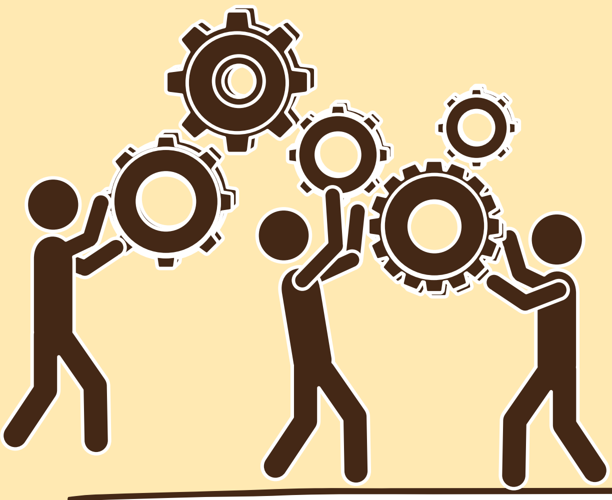
A Step by Step Process

How Big Push Theory Works?



01.Technical Indivisibilities

Industry A and Industry B are interdependent and rely on each other's output as input. Both industries require a minimum scale of production to operate efficiently and profitably

02.Large Scale Investment

Large-scale investment is needed to provide the necessary capital, infrastructure, technology, and skills for achieving this scale

03.Internal Economies

Increasing production leads to internal economies result in lower prices for the output, benefiting the other industry that uses it as an input

04. External Economies

Pecuniary external economies occur when one industry's internal economies positively impact another industry's profitability and demand through the price system

05. Self sustenance Growth

This creates a feedback loop, stimulating further investment and expansion in both industries to facilitate self sustenance growth

06. Planned Investment

A coordinated and planned investment strategy is necessary to ensure simultaneous development and avoid underinvestment or overinvestment

07. Big Push

This strategy, known as the "big push," overcomes initial inertia and propels the underdeveloped economy towards higher levels of development

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