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# Growth and Development

## Growth

- ❑ It refers to a positive change in size or maturation, often over a period of time.
- ❑ Growth from the economic perspective means an increase in the production of economic outputs or goods and services compared over a particular time period.
- ❑ Generally, the economic growth is measured in the terms of Gross Domestic Product (GDP).
  - GDP indicates the production level of the country.
  - It also indicates the expansion and contraction of the country's productivity.
- ❑ Economic growth, however, creates more profit for business and thus results in rise of the stock prices.
- ❑ It also creates space for private capital investment which in turn results in more employment (job creation), income, consumer demand etc.
- ❑ The most important aspect of growth is its quantifiability, that is, one can measure it in absolute terms.
- ❑ Factors Affecting Economic Growth
  - Natural resources
  - Human resources
  - Capital resources
  - Technological development
  - Trade

## Development

- ❑ It is a multidimensional process involving changes in social structures, popular attitudes, and national institutions as well as the reduction of inequality and the eradication of poverty.
- ❑ It is both quantitative as well as qualitative in nature. It is difficult to measure it in absolute terms.
- ❑ **Core values of Development**
  - **Sustenance:** Purpose of development is to create an environment in which all people can expand

their capabilities and opportunities which can be enlarged for both present as well as future generations.

- **Self-esteem:** It has a sense of worth and self-respect, of not being used as a tool by others for their own ends. Development is legitimized as a goal because it is important for the indispensable way of gaining esteem.
- **Freedom to be Able to Choose from Servitude:** Freedom must be understood from the sense of emancipation from alienating material conditions of life and from social servitude to nature, ignorance, other people, misery, institutions and dogmatic beliefs.
- ❑ **Objectives of Development**
  - To increase the availability and widen the distribution of basic life sustaining goods such as food, shelter, health and protection.
  - To raise the levels of living, including in addition to higher incomes, the provision of more jobs, better education and greater attention to cultural and humanistic values, all of which will serve not only to enhance material well-being but also to generate greater individual and national self-esteem.
  - To expand the range of economic and social choices available to individuals and nations by freeing them from servitude and dependence not only in relation to other people and nation states but also to the forces of ignorance and human misery.
- ❑ **Challenges in the Way of Development**
  - Corruption
  - Over exploitation of natural resources
  - Dependence on primary products as raw materials
  - Misuse of foreign assistance
  - Misguided priorities
  - Cultural restraints

## ❑ Various Aspects of Development

### ○ Social Development

- ❖ It is about putting people at the centre of development, which means a commitment that development processes need to benefit people.
- ❖ The way people interact in groups and society, and the norms that facilitate such interaction, shape development processes.
- ❖ The World Bank supports social development by listening to the poor people and promoting their voices in the development process; understanding and addressing their needs, priorities and aspirations and building formal and informal institutions.
- ❖ Some of the indices of social development are Civic activism; Interpersonal safety and trust; Clubs and associations; Gender equality; Inter-group cohesion; and Inclusion of minorities.

### ○ Economic Development

- ❖ It is the process of structural transformation with continuous technological and industrial upgradation which increases labour productivity, and accompanied improvement in infrastructure and institution.

- ❖ It can also be defined as a process whereby low income economies are transformed into modern industrial economies.

- ❖ Economic growth is one aspect of the process of economic development.

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- **Gender and Development:** Development should aim for gender equality which refers to equal rights, responsibilities and opportunities that all persons should enjoy, regardless of whether one is born male or female.

### ○ Human Development

- ❖ It is defined as the process of expansion of human capabilities, a widening of choices, a fulfillment of human rights, an enhancement of freedom and opportunities and improving their well-being.

- ❖ According to the United Nations, there are three essential choices for people Leading a long and healthy life; Acquiring knowledge; and Having access to the resources needed for a decent standard of living.

## Human Development Index (HDI)

- ❑ In 1990, two economists - Prof. Mehbub Al Haque of Pakistan and Prof. Amartya Sen of India introduced the concept of Human Development Index (HDI)
- ❑ Since 1993, it has been used by the United Nations Development Programme (UNDP) each year to calculate the Human Development Index (HDI) and publish it as a report which is known as Human Development Report (HDR).
- ❑ The HDI simplifies and captures only part of what human development entails. It does not reflect on inequalities, poverty, human security, empowerment, etc.

### Dimensions of HDI

#### ❑ Health

- **Life Expectancy Index (LEI):** It is calculated from Life expectancy at birth.

#### ❑ Education

- **Education Index (EI):** It is calculated from expected years schooling for school-age children and Mean years of schooling in the adult (25 years and more) population.

#### ❑ Income

- **Income Index (II):** It is calculated from Gross National Income (GNI) per capita (PPP US\$)

### Categorisation of Countries based on HDI

- ❑ Very High Human Development: An index of 0.8 and above
- ❑ High Human Development: An index of 0.7 - 0.799
- ❑ Medium Human Development: An index of 0.55 - 0.699
- ❑ Low Human Development: An index of 0 - 0.549

### Other Key Indices of Human Development

- ❑ Inequality- Adjusted HDI (IHDI)