

① What is labour saving technological progress? ①  
Ans: If the rate of profit remains unchanged and the capital output ratio increases, the technical progress would be called labour saving technological progress.

② Mention the characteristics of stationary state? ②  
Ans: Characteristics of stationary state are -

(i) In the stationary state, society would have achieved a sufficiently high level of wealth accumulation.

(ii) The profit rate become zero.

(iii) Rent becomes very high.

③ State an example where economic growth conflict with economic development.

Ans: Population growth and the associate eventual increase in the labour force has been considered a positive factor in stimulating economic growth, but a large overall population decline the economic development.

For example, in India, due to overpopulation agricultural productivity is decline.

④ Identify the capital saving technology from the following.

- (i) Electronic computers
  - (ii) Power dams
  - (iii) Powered seeders
  - (iv) Tractor
- (Choose the correct option)

Ans: Power dams.

⑤ Discuss the limitation of classical theory of development. ⑤

Ans: There are various limitation of classical theory of development are as follows:

- (i) The classical theory of development is ignored the role which technical progress could play.
- (ii) The classical model did not consider the role played by trade unions in the wage determination.
- (iii) The development experience of advanced countries has also rejected 'Malthusian' theory of population.
- (iv) Economic rewards assumed as the main motive of work force. They have ignored non-monetary factors.
- (v) The classical principles are based on managerial

experiences and their limited observations. These are not empirical.

(vi) Classical theory of development is based on over-simplified assumptions. Its principles are ambiguous and contradictory.

(vii) The classical model fails to incorporate all those complicated factors which influence the economic development of poor countries. In LDCs, there is a big shortage of capital. In addition to capital accumulation, the economic development is also influenced by the culture, civilization, traditions and institutional setup of the people. Such all has not been examined in classical model.