

ECONOMIC GROWTH & DEVELOPMENT

Economic growth : Economic growth may be defined as a rate of expansion that can move an underdeveloped country from a near subsistence mode of living to substantially higher levels over a period of time.

- ◆ Economic growth is conventionally measured as the percentage increase in GDP (Gross domestic product) or GNP (gross national product) or NDP (per capital Net domestic product) during one year.
- ◆ Per capital NDP is the most appropriate measure of economic growth.
- ◆ Economic growth comes in two forms, an economy can either grow extensively by using more resources (such as physical, human or natural capital) or intensively by using the same amount of resources more efficiently. (productively)

Economic Development - Till 1960s, economic development was often used as a synonym of economic growth. It is no longer viewed identical with economic growth. It is now taken to mean economic growth plus change.

- ◆ The term change refers to the qualitative changes in the economy. These changes are in the form of improvement in technology, positive changes in attitudes & so on.
- ◆ Essentially, economic development in all societies must have atleast the following objectives.
 1. To increase the availability & widen the distribution of basic life sustaining goods.
 2. To raise levels of living by ensuring higher incomes, more jobs & greater attention to culture.
 3. To expand the range of economic & social choices available to both individuals & nations.

Human Development Index -

- ◆ The united nations development programme (UNDP) introduced the HDI in its first human development report (HDR). Prepared under the stewardship of mahbub-ul- Haq in 1990.
- ◆ HDR, 1990, defined human development as the process of widening people's choices as well as raising the level of well-being achieved.

- ◆ Essential components of human development are equity, sustainability, productivity & empowerment.
- ◆ HDI measures the average achievements in a country in three basic dimensions of the human development ;
 1. A long & A healthy life.
 2. Access to knowledge
 3. Decent standard of living.
- ◆ HDR 2010, adopting a new approach, defines HDI as the geometric means of normalised indices measuring achievements in each dimension.
- ◆ **In HDR, 2010** some new measures of economic development has given.
 1. Inequality adjusted human development index (IHDI)
 2. Gender inequality index (GII)
 3. Multidimensional poverty index (MPI)

Inequality adjusted human development index (IHDI) -

- ◆ THE IHDI accounts for inequalities in HDI dimensions by "discounting" each dimension's average value according to its level of inequalities.
- ◆ The IHDI equals the HDI, when there is no inequality across people but if it is less than the HDI as inequality rises.
- ◆ In this sense, the IHDI is the actual level of human development (accounting for this inequality), while the HDI can be viewed as an index of "potential" human development (or the max. level of HDI) that could be achieved, if there was no inequality.

Tender Inequality Index (G11) - Human development report 1995 includes two gender index.

- ◆ Gender related progress index and gender empowerment measure.
- ◆ Gender progress index and human progress index shows indifference between male and female.
- ◆ GII reflects women's disadvantage in 3 dimensions -
 1. Reproductive health
 2. Empowerment
 3. Labour market.
- ◆ The index shows the loss in human development due to inequality between female & male achievements in these dimensions.

- ◆ If it ranges from 0, which indicates that women & men fare equally to 1. Which indicates that women fare as poorly as possible in all measured dimension.

Multidimensional Poverty Index (MPI) -

- ◆ in 1997 human development report first time included human poverty index.
- ◆ The multidimensional poverty index was developed in 2010 or for poverty & HDI & UNDP & different factors of determine poverty beyond income based list were used.
- ◆ The index uses same 3 dimensions as the human development index such as -
 1. Health
 2. Education.
 3. Standard of living.
 These are measured using 10 indicators.

Green Gross domestic product (Green GDP)-

- ◆ The green gross domestic product (green GDP) is an index economic growth with the environmental consequences of the growth factored in.
- ◆ Green GDP monetises the loss of biodiversity & accounts for costs caused by climate change.
- ◆ Some environmental experts prefer physical indicators. (uch as "water per capital") which may be aggregated to indices such as the "sustainable development index."
- ◆ In this green GDP 192 country are the members of it.

