

Economic Growth and
Development



Part A

Economic Growth

- ❖ Economic growth is the increase in the money value of all the final goods and services produced by all the sectors of the economy per head within a time period
- ❖ It is a quantitative measure

Economic Growth

- ❖ It can be measured in terms of increase in the aggregate market value of additional goods and services produced in a country
- ❖ GDP and GNP are the measures for economic growth

Economic Development

- ❖ Till 1960s the term 'Economic Development' was often used as a synonym of 'Economic Growth'
- ❖ But now economic development is no longer considered same as economic growth
- ❖ Economic development is considered to mean growth with the progressive changes in certain crucial variables which determine well being of the people

Economic Development

- ❖ It includes qualitative dimensions which may be missing in the growth of an economy expressed in terms of an increase in GDP and GNP
- ❖ It is the qualitative improvement in the life of citizen of a country and is most appropriately determined by HDI

Three main values of Development

❖ According to Prof. Goulet and others there are three main basic components for the understanding the meaning of development, they are.

1. **Life-Sustenance:** The ability to provide basic needs. People should have certain basic needs (Food, Shelter, health and protection) without which life would be impossible.
2. **Self Esteem:** Essence of worth and self respect, of not being used as a tool by others for their own ends.
3. **Freedom from Servitude** - Freedom from misery institutions and dogmatic believes.

In short development is both a physical reality and a state of mind.

To be Continued...

Thank You