# SYLLABUS

## Class – B.A. (HONS.) MASS COMMUNICATION

## II Year

### Subject – ECONOMIC DEVELOPMENT & PLANNING IN INDIA

### (Paper I)

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|---|---|
| UNIT-I | Economic growth: Meaning & Concept |
| UNIT-II | Economic backwardness: concept and Measurements |
| UNIT-III | Developing nations- their common characteristics<br>General requirements for economic development |
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## UNIT-I
## ECONOMIC GROWTH: MEANING AND CONCEPT

There is no unanimity on exact definition of the word economic growth. the term economic growth and economic development used to consider in the same meaning but now a days some economist have differentiate these terms.
Economic growth is defined as a process of sustained increase in the real national income over a long period of time. the word process means operation of certain forces embodying changes in certain variables like population growth, improvement in skill ,capital accumulation etc. the general effect of the process is reflected in the growth of an economy's national product.

**Economic growth is an increase in aggregate output of goods and services in a country during a given period of time.**
Economic development
Till 1960 the term economic development was used as synonyms of economic growth in economic literature but now it is Economic development is distinguished from growth.
Economic development refers to process of change in the overall economic activity and is not ot be confused with same scattered development in some parts of country. so we can say that economic development includes only those changes momentum and continuously lead the whole country to higher levels of economic activity.

**INDICATORS OF ECONOMIC GROWTH**
**Real national income**-national income at constant prices is also called rela national income.
**Real per capita income**-per capita income is defined as the income per head of population in an economy.

## UNIT-II
## ECONOMIC GROWTH: MEANING AND CONCEPT

**Economic backwardness: concept and measurement**
Economic backwardness is the simplest to define. If income does not suffice to meet the basic needs. Social backwardness is people belonging to a certain group are considered to be inferior to other groups. This ultimately results in economic backwardness as because of this prejudice the group is denied opportunities and face unequal treatment in all walks of life.
Economic backwardness is what the Govt defines it. People who live below a certain income level are economically backward. Earlier, those below 2.5lacs per annum were considered economically backward of society. Now people above 4.5 lacs are considered cream of society. That is those below 4.5 lacs per annum are to be considered as economically backward.

**Measurements of economic backwardness:**

A. UNEMPLOYMENT
   1. THE MARKET WAGE RATE PROCESS
   2. THE LABOR UNION WAGE RATE CONCEPT
   3. THE CAUSE OF UNEMPLOYMENT
   4. THE REMEDY FOR MASS UNEMPLOYMENT
   5. THE EFFECTS OF GOVERNMENT INTERVENTION
   6. THE PROCESS OF PROGRESS

B.PRICE DECLINES AND PRICE SUPPORTS
   1. THE SUBSIDIZATION OF SURPLUSES

2. THE NEED FOR READJUSTMENTS

C. TAX POLICY

1. THE ANTI-CAPITALISTIC MENTALITY

**Obstacles to Economic Development**

Problems such as poverty, inequality, unemployment, and the lack of rural development are the result of economic, political, and social forces, both internal and external, which limit economic development. This section identifies some of the most significant economic, political, and social obstacles to development and the next section provides policy options to address them.

**1. Poverty cycle:**

**Low incomes --> Low savings --> Low investment --> Low productivity --> low income..**

**2. Economic obstacle:**

Although they are often linked, economic obstacles can be divided into those which are largely the result of domestic policies (internal) and those which are related to the structure of the international economy

**Internal Obstacles**

There are five main internal obstacles to economic development: underdeveloped financial systems, the lack of economic freedom, macroeconomic instability, and an underdeveloped infrastructure.

**External Obstacle:** External obstacles also limit economic development. In contrast to developed countries, developing countries are very vulnerable to fluctuations in the global economy. For example. Africa's economic growth slowed in 2001 as a global economic slowdown impacted both aid and foreign direct investment in the region. This situation is the result of the following factors: dependence on exports of primary products, unequal terms of trade, changes in export demand, and dependence on external funding.

**3. Political obstacles:**

In developing countries, political obstacles have a much larger impact on economic development than economic obstacles. This is because economic policies are created and implemented by politicians. Political obstacles include underdeveloped institutions and too much government intervention in the economy.

**Political instability**

Important to attract FDI

Important that the next government assume the debt obligations of outgoing government

Rule by the will of the people OR for the government in power - who is the government working for?

**4. Underdeveloped Institutions:**

In most developing countries, governmental institutions are either absent, inefficient, or extremely weak. Even in countries with the requisite institutions, incompetent and/or unqualified civil servants, burdensome bureaucratic procedures, resistance to change, inept management, departmental rivalries, and pervasive cronyism greatly limit the government's effectiveness. Poor governance has three main consequences:

1. Unstable economic and political policies
2. Creates obstacles to economic growth
3. Fosters corruption

While not primary obstacles to economic development, social obstacles can also slow economic growth and limit economic development. Three of the most important obstacles are population growth, lack of access to education and environmental devastation.

**6. Population Growth:**
As noted in the Population Section 80 percent of the world's population lives in the developing world (i.e. the part of the world with the least amount of resources). In many developing countries, the population is growing faster than the ability of society to provide the education and skills necessary to improve economic growth. In addition, a rapidly growing population lowers per capita income growth, especially for those who are already poor, live in rural areas, and depend on agriculture.

**7. Lack of Access to Education:**
Since human resources ultimately determine the character and pace of economic development, a poorly educated workforce limits increases in productivity and competitiveness, thus slowing economic growth. There are two major factors which limit educational access: poverty and a rapidly expanding population. The former prevents poor families from sending their children to school and the latter dilutes educational expenditures, diminishing their effectiveness.

**8. Environmental Devastation:**
In traditional economic growth models, the cost of destroying the natural resources base was not included in GDP figures. However, as a result of increasing environmental degradation and declining economic growth rates in developing countries, more attention has been directed to the links between environmental issues and development. Damage to water supplies, land, and forests slows economic development by increasing health related costs, reducing agricultural productivity, and increasing the income gap between rich and poor. In other words, the destruction of environmental resources lessens developmental potential.

**Poor Governance:**
Economic development is greatly affected by the quality of government. A country without a government that has an open policy-making process, an effective bureaucracy, published rules, and a transparent regulatory structure will limit economic development. (This link sends you to another section in this course. Use the browser Back button to return)

**Population Growth:**
Economic development begins with the individual. In many parts of the world, the population is growing at rates that make it difficult to provide the population with the education and skills necessary to improve economic output. To overcome this situation, governments need to limit population growth.

**Restrictions on trade and investment:**
Rules and regulations, both official and unofficial, have a significant impact on economic development. Because many developing countries do not have the requisite resources to foster economic growth, both domestic and international investment and trade are necessary for economic development. The flow of capital and goods in and out of countries improves living standards and helps expand local businesses.

**Lack of the rule of law:**
Research shows economic development is strongly affected by the quality of legal institutions. The rule of law creates a predictable and secure environment for people to produce, trade, and invest. This expands employment opportunities and incomes.

**Educational Impediments:**
It is generally accepted that the human resources of a country, not its physical capital or natural resources, ultimately determine the character and pace of economic development. Therefore, a poorly educated and trained workforce limits increases in productivity and competitiveness, slowing economic growth

**Corruption:**
- An issue worldwide; many different forms; some quite subtle in nature
- Most involving bribes for getting imports into a country or in bidding on government contracts
- Transparency International

**Unequal distribution of income:**
- Redistribution of assets often does not happen or does not happen fairly (transparently)
- If the most important cause of inequality is an unequal distribution of land, natural resources and capital, attempts must be made to redistribute at least some natural resources such as land
- Land reform can often lead to a dramatic increase in farm productivity and incomes for the rural poor

## UNIT-III
## ECONOMIC GROWTH: MEANING AND CONCEPT

**DEVELPOING NATIONS: THEIR COMMON CHARACTERISTICS**
Developing countries have some common characteristics which clearly distinguish them from developed countries. Most developing countries are poor and their present level of productivity is neither good enough to ensure a satisfactory level of consumption, nor does it generate an economic surplus that may be adequate for sustain development burdens have been high. Rapid growth of population has also resulted in chronic unemployment. As far as the nature of economy in these countries is concerned, it is essentially agrarian and the dependence on agriculture production and primary product exports is substantial. Most observers now some common features which make Asia, Africa, and Latin America in spite of their diversities have some common diversity of which makes them a distinct category.

**Low level of GNI per capita and slower GNI capita growth:** the gross national product per capita or gross national income per capita considered to be a god index of them in an extremely miserable position. According to the estimate of the World Bank, in 2000 there were 64 low incomes economics where the GNI per capita at the current prices was $755 or less. Further, in sixteenth countries belonging to this category the GNI per capita was estimated at $250 or even less. This low level of GNI per capita Is sufficient to reflect the plight of common people in these countries.

**Larger income inequalities and widespread poverty:** in developing countries apart from GNP per capita being considerably lower, income inequalities are also larger than in developed countries. The extent of absolute poverty is an important dimension of the problem of income distribution in the developing countries. At relatively lower levels of GNP per capita large income inequalities as they exist in the developing countries of Asia, Africa and Latin America, have resulted in widespread poverty.

**Low level of productivity:** labor productivity in developing countries is invariably low. It is both a cause and effect of low levels of living in these countries. Labour productivity depends on a number of factors, particularly the availability of other inputs to be combined with labour - health and skill of workers, motivation for work and institution flexibilities.

**Great dependence on agriculture with a backward industrial structure:** The industrial sector in the developing countries is both small and backward. While the extended industrial sector in these countries accounts for about a fifth of the total product in these countries small scale factories and handicrafts are also include in manufacturing. The backwardness of the industrial structure is also reflected in the composition of the industrial output. The major manufacturers I the developing countries even now do not have much ability to produce their own producer goods, particularly capital equipment.

**High production of consumption expenditure and low saving rate:** on examining the major use of structure of gross national product in the standard national accounts it is concluded that the income level is low, the propensity to consume will be high, and as a consequences capital formation will be low.

**High rates of population growth and dependence burdens:** population has been rising in most developing countries at rates varying between 2 and 3.5 per cent annum for the past few decades. This demographic trend is unprecedented in the morality rates in these countries. A high rate of population growth in the Third World countries is both a cause and an effect of their underdevelopment. People struggling to survive under sub-human conditions have practically no interest in restricting the size of their families, as they have virtually no stakes in their life. This attitude of indifference causes still more hardships to the people and creates conditions which are hardly conductive to economic growth in these countries.

**High levels of unemployment and underemployment:** unemployment in both rural and urban areas is widespread in the developing countries. The traditional agriculture characterized by outmodes techniques of production and low level of productivity lacks labour absorption capacity. Thus with rapidly growing population in these countries, pressure of population on agricultural land has been increasing and with it the problem of disguised unemployment is becoming increasingly serious.

**Technological backwardness:** In developing countries production techniques are insufficient over a wide range of industrial activity. Under the circumstances, an attempt is made to import technology from developed countries which often fails to adapt to local conditions. In the industrial sector, workers union often oppose introduction of labour displacing technology. This organized attempt on the part of workers may be a retrogressive act form the point of view of industrial development, yet it is justified because modern technology will certainly render many workers jobless at least temporarily.

**General requirement of developing nations –**

*Following are the general requirement for a developing nation:*

1. **Proper utilization of natural resources**: there are many natural resources available in a developing nation so it is necessary to utilize those natural resources properly. Resources contain land, wealth, forest minerals climate water etc.
2. **Proper structure of economy and government**: there should be a proper structure of economy and the government of a country so plans can be made in a organized form and can be implemented in prescribed time.
3. **Good infrastructure:** in developing nations it is required to have a good infrastructure that includes basic industries, transportations', sanitation etc.
4. **Removal of poverty and population problem**: increasing population and poverty isn obstacle for development. So it is necessary to remove these problems for proper development
5. **Good standard of living**: human being is vital assets and strength of a country. so its is compulsory to provide them good standard of living that includes good health, nutritious food good habitation.
6. **Advancement of agriculture:** all developing nation are basically based on agriculture but it is based on old technology. Advancement in agriculture can rise more opportunities for the development