

What is Economic Growth?


Economic growth can be referred to as that increase which is witnessed in the monetary value of all the goods and services that are produced in the economy during a time period. It is one type of quantitative measure which reflects the potential increase of the number of business transactions taking place in the economy.



What is Economic Development?

Economic development refers to the process by which the overall health, well-being, and academic level of the general population of a nation improve. It also means improved production volume due to the advancements of technology.

It is the qualitative improvement in the life of citizens of a country and is most appropriately determined by the Human Development Index (HDI). The overall development of a country is



It is the qualitative improvement in the life of citizens of a country and is most appropriately determined by the Human Development Index (HDI). The overall development of a country is based on many parameters such as the creation of job opportunities, technological advancements, standard of living, living conditions, per capita income, quality of life, improvement in self-esteem needs, GDP, industrial and infrastructural development, etc.



Measures of economic development will look at:

- Real income per head – GDP per capita
- Levels of literacy and education standards
- Levels of healthcare e.g. number of doctors per 1000 population
- Quality and availability of housing
- Levels of environmental standards
- Life expectancy.

- Economic growth means an increase in real national income / national output.
- Economic development means an improvement in the quality of life and living standards, e.g. measures of literacy, life-expectancy and health care.

Economic growth measures an increase in **Real GDP** (real output). GDP is a measure of the national income / national output and national expenditure. It basically measures the total volume of goods and services produced in an economy.

Economic development

Development looks at a wider range of statistics than just GDP per capita. Development is concerned with how people are actually affected. It looks at their actual living standards and the freedom they have to enjoy a good standard of living.

BASIS FOR COMPARISON	ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
Meaning	Economic Growth is the positive change in the real output of the country in a particular span of time.	Economic Development involves rise in the level of production in an economy along with the advancement of technology, improvement in living standards and so on.
Concept	Narrow	Broad
Scope	Increase in the indicators like GDP, per capita income etc.	Improvement in life expectancy rate, infant mortality rate, literacy rate and poverty rates.
Term	Short term process	Long term process
Applicable to	Developed Economies	Developing Economies
How it can be measured?	Upward movement in national income.	Upward movement in real national income.
Which kind of changes are expected?	Quantitative changes	Qualitative and quantitative changes
Type of process	Automatic	Manual
When it arises?	In a certain period of time.	Continuous process.

1. What is Economic Growth?

Ans: Economic growth referred to the rise in national income, per capita income and production. Economic growth is said to occur if the production of goods and service increases by any means. We can explain economic growth another way Economic growth is an increase in the real GDP of a nation over a particular period of time.

(Economic growth is a sustained increase over a long period in the quantity of material goods and service produced in the economy. Growth has normally been associated with increase in material well-being i.e. quantity produced per person with growing population.)

2. What is Economic development?

Ans: Economic development means In addition to the rise in per capita income or production when the fundamental developments also goes on like the structural changes –which includes improvement in the living standard of the people, schools, hospitals and many infrastructural changes in the country. Economic development consist of rising of industry, growing urbanization, falling of population growth rate and changing age structure, changes in the consumption process and pattern of living.

3. Difference between Economic growth and economic development.

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
<p>Economic growth simply implies the increase in production (Increase in real GDP, National income, per-capita income and product) it mainly depends on economic factors.</p>	<p>Economic Development is production increase plus social welfare. (Improvement in the standard of living, schools, hospitals, and infrastructural changes in the country). It mainly depends on economic factors as well as non-economic factors and socio cultural factor.</p>
<p>It is a quantitative concept.</p>	<p>It is a qualitative concept.</p>
<p>Economic growth can be measured easily by annual increase in per capita income after a certain period of time.</p>	<p>Economic development is easier to describe the process of development than to measure it. It cannot be measured.</p>
<p>Economic growth is an one-dimensional or uni-dimensional concept .because it only focuses on the production development.</p>	<p>Economic development is a Multi-dimensional concept .because it focuses on the various aspect of development of the society.</p>
<p>It is just a means of economic development.</p>	<p>It is the ultimate objective of the economy. thus it is end in itself.</p>
<p>Economic growth can be achieved without economic development.</p>	<p>Economic development is seldom be achieved without economic growth.</p>
<p>It is the major concern of the developed country</p>	<p>It is the major concern of the under developed and developed country</p>



CONCEPT



ECONOMIC GROWTH

The term economic growth is only concerned with raising income level and volume of production of goods and services.

ECONOMIC DEVELOPMENT

The basic feature of economic development is to raise income level and improve welfare.

- In ordinary discussion, people use these two words interchangeably. But economists argue that economic development is not identical with growth. These are two slightly different concepts



Scope

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
<p>Scope of economic growth is narrow because it is concerned with changes in income level only.</p>	<p>Scope of economic development is wide and comprehensive than economic growth. Its link is not only with income but also with the prosperity of the society and economy.</p>



Applicable to

ECONOMIC GROWTH

Economic growth is the problem of developed countries of the world.

ECONOMIC DEVELOPMENT

Economic development is the problem of developing countries.



Time Span

ECONOMIC GROWTH

Economic growth is a short-term process. We can measure income changes yearly. So, its time span may be of one year.

ECONOMIC DEVELOPMENT

Economic development is a long-term process. (more than 10 years). Because it takes years to change social, economic and institutional set-up.



Type of process

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
Automatic	Manual



Social Impact

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
<p>There may or may not be any social changes in case of economic growth. It ignores the human beings and it is only concerned with income level etc.</p>	<p>Social changes, in case of economic development, are compulsory. It refers to the better jobs, availability of food, better health and education etc.</p>



Use of Technology

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
<p>In economic growth, use of advanced technology is not appreciated.</p>	<p>For the economic development use of modern technology is compulsory.</p>



Measurement

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
Quantitative . Increases in real GDP .	Qualitative .HDI (Human Development Index), gender related index (GDI), Human poverty index (HPI), infant mortality, literacy rate etc.



- **Economic Growth** = Annual increase in per capita income
- **Economic Development** = Economic Growth + Qualitative Changes



- ✓ **It Is Possible To Have Economic Growth Without Development ?**

YES

