

## A STUDY OF FACTORS OF ECONOMIC DEVELOPMENT: WITH SPECIAL REFERENCE TO INDIAN ECONOMY

---

Pooja Dadhich\*  
Dr. Gurupreet Kaur\*\*

### ABSTRACT

*There is a number of theories who have explained and interpret the complex process of economic development. As is natural, most of these theories have their drawbacks or inadequacies, in that they do not take into account all the relevant factors in economic development. Moreover, almost all the theories concurrent in the field assume certain distinctive socio-economic and political configurations and circumstances of particular countries as their background. As a result, they are not generalizable, and if they are, then they are relevant at varying levels of generality. Owing to these reasons the conceptual frameworks of a large number of these theories or models are of restricted relevance and applicability. In this paper a study of factors of economic development with special reference to Indian economy has discussed.*

**KEYWORDS:** *Economic Development, Socio-Economic, Political Configurations, WDRA, WHR.*

### Introduction

Many of theories of economic development, particularly those advanced by the economists qua economists, do not take into explicit account the non-economic but highly relevant factors co-determining the process of economic development, either owing to the relatively non-quantifiable nature of a good number of such factors or to the difficulties of precisely specifying, identifying and quantifying them, or presumably, in the interest of expositional convenience, or merely on the pretext of simplicity. Whereas the actual position is that historical, religious, ethical, socio-cultural, psychological, demographic, nutritional and environmental, educational, political, administrative and institutional, scientific and technological factors are as relevant as the purely economic ones, for the purpose of building up a near-real theory of economic development with special reference to India.

The factors determining economic development may be classified as economic and non-economic, relevant and non-relevant, "more relevant" and "less relevant", exogenous and endogenous, or objective and subjective factors. For the purpose of this work we propose to classify factors in terms of the broad disciplines to which they traditionally belong, under two broad expositional categories, viz. economic and non-economic, knowing full well that such a classification would not, in a multi-disciplinary plane, withstand the rigours of a scientific test. Economic factors are classified as follows:

- Natural Resources
- Human Resources

---

\* Research Scholar, Maharaj Vinayak Global University, Jaipur, Rajasthan, India.

\*\* Research Supervisor, Maharaj Vinayak Global University, Jaipur, Rajasthan, India.

- Agriculture, Industry and Services
- Savings and Investment
- Productivity
- Entrepreneurship and Management
- Social and Economic overheads
- International
- Economic Policy and Decision Making

Whereas the non-economic factors are broadly clubbed under the following heads:

- Historico -Religious and Ethical
- Socio-Cultural and Psychological
- Demographic, Nutritional and Environmental
- Educational
- Politico-Administrative and Institutional
- Scientific and Technological

### **Literature Review**

Before going for the detailed analysis of any topic it is very important to go through or to review the existing literature so that a strong base for the further research is developed. Here a brief review of some of the important theories of economic development is mentioned as given by economists and some other social thinkers. The purpose is to highlight or bring to prominence the salient features or factors of growth which these thinkers have considered important in the process of economic development.

**David Ricardo's theory** is based on the marginal and surplus principles. He assumes the entire economy as one huge farm, fixed in supply, which is employed in the production of corn only, by administering homogenous units of labour and capital. The three groups in the economy viz. landlords, capitalists and labourers cooperate in production process and the entire produce of the land is distributed between them as rent, profits and wages respectively. Under equilibrium, the rate of profit earned on capital must be equal in both agriculture and industry. As believed by Ricardo, economic development depends on the difference between production and consumption i.e capital accumulation.

Capital accumulation is the outcome of both the capacity and the will to save. Capacity to save is more instrumental in capital accumulation. The price of corn, in his understanding, determines the rate of profit in industry. The profit of the farmer regulates the profits of all other trades. He recommends free trade and a minimum of tax imposition. Ricardo opined that technology improvements led to unemployment. Ricardo emphasised the distribution aspects in his theory.

**Edward B. Tylor** believed in the existence of distinct stages in the development of man's culture. Tylor sought to find a means to measure this development. The principal criteria of cultural growth, according to him, were the development of industrial arts, the extent of scientific knowledge, the nature of religion, and the degree of social and political organisation. Tylor's most lasting contribution was his definition of culture. Culture or civilization is that complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society.

**Lewis Henry Morgan** stressed technology as a significant factor in ushering changes within the society. Morgan perceived stages of evolution through which men must pass everywhere. According to Morgan, the experience of mankind has run in nearly uniform channels, human necessities under similar conditions have essentially been the same, and operation of the human mentality is uniform in various human societies. Morgan categorized three main stages of cultural advance: savagery, barbarism and civilization. He subdivided the first\* two stages into three sub-stages. Each stage and substage was assumed to have been initiated by a major technological evolution/invention. Savagery's second stage was the lighting of fire and catching fish and the third stage comprised of archery (bow and arrow). Barbarism began with the invention of pottery making. Its second stage was characterized by the domestication of animals and the third by the technology of smelting. Civilization emerged by the use of phonetic alphabets. Each stage of technical evolution corresponded with distinctive developments in religion, family structure, political organization and property arrangements.

**Hypothesis of the Study**

After the detailed analysis of the secondary data the researcher had identified that in any of the given economy there are two basic factors of development, one is economic and other is non-economic, therefore in order to test the viability of the same two distinct hypothesis are being framed which are as follows:

**Hypothesis I**

**H0:** The non-economic factors are the only factors which are responsible for the development of any given economy.

**Ha:** The non-economic factors are not the only factors which are responsible for the development of any given economy.

**Hypothesis II**

**H0:** The economic factors are the only factors which are responsible for the development of any given economy.

**Ha:** The economic factors are not the only factors which are responsible for the development of any given economy.

**Limitation of the Study**

A critical appraisal of the present work points about a few limitations pertaining to various aspects of research. The limitations of time, money as well as the authenticity of data from published and unpublished sources were some of the limitations that prevent the scope of using this study for further elaboration. All said and done there are certain unknown and untold biased limitations from both the ends.

**Objectives of the Study**

The main objective of the study is set out to achieve the following objectives:

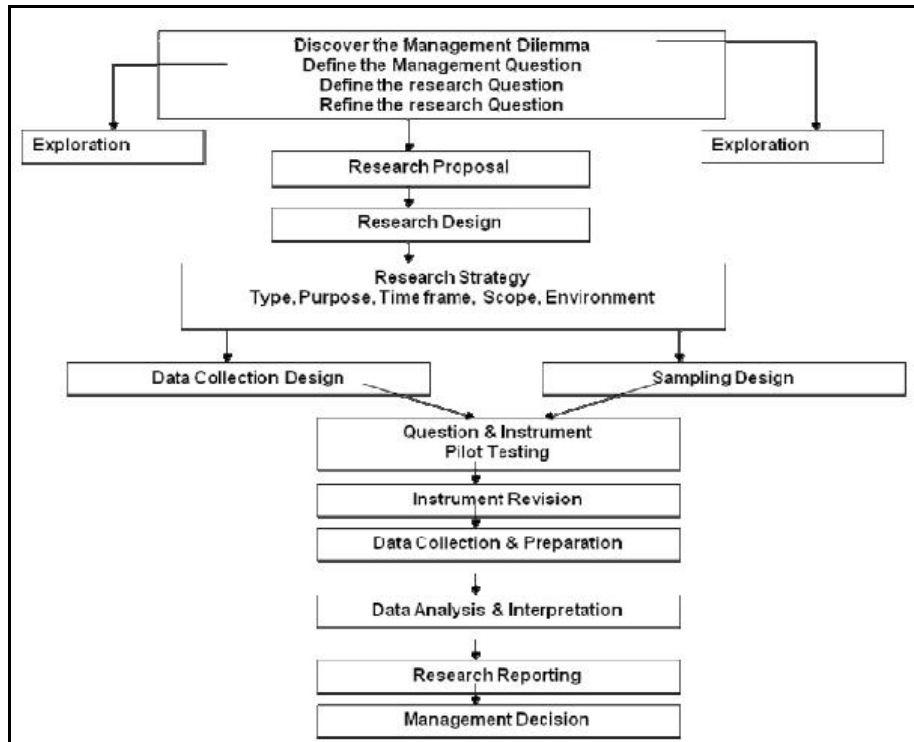
- To investigate the importance of economic and non-economic factors in economic development.
- To measure the relative impact of various non-economic factors in determining the process, rate and direction of economic development.
- To measure the relative impact of various economic factors as determinants of the process, rate and direction of economic development.
- To develop and suggest a model based framework constituting various economic and non-economic factors towards an attempt at understanding the process of economic development.
- To assess the relative impact of all the economic and non-economic factors on the Indian economy in the post-independence era.
- To analyse the relative impact of all the economic and non-economic factors on the Indian economy after 1991.

**Research Methodology**

Most sciences have their own specific scientific methods, which are supported by methodologies (i.e., rationale that support the method's validity). The social sciences are methodologically diverse using qualitative, quantitative, and mixed-methods approaches. Qualitative methods include the case study, phenomenology, grounded theory, and ethnography, among others. Quantitative methods include hypothesis testing, power analysis, met analysis, observational studies, re sampling, and randomized controlled trials, regression analysis, multilevel modeling, and high-dimensional data analysis, among others.

**Research Process**

The research process which is followed in this research is shown diagrammatically if the figure given below:



**Fig. 1: The Research Process**

The step wise description of the above diagram which is followed in this research is as follows:

#### **Problem identification**

The first step which is being collectively denoted in the first block of the above diagram i.e. discover the management dilemma, define the management question, define the research question and refine the research question directs us to formulate the problem in real terms it involves a high rate of secondary data exploration as which is required to be done in the initial phase of this research.

#### **Research Proposal**

As being stated by the variant researchers that research resembles to the “hour Glass” an ancient time piece, in the real sense that first we have a bigger problem and as the study continues we find the reasons for the occurrence of the bigger problem, henceforth the same reason becomes the objective of our research. In the same manner the bigger/initial problem in this research is to identify the impact of different motivation factors on the employees of different educational institutions which comprises of various associated factors, and as the study will go forth we will be able to identify the said factors related to the motivational level.

#### **Research design**

- **Exploratory Research:** collecting information in an unstructured and informal manner
- **Descriptive Research:** refers to a set of methods and procedures describing marketing variables.
- **Causal Research:** (experiments and case study approach): allows isolation of causes and effects via use of experiment or surveys.
  - As research design applicable to exploratory studies are different from objectives firmly in mind while designing the research. Which searching for hypothesis, exploratory designs are appropriate; when hypothesis have been established and are to be listed, conclusive designs are needed. It should be noted however, that the research process tends to become circular over a period of time. Exploratory research may define hypothesis, which

are then tested by conclusive research; but a byproduct of the conclusive research may be a suggestion of a new opportunity or a new difficulty.

- Other characteristics of exploratory research are flexibility and ingenuity, which characterize the investigation. As we proceed with the investigating it must be on the alert to recognize new ideas, as it can then swing the research in the new direction until they have exhausted it or have found a better idea. Thus they may be constantly changing the focus of invest as new possibilities come to attention.
- It should be added here that formal design in the researcher is the key factor.
- The reason for selecting this mode of research for this type is that it's a probably quickest and most economical way for research to find possible hypothesis and to take advantage of the work of to others and utilize their own earlier efforts. Most large companies that have maintained marketing research programs over a number of years have accumulated significant libraries of research organizations furnishing continuing data.

In the current research the first two research designs are being considered i.e. Exploratory Research and Descriptive Research. Out of the two research designs, the exploratory design directs us to verify the secondary data associated with our problem and finds the initial breakup of the broad problem and the descriptive design provides the framework for finding the reasons for the occurrence of the same problem and even attempts to provide tentative solutions to the problem.

#### **Questionnaire preparation and testing**

Questionnaire is a tool of data collection, one detailed questionnaire is prepared for collecting data from the respondents which includes the basic demographic information, and the state of their motivation level, this questionnaire will also reveal the different factors contributing to the de-motivation of the respondents and the related issues.

#### **Data Analysis and Interpretation**

For the purpose of data preparation software like MS-Excel and MS Access are being used and for the analysis of data SPSS Analysis Tool Pack Ver. 17.0 is being used.

#### **Data Source**

As far as the sources of information for the purpose of this study is concerned, different print and online journals of Indian and Foreign origin,, magazines, text and reference books were gone through for the collection of secondary data and for the collection of primary data the above said questionnaire will be exercised.

#### **Primary Data**

Data original, collected form investigation is known as primary data.

#### **Secondary Data**

Secondary data means data that are already available i.e. they refer to the data which have already been collected and analyzed by someone else. When the researcher utilizes secondary data, then he has to look into various sources from where he can obtain them. In this scale he is certainly not confronted with the problems that are usually associated with the collection of original data. Secondary data may either be published or unpublished. Usually published data are available in various publications of the central, state, and local bodies. In technical and trade journals, books magazines, newspaper, reports and publication of various associations connected with business and industry, banks, stock exchanges etc.

#### **Proceeding of the Research**

This present research is based on the casual approach of research as discussed above, and particularly uses the case base method of research as such. As can be judged from the above given objectives this case method will be used in two parts,

- First part will be based on the factor based development of the Indian economy after the independence, and
- Second part will be based on the factor based development of the Indian economy post 1991 i.e. after the announcement of the LPG (*Liberalization, privatization and Globalization*).

**References**

- ⇒ Agarwal, A.N. et al. (1989), India Economic Information Year, National Publishing House, N. Delhi.
- ⇒ Ahluwalia, Montek S. (2002), A Decade of Economic Reform in India: The Past, Present, Future, ed. Raj Kapila and Uma Kapila, Academic Foundation, Delhi.
- ⇒ Alam, Shaista and Butt, Mohammad S. (2002), "Causality Between Energy and Economic Growth in Pakistan: An Application of co-integration and Error Correction Modelling Techniques", Indian Journal of Quantitative Economics, Vol. 17, No. 1-2, pp. 39-60.
- ⇒ Anant, T.C.A. (2001), "India and the WTO", Economic & Political Weekly, Vol. 36, No. 45, Nov. Annual Statements and Monthly Statistics of Foreign Trade of India, DGFTI, Ministry of Commercial, Govt. of India. (Various Issues).
- ⇒ Apostolakis, Bobby. E. (1991), "Aggregate Import Demand Functions and Their Dual Econometric Specification", The Singapore Economic Review, Vol.XXXVI, No.1, April, pp. 35-57.
- ⇒ Attri, V.N. (1992), "Trade Liberalisation in Developing Countries: A Literature Survey", Indian Economic Journal, vol.39, No.3, pp. 41-57.
- ⇒ Bagchi, Sanjoy. (2001), "End of Quantitative Restrictors: Unfounded Fears", Economic and Political Weekly, Vol. XXXVI, No. 18, May 5-11, pp. 1500-1503.
- ⇒ Bajaj, R.K. (1991), "Dimensions of Trade Liberalisation", Encyclopedia of Economic Development, Vol. 9.
- ⇒ Bajpai, Nirupam and Sachs, Jaffery D. (1997), "India's Economic Reforms: Some Lessons From East Asia", The Journal of International Trade and Development, 6:2, pp. 135-164.
- ⇒ Balasubramanyam, V.N. (1984), The Economy of India, UBS Publishers Ltd.
- ⇒ Barkar, Prabirjit and Bhattacharya, Brototi. (2005), "Trade Liberalization and Growth: Case Studies of India and Korea", Economic and Political Weekly, Vol. XL, No. 53, Dec-Jan.
- ⇒ Basu, Kaushik. (1998), Analytical Development Economics, OUP, Delhi (MIT Press).
- ⇒ Bhalla, V.K. (2004), International Economy: Liberalization Process, Anmol Publication Pvt. Ltd. N. Delhi.
- ⇒ Bhargava, P.K. (2000), Current Economic Issues in the Indian Economy, RBSA Publishers, Jaipur.
- ⇒ Bhasin, Niti. (2005), External Sector Reforms in India, New Century Publications, N.Delhi.
- ⇒ Bhattacharjea, Aditiya. (1993), "Strategic Trade Policy and Developing Countries", Economic and Political Weekly, Vol. XXVIII, No. 35, Aug, pp. 1803-1810.
- ⇒ Bhattacharya, B. (1994), "Pragmatic Policy to carry Forward Liberalisation", Yojana, Vol. 38, No.9, May 31, pp. 15-17.
- ⇒ Bhattacharya, Basabi. (1993), "Structural Adjustments in Trade Policy – A Theoretical Perspective of Liberalization in the Changing International Scenario" in Structural Adjustment in Indian Economy, Vol.1, ed. Debendra Kumar Das, Deep and Deep Pub. N. Delhi, pp.41-53.
- ⇒ Burange, L.G. (2001), "Import-Intensity in the Registered Manufacturing Sectors of India", Indian Economic Journal, Vol. 49, No.3, Jan-Mar, pp.42-52

