

ECONOMICS

CLASS XI

CHAPTER EIGHT

COMPARATIVE DEVELOPMENT
EXPERIENCES OF INDIA AND ITS
NEIGHBOURS

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CHAPTER 8 - COMPARATIVE DEVELOPMENT

EXPERIENCES OF INDIA AND ITS

NEIGHBOURS

1. Why are regional and economic groupings formed?

Regional and economic groupings are formed by countries to understand the development strategies and growth measures that are used by the other member countries. This helped countries to analyse the strength and weaknesses they possessed and the corrective measures that needed to be taken to bring in growth and prosperity. Forming a regional group also makes countries maintain peace among themselves and having a common platform for trade as well as a representation on the World Forum.

2. What are the various means by which countries are trying to strengthen their own domestic economies?

The following are the means by which countries are trying to strengthen their own domestic economy:

1. By forming regional and economic groupings like European Union (EU), SAARC, ASEAN, OPEC, and G-8 etc.
2. By analysing the development model and strategies adopted by member countries in order to boost the economy of the country.
3. By liberalising the economies, which reduces government intervention in economic activities, the economy is governed by the demand and supply of the market.
4. By opening their economy to the world, which is known as globalisation. It is a move to provide the scope of business in the international market for domestic products.

3. What similar developmental strategies have India and Pakistan followed for their respective developmental paths?

The developmental strategies followed by India and Pakistan are as follows:

1. Developmental programmes adopted by both countries were based on economic planning.
2. For growth and development, the public sector was selected as the medium of choice.
3. A mixed economic structure was followed by both countries, which involved public and private sector participation.
4. Economic reforms were introduced at the same time to strengthen their respective economies.

4. Explain the Great Leap Forward campaign of China as initiated in 1958.

Great Leap Forward was a campaign started by communist leader Mao Zedong in 1958. It had the following objectives:

1. To initiate industrialisation of the economy in urban as well as rural areas.
2. Motivating people to set up industries in the backyard.
3. Engaging rural people in collective farming under the Commune System.

5. China's rapid industrial growth can be traced back to its reforms in 1978. Do you agree? Elucidate.

The rapid industrial growth of China is attributed to the economic reforms that were introduced in phases in 1978. The first phase started with developments made in agriculture, investment and foreign trade. For agriculture commune system was introduced in which small plots were allocated to individual households. Income generated from the land can be kept by the households after paying the tax to the government. The next phase of reforms started with the industrial sector, where private firms were encouraged to compete with government-owned enterprises. A system of dual pricing was introduced in which farmers and industries need to buy and sell a fixed quantity of inputs and outputs at government-fixed price and trade remaining quantities at market

price. Also introduced were special economic zones that were designed to attract foreign investment.

6. Describe the path of developmental initiatives taken by Pakistan for its economic development.

The following initiatives were taken by Pakistan for its economic development:

1. Adopted the mixed economy model where both public and private sectors exist.
2. Introduced regulatory frameworks during the 1950s-60s, where domestically produced goods were used as substitutes for imports, which helped develop domestic industries.
3. Mechanisation of agriculture to bring about the Green Revolution leading to the production of food grains.
4. Capital goods industries were nationalised in the 1970s.
5. The important thrust areas were denationalised, which encouraged private-sector participation.

7. What is the important implication of the ‘one child norm’ in China?

The important implication of one child norm led to low population growth and a decline in the sex ratio in China. It meant a lower proportion of females per thousand males.

8. Mention the salient demographic indicators of China, Pakistan and India.

The important demographic indicators are shown below:

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 Chapter 10, Page 185

The demographic indicators can be explained as follows:

1. Population: China has the highest population, followed by India. Pakistan has the least population among the three.
2. Annual Growth Rate of Population: The annual growth rate of the Chinese population is 1%, while both India and Pakistan have better growth rates of 1.7% and 2.5%, respectively.
3. Population Density: China has the highest population and also is significantly larger in surface area than India and Pakistan, still has the lowest population density. It indicates low pressure on food reserves and natural resources. Good for sustainable development.
4. Sex Ratio: It is the ratio of females per 1000 males. As per the data, China has a slightly higher sex ratio than India and Pakistan.
5. Fertility Rate: The fertility rate of China is the lowest among the three countries and is a plus point. A higher fertility rate will be a causative factor for the population explosion.
6. Urbanisation: China is more urbanised than India and Pakistan. The high rate of urbanisation depicts a better quality of living. It also tells about economic stability and the development of the service sector/tertiary sector in China.

9. Compare and contrast India and China's sectoral contribution towards GDP in 2003. What does it indicate?

The tabular data shown below reflects India and China's sectoral contribution towards their GDP:

Sectors	Contribution to GDP (in %) (2003)	
	India	China
Primary (Agriculture)	23	15
Secondary (Industry)	26	53
Tertiary (Service)	51	32

1. Primary Sectors' contribution to GDP: Primary sector or agriculture contributes about 23% to the GDP of India, while it is 15% of the GDP of China. This shows that the Indian economy is still agrarian-based.

2. Secondary Sector contribution to GDP: This data shows that industries contribute around 26% of the GDP of India while it is 53% of the GDP of China. This shows that China has a robust industrial system which contributes most towards GDP.

3. Tertiary Sector contribution to GDP: Tertiary or service sector contributes 51% of the GDP of India while it is 32% of China's GDP. This statistic shows the dominance of India on being a service powerhouse.

Therefore, the sectoral contribution studies show the following information:

1. India and China have moved from the primary sector and are looking to earn revenue from the other two sectors.

2. India is relying more on the tertiary sector, while China is going strong on the secondary sector to fuel its growth.

10. Mention the various indicators of human development.

The following are indicators of human development:

1. GDP per Capita
2. Life Expectancy
3. Infant Mortality Rate
4. Adult Literacy Rate
5. Percentage of the population below the poverty line
6. Percentage of the population having access to improved water resources
7. Percentage of the population having access to improved sanitation

11. Define liberty indicator. Give some examples of liberty indicators.

Liberty indicators are those indicators that represent the extent of civil and political freedom that is made available to individuals of a country. It is an index that measures people's participation in decision-making. Some examples are given below:

1. The extent of constitutional protection of the independence of the Judiciary and the Rule of Law.
2. Extent of constitutional protection given to rights of a citizen

12. Evaluate the various factors that led to the rapid growth in economic development in China.

The following factors led to the rapid growth in the economic development of China:

1. Agriculture was given impetus, and under the commune system of farming, small lands were given to separate households for farming. The households can keep profit after paying taxes to the government.
2. Industrial sector was given emphasis in which private firms were encouraged to compete with government enterprises.

3. Setting up of SEZ to attract foreign investment and encourage exports.
4. Dual pricing was implemented, under which a fixed amount of purchases and sales need to be made, and the rest will be traded at market price.

13. Group the following features pertaining to the economies of India, China and Pakistan under three heads.

- One-child norm
- Low fertility rate
- High degree of urbanisation
- Mixed economy
- Very high fertility rate
- Large population
- High density of population
- Growth due to the manufacturing sector
- Growth due to the service sector

The features can be represented as:

India	China	Pakistan
Mixed economy	One-child norm	Mixed economy
High density of population	Low fertility rate	Very high fertility rate
Growth due to service sector	High degree of urbanisation Growth due to manufacturing sector	Large population

14. Give reasons for the slow growth and re-emergence of poverty in Pakistan

The following are the reasons for the slow growth and re-emergence of poverty in Pakistan:

1. Pakistan was greatly dependent on public sector enterprises for economic growth. The operational inefficiencies of public sector enterprises and the

allocation of scarce resources to such enterprises resulted in slow economic growth.

2. Agricultural practices that were in practice in Pakistan were traditional and outdated, which resulted in low crop production.

3. There was a lack of manufacturing sector in Pakistan hence they were experiencing slow growth.

4. Pakistan was in debt by taking foreign loans and was finding it difficult to repay the loans, which slowed down the growth of the nation.

5. Political stability was lacking in Pakistan, as a result of which there was huge public expenditure to maintain stability. The loan burden stunted the growth plans.

6. Pakistan failed to bring in adequate foreign investment, which was the result of political instability and lacking proper infrastructure.

15. Compare and contrast the development of India, China and Pakistan with respect to some salient human development indicators.

The following are indicators of human development:

1. GDP per Capita

2. Life Expectancy

3. Infant Mortality Rate

4. Adult Literacy Rate

5. Percentage of the population below the poverty line

6. Percentage of the population having access to improved water resources

7. Percentage of the population having access to improved sanitation

Human Development was constructed to calculate the development of humans in the form of food, shelter, education and health. A high HDI shows full spectrum growth of individuals and countries. China is ranked 81st, India 128th and Pakistan stands 136th. China has a better GDP due to its high GDP per

capita. Also, population control has prevented the population from expanding. Due to all the above factors, GDP has increased.

16. Comment on the growth rate trends witnessed in China and India in the last two decades.

India, during the last two decades, performed average on the economic front. The majority of people still prefer agriculture, and the lack of infrastructure in many parts of the country is not helping the growth. The Standard of living hasn't improved for about one-fourth of the population.

China, on the other hand, lacks political freedom, and this is a cause for concern. But, the country has been successful in raising the level of growth along with opportunities. Social security is ensured by the system of collective farming, which is famous as the Commune System. The intervention of the public in decisions of social infrastructure before economic reforms were introduced has helped register positive results for the economy.

Fill in the blanks

- (a) First Five-Year Plan of _____ commenced in the year 1956. **(Pakistan)**
- (b) Maternal mortality rate is high in _____. **(Pakistan)**
- (c) Proportion of people below the poverty line is more in _____. **(India)**
- (d) Reforms in _____ were introduced in 1978. **(China)**

MCQS QUESTION AND ANSWERS

1. **Which of the following statements is correct about the economic reforms in China?**

- a. The economic reforms in China were initiated in the year 1978
- b. The economic reforms in China were initiated in the year 1988
- c. The economic reforms in China were initiated in the year 1998
- d. The economic reforms in China were initiated in the year 1968

Answer: a

2. **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

Answer: d

3. **Which of the following statements about the one-child norm is accurate?**

- a. The rule of the one-child norm was introduced in Sri Lanka
- b. The rule of the one-child norm was introduced in Pakistan
- c. The rule of the one-child norm was introduced in China
- d. The rule of the one-child norm was introduced in India

Answer: c

4. **Which of the following statements about human development is incorrect?**

- a. The life expectancy at birth of a country is the true indicator of its human development levels
- b. The literacy rate of a country is the true indicator of its human development levels

- c. The density of population of a country is the true indicator of its human development levels
- d. The per capita gross domestic product (GDP) of a country is the true indicator of its human development levels

Answer: c

5. Which of the following is the main reason for understanding the economy of neighbouring countries?

- a. Understanding the economy of neighbouring countries allows a nation to identify its competitors
- b. Understanding the economy of neighbouring countries is essential for the scope of overall human development
- c. Understanding the economy of neighbouring countries allows a nation to identify strengths and weaknesses
- d. All of the above

Answer: d

6. 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

Answer: c

7. 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

Answer: a

8. Which of the following statements about the initial phase of reforms in China is correct?

- a. The agricultural sector was the main focus during the initial phases of the reforms in China

- b. The foreign trade sector was the main focus during the initial phases of the reforms in China
- c. The investment sector was the main focus during the initial phases of the reforms in China
- d. All of the above

Answer: d

9. Which of the following statements about the later phase of reforms in China is correct?

- a. The banking sector was the main focus during the later phases of the reforms in China
- b. The investment sector was the main focus during the later phases of the reforms in China
- c. The trade sector was the main focus during the later phases of the reforms in China
- d. The private sector was the main focus during the later phases of the reforms in China

Answer: d

10. Which of the following statements is true for the foodgrain production in Pakistan?

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

Answer: b

11. 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

Answer: c

12. 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

Answer: a

13. 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

Answer: a

14. Which year was the People's Republic of China established in?

- a. 1950
- b. 1951
- c. 1949
- d. None of the above

Answer: c

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

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

Answer: b