

UNIT I

THEORIES OF ECONOMIC GROWTH

MEANING OF ECONOMIC DEVELOPMENT

Economic development refers to the problems of under developed countries. It is the process by which per capita income and economic welfare of the UDC increases over time. It is a wider concept than economic growth. It is taken to mean both growth and change.

DEFINITION OF ECONOMIC DEVELOPMENT

According to Paul Albert, "Economic Development is the exploitation of all productive resources by a country in order to expand real income".

According to Salvatore, "It defined as the process whereby a country's real per capita, GNP or income increases over a sustained period of time through continuing in per capita productivity".

FEATURES OR CHARACTERISTICS OF ECONOMIC DEVELOPMENT

- a. It is a dynamic process.
- b. It is a long term phenomenon.
- c. It is measured by the real per capita income.
- d. It refer to quantitative as well as qualitative improvement in the development variables.
- e. Distributive justice.
- f. Human approach.

MEANING OF ECONOMIC GROWTH

Economic growth is an increase in aggregate output of real goods and services during a given period of time, generally one year. It means growth only. It indicates sustained increase in per capita income of the country.

DEFINITION OF ECONOMIC GROWTH

It may defined, "As a steady and continuous rise in the aggregate real national product of an economy over a long period of time".

DIFFERENCE BETWEEN ECONOMIC DEVELOPMENT AND ECONOMIC GROWTH

<u>CONCEPTS</u>	<u>ECO. DEV.</u>	<u>ECO. GROWTH</u>
1. Country	1.It relates to UDC's.	1. It relates to developed countries.
2. Income	2. Rich country.	2. Poor country.
3. Nature and Cause of change	3.Discontinuous and spontaneous state.	3. Gradual and steady change in The Long run.
4. More output & Changes.	4. More output & changes in The technical and institutional arrangements.	4. Economic growth means more output.
5. Significance	5. It has qualitative significance.	5. It has quantitative significance.
6. Improvement	6. It is the improvement in the	6. It occurs more goods can be

	Quality of life & goods.	Produced.
7. Phenomenon	7. It is a multi-dimensional.	7. It is a single dimensional.
8. Scope	8. Wider concept.	8. Narrow concept.
9. Importance	9. It is not possible without growth.	9. It not possible without devt.
10. Character	10. It regulated & controlled.	10. It is spontaneous in character.
11. Social System	11. It is a structural transformation	11. It is an expansion of the system
	Social system.	
12. Real National Y	12. It is the process as well as	12. It is simple rise in real national
	increase in real national income.	Income and not the process.

METHODS OF MEASURING ECONOMIC DEVELOPMENT AND ECONOMIC GROWTH

The main six methods of measuring economic development or growth are as follows:

- a. GNP method.
- b. Per capita method.
- c. Economic welfare method.
- d. Comparative method.
- e. Rise in consumption and standard of living.
- f. Social indicators.

FACTORS AFFECTING OR DETERMINING ECONOMIC DEVELOPMENT AND ECONOMIC GROWTH

It may be classified into two parts:

- a. Economic factors / determinants
- b. Non- Economic factors / determinants

ECONOMIC FACTORS

- a. Natural Resources.
- b. Investment in Human Capital Formation.
- c. High Rate of Capital Formation.
- d. Suitable size and Quality of Population.
- e. Suitable Technology.
- f. Removing Market imperfections.
- g. Structural Change.
- h. Organisation and able Entrepreneurship.
- i. Financial Stability.
- j. Size of the Market.

NON- ECONOMIC FACTORS

- a. Good, Efficient and Stable Government.
- b. Progressive Socio-cultural Atmosphere.
- c. Social Justice.
- d. Religious Outlook.
- e. Psychological factors.
- f. Law and Order Situation.

THEORY OF BALANCE GROWTH

It was first time put forward by Fredrick List. According to him, balanced growth is of great significance by which a balance could be established between agriculture, industry and trade. Later it was developed by Rosenstein Rodan, Ranger Nurkse, and W.A. Lewis.

DEFINITION OF BALANCED GROWTH

According to Benjamin Higgins, “Balanced growth implies simultaneous capital investment in a number of different industries”.

According to Harrod, “It aims at equality between growth rate on income, growth rate of output and growth rate of natural resources”.

$G_y = G_w = G_n$. Where G_y – growth rate of income, G_w - Growth rate of output, G_n – growth rate of natural resources.

DIFFERENT VIEWS ABOUT THEORY OF BALANCED GROWTH

- A. Rosenstein Rodan’s View
- B. Ragnar Nurkse view
- C. W.A.Lewis view.

ROSENSTEIN RODAN’S VIEW

He was the first economist who propounded this theory in 1943. He was of the opinion that whole of the industry should be created in eastern and south eastern Europe and planned on the basis of one huge firm or trust.

- a. SMP – Social Marginal Product.
- b. PMP – Private Marginal Product.

RAGNAR NURKSE VIEW

According to him, in UDC the vicious circle of poverty operates, which is the greatest hurdle in the way of their economic development. It affects the accumulation of capital in economically UDCs. Because of the vicious circle of poverty, the supply as well as demand of capital is low in these countries.

ON SUPPLY SIDE - There is a small capacity to save due to low level of income. The low real income is a reflection of low productivity, which in its turn is due to the lack of capital. The lack of capital result of small capacity to save. Thus the vicious circle is complete.

ON DEMAND SIDE – The inducement to invest may be low because of small purchasing power of the people, which is due to their small real income, which again is due to low productivity. Low productivity due to small amount capital used in production, which in turn may be due to small inducement to invest. Again operation of vicious circle of poverty.

HOW TO BREAK VICIOUS CIRCLE

The vicious circle of poverty can be broken only by enlarging the size of market. It can be enlarged through

- a. Investment in various industries.
- b. A better salesmanship and publicity.
- c. Liberal trade policy.
- d. Expansion of infrastructural facilities.
- e. Reducing prices.
- f. Keeping money income constant.

W.A.LEWIS VIEW

According to him, the theory of balance growth on basis of two following reasons are:

- a. In the absence of balanced growth.
- b. When the economy grows, then several bottlenecks appear in the different sectors.

PROBLEMS OF BALANCE AMONG DIFFERENT SECTORS

- a. Balance between agriculture and industry.
- b. Balance between investment in human capital and physical capital.
- c. Balance between domestic trade and foreign trade.

ESSENTIAL CONDITIONS FOR THE SUCCESS OF BALANCED GROWTH

- a. Formulation and Implementation of Development Plans.
- b. State Intervention.
- c. Close Coordination among the Different Departments of the Government.
- d. Public Cooperation.
- e. Favourable Environment.

ADVANTAGES OF THEORY OF BALANCED GROWTH

- a. Wide extent of market.
- b. Balanced regional development.
- c. External economies.
- d. Creation of social and economic overheads.
- e. Innovations and researches.
- f. Breaking of vicious circle of poverty.
- g. Better use of natural and other resources of the economy.
- h. Enlargement of private sector.
- i. Helpful in getting over the difficulty of small market.
- j. Self- reliance and economic stability.
- k. Better utilisation of capital.

CRITICISMS

- a. Unrealistic concept.
- b. Increase in cost.
- c. Not a theory of development.
- d. No attention to reduce cost.
- e. Lack historical sense.
- f. Ignores the need of economic planning.
- g. More suitable to advanced countries.
- h. Based on Say's law of Market.
- i. Represents a Gloomy picture.
- j. Beyond the capabilities of UDCs.
- k. Wrong assumptions.
- l. Danger of Inflation.
- m. Disproportionality in factors of production.
- n. Role of state Ignored.

THEORY OF UNBALANCED GROWTH

It is propounded by Prof. Albert Hirschman. It is just opposite of the theory of balanced growth. According to this theory, investment should be made in selected sectors rather than

simultaneously in all sectors of the economy. It is the select of certain sectors and invest heavily on them.

MEANING OF UNBALANCED GROWTH

This theory implies that instead of investing in all the sectors of the economy simultaneously, concentrate on certain important sectors only. It is because UDCs are in acute shortage of capital and as such it is not possible for them to invest in all sectors of the economy.

DEFINITION OF UNBALANCED GROWTH

According to Alak Ghosh, "Planning with unbalanced growth emphasises the fact that during the planning period investment will grow at higher rate than income, and income at a higher rate than consumption". It explain the terms of growth rates of investments, income and consumption. If

$\Delta I/I$, $\Delta Y/Y$ and $\Delta C/C$ respectively denote the growth rates of investment, income and consumption, then the unbalanced growth implies $\Delta I/I > \Delta Y/Y > \Delta C/C$. In other words these three growth rates should not be uniform.

UNBALANCING THE ECONOMY WITH SOC (SOCIAL OVERHEAD CAPITAL)

According to him SOC implies those basic services with primary, secondary and territory productive activities cannot function. In basic services are included education, health, public utilities like water, power, irrigation, drainage, communication transport etc. The investment on the creation and expansion of such basic services is made by the public agencies for the promotion of social welfare and for the encouragement of directly productive activities. SOC will encourage private investment later in DPA (Directly Productive Activities). The SOC is required as pre-requisite of DPA investment. This sequence of investment (from SOC to DPA) is called the pressure relieving investment.

UNBALANCING THE ECONOMY WITH DPA (DIRECTLY PRODUCTIVE ACTIVITIES)

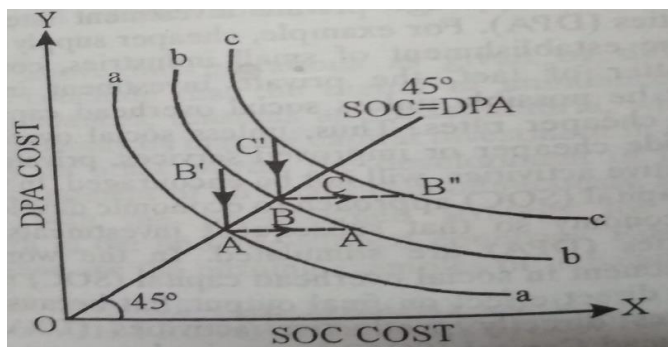
If the investment if first made in DPA, the shortage of SOC may raise the cost of production substantially. This rise cost of production is bound to increase the price level as well. This create uncertainty and unfavourable climate for fresh investment in DPA. It results, the growth process may be hampered. To avoid this uncertainty, the government to encourage the investment in SOC. The sequence of investment (from DPA to SOC) is called pressure creating investment.

THE PATH OF DEVELOPMENT

There are two paths to development.

The first path is the sequence development via excess capacity of SOC (from SOC to DPA), and second path is the sequence development via shortage of SOC (from DPA to SOC).

DIAGRAM EXPLANATION



OX axis measured the units of investment in SOC, OY measured units of investments in DPA.

a, b and c are isoquants showing various combinations of SOC and DPA. Moving from a to b, and from b to c reach a higher the level of gross product. This line indeed gives the locus of balanced growth of DPA and SOC.

First assumption development via excess capacity of SOC adopted, the economy will proceed on the dotted line AA1BB1 c. Economy enhances SOC from A to A1, the induced DPA accelerates to B1 until the balance is restored at B. At the point the economy is on higher level of output. In the same way, the GNP can be attained if SOC is accelerated further BB1, DPA will also shifted C to C1,

The second assumption, the sequence of development via shortage of SOC, the economy will proceed on the thigh line AB1BC1C. When DPA enhanced to B1, SOC will have to shift A, and then to B. When DPA is increased further to C1, the balance required SOC to increase to C via B11.

It concluded that, the former path of development is more continuous and smooth than the second. Hirschman calls it "self-propelling".

ADVANTAGES OR MERITS OF UN-BALANCED GROWTH

- a. Historical Experience.
- b. More Realistic Theory.
- c. Most important to Basic Industries.
- d. Economies of Large-Scale Production.
- e. Encouragement to New Inventions.
- f. Self-Reliance.
- g. Generation to Economic Surplus.
- h. Skill formation.
- i. Short Term Strategy.
- j. Maximising Growth.
- k. Better Utilisation of Scarce Resources.

DIS ADVANTAGES OR DEMERITS OF UNBALANCE GROWTH

- a. Neglects of Resistances.
- b. Lack of Basic Facilities.
- c. Defeatist Attitude.
- d. Emergence of Inflationary Pressures.
- e. Linkage effect.
- f. Too much emphasis on investment decision.
- g. Lack of flexibility.
- h. Neglect of the Degree of Imbalance.
- i. Neglects of Agriculture Sector.
- j. Neglect of Consumer Goods Industries.

- k. Disadvantages of Localisation.
- l. Neglect of Advancement in Knowledge.

SIMILARITIES BETWEEN BALANCED AND UNBALANCED GROWTH

- a. Emphasis on the role of private sector.
- b. Ignore the role of public sector.
- c. Rapid economic development.
- d. External Economies.
- e. Ignore the role of supply limitations and supply inelasticity.
- f. Both are Complementary to each other.
- g. Minimum Scale of investment.

DISSIMILARITIES BETWEEN BALANCED AND UNBALANCED GROWTH

Concepts	Balanced Growth	Unbalanced Growth
1. Development of Sectors.	All sectors of the economy.	Key sectors of the economy.
2. Amount of Investment.	Huge amount of investment.	Less amount of investment.
3. Terms of Strategy.	Long term strategy.	Short term strategy.
4. Size of the Market.	Size is the main limitation.	Lack of Decision.
5. Growth Rates.	Gradual, harmonious.	Disharmony and inconsistency.
6. Problems of Shortage.	Considers the problems.	Special consideration.
7. Complementary / Competitive	Complementary.	Competitive.
8. Bottlenecks.	Spread in the whole economy.	Certain region of the economy.

DUALISTIC THEORIES

MEANING OF DUALISTIC

The UDCs of today are generally characterised by a dualistic economic structure, a modern economy existing side by side with a traditional or backward economy. It is a co-existence of two opposite economies, i.e., the modern and backward economy. The modern economy enjoys all facilities and amenities of the modern life whereas the traditional economy remains devoid all such things.

ELEMENTS OR CHARACTERISTICS OF DUALISUM

- a. It possesses different set of conditions, out of which some are superior and others are inferior.
- b. The co-existence of Chronic.
- c. The Degree of differences.
- d. The interrelations between superior and inferior elements.

TYPES OF DUALISUM

- a. Social dualism - economic and social development of UNDs. J.H. Boeke in 1953.
- b. Technological dualism – the use of different production function in advanced sector and the traditional sector. Prof. Benjamin Higgins.
- c. Ecological dualism - different ecological system influence's dualism. Greetz 1963.
- d. Enclave dualism – This sector coexists with low productivity and labour intensive technology. Prof. H.W. Singer.
- e. Financial dualism- it is coexistence of different interest rates between organised and unorganised money markets in UDCs. Prof. H. Myint.
- f. International dualism- It explained as pockets of wealth within broad areas of poverty. Prof. H. Myint and G. Myrdal.

THEORY OF SOCIAL DUALISM

Dr. J.H.Boeke a Dutch economist, propounded the theory of social dualism. It is applicable only to UNDCs. It is based on the social development of UNDCs.

DEFINITION SOCIAL DUALISM

According to Boeke, a dual society as society where, “one of the two prevailing social system as a matter of fact always the most advanced, will have been imported from abroad and have gained its existence in the new environment without being able to oust or to assimilate the divergent social system that has grown up there, with the result that the neither of them becomes general and characteristic for that society as a whole”.

CHARACTERISTICS OF A DUALISTIC ECONOMY

- a. Limited Needs.
- b. Overriding Importance of Social Needs.
- c. Unorganised Labour.
- d. Accent on Self-Sufficiency.
- e. Absence of Enterprising Spirit.

CRITICISMS OF THE THEORY

- a. Wants limited – not true.
- b. Bleak possibility of Technological Progress.
- c. Trade Unions not visualised.
- d. Not Peculiar to UNDCs.
- e. Causal Labour not organised – not true.
- f. Applicable to western Societies.
- g. Social dualism is not theory.
- h. Eastern Labour not Immobility.
- i. Problem of unemployment is not insoluble.

THEORY OF TECHNOLOGICAL DUALISM

Prof. Benjamin Higgins propounded the theory of technological dualism. It implies the use of different production functions in the advanced sector and the traditional sector of an UNDC.

DEFINITION OF TECHNOLOGICAL DUALISM

According to G.M.Meier, “Technological Dualism is associated with the structural unemployment or technological unemployment – a situation in which productive employment opportunities are limited, not because of the lack of effective demand, but because of resource and technological restraints in two sectors”.

CHARACTERISTICS OF TRADITIONAL RURAL SECTOR

- a. Production techniques are relatively labour intensive.
- b. It is engaged in peasant agriculture and handicrafts or very small industry.
- c. It has a variable technical coefficients of production.

CHARACTERISTICS OF MODERN SECTOR

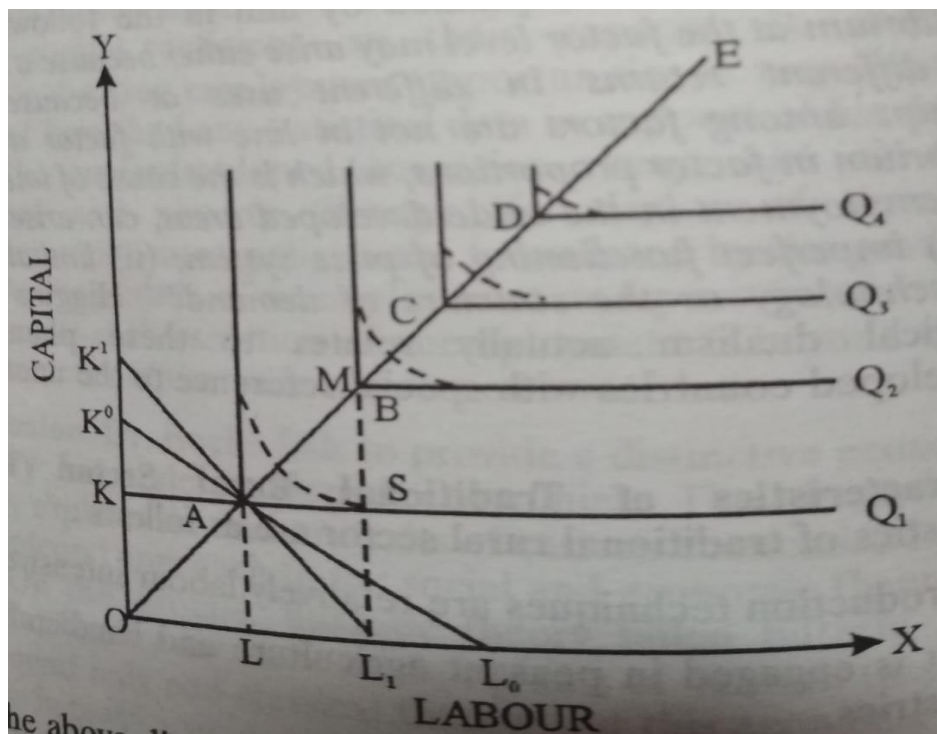
- a. Production processes are capital intensive.
- b. It is composed of plantations, mines, oil fields or large scale industry.
- c. It is very limited degree of technical substitutability of factors.

THE PRODUCTION FUNCTION IN INDUSTRIAL SECTOR OR MODERN SECTOR

ASSUMPTIONS

- Two factors of production – labour and capital.
- The production sector can be carried on with limited techniques.
- The production processes are relatively capital intensive.

DIAGRAM



OX axis labour, OY axis capital is measured. Q1 isoquant represent combination of OK units of capital and OL amount of labour producing a certain level of output. The points A, B, C, D represents fixed combination of capital and labour used to produce different levels of output. OE is expansion path of industrial sector and constant proportions of the two sectors. The line K1L1 production process in capital intensive, more capital is required to produce a given output relatively to labour. To produce Q1 output OK units of capital and OL units of labour are used.

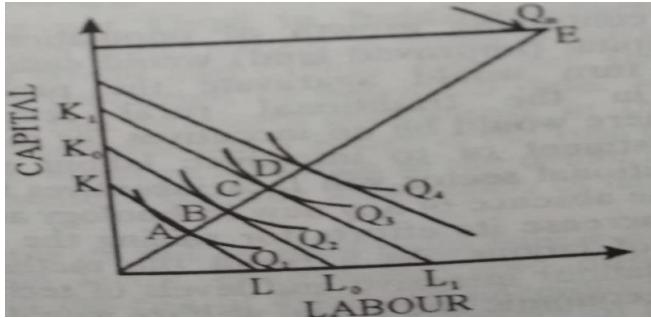
The actual factor endowments is at S instead of A, it means that more labour units OL1 are available to produce the same Q1 output, the units of available capital remaining the same OK. Since there is fixed capital coefficients, the excess of labour supply will not affect production techniques at all, LL1 units of labour will remain unemployed. It is only when capital stock increases to SM.

PRODUCTION FUNCTION IN AGRICULTURE OR TRADITIONAL SECTOR

ASSUMPTIONS

- Technical coefficients are variable.

DIAGRAM



OX axis measures labour, OY measures capital. Q1, Q2, Q3, and Q4 isoquants. Production starts with Q1 at each sector, the industrial sector expands with the inflow of capital from abroad and output increases along the expansion path OE. Industrialisation of this sector generates a population explosion. Population exceeds the growth of capital in the industrial sector, employment opportunities do not expand at the rate at which the population grows. The increased population will have to seek employment and livelihood in the agricultural sector. As a result the migration of labour from industrial to agricultural sector starts.

The expansion process of agricultural sector, no factor of production is relatively abundant or scarce. Because of migration of the population, to bring more land under cultivation, so as to keep the labour to land relatively constant. Though in the short period the optimal combination of labour and capital may be possible as output rises from Q1 to Q4 but eventually the land would be relatively scarce and labour a relatively abundant factor. So production process is more labour intensive. The marginal productivity of labour would fall to zero and disguised unemployment would begin to appear.

CRITICISMS

- a. Coefficients not fixed in industrial sector.
- b. Factor prices do not depend upon factor endowments.
- c. Neglects institutional factors.
- d. Using labour absorbing techniques ignored.
- e. Concept of disguised unemployment is ambiguous.

THEORY OF FINANCIAL DUALISM

It was developed by H.M. Myint. It refers to the co-existence of different internal rates between the organised and unorganised money markets in UDCs. The rate of interest in the unorganised market in the traditional sector is relatively much higher as compared to the rate of interest in the organised money market in the modern sector.

According to him, the unorganised money market consists of non-institutional lenders like village money lenders, shopkeepers, traders and landlords etc. They charge a very high rate of interest. On the contrary, in the organised money market of the UDCs, the rate of interest is low and credit facilities are available in abundance. It consists of commercial banks and other organised financial institutions which lend short term as well as long term credit at a low rate of interest to the modern business sector.

According to him, this has led to the aggravation of economic dualism between the traditional sector and the modern sector. As a matter of fact, these fiscal and monetary measures have favoured the modern industrial sector as against the traditional sector. The cheap money policy by maintaining an artificially low rate of interest has made credit available to large industrial concerns at favourable terms.

CRITICISMS

- a. High overhead costs and salaries of the officials of commercial banks.
- b. Red-tapism in dealing with small borrowers.
- c. Lack of necessary coordination.
- d. Gross favouritism.
- e. Rigid rules of assessing credit worthiness.
- f. Unsympathetic attitude.
- g. Non-availability of sufficient capital funds.
- h. The credit discrimination against trading activities.

SUGGESTIONS TO IMPROVE THE FINANCIAL DUALISM

- a. To raise the official interest rates in the organised markets.
- b. To create a more integrated domestic capital market.
- c. The interest rates in the traditional sector should be reduced.

THE BIG PUSH THEORY

It was propounded by Rosenstein Rodan. According to him, "There is a minimum level of resources that must be devoted to a development programme if it is to have any chance of success. Launching a country into a self-sustained growth is a little like an airplane off the ground. There is a critical ground speed which must be passed before the craft can become airborne".

The theory states that proceeding "bit by bit" will not launch the economy successfully on the development path, rather than a minimum amount of investment is necessary condition for success. It necessitates the obtaining of external economies arise from the simultaneously establishment of technically interdependent industries. Thus, the indivisibilities and external economies flowing from a minimum quantum of investment are a prerequisite for launching economic development of UDCs successfully.

THE THREE INDIVISIBILITIES

- a. Indivisibilities in the production function.
- b. Indivisibility of demand.
- c. Indivisibility in the supply of savings.

CRITICISMS

- a. Inadequacy of resources.
- b. Neglect of agricultural sector.
- c. Low investment leads to large increase in output.
- d. Too much emphasis on indivisibilities.
- e. Neglect the importance of techniques.
- f. Generate inflationary pressure.
- g. Problem of coordination.
- h. Lack of external economies.
- i. Not supported by history.
- j. Administrative and institutional difficulties.
- k. Difficulties in the mixed economy.
- l. Ignores promotion of the investment.

ROSTOW'S STAGES OF ECONOMIC GROWTH

The stages of economic growth based on historical approach as given by W.W. Rostow in his book titled The stages of Economic Growth 1960 is most popular and widely acceptable.

CLASSIFICATION OF ROSTOW'S STAGES OF ECONOMIC GROWTH

He classified the process of economic growth into the following five stages:

1. Traditional Society.
2. The Pre-conditional Take-off.
3. The Take Off.
4. The Drive to Maturity.
5. The Stage of high Mass Consumption.

The traditional society

It is society based on primitive technology and primitive attitude towards the physical world. The economic activists in such societies were carried on with ordinary tools and implements and were confined only to meet domestic demand.

Features of the traditional society

- a. Predominance of Agriculture.
- b. Significance of family and caste system.
- c. Political power.
- d. Technique.
- e. High birth and death rates.
- f. Ignorance about development areas.
- g. LMR.

The pre-conditions of Take-off

Sustained growth are created in an economy.it may be called transitional stage responsible for creating preconditions for take-off stage. Technology factor are improved and developed.

Features of precondition Take-off stage

- a. Less dependence of agriculture.
- b. Enlarged outlook.
- c. Rate of saving and investment.
- d. Stress on development of transport.
- e. Economic and social cost.
- f. Decline birth rate.
- g. Change in views.
- h. Importance of personal skills.
- i. Foreign trade.

The Take-off

It is a decisive stage in the evolution of any society. It is this period in which grow becomes a normal condition of the society. In this stage the economy can progress without external assistance. New industries are established which start yielding surplus rate of investment improves.

Conditions of the Take-off stage

- a. Rate of investment over ten per cent.
- b. Development of the lending sector.
- c. Primary growth sectors.
- d. Supplementary growth sector.
- e. Derived growth sector.
- f. Social, political framework.

Features of the Take-off stage

- a. New possibilities for productive enterprises.
- b. Entrepreneurship and capital formation.
- c. Foreign capital is helpful but not an essential condition.
- d. Foreign trade.
- e. Increase in demand.
- f. Technical development. Government policy.
- g. Period is short.
- h. Economic revolution.

The Drive to maturity

According to him, maturity can be defined as the stage in which an economy demonstrates the capacity to move beyond the original industries which powered the take-off and to absorb and to apply efficiently over a wide range of its resources the most advanced fruits of its technology.

Features of Drive to Maturity stage

- a. Change in the character of labour force.
- b. Change in the character of entrepreneurship.
- c. Rise in investment rate.
- d. Technological changes.
- e. Increase in exports.

The stage of high mass consumption

It is most important stage of economic growth. There is considerable increase in production, consumption of comforts and luxuries becomes the common feature. It shifted the economy from production to consumption and welfare of the people.

Features of high mass consumption

- a. Consumption of comforts and luxuries rises.
- b. The rate of investment rises well above 20 per cent.
- c. Standard of living of the people rises.
- d. Society assumes the role of welfare state.
- e. Aggregate and per capita income become quite high.
- f. Migration of population.

CRITICISMS

- a. Traditional society are not necessary for development.
- b. Preconditions may not precede the Take-off.
- c. Overlapping of different stages.
- d. Lack of basis.
- e. Not applicable to all countries.
- f. Uncertainty.
- g. Economic changes is a gradual process.
- h. It is arbitrary.
- i. It is puzzling and misleading.
- j. High mass consumption not chronological.

THE ROLE OF STATE IN ECONOMIC DEVELOPMENT

State is an important instrument or vehicle of achieving socio-economic objectives. The role of state in rapid economic development of UDCs and developing countries may be stated as under:

- a. Role in eradication of vicious circle of poverty.
- b. Role in social and economic overheads.
- c. Role in agricultural development.
- d. Role in optimum utilisation of natural resource.
- e. Role in capital formation.
- f. Role in industrial development.
- g. Role in the removal of disparities in the distribution of income and wealth.
- h. Role in the creation of conditions of full employment.
- i. Role in the reduction of regional disparities.
- j. Role in increasing income.
- k. Miscellaneous.

CRITICISMS

- a. Corrupt and inefficient state machinery.
- b. Excessive state interference.
- c. Political pressures.
- d. State participation in industrial sector.
- e. Faulty implementation of economic planning.
- f. Miscellaneous.

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