

SATURDAY

## POPULATION GROWTH, CAPITAL FORMATION AND ECON. DEVELOPT.

The relationship between population and econ. devt. is very complex. This relationship falls into two categories - (1) those that argue that popl<sup>n</sup> is an obstacle to econ. growth, (2) those that argue that popl<sup>n</sup> is not an obstacle to economic devt.

### POPULATION GROWTH IS AN OBSTACLE TO DEVELOPMENT.

① Adverse impact on agricultural activity:  
As the pressure of population on land increases the land-man ratio is becoming adverse. This in turn proves to be an obstacle to economic development.

② Adverse impact on employment situation, SUNDAY 06  
The increasing population is resulting in large scale unemployment and under employment.  
The pressure on agriculture increases leading to large scale disguised employment.

(3) Adverse impact on per capita income and standard of living:

Rapid growth of population makes it difficult to raise the per capita income and standard of living of the masses. It also leads to low agricultural productivity and disguised unemployment, which in turn results in low standard of living in developing countries.

(4) Adverse impact on capital formation.

Population growth is claimed to have an adverse impact on capital formation in the following ways - (1) it reduces the level of savings in the economy, (2) it leads to diversion of capital from the productive activities to social overhead capital.

## ⑤ Shortage and import of foodgrains:

The serious food crisis in many developing countries are pushing a number of persons to the verge of starvation. This has led the countries to large scale import of foodgrain. This has effected development because the foreign exchange is now being used for the import of food grain.

## POPULATION GROWTH IS NOT AN OBSTACLE

The proposition put forward by the economist that population growth is not an obstacle

basically the following three:

- ① The problem is not population growth but some other issue.
- ② Population is a false issue created by the dominant rich-country agencies to keep the less developed countries in their underdeveloped, dependent condition.
- ③ In many developing countries and regions, population growth is in fact desirable.

Notes

## ROLE OF TECHNICAL PROGRESS IN ECONOMIC DEVELOPMENT:

The history of modern technology in the modern countries starts with the industrial revolution. Technical improvements were also made in the production of new commodities. Once industrial revolution started gaining popularity, it gave encouragement to the discovery of new inventions and innovations.

Innovations in the western world were both cost-reducing and demand increasing. As more and more consumers wanted to buy new variety of goods, the pressure of demand increased and this encouraged the entrepreneurs to come forward with more new and improved products.

The technical progress and innovations also bring about a profound change in the socio-economic development. The standard of living increases, the basis for a fast growing urban and industrial system is laid, and boundless opportunities for progress unfold themselves.