

Eco 402: Development Economics: Experiences

Group-B

Unit-3: Inclusive Growth and Development of Backward Regions

Lecture-III (Dr. Shrabanti Maity)

ALTERNATIVE STRATEGY

The earlier adopted strategies have widened regional and interpersonal disparities. Thus the basic objective of the alternative strategy that is explored here is to ensure economic growth and equitable distribution of the gains of economic growth amongst various sections of the population in the area and it is highly recommended by the experts.

The alternative strategy needs to confirm some desirable criteria. These are:

- (a) Efficient resource use
- (b) Harmonious development (spatial/sectoral /functional)
- (c) Self-reliance (local skill and resources)
- (d) Effectiveness
- (e) Dynamic adaptiveness.

We need to pay attention to both social and economic factors for designing a successful alternative strategy. The desirable criteria problem is embedded in social, cultural, economic and political (SCEP) factors.

Traditional resource-allocation models of economics are largely guided by considerations of economic benefits as reflected through the market mechanisms, whereas a broader approach would enable us to evaluate resource allocation from both economic and social standpoints. Certain aspects can be taken as constraints. Such an approach takes into account the social benefits and cost of various alternatives within the framework of an integrative model which tries to encompass social, cultural, economic and political variables. Let us present this interaction in figure-1.

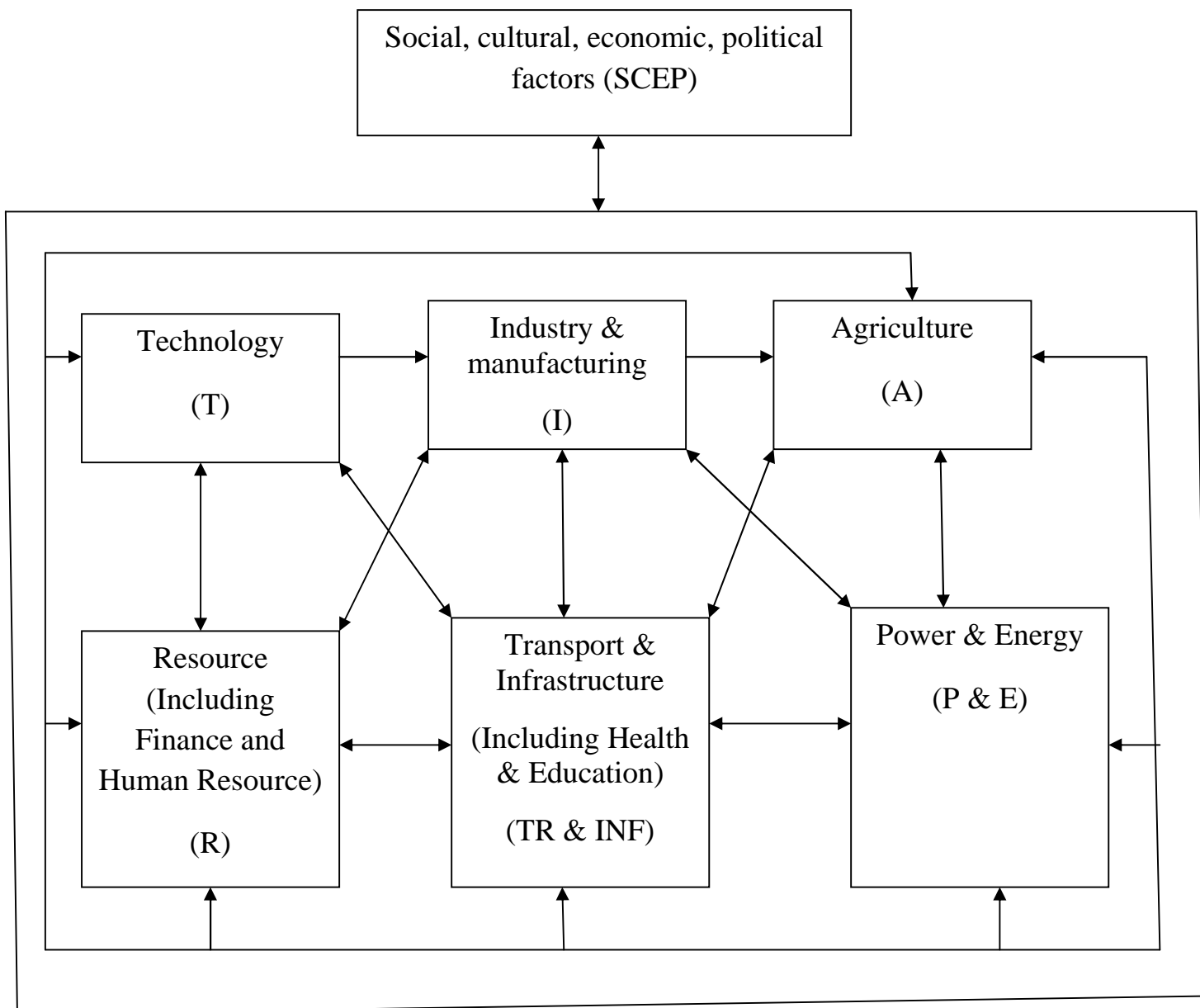


Figure-1: Inter-relationships of main factors of development

The model should be responsive to the specific socio-cultural environment of the area, and should consciously recognize the availability of raw materials and skills, and the physical conditions of the specific backward area. This would mean that economic conditions must include physical factors like availability of resources and raw materials. Given a set of inputs, the choice of outputs predetermines the optimal technology. Depending on the ultimate use of the output, if the characteristics of a product are changed, the new product can be

economically produced locally with locally available resources, and the economic condition of the community will be improved. Thus, by selecting the products, the technology can be influenced.