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Topic- Economic Growth and Economic Development

Economic growth and Economic Development

Economic Growth:

- Economic Growth is the positive change in the indicators of Economy.
- Economic Growth refers to the increment in the amount of goods and services produced by an economy.
- Economic growth means an increase in real national income / national output.
- It refers to an increase over time in a country's **real output** of goods and services (GNP) or **real output per capita income**.
- Economic growth is single dimensional in nature as it only focuses on income of the people.
- Earlier, economic growth was only measured in terms of Gross Domestic Product (GDP).
- At present, it is measured in terms of **GDP, Gross National Income (GNI) and Per Capita Income**.
- Economic Growth is the precursor and prerequisite for economic development.
- Indicators of economic growth are GDP, GNI and per capita income.
- Economic growth relates to a gradual increase in one of the components of GDP; **consumption(C), government spending(G), investment (I) or net exports (X-M)**.
- It is also considered as a traditional measure of development which indicates the quantitative rise of the economy.

- Economic growth only looks at the **quantitative aspect**. It brings quantitative changes in the economy.
- Economic growth is concerned with an increase in the economy's output.
- It focuses on production of goods and services.
- Economic growth is a more relevant metric for assessing progress in developed countries.
- Economic growth is a relatively **narrow** concept as compared to economic development.
- It is for **short term/short period**.
- It is a **material/physical** concept.

Economic Development:

- Economic development is the **quantitative** and **qualitative** change in an economy.
- Economic development refers to the reduction and elimination of poverty, unemployment and inequality with the context of a growing economy.
- Economic development means an improvement in the quality of life and living standards, e.g. measures of literacy, life-expectancy and health care.
- Economic development includes the process and policies by which a country improves the **social, economic and political** well-being of its people.
- Economic development is **multidimensional** in nature as it focuses on both income and improvement of living standards of the people.
- Economic development is concerned with the happiness of public life.
- Economic development comes after economic growth. It is a positive impact of economic growth.
- Economic development also refers to:
 1. **provision of sufficient and effective physical and social infrastructure**
 2. **equal access to resources**
 3. **participation of all in economic activities**
 4. **equitable distribution of dividends of the economy.**
- Economic development = Economic growth + standard of living
- It refers to an increase in productivity.

- Indicators of economic development are:
 - Human Development Index (HDI)
 - Human Poverty Index (HPI)
 - Gini Coefficient
 - Gender Development Index (GDI)
 - Balance of trade
 - Physical Quality of Life Index (PQLI)
- Economic development is the end of development.
- Achieving economic development is linked with the end of poverty and inequality.
- It is a more abstract concept.
- Economic development focuses on distribution of resources.