



## [Glossary]

### SOLOW MODEL

<b>Subject:</b>	Business Economics
<b>Course:</b>	B. A. (Hons.), 6 <sup>th</sup> Semester, Undergraduate
<b>Paper No. &amp; Title:</b>	Paper – 641 Elective      PaperE2      – Economic      Growth      and Policy
<b>Unit No. &amp; Title:</b>	Unit – 2 Growth Model
<b>Lecture No. &amp; Title:</b>	Lecture – 2 SOLOW MODEL

## **Glossary**

**Capital-Output Ratio:** It expresses the ratio of the amount of capital required to produce a unit of output. It can also be expressed as the amount of output produced by a given quantity of capital.

**Disembodied Technological Change:** It is change in the state of technology existing in the economy which causes a change in the output. The change in output is attributed to organizational change, improved infrastructural facilities etc. and not to the technology of the machine which is used for production.

**Embodied Technological Change:** It is a technological change which occurs because of a change in the technical relationship between inputs and output. Output changes because there is a change in the technology of the machine which produces output. In other words, the new technology is embedded in the machine.

**Endogenous growth:** It is a term used to explain that growth occurs owing to factors within the model.

**Exogenous growth:** It is a term used for growth that occurs owing to factors external to the model of growth.

**Labour-Output Ratio:** It expresses the ratio of the amount of labour (labour hours) required to produce a unit of output. It can also be expressed as the amount of output produced by a given quantity of labour.

**Technological Progress:** Technological progress means technical innovation which helps to increase output.