SYLLABUS

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

II Year

Subject – ECONOMIC DEVELOPMENT & PLANNING IN INDIA

(Paper I)

UNIT-I	Economic growth: Meaning & Concept
UNIT-II	Economic backwardness: concept and Measurements

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