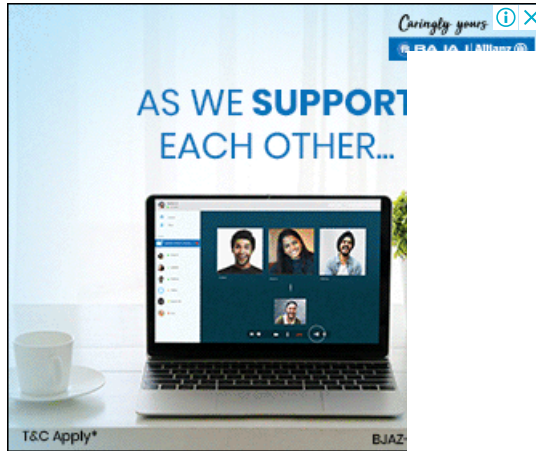


Economic Growth and Development in India

Article Shared by **Nikita Dutta**

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The two words ‘growth’ and ‘development’ were often used interchangeably in economic discussion.

As soon as ‘development economics’ emerged as a distinct field of study after the World War II, it ‘had the appearance of being a bastard child of growth economics’ and, in fact, this child did not differ from what could be expected from a genuine ‘son of growth economics’. But, technically speaking, they are not the same.

To a layman, these two terms appear to be synonymous. However, in the 1950s and 1960s, economists drew a line of demarcation between economic growth and economic development. True enough, the concept of economic development is broader than economic growth. Development is taken to mean ‘growth plus change’, whereas economic growth means growth only quantitative expansion of an economy. Economic growth is, thus, a quantitative concept, while economic development is a qualitative concept. C. P. Kindleberger says that growth involves focusing on height or weight while development focuses on the change in functional capacity.

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Economic growth is defined in positive terms. It is measured by the sustained increase in real, national or per capita income of a nation over time. Economic growth is usually measured in terms of an increase in real GNP or GDP over time or an increase in income per head over time. Growth is desirable as it enables a society to consume more goods and services.

That is why growth is considered to be the basis of advancing real living standards or human welfare. At the same time, it is also true that growth does not necessarily lead to an increase in human welfare. Economic development is more fundamental than economic growth.

Economic growth figure does not give us correct assessment of an economy for the following reasons:

First, economic growth is associated with an increase in GNP/GDP per capita. But per head GNP does not, by itself, constitute or measure welfare or success in development. This is because per capita income does not give any information about income distribution. It is observed that despite high rate of growth, some of the countries experience high incidence of poverty and unemployment.

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Secondly, economic growth does not talk about the quality of life. In poor developing countries, people end themselves at low level of literacy, low standards of health and nutrition, etc. Miseries arising from lack of food and shelter do not get reflected in the concept of economic growth.

Thirdly, economic growth does not deal with environmental issues. In the process of achieving higher economic growth, environmental considerations like depletion of renewable natural resources, air pollution, etc., are given little weightage. These aspects have an important bearing on the economic development of a country in the long run. Desire for higher and higher economic growth is associated with environmental damages. It is economic development that cares for environmental issues.

It is, thus, obvious that economic development involves something more than economic growth. In fact, there are certain qualitative dimensions in the process of development that are conspicuous by their absence in the growth or expansion of an economy. Economic development implies both more output and changes in the technical, institutional arrangements by which it is produced, and a change in attitudes and values.

“Development concerns not only man’s material needs but also improvement of the social conditions of his life.

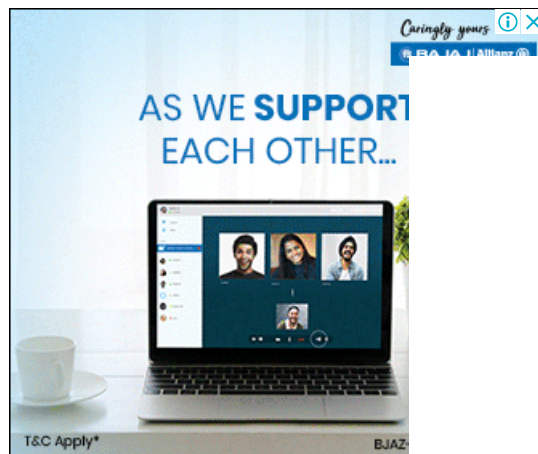
Development is, therefore, not only economic growth but growth plus change—social, cultural and institutional as well as economic. Development is, thus, not purely an economic phenomenon; it has to be conceived of as a multidimensional process.”

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Naturally, economic development is a value-based concept. It should include not only the acceleration of economic growth but also the reduction of inequality and eradication of poverty, increase in employment opportunities and welfare of the masses, etc.

However, economic development may mean more. Economic development must encompass human development. Amartya Sen defines economic development in terms of ‘entitlement’ and ‘capability’. Entitlement refers to the set of alternative commodity bundles that an individual can command through the totality of rights and obligations that he or she faces.

Thus, entitlements of people generate ‘capabilities’. Entitlements of people do not only depend on their incomes but also on a host of power relations in a society, the spatial distribution of resources in a society (like facilities of health care and schooling) and what individuals can accumulate from such supplied by the state. ‘Capability’ represents a person’s freedom to achieve various functioning combinations. Thus, the notion of capability is essentially one of freedom the range of options a person has in deciding what kind of life he or she wants to pursue.

Poverty, according to Amartya Sen, is a kind of ‘capability deprivation’. Sen says that economic development should be interpreted as a process of expansion of the freedoms that people enjoy. Important areas of unfreedom that people face are famine and undernourishment, mass illiteracy, poor state of health of people, lack of shelter and other basic economic insecurity, denial of basic civil and political rights, etc.

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Through the policies of expansion of human capabilities, development processes can be initiated. That is why it is said that the basic objective of development is the process of expansion of entitlements and human capabilities. That is to say, how GNP growth is used to improve human capabilities and, in turn, how people utilise their capabilities is economic development.

Amartya Sen, thus, emphasises that, instead of concentrating on GNP or GDP, development economics should take into account both entitlements and capability expansion. He argues that income does not necessarily address the nature of entitlement. Taking a cue from the Chinese famine (1958-1961) as well as the Bengal famine (1943), he emphatically demonstrated that famines, in general, were to be attributed to the entitlement failure rather than the shortage of food. Despite abundant supplies in food, people had to suffer miserably from hunger and famine in Bengal due to entitlement failure in collecting food from the market. Famine is one source of unfreedom.

Sen says; “Development requires the removal of major sources of unfreedom.” The basic condition for economic development are the freedoms from hunger and famine, malnutrition, deficient schooling, poverty, poor health, economic insecurity, denial of civil and political rights, social inequalities, etc. These human goals of economic development as emphasised by Amartya Sen have brought about a change in development thinking at least since the 1970s.

Amartya Sen, carrying on his value-loaded development economics, talks on social justice. He says that undernourishment of children, absence of opportunities of basic schooling, lack of entitlement of basic medical attention, particularly to the underprivileged of our society, etc., are nothing but social injustices.

Since most of these facilities—meant for all Indians crowd out the underdogs through the dominant class or partners of the society. This kind of gross injustice is nothing of development or ‘exclusive development’. Thus, development discourse, social justice a more normal concept needs to be provided to all. And, that is develo

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