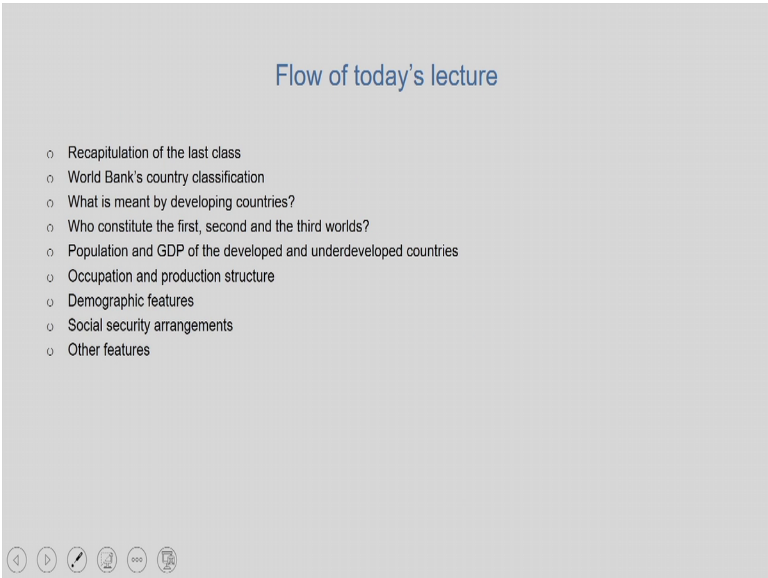
Economic Growth and Development
Dr. Rajshree Bedamatta
Department of Humanities & Social Sciences
Indian Institute of Technology, Guwahati

Lecture – 02
Structural features of developed and underdeveloped countries

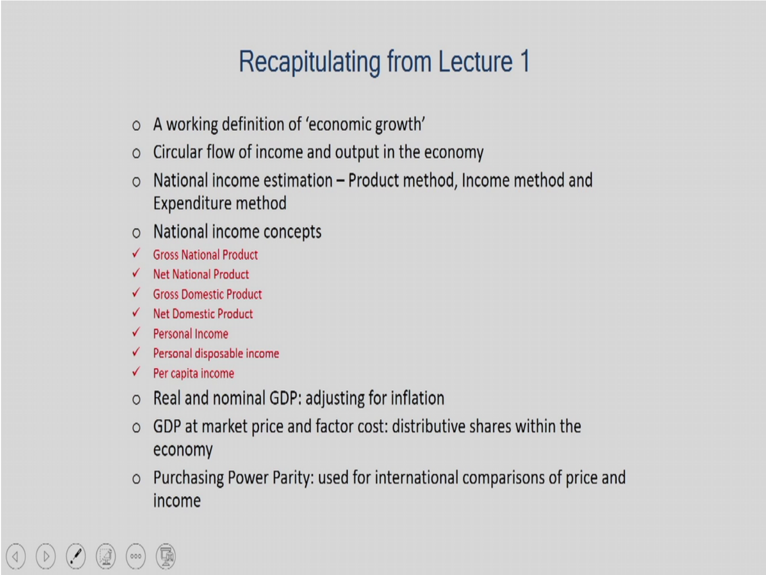
Hello and welcome to the second lecture of the NPTEL MOOCs course on Economic Growth and Development. In today's lecture we will be studying the Structural characteristics or structural features of the developed and the underdeveloped countries of the world.

(Refer Slide Time: 00:47)



The flow of the presentation of the lecture today has been arranged as follows; first I will recapitulate from the last class the first lecture. Then I will give country classification followed by the World Bank based on income criterion, then we will have a brief look into what is meant by developing countries? Who constitute the first, second and the third worlds? We will also look at the population and GDP distribution of the developed and underdeveloped countries of the world and then we will look at some of the specific features with respect to occupation and production structures, demographic features, social security arrangements and a brief discussion of the other features that distinguish the developing countries from the developed countries.

(Refer Slide Time: 01:32)



In the last class we studied a working definition of economic growth, which basically meant and increase a sustained increase in the standards of living of people living of people, which is usually measured in terms of income. We also looked at the circular flow of income and output in an economy, usually there are many sectors in an economy the for example, the household sector, the firm sector, the government sector, the foreign sector, but to make things simple.

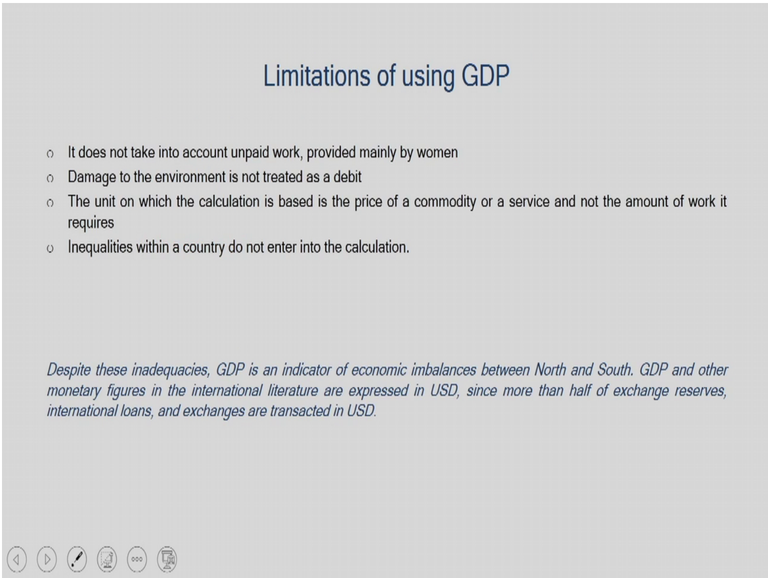
We looked at a simple closed economy constituting the households and the firms and we saw how the households provide factors of production factors or factor services to the firms, in the form of sale and labour and capital and how the forms make factored payments to the households. Similarly we also saw the flows of how firms provide output to the households and the households provide consumption expenditure or incomes in the form of consumption expenditure back to the firms. After looking at the circular flow of income and output in the economy we also studied the national income estimation methods.

There are 3 broad methods the product method, the income method and the expenditure method, we briefly discussed what are these methods, how to avoid double counting and then we specifically picked up some of the important national income concepts such as the gross national product, the net national product, the gross domestic product, the net domestic product, personal income, personal disposable income and per capita income.

We also studied the difference between real and nominal GDP to understand how it is important to adjust for inflation to be able to do any real comparisons of GDP across time and across states or across regions. We also saw the difference between GDP at market price and factor cost emphasizing on why it is important to look at GDP at factor cost because we want to understand the distributive shares of different factors of production within the economy.

I also introduced you to the concept of purchasing power parity, which is basically used for international comparisons of price and income. We saw that it is basically a price index and it is different from exchange rates and it is used as one form of a price index similar to the consumer price index for international comparisons of price and income.

(Refer Slide Time: 03:59)



Now taking the discussion from the first lecture forward, let us also look at some of the limitations of using GDP as an estimator. Now, the GDP is conventionally the most accepted indicator used by many economists to evaluate the production of output such as goods and services. However, the information it gives us incomplete biased and questionable for at least the following 4 reasons.

First is it does not take into account unpaid work provided mainly by women. So, unpaid work basically means the work of housewives or women staying back at home, women and men staying back at home, taking care of the elderly, taking care of the children in macroeconomics it is a term for this, which is referred to as social reproduction. So, GDP estimations do not take into account unpaid work and which is a serious limitation because they are all productive work adding to the human capital formation of a country.

Secondly, damage to environment is not treated as a debate this basically means that when there is production of goods and services in an economy there is a corresponding use of natural resources, which means that there is some kind of a damage to the environment. However the damages to the environment does not enter into the valuation process of GDP therefore, damage to environment is not treated as a debit is a serious limitation of the GDP estimate.

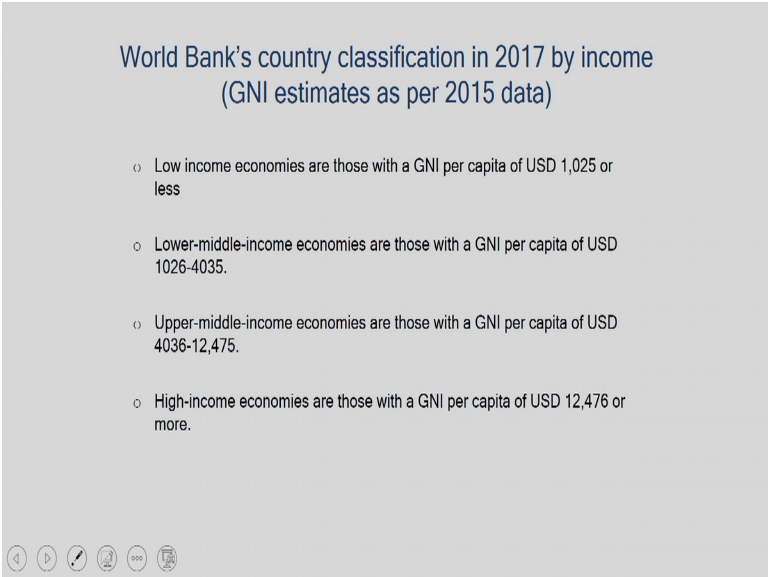
The third limitation is that, the unit on which the calculation is based is the price of a commodity or a service and not the amount of work it requires. If you recollect from the last class on the definition of GDP, you would remember that we discussed that GDP refers to the valuation of all the final goods and services produced in a country in a given period of time in a given year particularly.

Now when we are referring to final goods and services we are not referring to we are not referring to the amount of time and effort required to produce those goods and services. Now the time required to produce the goods and services in a country a and a country b may be very different and the terms and conditions of works may be different, the environment under which the workers are working very may be very different for example, a country a may be producing a product by putting in let us say 6 hours of work, but a country b may be producing a product by putting in let us say 10 hours of work.

However these differences in working conditions are not taken into consideration when while valuing while making a valuation of GDP therefore, this is a serious limitation. The fourth limitation is that inequalities within a country do not enter into the calculation of GDP we know that there are sharp income differences within a country. However, since we are looking largely at the organized formal sector in which goods and services are produced.

Therefore informal sector or the unorganized sector is largely left out of the valuation of GDP and consequently inequalities of incomes do not get captured in the GDP calculation. Now despite these inadequacies GDP is an important indicator of economic imbalances between the Global North and the Global South. GDP and other monetary figures in the international literature are usually expressed in USD since or the US dollar. Since more than half of exchange reserves international loans and exchanges are still transacted in US dollars.

(Refer Slide Time: 07:28)



Now, let me introduce you to the World Bank's country classification using income criterion generally in the literature of development economics or the growth literature we do make references to developing countries developed countries underdeveloped countries and so on; however, the growth story of the last 25 audios tells us that these categorizations have become very fluid the developing the underdeveloped countries of the far of the past have caught up very rapidly with the developed countries.

As a result of which income continues to be the most important criterion for distinguishing the rate of growth of or countries across the world and World Bank being a Bretton Woods Institution and being at the helm of affairs as far as policy policies are concerned at the international level the World Bank classification is widely used and therefore, I am introducing you to the World Bank classification country classification going by income.

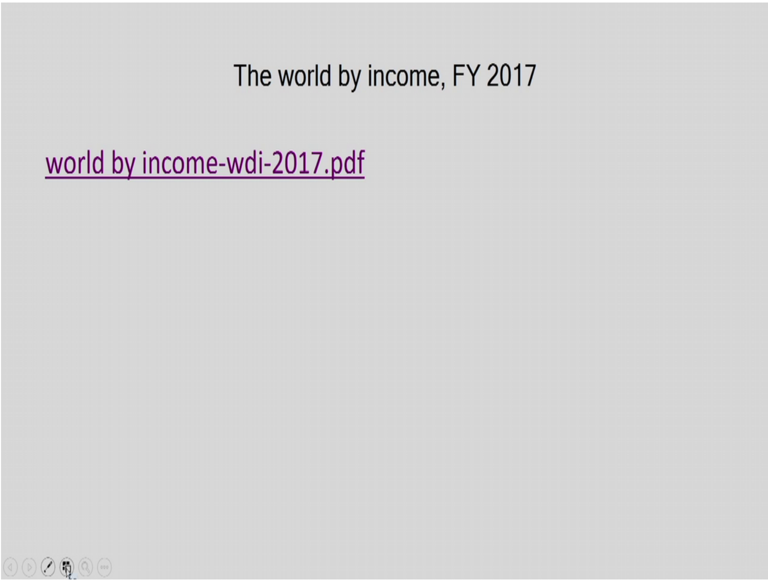
The World Bank comes up with a report called world development indicators the I have used the estimates from the recent world development indicators report of 27 which uses gross national income estimates as per 2015 data. Now going by the World Bank income plus a country classification by income there are 4 country categories and this is mainly the used for operational and analytical purposes the national the gross national income per capita is converted into US dollars.

So, for example, if you see the report of WDI the World Development Indicators 2017 you will see that there are detailed country classifications fixed by GNI per capita for the most recent year, which in this case is for the year 2015. So, there are 4 country classifications the first is low income economies, second is lower middle income economies, third is upper middle income economies and the fourth is high income economies.

Now, note here that although these categorizations of incomes are made there are huge inequalities or there are huge disparities within these country classifications as well; however, that is not what we are discussing now. The low income economies are those which have GNI per capita of USD 1,025 or less this is going by the 2015 estimates, the lower middle income economies are those with a GNI per capita of USD 1,026 to 4,035.

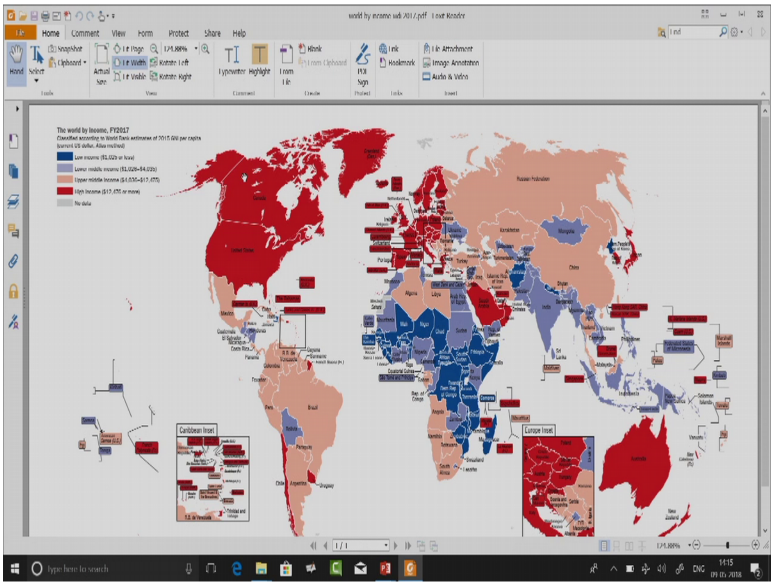
Upper middle income economies are those with a GNI per capita of USD 4,036 to 12,475 and high income economies are those with a GNI per capita of USD 12,476 or more. Now generally these countries, which are categorized, classified under upper middle income economies or high income economies are referred to as developed countries of the world. However there is nothing sacrosanct about these classifications.

(Refer Slide Time: 10:35)



I would just to introduce you to the, I would like to show you the map given by the world development indicators.

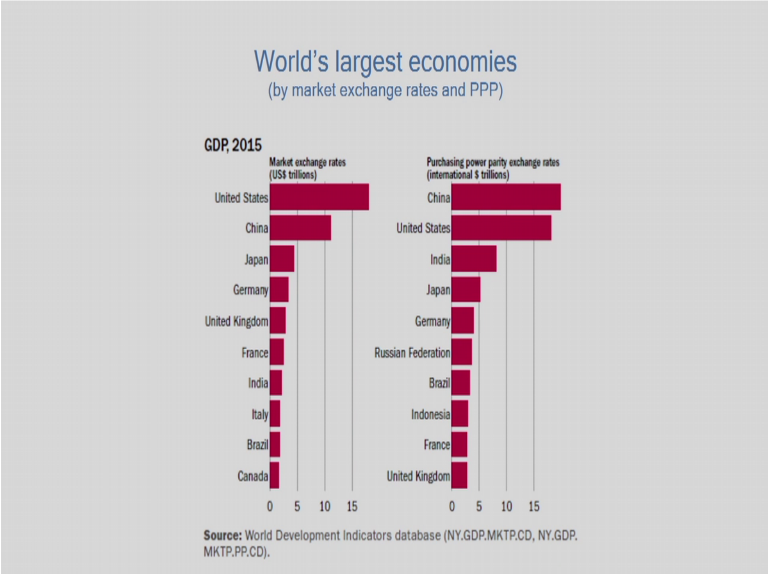
(Refer Slide Time: 10:44)



So, this is the map which is given by the world development indicators report and dark blue areas in the map are the low income countries, if you see closely you will see that these are mostly the countries in Sub - Saharan Africa.

For example you have Chad, Niger, Rwanda all of these dark blue areas are the low income countries, the light blue areas are the lower middle income countries most of South Asia falls under the lower middle income countries. Central Asia, Russian federation, South America countries coming under these light red areas are the upper middle income countries and America, North America and Western Europe are largely the high income countries.

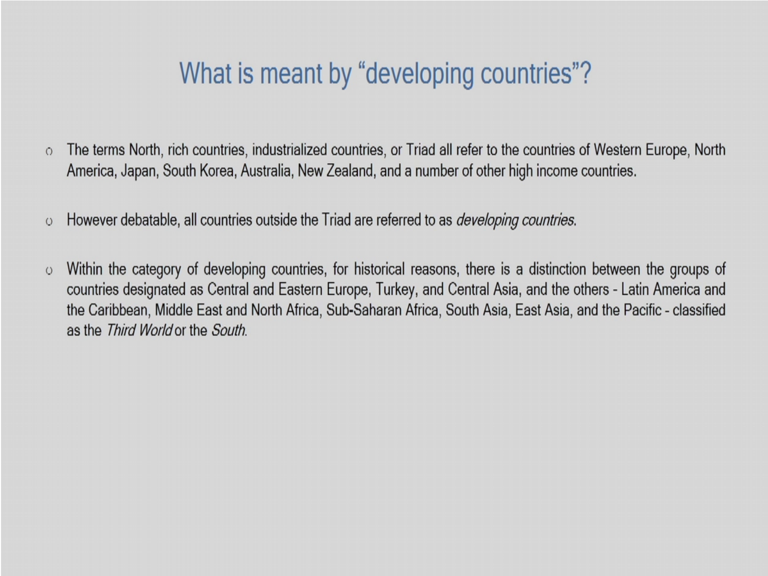
(Refer Slide Time: 11:42)



Since I have already introduced you to GDP at market prices and GDP at purchasing power parity in the last class, this is just to show you how the countries are ranked going by the latest estimates of GDP 2015 which came out in the world WDI report of 2017, going by the GDP market prices of the market exchange rates, you would see that the countries are ranked as United States as the first trend country followed by China, Japan, Germany, UK, France, India, Italy, Brazil and Canada.

Most of the developed countries are ranked first; however, going by the purchasing power parity exchange rates, China surpasses the all other countries followed by United States, in India. Now this is the importance of looking at GDP market at market price versus GDP by purchasing power parity exchange rates.

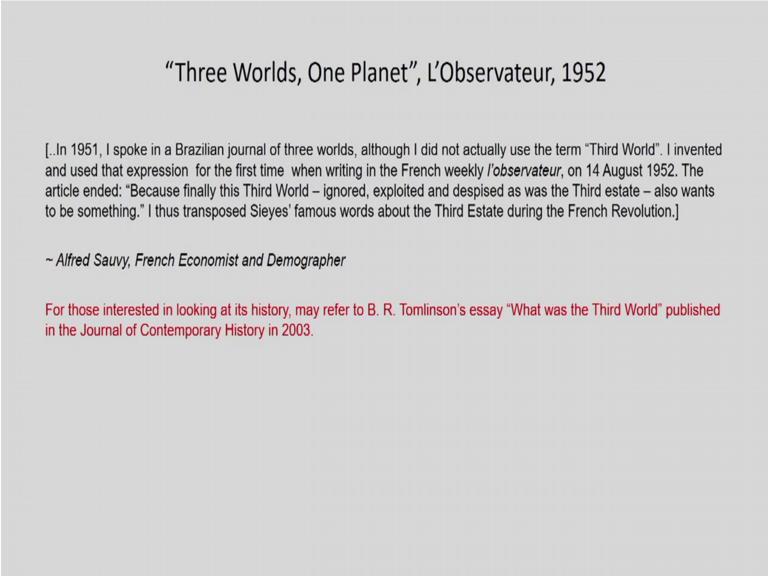
(Refer Slide Time: 12:34)



Now, let us come to the vocabulary it is very important that we defined developing countries. The terms North, rich countries, industrialized countries, or Triad all refer to the countries of Western Europe, North America, Japan, South Korea, Australia, New Zealand and a number of other high income countries. However, debatable it may seem to group such diverse countries such as Thailand, High T, Brazil, Nigeria, Niger, Russia or Bangladesh into one category. The terminology is found in the statistics provided by the World Bank and the IMF as well as the OECD, the UNDP and other UN agencies are the most widely used.

Therefore to be able to scrape through all of this literature we have to use the terminology is referred to by them. Thus we refer to all countries outside the triad as developing countries. Now within this category for historical reasons distinction is made between groups of countries designated as Central and Eastern Europe, Turkey and Central Asia, Latin America and the Caribbean, Middle East and North Africa, Sub - Saharan Africa, South Asia, East Asia and the Pacific claimed as the third world or the South.

(Refer Slide Time: 13:52)

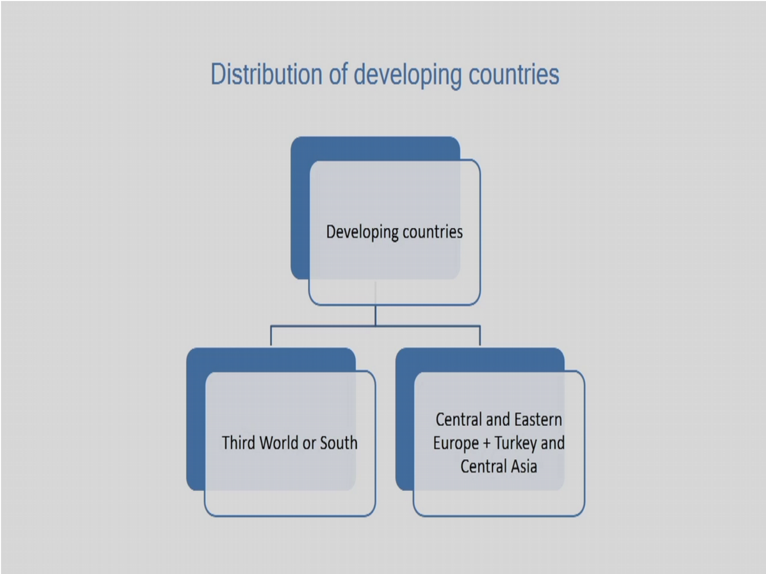


Now, there is a very interesting story to the first, second and the "Third Worlds" it is said that this terminology "Third World" was first used by the French Economist and Demographer Alfred Sauvy in an article that he wrote for the French magazine the Observateur in 1952 it was titled 3 worlds one planet. It is said that it that the terms first, second and third world were used in the beginning of the cold war when the political divide between western capitalism and soviet union or the soviet socialism was at it is peak and there were certain groups of countries which were former colonies, who did not want to be part of either the western capitalist block or the soviet socialist block.

Now, thinking of these 3 factions Alfred Sauvy the French Economist and demographer talked about the 3 worlds, the first world consisted of the us Western Europe and their allies, the second world was a so called communist block and the third world constituted the former colonies. Now because many of these third world were impoverished the terms came to be used it also they were also referred to as the poor world.

Over a period of time after the fall of Soviet Union the term the terminology second world went out of the vocabulary of the first, second and third worlds and the terms that were largely used or frequently used in the growth literature the development literature was the first world and the third world. Now this is an additional reading for those interested in looking at the history of the formation of the third world the composition of the third world, I would urge you to look at B.R. Tomlinson's essay on "What was the Third World" which was published in the journal of contemporary history in 2003.

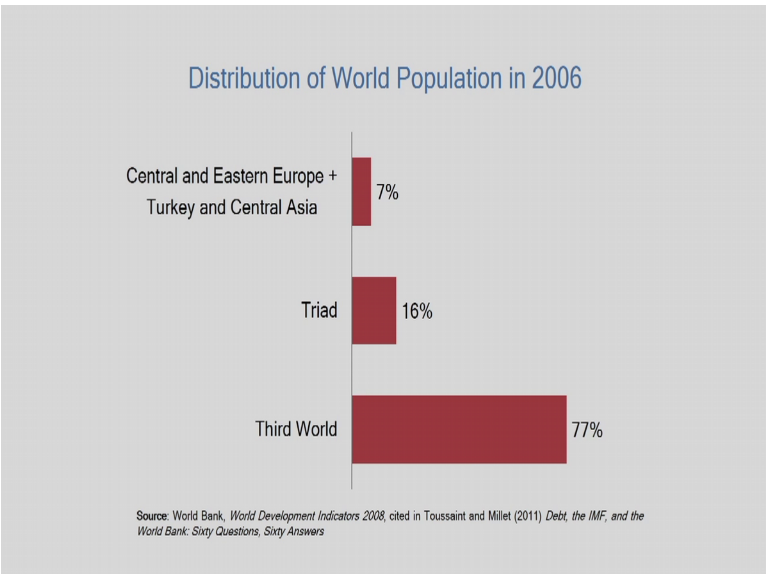
(Refer Slide Time: 15:41)



Now, moving on so, if we want to look at what are the, who are the developer console up in countries, we can categorize them further into the Third World or the South and then the Central and Eastern Europe plus Turkey and Central Asia they are both referred to as the developing countries of the world.

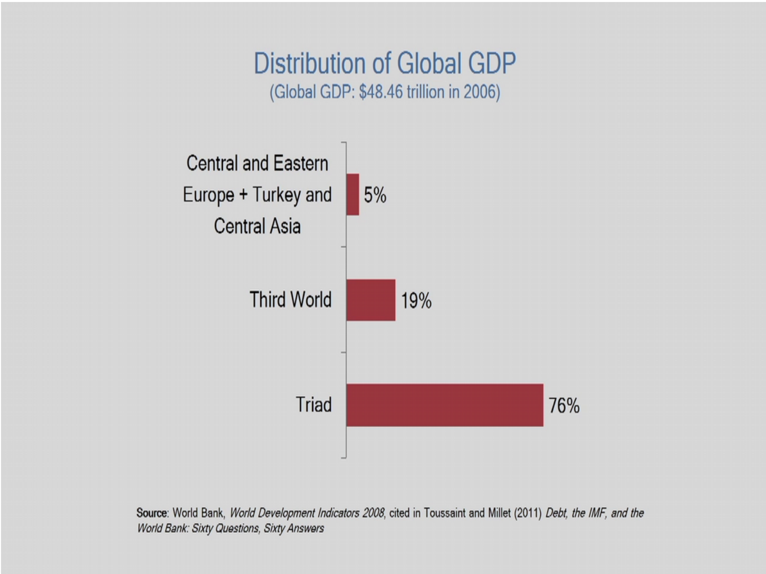
Now, let us look at some distributions.

(Refer Slide Time: 15:59)



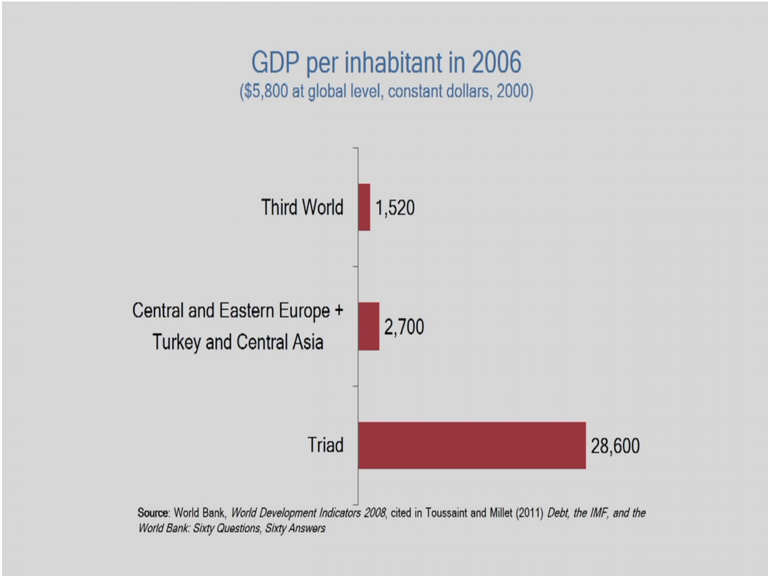
In 2006 the world development indicators report of 2008 brought up the 2006 estimates of world population. And going by the distinction that we just made with respect to the Global North the Global South and Central and Eastern Europe plus Turkey and Central Asia we you would see that in 2006, 77 percent of the world population resided in the Third World, 16 percent in the Triad and 7 percent in Central and Eastern Europe, Turkey and Central Asia. So, which means that out of a world population of approximately more than 6 billion people about 84 percent live in the developing countries and this number is not has not changed much.

(Refer Slide Time: 16:45)



If you look at the distribution of Global GDP you would see that and this is GDP in trillion dollars in 2006 brought out by the WDI in 2008, the in the triad GDP was distributed the share of the Triad or the share of the Global North in Global GDP was about 76 percent, the third world 19 percent and Central and Eastern Europe Turkey and Central Asia about 5 percent. Note the difference in these graphs while the world population largely resides. In the Third World incomes are largely seen in the concentrated in the Global North or the Triad.

(Refer Slide Time: 17:26)



It is interesting if you look at the GDP per inhabitant data of 2006 you would see that the Triad the GDP per inhabitant in the Triad or the North Global naught was about 28,600 dollars in contrast to just about 1,520 US dollars in the Third World. Note the difference in these graphs where the population the incidence of population a concentration of world population is largely concentrated in the Third World. However incomes are concentrated in the Global North and that is the kind of imbalance and inequality that we are talking about when we are looking at different country classifications.

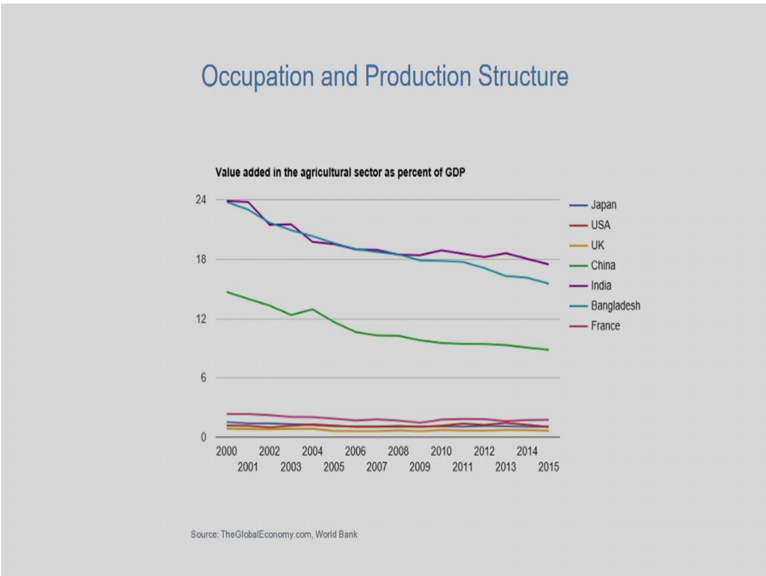
Now the GDP per inhabitant data reveals the economic gulf separating the North and the South; however, this provides an incomplete overview of the world economic situation as it often ignores the flagrant income disparities within a given country. For example, the UNDP is human development report of 2006 tells us that income of the worlds 500 richest people exceeded the cumulative income of the world's 416 million poorest people based on the income statistics reported in 2006.

Now, I must mention here that the term developing countries has been scathingly criticized by various economists and social scientists working on growth and development literature. And rightly so, because this term essentially means that these countries the developing countries are trying very hard to catch up with the developed countries as if there is only one way to develop and as if the model of the developed countries are the best and as if some countries were further along the road than the others in the race to make up for lost time.

So, the critics claim that the purpose of using this pernicious term is to have the world believe that there is only one possible form of development and to legitimize the decisions of the major powers and institutions that shared the same logic and when I am referring to the institutions here there is the critics make a reference to the Bretton Woods Institutions such as the World Bank, the IMF and the other international financial institutions. So, the critics claim that the purpose of using this term developing countries is to have the world believe that there is only one possible form of development.

And to legitimize the decisions of the major powers and institutions that share the same logic, while marginalizing the arguments of those who have formed that there are other possible and alternative ways of development. Since the most important objective of this lecture is to introduce you to some of the structural features of the developing countries which essentially also means that we are differentiating between the structural features of developed and the developing countries, let me quickly introduce you to some of these structural features.

(Refer Slide Time: 20:30)



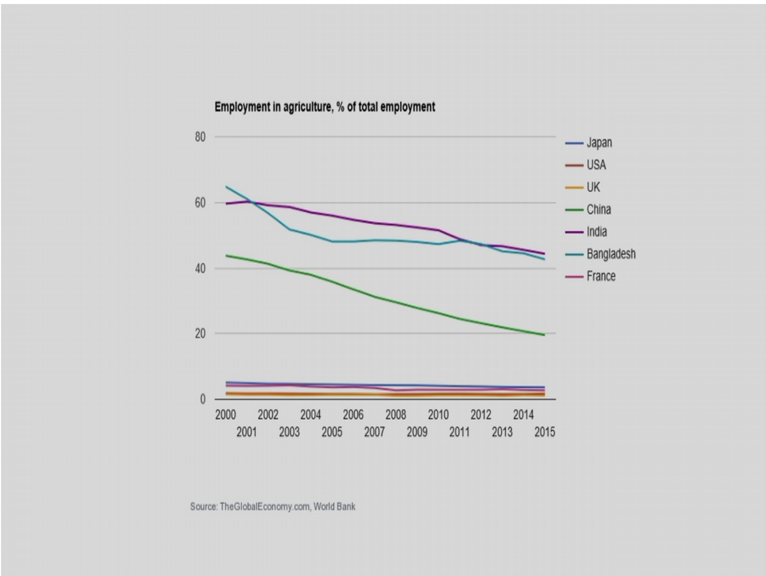
Now, these are certain graphs which have been collected from the global economy dot com which is an initiative of the World Bank, which gives country comparisons based upon various macro estimates, macroeconomic estimates. If you look at this graph here it tells us the value added in agricultural sector as percentage of GDP, what it basically means is that what is the contribution of agricultural sector to the GDP of a country and this is all in US dollars and these are all in percentages, the countries that I have taken in here are Japan, USA, UK, France which would qualify as a developed countries, India and Bangladesh as low income countries and China as an upper middle income country.

Now you would see that Japan, USA, UK, France the value added in agriculture sector as percentage of GDP ranges between one to about within 1 to 6 percent whereas, in the case of India and Bangladesh while declining over the period 2000 to 2015 it is still very close to 20 percent as of 2015. But if we put all the developing countries together the share of agriculture to total output or total GDP will be very close to about 30 percent or in the range of 25 to 30 percent.

Now what does this mean, this means that agriculture basically accounts for a significant fraction of production in developing countries and substantial since substantial agricultural output is produced for self consumption in these countries the numbers may actually be much higher than what this data shows.

However one common characteristic is that the share of agriculture in total output or total GDP is higher for the developing countries.

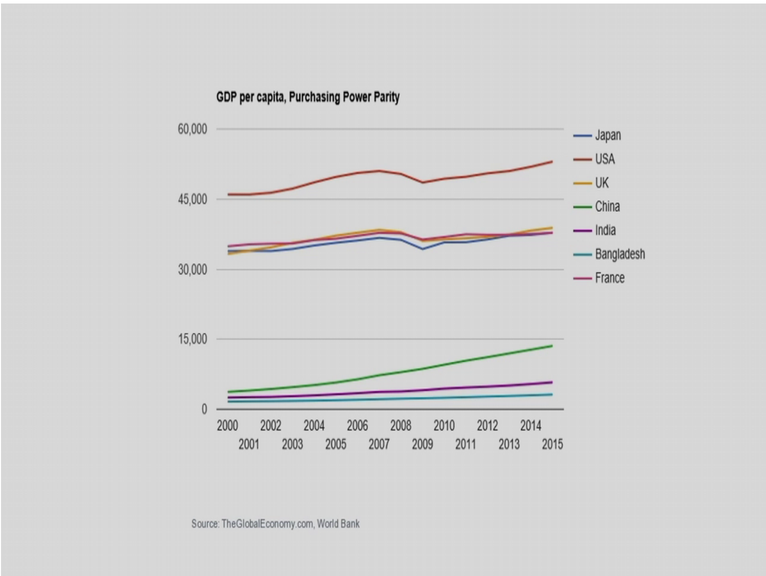
(Refer Slide Time: 22:23)



If you look at employment in agriculture as percentage of total employment it also tells us a similar story in terms of patterns for example, in India and Bangladesh here you would see that more than 40 percentage of the population, more than 40 percent of employment is still in agriculture which means that agriculture is still the biggest contributor to not just output, but also employment.

However note here that while the percentage contribution to GDP is in is about less than about close to 20 percent in 2015 percentage dependence on employment for in from agriculture is much higher than it is share in output which also shows that the pressure on agriculture is very high in developing countries.

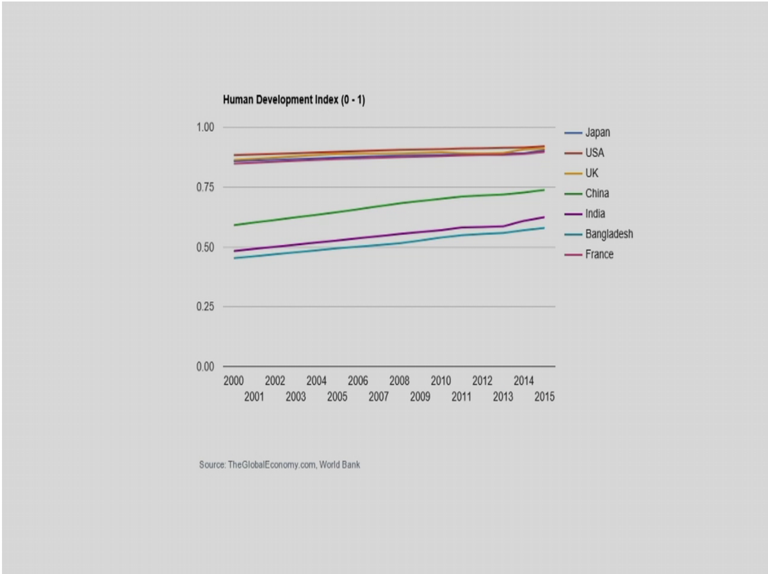
(Refer Slide Time: 23:11)



I have also put together the GDP per capita in purchasing power parity and here you will see that the story is reversed, in terms of GDP per capita purchasing power parity India, Bangladesh, China are the levels are much lower than the developed countries of the world.

So, what does this mean here it means that, while agriculture is the biggest contributor to output, agriculture is the biggest contributor to employment the levels of incomes per capita incomes are very low compared to the developed countries and this is one of the commonalities of the developing countries across the world high pressure on agriculture and low incomes.

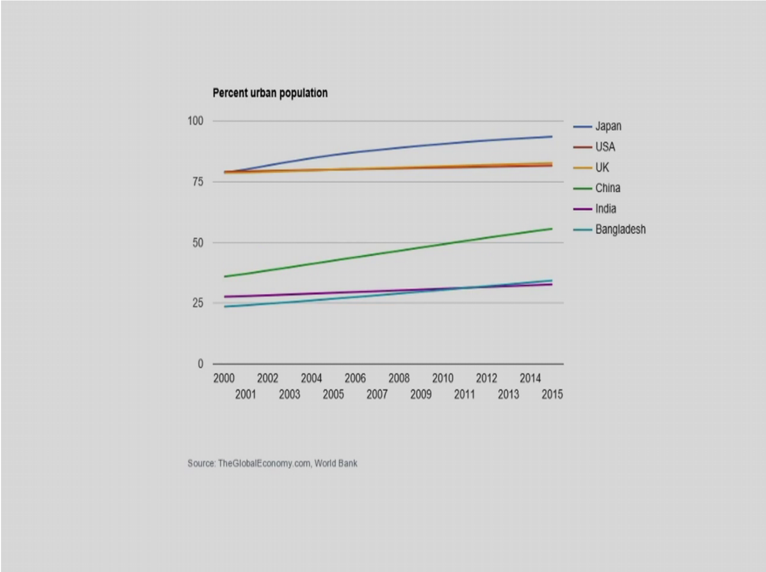
(Refer Slide Time: 23:54)



I have also put together the human development indices the rankings the human development index of these countries and you would see that India, China and Bangladesh ranked lower than the developed countries of the world.

While the human development reports over the years have shown us that apart from income, health and education also goes on to show that it is not just income, but health and education also affects the rankings of countries. So, it is not necessary that those countries which are very high incomes may also have very high levels of human development, but in general we do see that high income countries also have high levels of human development compared to the low income countries.

(Refer Slide Time: 24:37)

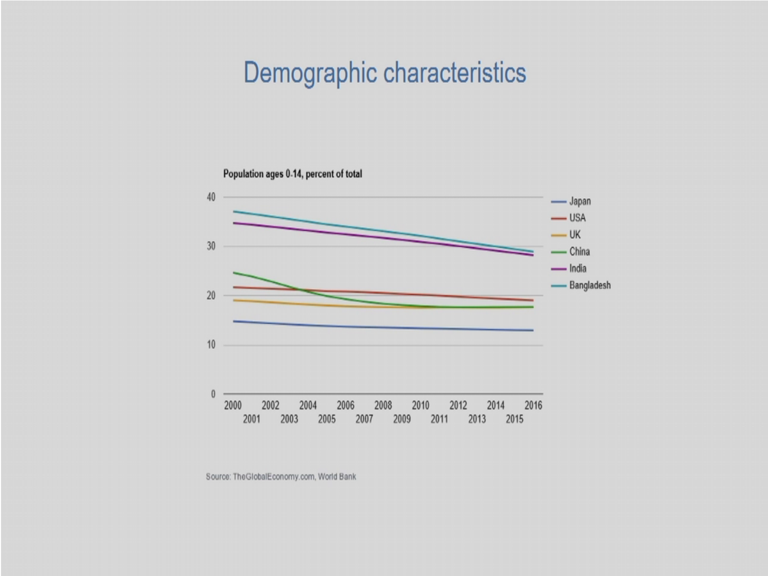


Now, if you look at the percentage of urban population in countries you would see that the developed countries have a more urbanized population and the developing countries have more population in the rural areas and it makes sense when you have a very large population dependent on agriculture and you have a very large population dependent on employment from agriculture it is, but obviously, there is a very high that the percentage of population in rural areas is higher than in the urban areas. So, the developed countries have a more urbanized population than the low income countries.

Now, what are we trying to say here, it basically in terms of a structural characteristic it basically means that agricultural activity forms a significant part of the lives of a people living in developing countries. The overall numbers for production and occupational structure suggests that agriculture often has lower productivity than other economic activities in many developing countries capital intensity in agriculture is at a bare minimum and there is often intense pressure of population on land.

And if we add to this fact that agriculture especially one were not protected by assured irrigation and ready availability of fertilizer and pesticides it can be a highly risky venture. Many farmers bear enormous risks and they these risks may not look very high if shown in terms of a US dollars, but they often make huge difference to the subsistence of marginal and small farmers in the developing countries of the world.

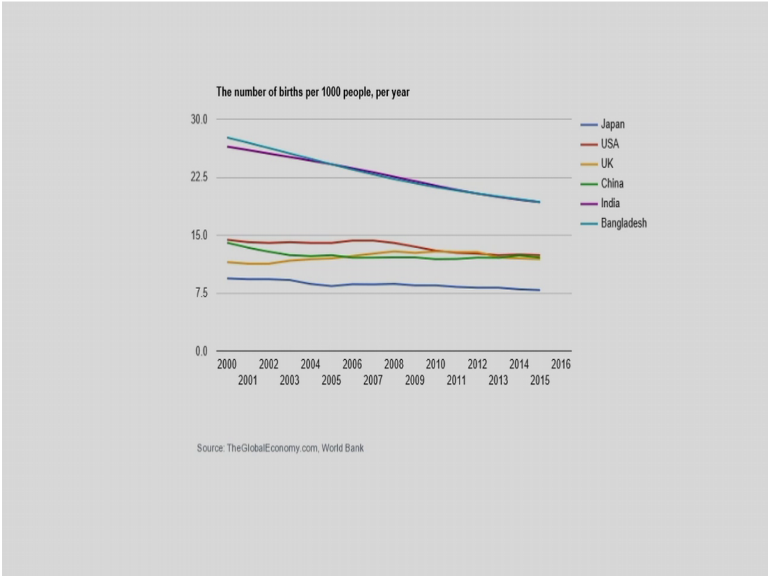
(Refer Slide Time: 26:15)



The second structural characteristic that needs emphasis here is with respect to demographic features and there are clear differences in the demographic structure of the developed and the developing countries, I have again put together some graphs from the based upon the World Bank estimates first is in the population ages 0 to 14 percentage of total population you would see that the developed countries such as Japan, USA, UK including China, China is an exception here because of it is one child norm.

However the developed countries have a very low share of young population in their country whereas, India and Bangladesh show a very high share, although declining the share of population in the ages 0 to 14 is much higher than that in the developed countries.

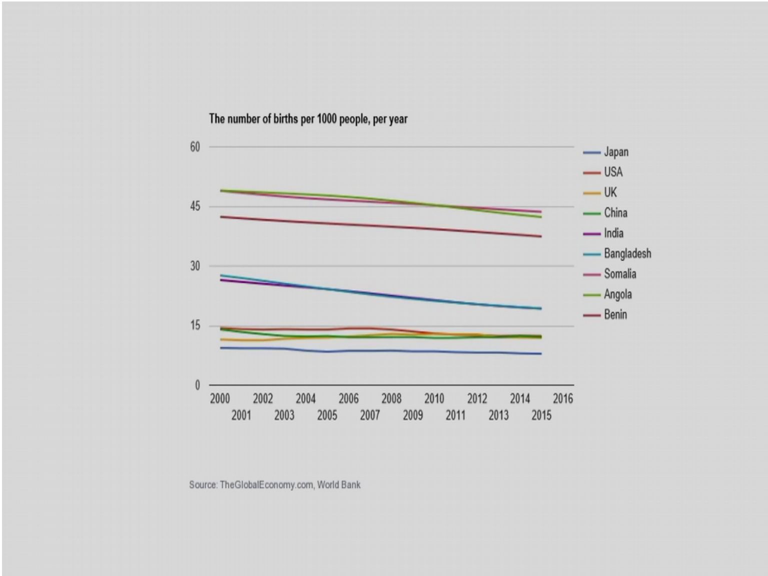
(Refer Slide Time: 27:08)



Similarly, if you see the number of births per 1000 people in a year it is the same story the number of births developing countries generally have very high birth rates and as we see in this figure here India and Bangladesh have very high number of births per 1000 people though in though in declining over a period of time and there are important reasons why this decline have has taken place over a period of time and this decline has been so, across countries.

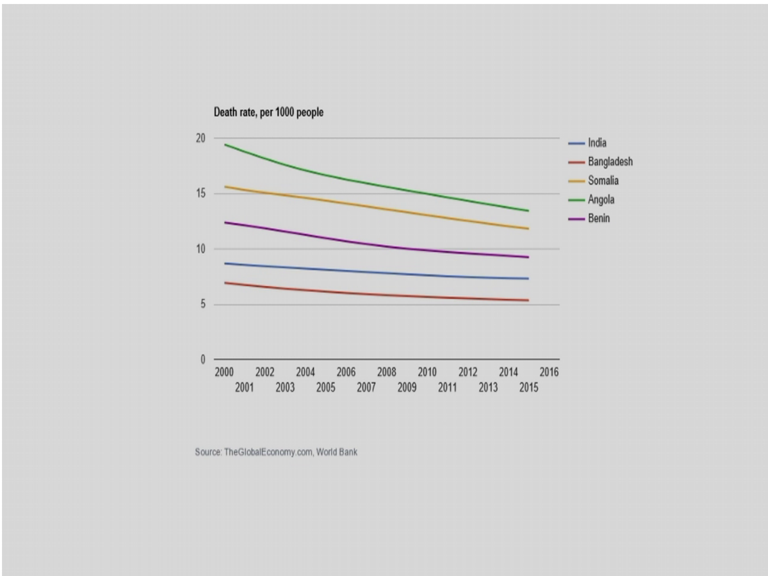
However the levels the difference in levels is what is important there is a difference in the levels of the number of births per 1000 people per year. Now in this figure I had put together the developed countries or the high income countries along with the low income countries.

(Refer Slide Time: 27:53)



The, but in this figure I have brought in 3 Sub - Saharan African countries Somalia, Angola and Benin and you would see that the number of births are much higher than what you see in India and Bangladesh. So, the very low income countries have the characteristic of having very high birth rates.

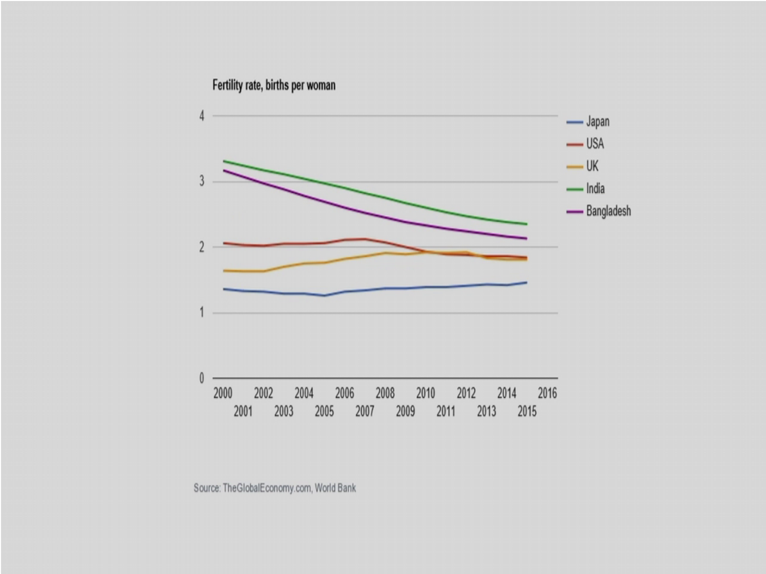
(Refer Slide Time: 28:13)



The death rates on an average has been declining across countries in the globally primarily because of advances in medical technology and also the rate of development.

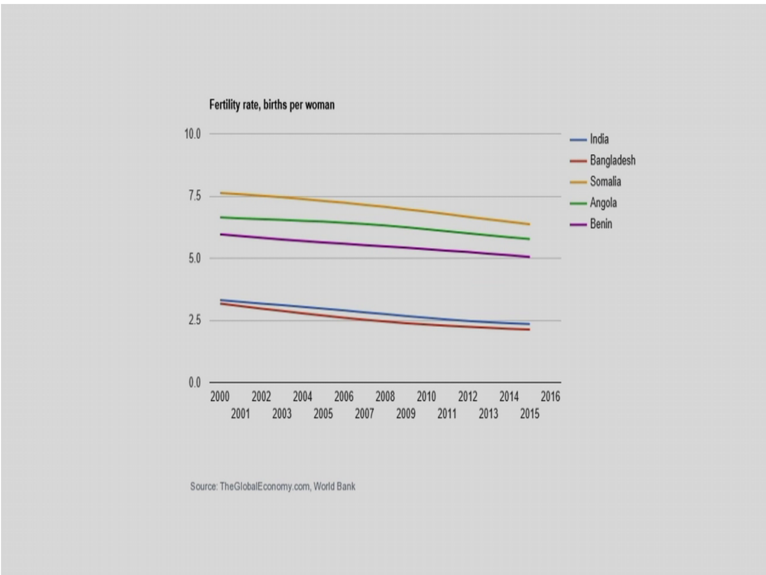
However, it is also a fact that very poor countries are largely characterized by both high birth rates and high death rates.

(Refer Slide Time: 28:29)



Similarly, fertility rate or the births per woman also shows a clear difference in pattern in the developed countries the fertility rates are much lower than that of the developing countries.

(Refer Slide Time: 28:41)



If I juxtapose the Sub - Saharan African countries such as Somalia, Angola and Benin in to this you would see that there is a huge difference in levels whereas, in India and

Bangladesh just about close to 2.5, in Somalia it is still close to 6 or more than say a little more than 6 whereas, in the developed countries it is in the range of 1 to 2.

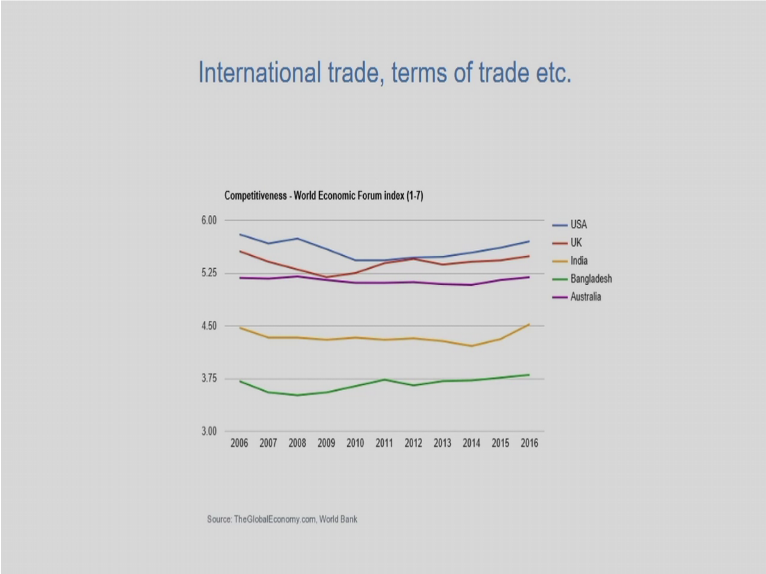
Now, one it is important to understand here that as development proceeds death rates plummet downward, often birth rates remain high and before they finally, follow the death rates on the downward course and in this process a gap opens up between the birth date and the death rate and that leads to a high population growth rate. And this high population growth rate has growth has 2 effects, it means that overall income must grow faster to keep per capita growth at reasonable levels.

To be sure the fact that population is growing helps income to grow because there is a greater supply of productive labor. However, it is not clear which one has an edge over the other, the larger amount of production or the larger population that makes it necessary to divide that population among more people. The negative population effect may well end up dominant especially if the economy in question is not endowed with large quantities of capital both physical and human.

There is a second effect of high population growth or high birth rates to be precise and that is the overall population is quite young now it is easy to get an intuition for this high birth rates mean that the proportionately large number of children are always entering into the population. This means that population is heavily weighted in favor of children and this may also mean that you have a very high young population and a productive population in future which may add to human capital formation and so on and so forth.

However it also has it is negative effects because it also means that child leave the ill effects of child labor are also very high or the overall levels of productivity in a country are also very low because there are many more mouths to feed in a household. So, there are many untoward consequences of an abnormally young population and that is one of the commonalities of the developing countries of the world or the so, called underdeveloped countries of the world.

(Refer Slide Time: 30:58)



Now, in terms of international trade and terms of trade we see that there are clear differences between developing and developed countries. However, in this in this figure I have not brought in exports or imports figures the recent figures because the recent figures show quite an amount of diversity and mix with respect to the developed and developing countries. However, what I have shown here is, what is referred to as competitiveness in world economic forum index this is what the World Bank refers to and the global competitiveness index is composed of 12 pillars of competitiveness.

They are organized as a for example, basic requirements of institutions, infrastructure, macroeconomic stability, health and primary education, efficiency enhancers, higher education and training, goods market efficiency, labor market efficiency, financial market sophistication, technological readiness, market size, innovation and sophistication factors etcetera. Now going by the global competitiveness or world economic forum index again you would see that India and Bangladesh ranked much lower than that of the developed countries of the world.

However a very important point to be noted with respect to international trade and the structure and the commonalities in international trade or terms of trade between the developed and developing countries is as follows. The developing countries enough often exporters of primary products such as raw materials, raw materials cash crops are sometimes food a major export items, textiles and light manufactured items also figure on the list.

In contrast the bulk of exports from developed countries is in the category of manufactured goods ranging from capital goods to consumer durables. Of course, there are many exceptions to these broad generalizations, but this is the overall picture and one of the summaries that can come from international trade in terms of trade is that developing countries are likely to have a high ratio of primary goods in their total exports, but as far as imports are concerned there is significantly less variation.

Now, there are other imports or structural characteristics which differentiates the developed countries with respect to the developing countries and that is related to the pressure of population and agriculture, because of the pressure of population and agriculture there are rapid rural urban migrations as well. And the rural urban migrations have been increasing while the agricultural sector within the developing countries has been declining off late with there is no substantial non agricultural sector as well.

However there continues to be a high pressure of pollution in the agricultural sector in the developing countries of the world. Other important fact structural features that characterize developing countries are very low productivity and low human capital formation in the economy. Now one last structural characteristic which I would like to emphasize on is with is about social security arrangements in the developed versus the developing countries.

(Refer Slide Time: 34:03)

Now, as I have already discussed in the last class with respect to GDP calculations and the organized formal sector. The developed countries are characterized by a very large organized sector or very large formal sector whereas, the developing countries of a very large informal sector. And one of the characteristic features of the developed countries is that social security grew massively after the Second World War and in the past 30 years many countries have introduced reforms in unemployment benefits and social assistance.

In developed country social security covers workers in the dependents against old age, unemployment, health and other risks social security systems are complex and large it may range from 31 percent of GDP in Sweden to about 16 percent in USA cross country studies of income redistribution that examined the coverage of low income risks by government programs show that social security has helped reduce poverty drastically, by at least 40 percent in Europe and in heavily insured countries like Belgium and Sweden it is more by more than 70 percent and by 28 percent in the United States.

However in contrast developing countries only have a large bouquet of anti poverty programs, the formal sector workers have access to social insurance and the very poor have some access to social assistance in health services, but large population groups are not covered. So, extending social security coverage would require de linking social security benefits and labor market status, creating new institutions to cover currently excluded groups, financing these new programs through general taxation, improving tax collection, reducing the costs of formal sector benefits and increasing the costs of informal sector benefits.

Now, to conclude this lecture on a structural characteristics of the developed visa we the developing countries there are a few important factors that need to be taken into account. One is the overwhelming importance of the agricultural sector, while the industrial sector is also increasing in the developing countries of the world. Agriculture continues to be the mainstay of the developing countries; a very large share of employment cast continues to come from the agricultural sector accompanied by very large rural urban migrations.

The second important feature is with regard to the demographic profile of the demographic structure of the developing countries. The developing countries of the so, called underdeveloped country still have a very high birthrate and high fertility rates and therefore, the share of young population in the country is very high and that also leads to a very high dependence ratio. However, research in the past I have also shown that it also leads to a demographic dividend because you have a very large young population which is available for various kinds of employment opportunities and investments with respect to such countries.

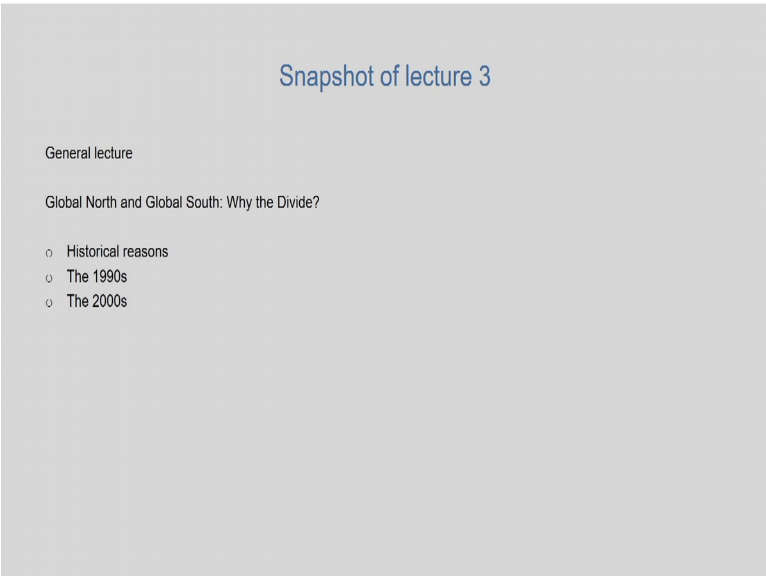
The third important characteristic is with respect to international competitiveness or international trade the international trade mix of the developing countries is such that exports are primarily in terms of primary products the while the import mix of developing countries in the and their developed countries are more or less the same; however, exports are mostly in terms of primary goods whereas, the developed countries export more of manufactured goods.

And the final analysis social security arrangements the developed countries of the world seem to have very elaborate formal social security arrangements whereas, the developing countries have only a large bouquet of anti poverty programs because a large section of the population continues to live in the informal sector. So, to summarize our lecture today we began understanding we began to define what our develop, what is a developing country.

What are the classifications, what are the categorizations that are followed with respect to understanding a developing country; I think we have a fair understanding now of what constitutes the Global North and the Global South. We got introduced to these concepts of the first world, the second world and the third world. I also introduced you to the World Bank country classification by income and why it is important to look at these income classifications, what is the importance of Bretton Woods Institutions and how, why these classifications are followed internationally.

We then I also took you through to the global population distribution with respect to the Global South, the Global North and the Central Asia, Central Europe, Eastern Europe and Turkey some of these countries. We also looked at the GDP per inhabitant distribution across these countries and then in the final run we looked at detail into some of the figures that tells us the position of the developed countries with respect to the developing countries of the world.

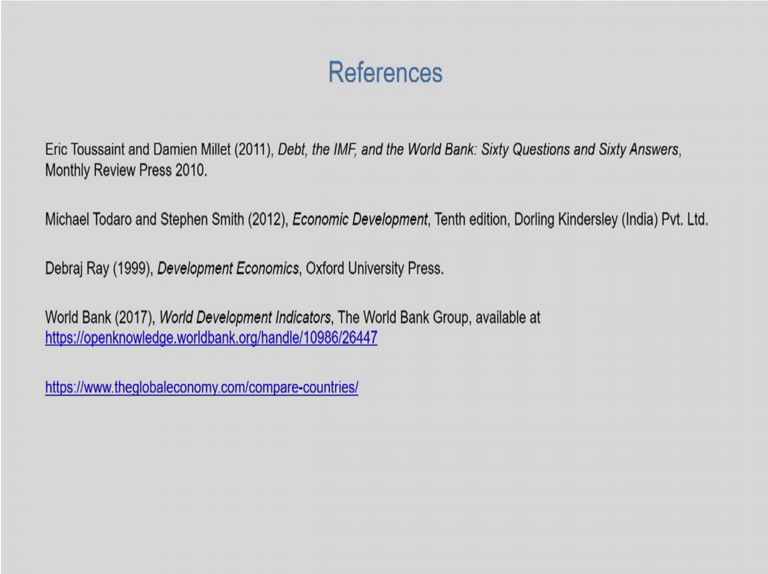
(Refer Slide Time: 39:17)



Finally I would give you a short introduction to the next lecture which is a general lecture and it is titled as the Global North and the Global South why the divide, what we will try to do in the next lecture is to look at the historical reasons as to why the Global North and the Global South came to be known as they are the focus will be on the decade of the 1990's and the 2000's.

What were the most important debates that went on in the 1990's with respect to the Global North in the Global South and similarly the important debates in the 2000 with respect to the Global North in the Global South.

(Refer Slide Time: 39:56)



These are some of the references and texts which you may refer to for your to have more understanding of some of the development indicators that, I have referred to I would urge to look at the world development indicators to have a better understanding of what are the important macroeconomic estimates that are considered for understanding comparisons or making comparisons of development and growth across countries in the world.

Thank you.