in two ways, namely, farmers and industrial units were required to buy and sell fixed amounts of inputs and outputs on the basis of government-set prices and some were bought and sold at market prices.

Over the years, as production increased, the share of goods or inputs produced on the market also increased. The goal of China's economic transformation was to produce enough residues to support China's economic development. To attract foreign investors, Special Economic Zones (SEZs) were established.

Development Strategies in Pakistan

Pakistan's development strategies are summarized below

1. Mixed Economy Pakistan follows a mixed economy system in which both the public and private sectors were together.
2. Import Substitution Pakistan adopted a regulatory policy framework in the late 1950s and 1960s for industrial development. Policy - Integrated tax protection for consumer goods and direct control of competitive imports.
3. Green Transformation This introduction to increase productivity and food satisfaction. This increases the production of food grains. This had dramatically changed the agricultural landscape. In the 1970s the mass exodus of large goods took place. Pakistan changed its policy in the 1970s and 1980s when the private sector gained momentum.

During this time, Pakistan received Western financial support. This helped the country to promote economic growth. The government also provided the private sector. This has created a climate for new investments. And in 1988 some changes were introduced in the country.

Success and Strategic Failure

Development strategies have brought structural changes to China, India and Pakistan. Follow the description of their successes and failures individually.

Success of Building Transformation in China

The success of the structural reforms in China is

- There has been infrastructure in the fields of education and health and global change.
- Have a distribution plan and the presence of small businesses.
- Through the community system, there was an equal distribution of grain.
- Expand health facilities in rural areas.

Failure of Structure Reforms in China- The failure of structural reforms in China exists

- There has been a slow pace of growth and a lack of modern development in the Chinese economy under the Maoist regime.
- Maoist's vision for economic development based on segregation, independence and the avoidance of foreign technology has failed.
- Despite global changes, asset creation, big step forward and other initiatives, individual gains in 1978 were similar to what they were in the mid-1950s.

China has Edge over India- the Chinese revolutionary movement began extensively in the 80s, when India was in the middle of a period of slow growth.

Poverty in rural China fell by 85 percent during the period 1978 to 1989. In India, falling by only 50% at this time, global economic exposure has become more widespread in China than in India. China's overseas production has recorded significant growth, while India continues to be a minor player in international markets.

Common Success of structure reforms in India and Pakistan

The typical success of structural reforms in India and Pakistan is

- Both India and Pakistan have achieved more than double their per capita income despite a high rate of population growth.
- Incidence of poverty is also significantly reduced. However, poverty rates are low in Pakistan.
- Both countries have gained independence from food production.
- Both countries have succeeded in developing their services and industries at a faster rate.
- The use of modern technology is improving in both countries.

Common Failure structure reforms of in India and Pakistan

Common failures of structural changes in India and Pakistan exist

- GDP growth rates and industrial segments declined during the 1990s.
- Poverty and unemployment remain a major concern in both countries.

Places where Pakistan has an edge over India

From about the same level as India, Pakistan has achieved better results in this regard

- Migration of agricultural workers to industry,
- Migration of people from rural areas to cities.
- Access to improved water resources.
- Reducing the number of poor people.

Places where India has the Edge over Pakistan

Undoubtedly, in the area of skilled workers and research and development centres. India is ranked well than Pakistan. Indian scientists excel in defence, space research, electronics and avionics, genetics, communications, etc. The number of Ph.Ds. produced by India in science and engineering annually (approximately 5000) is more than the total stock of Ph.D.Ds in Pakistan. Problems with health facilities in general and infant mortality in particular are best addressed in India.

Comparative study

By respecting the Statistics, GDP and HDI.

I. Demographic Indicators

We will compare other demographic indicators of India, China and Pakistan

- The population of Pakistan is very small and covers about one tenth of China or India. Although China is the largest country and geographically occupies the largest of the three nations, its density is very low.
- One practice of children was introduced in China in the late 1970s to assess population growth. This rate has led to a decrease in the sex ratio. Although gender equality discrimination against women in all three countries, more recently, all three countries have tried to take various measures to improve the situation.
- Fertility rates are low in China and very high in Pakistan.
- Urbanization is high in Pakistan and China.

Select Demographic Indicators, 2010

Country	Estimated Population (in million)	Annual Growth of Population (2001–2010)	Density (per sq. km)	Sex Ratio (out of 100 persons)	Fertility Rate	Urbanisation
India	1170	1.34	394	48.4	2.7	30.1
China	1338	0.50	144	48.1	1.6	45
Pakistan	174	1.80	225	49.2	3.5	37

Source *World Development Indicators* www.worldbank.org

II. Gross domestic product and Sectors

According to the latest available data, we find it

(i) China has the second largest GDP (PPP) of US \$ 10.1 trillion and, the GDP of India (PPP) is US \$ 4.2 trillion and Pakistan's GDP (PPP) is 0.47 trillion US \$; about 10% of India's GDP.

(ii) In the 1980s, Pakistan was ahead of India, China was growing at double digit and India was down.

Growth of Gross Domestic Product (%) 2000-10

Country	1980-90	2000-2010
India	5.7	7.4
China	10.3	10.3
Pakistan	6.3	4.7

(iii) In 2000-10 there was a decline in growth rates in India and China and Pakistan experienced a significant decline of 4.7%. The reform processes introduced in 1988 in Pakistan and political instability are the reasons for this situation.

(iv) China and Pakistan have a larger urban population than India.

(v) In China, due to the climate and climate, the area suitable for cultivation is relatively small — only about 10% of the total area. The total area cultivated in China makes up 40% of the cultivated area in India.

(vi) Until the 1980s, more than 80% of people in China relied on agriculture as their only source of livelihood.

(vii) Government has encouraged people to leave their fields and pursue other occupations, trade and transport.

(viii) In 2008, with 40% of its workers involved in agriculture, their contribution to GDP in China was 10%.

Sectoral Share of Employment and GDP (%) 2008–10

Sector	Contribution to GDP			Distribution of Workforce		
	India	China	Pakistan	India	China	Pakistan
Agriculture	19	10	21	56	40	45
Industry	26	47	25	19	27	20
Service	55	43	54	25	33	35
Total	100	100	100	100	100	100

(ix) In India and Pakistan, agricultural contribution to GDP was 19 and 21% respectively. But the number of employees working in this field is high in India. In Pakistan, about 45% of the population is employed in agriculture and in India 56%.

(x) The manufacturing and employment sector also shows that in all three economies, industries and industries have a small workforce but contribute significantly in terms of results.

(xi) In China, manufacturing contributes the highest GDP by 47% and in India and Pakistan; it is the largest service sector. In both countries, the service sector accounts for more than 50% of GDP. In the normal course of development, countries start by shifting their employment and output from agriculture to manufacturing and then to services. This is what happened in China.

The share of working workers in India and Pakistan was down 49 and 20% respectively.

Trends in Output Growth in Different Sectors, 1980–2010

Country	1980–90			2009–2010		
	Agriculture	Industry	Service	Agriculture	Industry	Service
India	3.1	7.4	6.9	2.7	12.4	9.4
China	5.9	10.8	13.5	4.3	7.9	9.3
Pakistan	4	7.7	6.8	0.6	8.3	2.9

(xii) Industrial contribution to GDP is also equal to or slightly higher than agricultural production.

In India and Pakistan, this change is taking place directly in the service sector.

(xiii) Thus, in India and Pakistan, the service sector emerges as a major driver of development. It contributes significantly to GDP and, at the same time, emerges as a potential employer.

(xiv) In the 1980s India, China and Pakistan employed 17, 12 and 27% of its employees in the service sector respectively. In 2008–10 it reached the level of 25, 33 and 35% respectively.

III. Human Development Index

India, China and Pakistan have worked on some of the selected indicators of human development.

Some Selected Indicators for Human Development, 2009–10

Some Selected Indicators of Human Development, 2009–10

Items	India	China	Pakistan
Human Development Index (Value)	0.547	0.687	0.527
Rank (Based on HDI)	134	101	145
Life expectancy at birth (Years)	65.4	73.5	63.0
Adult literacy rate (% aged 15 and above)	62.8	94	55.5
GDP per capita (PPP US \$)	3296	6828	2609
People below poverty line (%) (2004–06)	37.2	2.8	22.3
Infant mortality rate (Per 1000 live births)	66	19	87
Maternal mortality rate (Per 1 lakh births)	230	38	260
Population with sustainable access to improved sanitation (%)	52	92	32
Population with sustainable access to an improved water source (%)	88	97	93
Percentage of children malnourished (<5)	43.5	4.5	NA

Source Human Development Report 2011 and World Development Indicators (www.worldbank.org)

From the data we will be able to conclude

- China leads the way in both India and Pakistan in terms of human development indicators.
- Pakistan is ahead of India in reducing the number of people below the poverty line and its performance in education, sanitation and access to water is better than in India.
- In China, at birth one lakh, only 38 women die and in India 230 women die and in Pakistan 260 women die.
- India is in a very precarious position compared to the other two countries in terms of access to improved toilets and clean water.

Human Development Index (HPI)

HDI includes per capita cost features, GDP and health and educational performance features. It is a measure of life expectancy index, education index and GDP index.

Q1. The nationalisation of capital goods industries took place in _____ in the 1970s.

- (a) India
- (b) Pakistan
- (c) China
- (d) None of the above

Q2. What was the fertility rate in Pakistan as in 2015?

- (a) 1.6
- (b) 2.6
- (c) 3.7
- (d) 3.6

Q3. Which of the following statements is correct about the five-year plan in China?

- (a) China announced its first five-year plan in 1953
- (b) China announced its first five-year plan in 1993
- (c) China announced its first five-year plan in 1983
- (d) China announced its first five-year plan in 1963

Q4. Which of the following is a feature of the Indian economy?

- (a) Growth led by the service sector
- (b) The high degree of urbanisation
- (c) Growth led by the agricultural sector
- (d) Growth led by the manufacturing sector

Q5. Which of the following statements about fertility rates is correct?

- (a) The fertility rate is very low in India and very high in Pakistan
- (b) The fertility rate is very low in India and very high in China
- (c) The fertility rate is very low in China and very high in Pakistan
- (d) The fertility rate is very low in China and very high in Bangladesh

Q6. Which country adopted infant policy:

- (a) India
- (b) China
- (c) Pakistan
- (d) None of these.

Q7. Economics of India and Pakistan depends for G.T.P:

- (a) On primary level
- (b) Secondary level
- (c) Tertiary level
- (d) None of these.

Q8. In year 2010 which was biggest importer:

- (a) America
- (b) Japan
- (c) China
- (d) India

Q9. China republic was established in:

- (a) 1945
- (b) 1947
- (c) 1949
- (d) 1951

Q10. Structural changes are-

- (a) Changes in the relative contribution of tertiary sector of Indian economy
- (b) Changes in relative structure of primary sector of Indian economy
- (c) Changes in the relative contribution of primary sector of Indian economy
- (d) all the above

Q11. Per capita GNI means-

- (a) How much is country's national income
- (b) How much is country's GDP
- (c) How much on average a person earns
- (d) How much on an average a country earns

Q12. The reason for slow growth rate and re-emergences of poverty in Pakistan

- (a) Earning more foreign exchange
- (b) Growing dependence on foreign loan
- (c) Decline in poverty line
- (d) all the above

Q13. The nationalisation of capital goods industries took place in _____ in the 1970s.

- (a) India
- (b) Pakistan
- (c) China
- (d) None of the above

Q14. The main reason that can be argued for high growth of population in context of India and Pakistan is _____

- (a) High level of illiteracy and high fertility rates
- (b) Low level of illiteracy and low fertility rates
- (c) High level of illiteracy and low fertility rates
- (d) Low level of illiteracy and high fertility rates

Q15. In Pakistan, the reforms were introduced because of the pressure from

- (a) IMF
- (b) World bank
- (c) none of the above
- (d) Both (a) and (b)

Q16. Which of the following regional economic groups are formed between India, China and Pakistan?

- (a) ASEAN
- (b) G-8
- (c) SAARC
- (d) All of these

Q17. Arrange the given events in chronological order and choose the correct alternative. (i) Great proletarian cultural revolution

- (ii) Great leap forward campaign
- (iii) Introduction of economic reform
- (iv) First five-year plan
- (a) (ii), (iv), (iii), (i)
- (b) (iv), (ii), (i), (iii)
- (c) (ii), (iv), (i), (iii)

(d) (iv), (i), (ii), (iii)

Q18. After India's independence and partition of country. India imported huge amount of food grains from Pakistan due to which of the following reasons?

- (a) India's fertile land went to Pakistan during the partition of India and Pakistan in 1947.
- (b) India's policy was inappropriate
- (c) Due to famines, there was food insecurity
- (d) all the above

Q19. China has a very less proportion of cultivable land due to which of the following reasons?

- (a) Topographic conditions
- (b) Climatic condition
- (c) Economic condition
- (d) Both a and b

Q20. Which of the following statements is true for the food grain production in Pakistan?

- (a) The five-year plan was the main reason for the rise in food grain production in Pakistan
- (b) The green revolution was the main reason for the rise in food grain production in Pakistan
- (c) The mixed economy was the main reason for the rise in food grain production in Pakistan
- (d) The government policy was the main reason for the rise in food grain production in Pakistan

Q21. How many people died in the devastating earthquake that took place in Pakistan in 2005?

- (a) 45,000
- (b) 55,000
- (c) 65,000
- (d) 80,000

Q22. Which of the following countries was faster in shifting its workforce from agriculture to the service sector?

- (a) India
- (b) Pakistan
- (c) China
- (d) Both (a) and (b)

Q23. What was the fertility rate in Pakistan as in 2018?

- (a) 1.6
- (b) 2.6
- (c) 3.5
- (d) 4.6

Q24. When did China announce its first five-year plan?

- (a) 1951
- (b) 1956
- (c) 1953
- (d) 1961

Q25. With which of the following concepts is the commune system associated?

- (a) Industrialisation
- (b) Human rights
- (c) SEZs
- (d) Equal distribution of land

Q26. Who releases the Human Development Report?

- (a) World bank
- (b) World economic forum
- (c) United Nations development programme
- (d) UNCTAD

Q27. What is the rank of India in the Human Development Index 2014?

- (a) 142nd
- (b) 136th
- (c) 140th
- (d) 135th

Q28. Which of the following statements is true developmental experience?

- (a) China ranks first in terms of the developmental experience
- (b) India ranks first in terms of the developmental experience
- (c) Pakistan ranks first in terms of the developmental experience
- (d) Bangladesh ranks first in terms of the developmental experience

Q29. Which of the following is correct about the five-year plan in Pakistan?

- (a) The five-year plan in Pakistan is known as the people's plan
- (b) The five-year plan in Pakistan is known as planning development
- (c) The five-year plan in Pakistan is known as the medium-term development plan
- (d) None of the above

Q30. Which of the following statements is true in relation to Pakistan, India and China?

- (a) Pakistan is ahead both of India and China in terms of the total population
- (b) Pakistan is ahead both of India and China in terms of the rate of urbanisation
- (c) Pakistan is ahead both of India and China in terms of the density of population
- (d) Pakistan is ahead both of India and China in terms of the fertility rate

Q31. In which of the following indicators is Pakistan ahead of India and China?

- (a) Urbanisation
- (b) Fertility rate
- (c) Density
- (d) Population

Q32. What is the infant mortality rate per thousand in China when compared with per thousand in India?

- (a) 30, 60 per thousand
- (b) 30, 63 per thousand
- (c) 35, 65 per thousand
- (d) 24, 45 per thousand

Q33. In China, what percentage of the workforce is engaged in agriculture from 2010 to 2020?

- (a) 28.7%
- (b) 23.6%
- (c) 32%
- (d) 50%

Q34. Per capita income is highest in

- (a) India
- (b) Pakistan
- (c) China
- (d) None

Q35. Gini index is associated with

- (a) Income Inequality
- (b) Infant mortality rate
- (c) Health
- (d) Education

Q36. Full form of UNDP

- (a) United Nation Development Policy
- (b) United Nation Development Programme
- (c) Union Nation Development Programme
- (d) None of the above

Q37. UNDP prepares quality life index for how many countries

- (a) 186
- (b) 187
- (c) 188
- (d) 185

Q38. The headquarters of World Trade Organization is in:

- (a) Montreal
- (b) Seattle
- (c) Geneva
- (d) The Hague

Q39. The headquarters of IMF and World Bank are located at:

- (a) Geneva and Montreal
- (b) Geneva and Vienna
- (c) New York and Geneva
- (d) Both Washington DC

Q40. "World Development Report" is an annual publication of:

- (a) United Nations Development Programme
- (b) International Bank of Reconstruction and Development
- (c) World Trade Organization
- (d) International Monetary Fund

SOLUTIONS

S1. Ans. (b)

S2. Ans. (d)

S3. Ans. (a)

Sol.

China's First Five-Year Plan was an economic program that ran from 1953 to 1957. It set ambitious goals for industries and areas of production deemed priorities by the CCP. The Five-Year Plan was supported by Soviet Russia, which contributed advice, logistics and material support.

S4. Ans. (a)

S5. Ans. (c)

S6. Ans. (b)

Sol. The one-child policy, the official program was initiated by the central government of China in 1980. It was a population planning initiative in China implemented between 1980 and 2015.

S7. Ans. (c)

S8. Ans. (c)

S9. Ans. (c)

S10. Ans. (c)

S11. Ans. (c)

S12. Ans. (b)

Sol. Increasing Dependence on Foreign Loans: There was an increasing dependence on foreign loans for meeting foreign exchange requirements. Pakistan faced increasing difficulty in repaying these loans along with the mounting interest obligations in the years of agricultural failure. The increasing burden of huge foreign loans impeded the economic growth prospects of Pakistan.

S13. Ans. (b)

S14. Ans. (a)

S15. Ans. (d)

Sol. The World Bank Group works with developing countries to reduce poverty and increase shared prosperity, while the International Monetary Fund serves to stabilize the international monetary system and acts as a monitor of the world's currencies.

S16. Ans. (d)

S17. Ans. (b)

S18. Ans. (a)

S19. Ans. (d)

S20. Ans. (b)

S21. Ans. (d)

Sol. On October 8, 2005, a magnitude 7.6 earthquake shook the Kashmir region (a disputed territory controlled in part by Pakistan and India), along with sections of Pakistan, India and Afghanistan. More than 80,000 people perished as a result of the quake, while an estimated 4 million others were left homeless.

S22. Ans. (b)

S23. Ans. (c)

S24. Ans. (c)

S25. Ans. (d)

S26. Ans. (c)

S27. Ans. (d)

Sol. In the 2014 report, the country was ranked 135th with a 0.586 ranking. India was categorized as having a medium level of human growth. The country's HDI ranking remained strong, but it rose five places to 130th in the latest UNDP report due to increases in life expectancy and per capita income.

S28. Ans. (a)

S29. Ans. (c)

S30. Ans. (d)

S31. Ans. (b)

S32. Ans. (b)

S33. Ans. (b)

S34. Ans. (a)

S35. Ans. (a)

Sol. The Gini Index is a summary measure of income inequality. The Gini coefficient incorporates the detailed shares data into a single statistic, which summarizes the dispersion of income across the entire income distribution.

S36. Ans. (b)

S37. Ans. (b)

S38. Ans. (c)

S39. Ans. (d)

S40. Ans. (b)