CHAPTER I

OBJECTIVES, METHODOLOGY AND TOPICAL ORGANIZATION

Many theories have been advanced to explain 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 generalisable, 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. Furthermore, many of these theories, 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 expository 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 expository categories, viz. economic and non-economic, knowing fully 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:
(i) Natural Resources
(ii) Human Resources
(iii) Agriculture, Industry and Services
(iv) Savings and Investment
(v) Productivity
(vi) Entrepreneurship and Management
(vii) Social and Economic overheads
(viii) International
(ix) Economic Policy and Decision Making

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

(i) Historico -Religious and Ethical
(ii) Socio-Cultural and Psychological
(iii) Demographic, Nutritional and Environmental
(iv) Educational
(v) Politico-Administrative and Institutional
(vi) Scientific and Technological

Such a study is important because it brings into prominence and bold relief the inter-related nature of the factors determining economic development and enables one
to examine their relative degrees of relevance within a comparative conceptual framework.

The principal objectives of our study may be enumerated as under:

(a) To investigate the importance of economic and non-economic factors in economic development.

(b) To delimit and measure the relative impact of various non-economic factors in determining the process, rate and direction of economic development.

(c) To delimit and measure the relative impact of various economic factors as determinants of the process, rate and direction of economic development.

(d) To evolve and suggest a determinable framework embodying empirical correlates of various economic and non-economic factors (as explanatory variables) towards an attempt at understanding the process of economic development.

Considering the multi-dimensional nature of the subject of inquiry, the methodology of this work is both descriptive and analytical, with normative implications. We
draw upon existing literature in the field from various social sciences. In this sense the study is eclectic and conducted on an interdisciplinary plane and within a comparative conceptual framework.

An attempt is made to examine the existing classificatory systems and paradigms followed by writers from various social science disciplines in expounding their theses on economic change and development. As a logical sequel to this enquiry, an attempt is made to isolate, as far as possible, the various factors, economic and non-economic, and bring out their independent as well as mutually reinforcible impacts or effects as explanatory variables. This will, it is hoped, go a long way in our attempt to build up a casual relationship between various factors in economic development. As a culminating step, an empirical exercise is undertaken, making use of the available statistical data relating to Indian economy to suggest a determinable framework with the help of existing quantitative techniques used in economics and other social sciences. In this regard, the proposed study has a diagnostic dimension.