



[Glossary]

Characteristics of Developing Economics

Subject:	Business Economics
Course:	B. A. (Hons.), 6 th Semester, Undergraduate
Paper No. & Title:	Paper – 641 Elective Paper E2 Economic Growth and Policy
Unit No. & Title:	Unit – 1 Economic Development – Definitions and Concepts
Lecture No. & Title:	Lecture – 4 Characteristics of Developing Economics

Glossary

Agricultural predominance: Agricultural sector contributes more to income and employment generation in a country than the industrial and service sectors. In a way a country's economy depends more on agricultural sector and is agricultural driven.

Balance of Payments: Balance of Payments is a systematic account of the value of transactions of a country with the rest of the world in goods and services, transfer payments and assets. It has a credit entry and a debit entry. All receipts by the home country from foreigners are recorded in the credit entry and all payments by the home country to foreigners are recorded in the debit entry.

Balance of Trade: The balance of payments has a current account and a capital account. The current account records trade in (i) merchandise items and (ii) services. The balance of the receipts from merchandise exports and payments for merchandise imports is called the balance of trade.

(The balance of the entire account that is, totals of the balance on merchandise trade and service trade is called current account balance.)

Capital Account of Balance of Payments: The balance of payments has a current account and a capital account. The capital account records receipts and payments from transactions on assets such as money assets like bonds, stocks etc. and other forms of fixed capital.

Capital Formation: It is a cumulative increase in a country's stock of tangible assets over a period of time.

Developmental Imports: Imports of goods like capital, technology etc. By a developing country to give a boost to her development process are called developmental imports.

Human development: Improvement in quality of human life through better living conditions, more opportunities to work, greater education and skill formation, better health, communication and recreation facilities, more choices in consumption and so on.

Low exchange rate elasticity of exports: When exchange rate rises for home country, the value of her currency reduces. Such a change in exchange rate for a country tends to boost exports and reduce imports. When the exchange rate elasticity of exports is low, in spite of a rise in exchange rate (lower value of home currency vis-a-vis a foreign currency), the home country's exports do not rise proportionately.

Low price elasticity of exports: If the price of exportable goods is reduced, the demand for a country's exports by foreigners does not increase much. There is less than proportionate change in demand because of a change in price.

Maintenance Imports: Imports of spare parts, know-how, intermediate goods, petrol, energy goods which are made in order to maintain and sustain the process of industrialization and development undertaken by developing countries are called maintenance imports.

Population burden: A size of population which is difficult to support with the existing capacity of natural resources and production capacity of an economy.

Structure of employment: The division of employment and employment opportunities in the three sectors of the economy as; agricultural, industrial and service sectors or as public sector and private sector.

Unorganized sector A sector which is not covered by an official policy, uniform set of rules, sometimes not registered under

business laws; and where workers are not members of national level trade unions.