

CUET · ECONOMICS · CLASS XI · CODE 309

# Comparative Development Experiences of India and Its Neighbours

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CUET unit: Indian Economic Development — Development

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## Snapshot

- India can be compared with its two largest neighbours — **Pakistan and China** — to see whether different political-economy paths produce different development outcomes.
- The three countries began with similar growth rates and per-capita incomes till the 1980s but diverged sharply after each one introduced reforms (**China 1978, Pakistan 1988, India 1991**).
- A heavy CUET favourite because it is highly factual: dates of first Five Year Plans, demographic indicators, sectoral shares of GVA and workforce, HDI ranks, and reform sequences are all easy MCQ fodder.
- Key concepts — **Great Leap Forward, Commune system, Cultural Revolution, dual pricing, SEZs, one-child norm, liberty indicators** — recur in assertion-reason and match-the-following items.
- An evaluative debate (was reform "forced" on India and Pakistan? did China's pre-reform investments in health and education drive its post-reform success?) is increasingly tested.
- Date grid: 1947 (India/Pakistan independence), 1949 (PRC formed), 1951 (India 1st Plan), 1953 (China 1st Plan), 1956 (Pakistan 1st Plan), 1958 (GLF), 1966-76 (Cultural Revolution), 1978 (China reforms), 1988 (Pakistan reforms), 1991 (India reforms).

## Detailed Notes

### 2.1 Core concepts

- **Why compare with neighbours:** in a globalised world, developing countries share limited economic space and face competition not only from developed nations but from each other; understanding neighbours' strategies helps each country comprehend its own strengths and weaknesses (NCERT §8.1, p. 135).
- **Regional and global groupings:** nations are forming groupings like **SAARC, European Union, ASEAN, G-8, G-20 and BRICS** to strengthen domestic economies (NCERT §8.1, p. 135).
- **Political-system contrast:** India is the world's largest democracy with a secular, liberal Constitution; Pakistan has a militarist political setup; China is a command

economy moving recently toward democratic and more liberal economic restructuring (NCERT §8.1, p. 135).

- **Same start-line:** India and Pakistan became independent in 1947; the People's Republic of China was established in 1949 (NCERT §8.2, pp. 135–136).
- **First plans:** India's First Five Year Plan covered **1951–56**; Pakistan's first Medium Term Development Plan was announced in **1956**; China announced its First Five Year Plan in **1953**. Pakistan is on its 12th Plan (2018–23) and China on its 14th Plan (2021–25); India ended Five Year Planning in March 2017 (NCERT §8.2, p. 136).
- **China's pre-reform path:** after 1949, all critical sectors, enterprises and lands of individuals were brought under government control. The **Great Leap Forward (GLF, 1958)** aimed at industrialising on a massive scale; backyard industries were encouraged and 26,000 rural communes collectively cultivated land. A severe drought killed about 30 million; Russia withdrew its professionals. Mao launched the **Great Proletarian Cultural Revolution (1966–76)** under which students and professionals were sent to work in the countryside (NCERT §8.2, p. 136).
- **China's 1978 reforms:** phased reforms — first agriculture, foreign trade and investment, then industry. Commune lands were divided into small plots allocated (use, not ownership) to households who kept income after taxes. Private firms and **Township and Village Enterprises (TVEs)** were allowed to produce goods. **State Owned Enterprises (SOEs)** faced competition. A **dual pricing** system fixed quotas at government prices and allowed surplus at market prices; **Special Economic Zones (SEZs)** were set up to attract foreign investors (NCERT §8.2, pp. 136–137).
- **Pakistan's path:** a mixed economy with co-existence of public and private sectors. Regulated import-substitution policy in the late 1950s–60s combined tariff protection with direct import controls; the Green Revolution mechanised agriculture and raised foodgrain output. Nationalisation of capital goods industries in the 1970s; denationalisation and private-sector encouragement in the late 1970s–80s, supported by western financial aid and remittances from Middle-East emigrants. Reforms were initiated in 1988 (NCERT §8.2, pp. 137–138).
- **Demographics (Table 8.1, 2021–23):** India — population 1428 m, growth 0.81%, density 473, sex ratio 930, fertility 2.0, urbanisation 36%. China — 1411 m, growth – 0.10%, density 150 (lowest), sex ratio 898, fertility 1.2, urbanisation 65%. Pakistan — 240 m (about one-tenth of India/China), growth **1.96% (highest)**, density 300, sex ratio 948, **fertility 3.4 (highest)**, urbanisation 38% (NCERT §8.3, p. 138).
- **One-child norm:** introduced in China in the late 1970s; credited with low population growth but also led to a decline in sex ratio and an ageing population, which later prompted China to allow couples two children (NCERT §8.3, p. 139).
- **GDP scale:** China has the second-largest GDP (PPP) at **\$35 trillion**; India's GDP (PPP) is **\$15 trillion**; Pakistan's is **\$1.5 trillion** (about 10% of India's). India's GDP is about 42% of China's (NCERT §8.4, p. 139).

- **Growth (Table 8.2):** 1980–90: India 5.7%, China 10.3%, Pakistan 6.3% (Pakistan ahead of India). 2015–17: India 7.3%, China 6.8%, Pakistan 5.3%. 2024: India 6.5%, China 5.0%, Pakistan 3.1% (NCERT §8.4, p. 139).
- **Sectoral structure (Table 8.3, 2022)** — Contribution to GVA — Agriculture: India 18, China 8, Pakistan 24. Industry: India 28, China 38, Pakistan 21. Services: India 54, China 54, Pakistan 55. Workforce — Agriculture: India 43, China 23, Pakistan 36. Industry: India 26, China 32, Pakistan 26. Services: India 31, China 45, Pakistan 38 (NCERT §8.4, p. 141).
- **Structural shift:** China follows the classical shift **agriculture → industry → services**; India and Pakistan have shifted **directly from agriculture to services** (NCERT §8.4, p. 141).
- **Sectoral growth (Table 8.4):** China's growth in 1980–90 was led by industry (10.8%) and services (13.5%); India's growth was led by services. Pakistan decelerated in all three sectors in 2014–18 (NCERT §8.4, p. 142).
- **Human development (Table 8.5, 2017–23)** — HDI value/rank: India 0.685/130, China 0.797/78, Pakistan 0.544/168. Life expectancy: India 72.0, China 78.0, Pakistan 67.6. Mean schooling: India 6.9, China 8.0, Pakistan 4.3. GNI per capita (PPP \$): India 9,047, China 22,029, Pakistan 5,501. Poverty (% national): India 21.9, China 0.0, Pakistan 21.9. IMR per 1,000: India 25.5, China 4.8, Pakistan 51. MMR per lakh: India 103, China 23, Pakistan 154. Basic sanitation: India 78, China 96, Pakistan 71. Undernourishment: India 17, China 3, Pakistan 19 (NCERT §8.5, p. 142).
- **Liberty indicators:** HDI is incomplete without "liberty indicators" — extent of democratic participation, constitutional protection of citizens' rights, independence of the judiciary and rule of law. These have not been given overriding weight in the HDI (NCERT §8.5, p. 143).
- **Reform reference dates:** China 1978 (self-initiated; not dictated by World Bank/IMF), Pakistan 1988, India 1991 (forced by international agencies during BoP crisis) (NCERT §8.6, pp. 143–144).
- **China's success base:** pre-reform investments in education, health, land reforms, decentralised planning, small enterprises, and the commune system's equitable food distribution created the platform; per-capita grain output in 1978 was the same as the mid-1950s, prompting reform. Reforms were piloted at small scale before being extended (NCERT §8.6, p. 144).
- **Pakistan's slowdown:** the reform process worsened economic indicators; agricultural growth depended on good harvests, not institutional technical change; foreign-exchange earnings rested on remittances from the Middle-East and volatile agricultural exports; foreign-loan dependence grew (NCERT §8.6, pp. 144–145). However, in 2017–18 Pakistan's GDP grew 5.5% — highest in the decade — with industry at 4.9% and services at 6.2% (NCERT §8.6, p. 146).
- **Final appraisal:** China used the "market system without losing political commitment", retained collective land ownership while allowing individual cultivation,

and ensured rural social security. India performed moderately under democratic institutions. Pakistan's slowdown is attributed to political instability, over-dependence on remittances and foreign aid, and volatile agriculture (NCERT §8.7, p. 146).

- **Why three economies in particular:** NCERT picks India, China and Pakistan because they are the largest economies of South-and-East Asia, share roughly contemporaneous national-formation dates (1947–49), and adopted radically different economic models (mixed democratic, command socialist, military-led mixed) — making them a natural three-way controlled comparison (NCERT §8.1, p. 135).
- **Common geographical-historical context:** all three countries inherited (i) low per-capita incomes, (ii) British colonial economic legacies (India and Pakistan directly; China indirectly via foreign concessions), (iii) predominantly agrarian populations, and (iv) low literacy/health metrics. The divergence after 1980 therefore reflects policy choices, not initial conditions (NCERT §8.2, p. 135, contextual).
- **China's First FYP detail (1953–57):** emphasised heavy industry on the Soviet model; achieved 15% annual industrial growth and laid the foundation for the steel-and-machinery base that backyard industries of GLF later tried to scale. The plan also collectivised about 90% of agriculture into co-operatives — the precursor to the 1958 communes (NCERT §8.2, p. 136, contextual).
- **GLF mortality data:** NCERT's "about 30 million" deaths during the GLF famine (1959–61) makes it the deadliest peacetime famine in human history. The toll exposed the dangers of forced collectivisation without proper food-distribution mechanisms (NCERT §8.2, p. 136).
- **Indian data — per capita income comparison:** India's GNI per capita (PPP) at \$9,047 is about 41% of China's \$22,029 and 1.6× Pakistan's \$5,501 (Table 8.5, NCERT p. 142). The income gap with China widened sharply after 1990 — both countries had similar per-capita GDP in 1980 (NCERT §8.4 contextual).
- **Indian data — sectoral employment:** India's 43% agricultural workforce contributes only 18% to GVA — productivity ratio of  $18/43 \approx 0.42$ . Industry workforce 26% contributes 28% — productivity ratio of  $28/26 \approx 1.08$ . Services workforce 31% contributes 54% — productivity ratio of  $54/31 \approx 1.74$ . The productivity differential explains why labour-shift out of agriculture remains the central policy challenge (Table 8.3, p. 141).
- **Indian data — workforce productivity:** agricultural workforce productivity is about one-fourth that of services workforce — a gap that translates into rural-urban income inequality and large-scale rural-to-urban migration (NCERT §8.4 contextual).
- **China's TVEs success:** by the mid-1990s TVEs employed over 135 million workers — absorbing surplus labour from agriculture without requiring full migration to cities. The TVE experience is widely studied as a model of rural industrialisation that India largely did not replicate (NCERT §8.2, pp. 136–137, contextual).
- **China's SEZ scale:** the first four SEZs in 1980 — Shenzhen, Zhuhai, Shantou, Xiamen — became the engines of FDI inflow. Shenzhen, a fishing village in 1980,

grew into a 17-million-person megacity within three decades. India's SEZ Act 2005 (kicked off after the China model) has had a more modest record (NCERT §8.2, p. 137, contextual).

- **Pakistan reform context:** the 1988 reforms followed the death of General Zia-ul-Haq and were prompted by mounting external debt and IMF conditionalities — paralleling India's 1991 trigger. Subsequent political instability (frequent military-civilian alternations, the Musharraf-Sharif tussles) prevented sustained reform implementation (NCERT §8.6 contextual, p. 144).
- **One-child policy impact:** between 1980 and 2015 it averted an estimated 400 million births in China; was relaxed to two-child in 2016 and to three-child in 2021 because of falling fertility (now 1.2, below replacement) and a rapidly ageing population — a demographic warning India is beginning to face in southern states (NCERT §8.3, p. 139).
- **HDI internal differences:** China leads India on every component — life expectancy (78 vs 72), mean schooling (8.0 vs 6.9), GNI per capita (22029 vs 9047) — and on every health indicator IMR (4.8 vs 25.5), MMR (23 vs 103), undernourishment (3% vs 17%). The gap is sharpest on poverty: NCERT records China at 0.0% national poverty against India's 21.9% (Table 8.5, p. 142).
- **Indian data — agricultural land use:** India has cultivable land area exceeding China's by 2.5×, but China's grain yields per hectare are about 1.5× India's, illustrating how irrigation, fertiliser intensity and farm consolidation matter more than land area (NCERT Fig. 8.2, p. 139).
- **Liberty indicators — why important:** development economists like Amartya Sen argue that HDI must be supplemented by liberty indicators because economic prosperity without political freedom (China's case) is qualitatively different from prosperity with freedom (India's case) — NCERT presents this as an open debate rather than a settled conclusion (NCERT §8.5, p. 143).
- **Three lessons NCERT draws:** (i) China's success reflects substantial pre-reform investment in education, land reforms and decentralised planning — not just market reforms; (ii) reforms work better when **sequenced and piloted** (China) than when **imposed under crisis** (India 1991); (iii) political stability is a prerequisite for reform continuity (Pakistan's lesson) (NCERT §8.6–8.7, pp. 144–146).

## 2.2 Definitions to memorise

Term	Definition	Page
Command economy	Economy where central planners decide what, how and for whom to produce — China's pre-1978 model	135
Great Leap Forward (GLF)	Campaign launched in China in 1958 to industrialise on a massive scale through backyard industries and rural communes	136

Term	Definition	Page
Commune system	Chinese system (1958) under which people collectively cultivated lands; about 26,000 communes covered almost all the farm population	136
Great Proletarian Cultural Revolution	Mao's movement (1966–76) under which students and professionals were sent to work and learn from the countryside	136
Dual pricing	Chinese reform mechanism: farmers and industrial units bought/sold fixed quantities at government-fixed prices and the rest at market prices	137
State Owned Enterprises (SOEs)	Chinese term for government-owned enterprises that were made to face competition after reforms	137
Township and Village Enterprises (TVEs)	Enterprises owned and operated by local collectives in rural China	136–137
Special Economic Zones (SEZs)	Specially demarcated zones in China set up to attract foreign investors	137
One-child norm	Population-control measure introduced in China in the late 1970s	139
Sex ratio	Proportion of females per 1,000 males	139
Total Fertility Rate (TFR)	Average number of children a woman is expected to bear in her lifetime	138
Liberty indicators	Measures of democratic participation, constitutional protection of rights, judicial independence and rule of law	143
Human Development Index (HDI)	Composite index of income, health and education indicators	142
GNI per capita (PPP \$)	Gross national income per person at purchasing power parity	142
IMR	Infant Mortality Rate per 1,000 live births	142
MMR	Maternal Mortality Ratio per lakh live births	142
Medium Term Development Plan	Pakistan's term for its national five-year plan	136
BRICS	Inter-governmental grouping of Brazil, Russia, India, China and South Africa	135
SAARC	South Asian Association for Regional Cooperation	135
Backyard industry	Small-scale rural industrial unit promoted under GLF	136
Decentralised planning	Planning that delegates production decisions to local bodies — a Chinese pre-reform feature	144
Remittance	Money sent home by emigrants — key source of Pakistan's foreign exchange	138

Term	Definition	Page
Mixed economy	Economy combining public and private sectors — Pakistan's chosen model	137
Phased reforms	Sequenced introduction of reforms — agriculture first, then industry and trade — China's approach	136
Structural shift	Movement of GVA and workforce across primary, secondary and tertiary sectors	141

### 2.3 Diagrams / processes to remember

- **Fig. 8.1 — Wagah Border:** symbolic image of India-Pakistan land trade (p. 137).
- **Fig. 8.2 — Land use and agriculture in India, China and Pakistan** (p. 139).  
China's cultivable land is only ~10% of its total land area and equals only ~40% of India's cultivable area.
- **Fig. 8.3 — Industry in India, China and Pakistan** (p. 140).
- **Table 8.1 — Select Demographic Indicators (2021–23):** population, growth, density, sex ratio, fertility, urbanisation (p. 138).
- **Table 8.2 — Annual Growth of GDP (%), 1980–2024** (p. 139).
- **Table 8.3 — Sectoral Share of Employment and GDP, 2022** (p. 141).
- **Table 8.4 — Trends in Output Growth in Different Sectors, 1980–2018** (p. 142).
- **Table 8.5 — Selected Indicators of Human Development, 2017–23** (p. 142).
- **Reform timeline:** China 1978 → Pakistan 1988 → India 1991 (p. 143).
- **Structural shift flow:** classical (China) — agriculture → industry → services; non-classical (India, Pakistan) — agriculture → services.

### 2.4 Common confusions / NTA trap points

- **First Plan dates:** India 1951-56, China 1953, Pakistan 1956 — students mix the order.
- **Reform years:** 1978 (China), 1988 (Pakistan), 1991 (India) — distractors often shuffle the country-year pairs.
- **"Forced" vs "self-initiated" reforms:** China's reforms were self-initiated; India's and Pakistan's were forced by World Bank/IMF.
- **Sectoral data direction:** confusion between "contribution to GVA" and "share of workforce". For example, China's agriculture employs 23% but contributes only 8% to GVA — easy to flip.
- **One-child norm effects:** it worsened (not improved) the sex ratio and contributed to ageing.

- **HDI ordering:** India's HDI (0.685, rank 130) is higher than Pakistan's (0.544, rank 168); China leads at 0.797 (rank 78).
- **Direct shift to services:** the classical "agriculture → industry → services" path applies to China; India and Pakistan shifted directly from agriculture to services.
- **GLF vs Cultural Revolution:** GLF 1958 (industrialisation); Cultural Revolution 1966-76 (re-education in countryside).
- **TVEs vs SOEs vs SEZs:** TVEs (rural collectives), SOEs (state enterprises), SEZs (zones for foreign investors). Often interchanged.
- **Highest fertility:** Pakistan at 3.4 — not India.
- **Lowest density:** China at 150 — not India.
- **Per capita grain output in 1978** equaled mid-1950s level — the trigger for Chinese reforms.

## Practice MCQs

**Q1.** India's First Five Year Plan commenced in 1951-56 and China's First Five Year Plan was announced in 1953. In which year did Pakistan announce its first Medium Term Development Plan?

- A. 1947
- B. 1951
- C. 1956
- D. 1958

**Q2.** Which of the following statements about China's Great Leap Forward (GLF) is/are correct? I. It was initiated in 1958 with the aim of industrialising the country on a massive scale. II. Under the Commune system, about 26,000 communes covered almost all the farm population. III. It was launched under the Great Proletarian Cultural Revolution by Mao in 1965.

- A. I and II only
- B. II and III only
- C. I and III only
- D. I, II and III

**Q3. Match List I (Country) with List II (Year of introduction of reforms): | List I | List II | |---|---| | (a) China | (i) 1991 | | (b) Pakistan | (ii) 1978 | | (c) India | (iii) 1988 |**

- A.** (a)-(i), (b)-(ii), (c)-(iii)
- B.** (a)-(ii), (b)-(iii), (c)-(i)
- C.** (a)-(iii), (b)-(i), (c)-(ii)
- D.** (a)-(ii), (b)-(i), (c)-(iii)

 **9 more MCQs + answer key**

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## PYQ Alignment

This chapter is among the heaviest CUET-tested Class XI Economics chapters and routinely contributes 6–8 MCQs per paper. The most frequent formats are: (i) match-the-following on reform years, plan years and country-policy pairs, (ii) statement-based items on GLF, Commune system, Cultural Revolution and one-child norm, (iii) data-based reading of Tables 8.1, 8.3 and 8.5, and (iv) assertion-reason items on whether China's pre-reform or post-reform strategies caused its human-development lead. See [previous CUET PYQs on this chapter](#).

### CUET 2024 — Actual PYQs from this chapter

**Q.31 (CUET 2024)** Great Leap Forward campaign started in:

- A) 1948 B) 1938 C) 1958 D) 1942 **Tests:** Great Leap Forward (China) **Answer:** Not in extracted key

**Q.32 (CUET 2024)** Match List-I with List-II List-I List-II (A) Great Leap Forward (I) Protecting the future generation (B) Mao Zedong (II) Aimed at industrialising the country on a massive scale (C) Brundtland Commission (III) Introduced the Great Proletarian Cultural Revolution (D) Our Common Future (IV) Report explaining sustainable development Options:

- A) (A)-(I), (B)-(II), (C)-(III), (D)-(IV) B) (A)-(II), (B)-(III), (C)-(I), (D)-(IV) C) (A)-(I), (B)-(II), (C)-(IV), (D)-(III) D) (A)-(III), (B)-(IV), (C)-(I), (D)-(II) **Tests:** China - Great Leap Forward and Mao **Answer:** Not in extracted key

**Q.34 (CUET 2024)** During the 1980s, the growth rate in Pakistan improved because of:

- A) Institutionalised process of technical change B) A good harvest C) Sustainable export of manufactured goods D) High inflow of foreign direct investment **Tests:** Pakistan growth in the 1980s **Answer:** Not in extracted key

**Q.49 (CUET 2024)** The Human Development Index (HDI) mainly measures:

- A) Income only B) Health only C) Education only D) Health, education and income **Tests:** Human Development Index - components **Answer:** Not in extracted key

**Q.50 (CUET 2024)** Which institution publishes the Human Development Report?

- A) World Bank B) UNDP C) IMF D) WTO **Tests:** Publisher of the Human Development Report (UNDP) **Answer:** Not in extracted key

