

# DEVELOPMENT

## CHAPTER COVERAGE

- Traditional Notion of Development
- National Income and per capita Income
- Sustainable Economic Development
- Income and other Goals
- Comparison between different countries
- Human Development

### Development and Goals of Different Categories of Persons

Category of Persons	Development Goals
Landless rural labours	More days of work , Better wages, social and economic equality.
Rich Farmer	Low price food grain, cheap labour, higher price for their produce, cheap inputs like seeds, machinery.
Traders	Infrastructure facilities, less taxes, cheap labour, high price for their product.

It means -

- ◆ Different persons can have different development goals.
- ◆ What may be development for one may not be development for the other. It may even be destructive for the other.
- ◆ **Traditional Notion of Development:**
  - (i) With the independence of the third world countries there arose a need for economic development. Till 1960s, the term economic development was generally used as a synonym of economic growth. But now it is no longer considered identical with economic growth.
  - (ii) Definitely notion about the meaning of term development is changing but it is also a hard fact that there is no unanimity among economists with regard to the meaning on definition of economic development.
  - (iii) However all agree that economic development is more than the economic growth. Hence it is taken to mean growth plus progressive changes in certain variables of material welfare.
- ◆ **Changes in the traditional notion of development :**

- (i) The increase in income is not sufficient for a nation. Income can be a major base of economic growth of a nation. But experiences had shown that economic growth could not automatically translated into the improvement of levels of living of the poor masses. Therefore, economists redefined the concept of economic development in terms of the reduction of poverty, unemployment and inequality in the context of a growing economy
- (ii) Now-a-days redistribution and growth have become the popular slogan in most of the progressive nations, including India. The concept of economic growth is related to the increase in output of goods and services in a economy. This can be expressed in two ways : (i) increase in total output or increase in gross domestic product (GDP) : and (ii) rise in per capita income or rise in per capita GDP.
- (iii) Economic development is a broader concept than economic growth. Development concerns not only man's material needs but also the improvement of social conditions of life. It is, there fore not only economic growth but growth plus change in social, culture and institutional pattern. It includes both growth aspect and distribution aspect. Development must, therefore, be conceived of as a multi-dimensional concept.

### ➤ **Income and other Goals**

Income is the most important component of development. Besides seeking more income one way or the other, people also seek things like equal treatment, freedom, education, security, respect of others, job, peace, pollution free environment etc. All these are important goals. In some cases these may be more important than more income. Money or material things that one can buy with it, is one factor on which our life depends. But the quality of our life also depends on non material things.

### ➤ **National Development**

Features of National Development.

1. Only those programmes and policies are implemented which would benefit a large number of people.
2. It is very important to decide about the conflicts and their solutions.
3. We have to think whether there is a better way of doing things.
4. The government decides what would be fair and just path for all.

### ➤ **How different countries are compared**

- ◆ **National Income** : The total volume of all the goods and services produced within a country plus income coming from abroad.
- ◆ **Per capita Income** : When the total National Income is divided by the total population, it is called per capita income.

World Bank has given the following criteria in classifying countries.

- ★ Countries with per capita income of \$ 10, 066 per annum and above in 2004 are called rich countries and those with per capita income of \$ 825 or less are called low income countries.
- ★ India comes in the category of low-income countries because its per capita income in 2004 was just \$ 620 per annum.

## ➤ Human Development

### ◆ Factors which contribute to the human development :

1. Living a long and a healthy life.
2. To have education, information and knowledge.
3. Enjoying a decent standard of living.
4. Enjoying basic fundamental rights.
5. To have equality and enjoyment of human rights.

### ◆ Importance of Human Development :

1. It indicates the level of development of a country.
2. It indicates to a country how far it has travelled and how far it has yet to travel to achieve a high rank.
3. Through it one comes to know the important elements of economic welfare.

### Two indicators of Human Development :

1. National Income
2. Per Capita Income

- ◆ **Human Development** : It is the process of enlarging people's choices as well as raising the level of well being so that they can lead a purposeful and creative life.

### ◆ Difference between Human & Economic Development :

Human Development	Economic Development
1. It is a broader aspect of development as it includes monetary as well as non monetary aspects.	1. It is a narrow concept as it includes only monetary aspects.
2. It is the process of both qualitative and quantitative growth	2. It includes only quantitative growth.
3. It is the final goal of all development	3. It is a means to achieve human development.

### ◆ **Components of Human Development :**

Human development index studies the following three basic human capabilities.

1. **Longevity :** It means life expectancy in years of the people of a country. The greater the life expectancy, the more developed the country is. Life expectancy in India is 64 years whereas in case of developed countries like that of Japan it is more than 70 years.
2. **Educational attainment :** Knowledge is the second criteria of human development. It refers to the education attained by the people of the country on an average basis. Knowledge is measured by education attainment i.e. adult literacy and combined enrolment ratio in primary, secondary and tertiary levels.
3. **Real per capita Income :** It refers to the average income earned by the people of country. Increase in real per capita income is considered the true indicator of human development.

### ◆ **Limitations of per Capita Income :**

1. A rise in per capita income is due to rise in prices and not due to increase in physical output. It is not a reliable index of economic development.
2. National income rises but its distribution makes the rich richer and poor poorer.
3. It excludes all non marketed goods and services, even though they may be important for human happiness and better quality of life.
4. Rise in per capita income may be due to use of modern capital intensive technology in production which may be labour displacing in nature thus adversely affecting the poor masses.
5. If the rate of population growth, is higher than the rate of growth of national income, this will lead to fall in per capita availability of goods and services and economic welfare.

## ➤ **Sustainable Development and Quality of life**

◆ **Sustainable Development :** It is that process of economic development which aims at maintaining the quality of life of both present and future generation without harming natural resources and environment.

### ◆ **Features of sustainable Development :**

#### 1. **Efficient use of natural resources :**

It means that natural resources and environment should be used in efficient manner as to achieve long term net objective like increase in income and employment, abolition of poverty, improvement in standard of living etc.

#### 2. **No reduction in the quality of life of the future :**

Sustainable development aims at making use of natural resources and environment for raising the existing standard of living in such a way as not to bring down the quality of life of future generation.

**3. No increase in pollution :**

It decries those activities which in order to maintain existing high standard of living prove detrimental to natural resources and environment.

**4. Does not limit development :**

It does not aim at limiting economic development. Its objective is that natural resources and environment be used in such manner as to maintain not only be present but also the future rate of economic developments.

## **GLOSSARY**

1. **Developed Economies :** These are those economies which are characterised by high level of percapita income and high standard of living.
2. **Developing Economies :** Those economies which are passing through the stages of growth and development. In such economies significance of agriculture tends to decline whereas the industrial sector grows sharply. e.g. India, Indonesia.
3. **Economy :** It is a sum total of all the economics activities like production, consumption, distribution exchange etc.
4. **National Income :** It is the total value of all the goods and services produced within a country plus net income from abroad during a year.
5. **Production :** When an activity results in a valuable and useful things it is called production.
6. **Percapita Income :** It is the average income of the people of country in a definite period.
7. **Under-Developed Economies :** These are the economies which are characterised by low level of per capita income and miserable standard of living. Such economies are not able to exploit their natural resources. e.g. Nepal, Burma etc.
8. **Infant Mortality Rate or IMR :** Indicates the number of children that die before the age of one year as a proportion of 1000 live children born in that particular year.
9. **Literacy Rate :** Measures the proportion of literate population in the 7 and above age group.
10. **Net Attendance Ratio :** Is the total number of children of age group 6–10 attending school as a percentage of total number of children in the same age group.