

# Stages of Economic Growth



*Part - B*

# Stages of Economic Growth

- ❖ W.W. Rostow was an American Economist and Government official who was one of the key thinkers in 20th-century Development Studies.
- ❖ In 1960 he established his work "Stages of Economic Growth" in which he presented five steps through which all countries must pass to become developed.
- ❖ *These are:*
- ❖ 1) The Traditional society,
- ❖ 2) Preconditions to take-off,
- ❖ 3) The Take-off,
- ❖ 4) Drive to maturity and
- ❖ 5) Age of high mass consumption.

# The Take off Stage

- ❖ Transitional Stage
- ❖ Society from a backward one to one that is on the verge of freeing itself from the elements that retard growth
- ❖ Dynamic change in the society
- ❖ When growth becomes normal condition
- ❖ Major changes in political and social structure

# Continued...

- ❖ Industrial Revolution starts
- ❖ Rate of investment is from 5% or less to over 10% of the national income
- ❖ Expansion of modern sector
- ❖ Greater urbanisation and urban labour force increases
- ❖ A sustained and cumulative character of growth process starts

# 4. Drive to Maturity Stage

## *Period of Self-sustained Growth*

- ❖ Rise in standards of living
- ❖ Increase in the use of technology
- ❖ National economy grows and diversifies
- ❖ The rates of saving and investment are high

# Continued...

- ❖ Workforce shifts from Agriculture to Industries
- ❖ Agriculture workforce comes down 20% or less
- ❖ Consumption pattern shifts, becomes more luxury orientated than Agricultural Products
- ❖ Emergence of railways, hydropower, steel, and animal husbandry and dairy products
- ❖ Growth becomes the normal mode of existence

To be Continued...

Thank You