Unit IV- Comparative Development Experiences of India & its Neighbours

Regional Groupings– Meaning and Needs

Objective

In this lesson, we will go through the meaning and objectives of regional grouping.

Regional Grouping

In this day and age, the general consensus among all nations is to understand the development strategies followed by other nations and to strengthen their respective economies. Countries aim for mutual cooperation with the motive of working towards their common interests.

To achieve this objective, different nations come together to form regional and global economic groups.

Regional grouping refers to the formal agreement that various nations enter into in terms of economic, political and social integration. Member countries of a regional group seek to attain higher economic growth by pooling in their resources and minimising trade restrictions.

A regional group also provides a common platform to the member countries to raise their voices in a unified manner on certain common issues so as to safeguard their common interests.

SAARC, European Union, G-8, G-20 and ASEAN are some examples of regional and economic groups.

Need for Regional Groupings

The given figure provides an overview of the objectives of regional groupings.

The following is a detailed discussion of the objectives of regional groupings.

1. To safeguard common interests: A regional group provides a common platform to the member nations to safeguard their common interests. The member nations of such a group can raise their voices on common issues in a unified manner.

2. To formulate better developmental strategies: Globalisation has served to integrate the different nations. The economic activities of one nation are not independent of the activities of the other nations. In other words, the activities of one nation are affected by the activities of the other nations. Every nation strives to strengthen its economy. Different nations come together to form regional groups so as to achieve this objective by serving their mutual economic interests.

3. To analyse relative strengths and weaknesses: Being part of a regional group helps a member country to understand the policies and strategies adopted by the other member countries. Consequently, the country can obtain a comparative analysis of their strengths and weaknesses, which it can then employ to formulate policies aimed at accelerating its own economic and social progress.

4. To establish peace and stability: Another important objective of a regional group is the maintenance of peace and stability among the member countries. In other words, a regional group helps create and sustain a peaceful and stable environment that is conducive to the growth and development of the member nations.

5. To accelerate social progress and cultural development: Besides economic growth, regional and economic groups also help foster social progress and cultural development. Such groups allow the member countries to form bonds among themselves through the exchange of various ideas and methods. This results in the integration of countries on social and cultural grounds.

Development Strategy of China, India and Pakistan

Objective

In this lesson, we will analyse the development strategy followed by China, India and Pakistan.

Introduction

All of you must be aware that India and Pakistan got independence in the year 1947. But do you know that China also got independence around the same time, in the year 1949? Thus, all the three nations, India, Pakistan and China started on the path of development at the same time.

India announced its first five-year plan for the period 1951-56, while in Pakistan the first five-year plan was introduced in the year 1956 and was named as 'Medium Term Plan'. China, on the other hand, initiated its planning in the year1953. Moreover, the strategies of development followed by the three nations bear high similarity.

Let us analyse the development strategies followed by China India and Pakistan in detail.

Developmental Strategy followed by China

The People's Republic of China came into existence in the year 1949. It followed a one party rule. The development strategy of China can be traced from the below mentioned points.

1. ***Great Leap Forward Program of 1958***: With the view of attaining rapid growth, China initiated the Great Leap Forward (GLF) program in 1958. GLF aimed at country’s industrialisation on massive scale and simultaneously transforming the economy from an agrarian to an industrialised economy. The following were the major objectives of Great Leap Forward Program.

i) *Large scale industrialisation*: The major objective of the campaign was to initiate large scale industrialisation in the country. The expanse of the program can be judged from the fact that the people in the urban areas were motivated to set up industries even in their backyards.

ii) *Commune system in agriculture*: Under the commune system, the farmers were encouraged to cultivate land collectively and not individually. That is, the farmers were encouraged to combine their individual plots of land and perform farming collectively. According to the estimates, in the year 1958, there were about 26,000 communes that covered almost the entire farming population. The basic objective of the system was to enable the farmers to reap the benefits of large scale production.

However, the GLF faced serious problems in the later years. The following were the two major problems that hindered the success of GLF.

i) *Failure of agriculture policies*: In 1960, due to the failure of agricultural policies and bad monsoon, China was badly hit by a massive famine. The drought claimed the lives of nearly 30 million people.

ii) *Withdrawal of professionals by Russia*: Due to certain border conflicts with China, Russia withdrew the professionals that it had sent to China. These professionals were important and aided the industrialisation process in China. Thus, their withdrawal greatly hampered the industrialisation process.

2. ***The Great Proletarian Cultural Revolution, 1966***: After the failure of the GLF, the 'Great Proletarian Cultural Revolution' was introduced by Mao in the year 1966. This revolution aimed at enforcing socialism and eradicating capitalism and cultural elements in China. Under the revolution, the students and professionals were forced to learn and work from within the countryside.

3. ***Introduction of Reforms***: The Chinese government introduced economic reforms in the economy in three phases. In the initial phase, reforms were initiated in the agriculture, foreign trade and investment sectors. The following are the major reforms that were introduced by the Chinese Government.

i) *Division of commune lands*: Under the reforms, the commune land was divided into small plots and was given to the individual households. The households would cultivate the land and retain the income so generated after paying all the taxes. As the farmers could keep the profits with themselves, this encouraged greater farm investment and thereby, higher productivity.

ii) *Reforms in the industrial sector*: As per the reforms, the private sector firms were also allowed to undertake production of goods and services. That is, the private sector firms broke the monopoly of the state owned enterprises. The state owned enterprises now faced competition from the private enterprises.

iii) *Dual-pricing*: The economic reforms also introduced the concept of dual-pricing. Dual-pricing implies that the farmers and the industrial units were required to buy and sell certain fixed quantities of inputs and outputs at the legislated price as fixed by the government and the remaining quantities can be traded at the prevailing market price. In other words, there exists two prices in the market simultaneously, one, as fixed by the government and second the market price.

iv) *Setting up of Special Economic Zones*: Special economic zones were also set up to attract greater foreign investment.

Thus, it can be summed up that China's economic development can be attributed to the success of the multi-dimensional economic reforms that were introduced and implemented strictly.

Development Strategy followed by India

Soon after independence, the basic objective of India was to pull up the economy from the state of deterioration and stagnation. In this regard, various policies were followed. Some of the key features of the development strategy followed by India are as follows.

1. ***Path of mixed economy***: India followed the path of mixed economy. The path of mixed economy implied the co-existence of public sector and private sector. Although, India laid a strong emphasis on public sector, it also stressed on the active participation of the private sector in a democratic framework.

2. ***Heavy reliance on public sector in the initial years***: In the initial years of planning, public sector was accorded a dominant role in the growth and development process. The public sector controlled the development of strategic and basic industries in the country such as iron and steel industry, railways, etc.

3. ***Industrial Policy Resolution (IPR), 1956***: Industrial Policy Resolution was passed in the year 1956 with the objective of increasing the industrial base of the country. This policy rested on three major features- three fold classification of industries, Industrial licensing policy and Industrial concession policy. In addition to this, emphasis was also laid on the development of the small scale industries.

4. ***Inward looking trade policy during 1951-1991***: During the initial seven years of planning, India followed an inward looking trade policy in the form of import substitution. The policy of import substitution implies substituting imports with domestically produced goods. This strategy emphasised on reducing the dependence of Indian economy on the foreign goods and also aimed at providing impetus to the budding domestic firms. To serve this purpose, the Government of India also provided various financial encouragements, incentives and licenses to the domestic firms in order to produce the import substituted goods.

5. ***Export promotion policy***: Emphasis was laid by the policymakers on the promotion of exports with the aim of increasing the volume of foreign exchange reserves. Another purpose of this policy was to make India a self reliant nation in the world market.

6. ***Reforms in the agriculture sector***: To boost the agriculture production and productivity, India introduced various reforms in the agriculture sector such as the abolition of intermediaries, regulation of rent, imposition of land ceilings and consolidation of land holdings. Besides the land reforms, technical reforms were also introduced in the form of Green Revolution. Such reforms greatly increased the production and productivity in the agriculture sector and helped India to achieve self sufficiency in food grain production.

7. ***New Economic Policy of 1991***: The industrial and trade policies followed by India in the initial years of planning yielded fruitful results only in the short run, but in the long run it had serious negative consequences. The public sector was plagued with inefficiencies and incurred huge losses. Moreover, excessive control on the private sector hampered their growth and the industrial sector lacked modernisation.

As a result, Indian economy regressed into a state of stagnation. By the year 1991, India faced a serious economic crisis. India faced mounting foreign debt. To overcome the situation, India initiated the multi-dimensional economic reforms in the year 1991, which are collectively known as New Economic Policy (NEP).

The New Economic Policy replaces liberalisation (*L*) in place of licensing; privatisation (*P*) in place of quotas; and globalisation (*G*) in place of permits for exports and imports. Liberalisation provided greater role to the market forces. It initiated a gradual move from a planned socialist economy towards a market economy. On the other hand, privatisation imparted greater role to the private sector undertakings in the growth and development process. With globalisation, the liberalisation and the privatisation policies were extended and the Indian economy was opened up to the world economy.

Development Strategies followed by Pakistan

Pakistan largely followed the development strategy adopted by India. The following are the key features of the development strategy followed by Pakistan.

1. ***Mixed economy pattern***: With the objective of economic development, Pakistan adopted the path of mixed economy with the co-existence of both private and public sectors.

2. ***Regulated policy framework in trade***: During 1950s and 1960s, Pakistan introduced a variety of regulated policy framework for import substitution and industrialisation. Through import substitution, it encouraged domestic production of imported goods and thereby, substituting imported goods with domestic goods. With such a policy it discouraged imports and simultaneously encouraged the development of domestic industries. Protection was provided to the domestic consumer industries through various measures such as tariffs and quotas.

3. ***Introduction of Green Revolution***: Similar to India, Pakistan also introduced Green Revolution in the agriculture sector to enhance the efficiency and productivity. This infused mechanisation of the agriculture sector and led to the increase in the production of food grains.

4. ***Nationalisation of capital goods industries***: The mechanisation of agriculture was followed by the nationalisation of capital good industries in 1970s.

5. ***Policy orientation in 1970's and 1980's***: In order to encourage the private sector, Pakistan shifted its policy orientation by denationalising the thrust areas in the late 1970s and early 1980s. For their encouragement and active participation, various incentives were offered by the government to the private sector.

The three countries started off on the path of development following their respective development strategies. Now the next question that needs to be analysed is that how well each of the nations fared. In the subsequent lessons, we analyse the performance of the three nations on various grounds such as GDP growth rate, demographic indicators and human development indicators.

Comparative Study of Sectoral Contributions to GDP- In India, China and Pakistan

Objective

In this lesson, we will go through a comparative study of the contribution of different sectors to GDP in China, India and Pakistan.

Introduction

In the previous lesson, we studied about the development strategies of India, China and Pakistan. In this lesson, we will analyse how the three countries have fared in the development process by comparing their respective sectoral contribution of output to GDP.

Comparative Study of the Contribution of Primary Sector to GDP

The given table shows the comparative study of the contributions of the primary sector to GDP in India, China and Pakistan, and the workforce employed in this sector in the three nations.

Share of Agriculture in GDP and Employment (%)

	Contribution to GDP (2003)			Distribution of workforce		
	India	China	Pakistan	India	China	Pakistan
Agriculture	23	15	23	60	54	49

According to the table, in China, the agricultural sector contributed 15% to GDP in 2003. For the same period, this sector had an 8% more share in GDP in both Pakistan and India. The relatively lower contribution of the Chinese primary sector to GDP reflects the measures taken by China to shift the emphasis of its economy from the agricultural sector to the industrial and services sectors. The table shows that in each nation, a significant percentage of the total workforce is engaged in agriculture and allied activities.

Comparative Study of the Contribution of Secondary Sector to GDP

The given table shows the comparative study of the contributions of the secondary sector to GDP in India, China and Pakistan, and the workforce employed in this sector in the three nations.

Share of Industry in GDP and Employment (%)

Sector	Contribution to GDP (2003)			Distribution of workforce		
	India	China	Pakistan	India	China	Pakistan
Industry	26	53	23	16	27	18

According to the table, in China, the industrial or manufacturing sector contributed 53% to GDP in 2003. For the same period, the contributions of this sector to GDP in Pakistan and India were only 23% and 26% respectively. The significantly higher contribution of the Chinese industrial sector to GDP reflects the higher pace of industrialisation in China as compared to that in Pakistan or India. Further evidence of this fact is that among the three nations, China has the highest proportion of workforce engaged in the industrial sector.

Comparative Study of the Contribution of Tertiary Sector to GDP

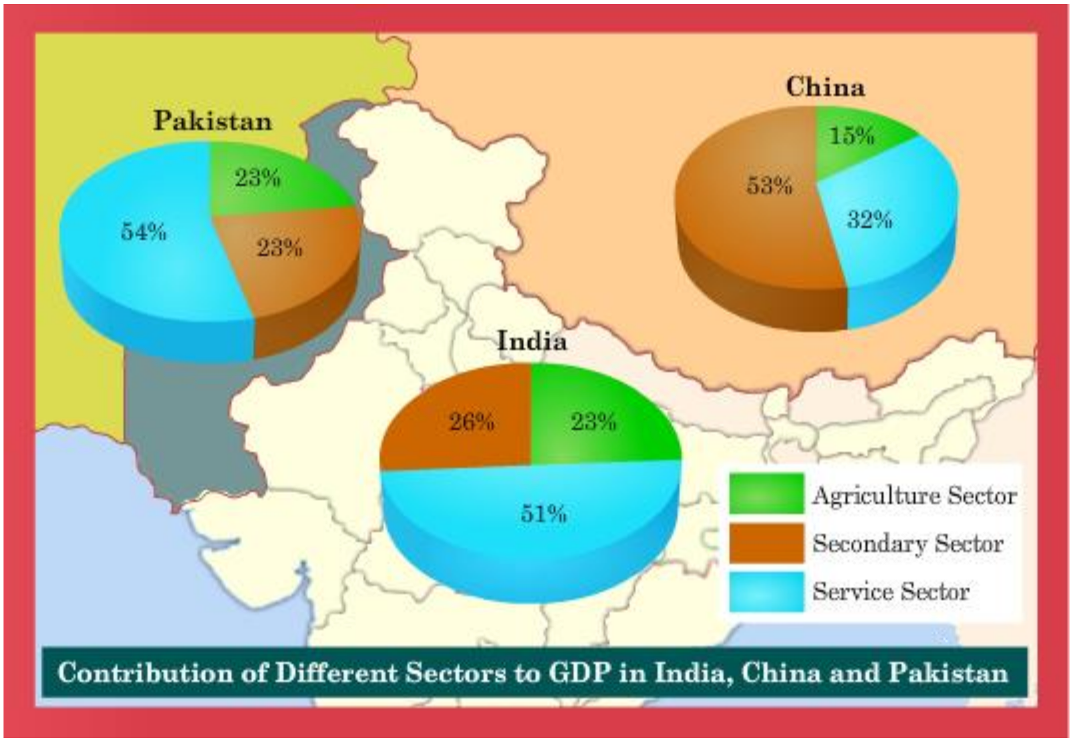
The given table shows the comparative study of the contributions of the tertiary sector to GDP in India, China and Pakistan, and the workforce employed in this sector in the three nations.

Share of Services in GDP and Employment (%)

Sector	Contribution to GDP (2003)			Distribution of workforce		
Service	India	China	Pakistan	India	China	Pakistan
	51	32	54	24	19	37

According to the table, in China, the services sector contributed 32% to GDP in 2003. For the same period, the contributions of this sector to GDP in Pakistan and India were 54% and 51%, respectively. Clearly, in both India and Pakistan, the services sector contributes considerably more to the GDP than the agricultural and industrial sectors. However, this sector employs only 24% and 37% of the total workforce in India and Pakistan respectively. Thus, we see that although the agricultural sector employs the largest proportion of the workforce in each of these countries, it is the services sector that contributes the most to GDP. In other words, the sector that employs the greater part of the total workforce, contributes the least to GDP.

The following figure shows the contributions of the different sectors to GDP in the three nations.



Comparative Study of the Trend in Output Growth in Different Sectors

The given table shows the comparative study of the trends in output growth in the different sectors in India, China and Pakistan.

Trends in Output Growth in the Different Sectors (%)

Country	1980–90			1990–2003		
	Agriculture	Industry	Services	Agriculture	Industry	Services
India	3.1	7.4	6.9	2.7	6.6	7.9
China	5.9	10.8	13.5	3.9	11.8	8.8
Pakistan	4	7.7	6.8	3.7	3.9	4.3

The development path of any developed nation reveals to us that development leads to a shift in employment and output—first, from the agricultural sector to the manufacturing sector; then, from the manufacturing sector to the services sector.

We can observe this growth pattern in case of China. The share of the agricultural sector declined from 5.9% in 1980–90 to 3.9% in 1990–2003. During the same period, the share of the manufacturing sector marginally increased from 10.8% to 11.8%, while the share of the services sector declined from 13.5% to 8.8%.

In case of India, the output growth trends *reveal that* ***there has been a direct shift from the agricultural sector to the services sector****.* For the given period, the share of the agricultural sector fell from 3.1% to 2.7%, while the share of the services sector increased greatly from 6.9% to 7.9%. The share of the manufacturing sector reduced from 7.4% to 6.6%.

Thus, ***growth in China has been driven by the manufacturing sector; meanwhile, in India, it is the services sector that has been the driving force***.

In case of Pakistan, the shares of all the three sectors in GDP have been on the decline. For the given period, the share of the agricultural sector declined from 4% to 3.7%; the share of the manufacturing sector declined from 7.7% to 3.9%; and the share of the services sector declined from 6.8% to 4.3%.

Comparison of Demographic Indicators and Human Development Indicators in India, China and Pakistan

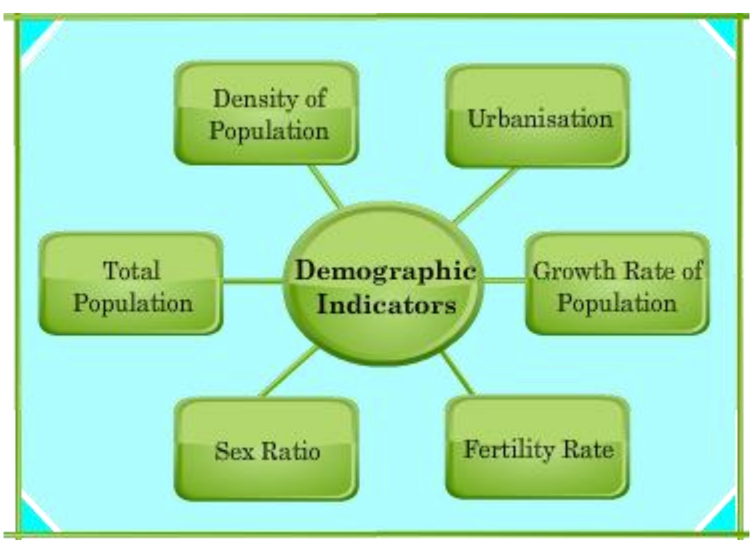
Objective

In this lesson, we will go through a comparative analysis of the various demographic indicators and the human development indicators in China, India and Pakistan.

Comparison of Demographic Indicators among China, India and Pakistan

In the previous lesson, we compared the GDP growth rate and the contribution of different sectors to GDP in China, India and Pakistan. In this lesson, let us analyse how the three nations differ in terms of the various demographic indicators (i.e. indicators related to the population). Some of the important demographic indicators are as follows.

The following diagram depicts the six categories of demographic indicators.



1. *Total population*: China is the largest populated country in the world followed by India. China's population in 2000-01 was approximately 1303.7 million and that of India and Pakistan was 1103.6 million and 162.4 million respectively.

2. *Annual growth rate of population*: Although China is the largest populated country but a strong positive point for China is that its annual growth rate of population is just 1% per annum, while that of India and Pakistan is 1.7% and 2.5% per annum respectively. With such a high growth rate it would not be wrong to expect that in the forthcoming decades India will surpass the total population of China.

The low population growth rate of China can be attributed to the one-child norm policy followed by it. However, this implies that in the coming decades, there will be more elderly people in proportion to young people. This will oblige the country to provide social security measures with fewer workers.

3. *Density of population*: In spite of the fact that China is highly populated, its density of population is the lowest. It is as low as 138 persons per square kilometre of area compared to 358 and 193 persons in India and Pakistan respectively. Low degree of density of population in China suggests a lower pressure on the country's natural resources and higher probability of sustainable development.

4. *Sex ratio*: This ratio counts the number of females per 1000 males. The sex ratio in all the three countries is almost the same, with China having a marginally higher sex ratio of 937 females per 1000 males. A low sex ratio depicts a situation of low economic and social status of women.

5. *Fertility rate*: This rate refers to the number of children a woman gives birth to during her lifetime. China enjoys an upper hand in this case. The fertility rate of Chinese woman is only 1.8, whereas that of India and Pakistan is 3.0 and 5.1 respectively. This implies that in India and Pakistan a woman usually gives birth to approximately 3 and 5 children respectively, in a lifetime. This is the most important concern for both India and Pakistan as with such a high fertility rate, population in the coming decades will surpass that of China.

6. *Urbanisation*: Similar to other demographic indicators, China scores above India and Pakistan in urbanisation as well. China is comparatively more urbanised than India and Pakistan. The rate of urbanisation in China is 36.1%, while that in India and Pakistan is 27.8% and 33.4% respectively.

The degree of urbanisation depicts the standard and quality of living of people of a particular country. Higher the degree of urbanisation, higher is the standard of living. Also, urbanisation confirms the shift in the economic structure of an economy. Higher degree of urbanisation reveals higher industrialisation and development of tertiary sector in the economy.

Comparative analysis of various demographic indicators in the three nations can be summarised with the help of the following table.

Demographic Indicators, 2000-01

Country	Estimated Population (in millions)	Annual Growth Rate of Population (1990-2003)	Density (per sq. km)	Sex Ratio	Fertility Rate	Urbanisation (%)
India	1103.6	1.7	358	933	3.0	27.8
China	1303.7	1.0	138	937	1.8	36.1
Pakistan	162.4	2.5	193	922	5.1	33.4

Source: NCERT Book-Indian Economic Development- Chapter- 10, Pg- 185

Conclusion: From the above analysis, it can be concluded that although China is the largest populated country, its other demographic indicators are stronger than those of both India and Pakistan. It is expected that in the coming decades China would improve on this ground as well.

In other words, it would not be wrong to expect a decline in China's population in the coming decades due to implementation of various policy measures regarding population and also due to low annual growth rate of population.

Comparison of Human Development Indicators

We know that human development refers to the holistic development and overall well being of the human capital of a nation. Based on the various parametres of human development, an index for human development (Human Development Index) can be constructed. Different countries can be ranked on the basis of their performance on HDI indicators. Higher the HDI rank of a nation, higher is the performance of the nation in terms of social and economic development. HDI (Human Development Index) of a country is based on the following individual indices/rates.

1. ***Life expectancy rate***: Life expectancy refers to the number of years one is expected to live. Higher life expectancy rate reflects better access to health facilities in the country. As per the Human Development Report 2005, life expectancy for China is approximately 71.6 years, whereas for India and Pakistan it is approximately 63 years.

2. ***Adult literacy rate***: Adult literacy rate refers to that percentage of population (above the age of 15 years) who can read and write. In China, adult literacy rate is approximately 90.9%, while in India and Pakistan it is 61% and 48.7% respectively.

3. *Infant mortality rate*: Infant mortality rate refers to the number of deaths of infants under the age of one year per 1000 live births. China has the lowest level of infant mortality among the three nations at 30 per thousand, while India and Pakistan has infant mortality of 63 and 81 per thousand respectively.

4. *Maternal mortality rate*: Maternal mortality rate refers to the number of maternal deaths per 100,000 live births. For China, the rate of maternal mortality is very low at 56 per thousand as compared to India and Pakistan where maternal mortality rate is 540 and 500 per thousand respectively.

5. *Percentage of population below poverty line*: China has 16% of population living below poverty line while for India and Pakistan it is 34% and 13% respectively.

6. *Per capita GDP*: In terms of Purchasing Power Parity, China has highest per capita GDP of $5,003. As against this, the per capita GDP in India and Pakistan is $2,892 and $2,097 respectively.

7. *Percentage of the population having access to improved sanitation*: India has least percentage of population among the three nations who have access to improved sanitation. Pakistan ranks first with 54% of population having access to improved sanitation. On the other hand, in China and India 44% and 30% population respectively has access to proper sanitation facilities.

8. *Percentage of the population having access to improved water sources*: Pakistan has the highest percentage of population (90%), which has access to improved water sources. On the other hand, India has 86%, while China has 77% of population having access to improved water sources.

9. *Percentage of the population undernourished*: India has 21% of the undernourished population, while China and Pakistan has 11% and 20% respectively of undernourished population.

The following table summarises the comparative analysis of the various human development indicators in the three nations.

Some Selected Indicators of Human Development, 2003

Indices/Rates	India	China	Pakistan
Human Development Index (Value)	0.602	0.755	0.527
Rank	127	85	135
Life expectancy at birth (Years)	63.3	71.6	63.0
Adult literacy rate (% aged 15 and above)	61.0	90.9	48.7
GDP per capita (PPP US$)	2,892	5,003	2,097
People below poverty line (%)	34.7	16.6	13.4
Infant mortality rate (Per 1000 live births)	63	30	81
Maternal mortality rate (Per 1 lakh births)	540	56	500

Population with sustainable access to improved sanitation (%)	30	44	54
Population with sustainable access to improved water source (%)	86	77	90
Population undernourished (% of total)	21	11	20

Source: *Human Development Report 2005 and NCERT pp-189*

Conclusion: From the above analysis it can be concluded that China scores over India and Pakistan in all the indicators of HDI. Global HDI ranking for China is 81, for Pakistan it is 128 and for India it is 136.

It is often argued that in the construction of HDI, certain other indicators that are the liberty indicators must also be included. ***Liberty indicators*** are defined as a measure of the extent of demographic participation in the social and political decision-making. In other words, it is an index used to measure the participation of people in making decisions. The following are some of the examples of liberty indicators that can be introduced while constructing HDI.

i. Measures of 'the extent of constitutional protection given to the rights of citizens'

ii. Measures of 'the extent of constitutional protection of the independence of the Judiciary and the Rule of Law'

iii. Freedom of speech

iv. Exercising human rights.

It is said that if liberty indicators are also included for the construction of HDI, the global HDI ranking for India will improve considerably. This is because India performs fairly high on these indicators as compared to China and Pakistan.

Appraisal of Development Strategies– Comparison of Development Strategy of India and Pakistan with respect to China

Objective

In this lesson, we will go through a comparative appraisal of the development strategies of India, China and Pakistan.

Appraisal of Development Strategies- Comparison of India and Pakistan with respect to China

In the previous few lessons, we analysed the development policies and strategies adopted by India, China and Pakistan. Also, we examined the performances of the three nations on various grounds. In this lesson, we critically evaluate their development strategies.

We know that every nation goes through different phases of development. For a nation, an analysis of the development strategies of other nations in terms of their failures and achievements acts as a guiding principle in formulating their own policies and strategies. Thereby, it guides the nation in the path of development.

For the purpose of comparison, we take the initiation of reforms as the point of reference and analyse the performance of the nations on various grounds in the pre-reform and the post-reform period. Among India, China and Pakistan, China was the first nation to initiate the reforms in the year 1978. On the other hand, Pakistan and India introduced the reforms in the year 1988 and 1991 respectively.

Appraisal of Development Strategy of China

Prior to the introduction of reforms, China was under the Maoist rule. The Maoist strategy of development was based on the ideas of decentralisation, achieving self-sufficiency and discard of foreign technology. However, such a system resulted in slow economic growth rate.

The economy suffered from lack of modernisation. Moreover, despite the extensive focus on the agriculture sector to improve the production and productivity through the Great Leap Forward and the commune system, the per capita food grain remained stagnant. That is, the objective of self-sufficiency could not be actually achieved. Consequently, unsatisfied with the slow growth rate, ***China decided to introduce the reforms in the year 1978***.

After the introduction of the reforms the Chinese economy experienced a positive change. The following points highlight the success of the reforms in China.

1. ***Improvement in infrastructure***: Under the reforms both the social as well as economic infrastructure improved greatly. There was a vast expansion in the education and health infrastructure in the country.

2. ***Equitable distribution of food grains***: As a part of the reform in agriculture, the commune system was introduced wherein the farmers pooled their individual plots of land, to pursue collective farming. Such a system helped in achieving comapratively more equitable distribution of food grains among the farmers.

3. ***Better implementation of reforms***: Each reform was first initiated on a small scale and then in the later phases was extended to a larger scale. The experimentation at the small scale helped in better administration and thereby, better implementation of the reforms on the large scale.

4. ***Export driven manufacturing***: Under the reform process, Chinese economy was opened up to the world economy. The planners highly encouraged exports and the manufacturing activities were export driven. With this China experienced a drastic rise in the growth rate.

Thus, it can be said that with the reforms, China experienced a rapid growth.

Appraisal of Development Strategy of Pakistan

Pakistan initiated the reform process in the year 1988. However, contrary to the expectations, ***in the post-reform period, Pakistan's economy suffered a setback***. The GDP growth rate and the contribution of different sectors to the GDP fell continuously. Moreover, social indicators such as poverty, unemployment, etc. have worsened over the years. Some of the major factors responsible for low growth rates in Pakistan are as follows.

1. ***Greater dependency on the public sector enterprises***: The main cause behind the slow economic growth in Pakistan is excess dependence on public sector enterprises. Pakistan relied largely on the policy of protection by assigning central role to the public sector enterprises. However, the operational inefficiencies of public sector enterprises along with the misallocation of scarce resources resulted in dormant economic growth rate.

2. ***Traditional agricultural practices***: The agricultural practices in Pakistan relied heavily on traditional methods and the vagaries of climatic conditions. This resulted in low productivity. Consequently, the agricultural sector was not able to flourish to the extent it was thought of.

3. ***Undeveloped manufacturing sector***: A major portion of the foreign exchange earnings of Pakistan was in the form of remittances from Pakistani workers in the Middle-East and exports of highly volatile agricultural products. This inflow of foreign exchange in the form of remittances substituted the need for development of manufacturing sector so as to earn foreign exchange by exporting manufactured goods. As a result, the manufacturing sector remained underdeveloped.

4. ***Increasing dependence on foreign loans***: Pakistan relied heavily on foreign loans for meeting the foreign exchange requirements. However, it faced increasing difficulty in repaying these loans along with the mounting interest obligations, especially in the years of agricultural failure. The increasing burden of huge foreign loans impeded the economic growth prospects of Pakistan.

5. ***Lack of political stability***: The lack of political stability demanded huge public expenditure for maintaining law and order in the country. This huge public expenditure acted as a drain on the country’s economic resources.

6. ***Insufficient foreign Investment***: Pakistan also failed to attract sufficient foreign investment due to lack of political stability, low degree of international credibility and lack of well developed infrastructure.

Similar Development Strategy of India and Pakistan

The development strategy followed by India and Pakistan bear high degree of resemblance. The major similarities between the developmental strategies of the two nations can be summed up as follows.

i) ***Same period of the initiation of development process***: India and Pakistan both have started their development programmes based on economic planning soon after their independence in 1947.

ii) ***Reliance on public sector***: Both the countries relied heavily on public sector for initiating the process of growth and development.

iii) ***Mixed economic structure***: Both of them have followed the path of mixed economic structure involving the participation of both the state as well as the private sector.

iv) ***Same period of the initiation of reforms***: Both the nations introduced economic reforms at the same time to strengthen their economies.

The two nations have also experienced similar success and failures in their respective development strategies. The common achievements and failures of India and Pakistan are as follows.

Common Achievements of India and Pakistan

Some of the common achievements of the two nations are as follows.

i) ***Increase in the per capita income***: Over the years, both the nations have been able to successfully increase their per capita income. This is despite the fact that population in both the countries has increased tremendously.

ii) ***Self-sufficiency in food***: Both the countries have been able to achieve self-sufficiency in the food grain production. The food grain production has risen proportionately with the population growth rate. As a result, the nutrition status in the two countries has improved considerably.

iii) ***Growth of the modern sector***: With the growth and development process, there has been a gradual shift from the traditional sector (agriculture sector) to the the modern and industrial sector.

Common Failures of India and Pakistan

Some of the areas where, both the nations lag behind are as follows.

i) *Failure of trade policies*: Both the countries, in the initial years of planning followed an inward looking trade policy. Although the policy provided protection to the domestic producers, it hampered their long term growth and made them incompetent to face the foreign competition. Also, such a policy deprived them of the advantages of globalisation.

ii) *Heavy reliance on public sector*: In the initial years of planning, both the nations accorded greater priority to the public sector with the private sector playing only a subsidiary role. However, the public sector was plagued with inefficiencies and hampered the growth rate.

iii) *High fiscal deficit*: Both India and Pakistan faced a heavy debt burden and continuously rising fiscal deficit. The average fiscal deficit has been around 7% of the GDP in both the nations.

iv) *Corruption and bureaucracy*: Both the nations suffer from high degree of corruption at all levels of the system. As a result, the growth plans and policies suffered from improper implementation.

The following diagram summarises the similarities in the development strategies and the achievements and failures in India and Pakistan.

Areas Where India Scores over Pakistan
Although both India and Pakistan followed similar development strategies, there are certain areas where India has outshined Pakistan.

i) ***Better human capital***: Human capital formation has been far better in India than in Pakistan. Number of research scholars in India is far greater than in Pakistan. The overall literacy rate in India has improved much more in comparison to Pakistan.

ii) ***Control over the population growth rate***: With continuous efforts of the government in terms of population control programmes and due to improvement in the literacy rates, India has been able to control its population growth rate. The population growth rate in India is 1.7% while, that in Pakistan it is 2.5%.

iii) ***Better health status***: Comparatively, India fares better than Pakistan in terms of the health status. Overall the health issues, particularly infant mortality, have been better dealt with in India.

Areas where Pakistan Scores over India

Although there is a general consensus that in terms of overall growth and development, India is ahead of Pakistan, yet there are certain areas where Pakistan scores over India.

i) ***Shift from the agriculture sector to the industrial sector***: The structural transformation from the agriculture sector to the industrial Sector has been greater in Pakistan than in India. In Pakistan, a greater section of the workforce has migrated from the agriculture sector to the manufacturing sector.

ii) ***Rise in the standard of living***: Although the growth rate in India has been higher than that in Pakistan, the overall standard of living has improved more in Pakistan. Pakistan has been able to reduce its BPL (Below Poverty Line) population to 13.4%. As against this, India has 21.8% of its population below the poverty line.

iii) ***Better external trade***: Pakistan experienced a greater expansion of external trade than India. In Pakistan, the trade-GDP ratio is 20%, while that in India it is just 10%.

Comparative Appraisal of the Development Strategy of India and China
The post-reform performance of China has been better than that in India. The following are the areas where China scores over India.

i) ***Early start of the reform process***: In China, the reform process started in 1980's. As against this, India initiated the reforms in 1990's.

ii) ***Difference in the objective***: One of the major objectives of the reform process in China has been the reduction of poverty. As a result, during the period 1978 to 1989, China has been able to reduce the rural poverty by 85%. On the other hand, the sole focus of the reforms in India has been achieving high growth rate with stability and thereby, lagged behind in terms of other areas such as poverty, unemployment, etc.

iii) ***Better impact of the agricultural reforms***: Reforms in the agriculture sector in China, particularly the Commune System, yielded high positive results. The agriculture production and productivity as well as the status of the farmers have improved greatly in China. As against this, in India, agriculture reforms could not yield much fruitful results.

iv) ***Opening up of economy***: China was more liberal in terms of international trade than India. Besides allowing 100% equity investment, it also allowed 100% FDI in retail. Moreover, the manufacturing in China has been export driven. As a result, China has been able to reap the benefits of globalisation, while India lags behind.