

"Balanced Growth: Concept"

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Balanced Growth :-

Balanced growth is not a static term, it refers to dynamism. It is a dynamic process and as such the meaning of balanced growth continues changing.

The concept of balanced growth is subject to various interpretations by various authors. To some it means investing in a laggard sector or industry so as to bring it abreast of others. To others, it implies that investment takes place simultaneously in all sectors at once. Still to others, it means balanced development of manufacturing industries and agriculture. It was Fredrick List who for the first time put forward the theory of balanced growth. According to Fredrick List, the theory of balanced growth is of great significance by which a

balance could be established between agriculture, industry and trade.

The concept was endorsed by Rosenstein Rodan in one of his articles titled "Problems of Industrialisation of Eastern and South Eastern Europe." Prof. Ragnar Nurkse, Prof. Arthur Lewis and Stouasky have examined this concept of balanced growth on different bases. However the most widely accepted meaning of balanced growth is that there should be simultaneous and harmonious development of different sectors of the economy, so as to make available a ready market for the products of different sectors.

Balanced growth, therefore, requires balance between different consumer goods industries, and between consumer goods and capital goods industries. It also implies balance between industry and agriculture, and between the domestic and export sector.

Further, it entails balance between social and economic overheads and directly productive investments and between vertical and horizontal external economies.

For this, balance is required between the demand and supply sides. The supply side lays emphasis on the simultaneous development of all inter-related sectors which help in increasing the supply of goods. It includes the simultaneous and harmonious development of intermediate goods, raw materials, power, agriculture, irrigation, transport etc. and all industries producing consumer goods. On the other hand, the demand side relates to the provision for larger employment opportunities and increasing incomes so that the demand for goods and services may rise on the part of the people. The demand side is related to supplementary industries, consumer goods industries, especially agriculture and manufacturing industries. To sum up, balanced growth states that all sectors grow in unison.
