

Development vs Growth

As Development is largely concerned with economics, we will look at the context of Economic Development vs Economic Growth. However, it can be applied in other fields of development as well.

What is Economic Development?

According to Prof. Meier and Baldwin; "Economic development is a process whereby an economy's real national income increases over a long period of time".

This definition explains three ingredients of economic development. a) Process, b) Real National Income, c) Long Period.

In recent years, there has come into existence a new branch of economics known as the **'Economics of Development'**. It refers to the problems of the economic development of underdeveloped or backward countries. In addition to the illuminating reports of the U.N.O. on the subject, some top ranking economists like Nurkse, Dobb, Staley, Buchanan, Rostow and Ellis have made some original contributions to the Economics of Development. The main reason for the growing popularity of Economics of Development as a separate branch of economic theory is the increasing tendency on the part of the newly independent countries of Asia and Africa to resort to developmental planning as a means to eliminate their age-old poverty and raise living standards.

Economic development, as it is now generally understood, includes the development of agriculture, industry, trade, transport, means of irrigation, power resources, etc. It, thus, indicates a process of development.

Understanding the difference between Development vs Growth

- Economic growth is the **process** by which the amount of goods and services one can earn with the same amount of work increases over time. It generally implies that income per person rises over time (unless hours of work fall steadily). **For example: You are hired for a job and succeed to get promotions along with salary hike in next five years of joining. You stay in a hostel or PG during this time and somehow manage to fulfil your basic needs.**
- Economic development occurs when the **standard of living** of a large majority of the population rises, including both income and other dimensions like health and literacy. In other words, Development occurs when income increases along with other standards of living (reduced mortality rates, lower illiteracy, increased in education, and increase in life expectancy). **For example: You are in a stable job and then own a home, living a healthy life and lead a happy family life.**
- The reason for this distinction between economic growth and economic development is because of the way income is distributed.

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