

DEFECT

Foreign Capital and Economic Development,

1. Capital Investment Requirement.
2. Technology Transfer.
3. Exploitation of Natural Resources.
4. Development of Entrepreneurship
5. Development of economic infrastructure.
6. Financing balance of payment deficit.

= 1. Since U.D.C. want to industrialise themselves within short period of time, it becomes necessary to increase capital investment substantially, this requires high level of saving - saving is low, this can be filled by foreign capital.

= 2. Lower technology in U.D.C. in respect to developed countries. The desire for industrialisation creates the need for improving technology from advanced countries. Such technology transfer comes with foreign capital in the form of PFI.

= 3. Huge natural resources in U.D.C. but there is lack of technical skill and expertise to exploit these natural resources.

= 4. Many U.D.C. suffer from shortage of private entrepreneurs. This creates limitation in the process of industrialisation.

= 5. Domestic capital in U.D.C. is inadequate to build economic infrastructure like, road, rail, comm. - etc.

= 6. B.O.P. in U.D.C. due to $\text{Import} > \text{Export}$.