

Economic Growth Vs Economic Development

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Economic Growth Vs Economic Development

- In general, both the terms are used interchangeably to express 'Economic Advancement'.
- Economic Development is a more comprehensive term than economic growth.
- Growth refers to persistent increase in per capita income. Development include growth plus structural changes.

Economic Growth

- Michael P. Todaro: Economic growth is a steady process by which the **productive capacity of the economy is increased over time** to bring about rising levels of national output and income.
- Simon Kuznets: Economic growth may be defined as a long term process wherein the **substantial and sustained rise in real national income**, total population and real per capita income takes place.

Economic Development

- Michael P. Todaro: Development refers to a multi-dimensional process involving major **changes in social and institutional structures** as well as the **acceleration of eco-growth**, poverty eradication and the reduction of inequality of wealth.
- It refers to increase in living standards, improvement in self-esteem needs, freedom from oppression, greater choice.
- Takes into account the size of the informal economy.

Growth Vs Development - Example

- Take an example of a human being:

The term growth of human beings simply means the increase in their height and weight which is purely physical.

But in case of human development, it will take into account both the physical and abstract aspects like maturity level, attitudes, habits, behaviour, feelings, intelligence and so on.

Key Differences

Economic Growth

- Positive change in the real output of the country in a particular span of time.
- Economic growth is an automatic process
- Enables an increase in the indicators like GDP, per capita income etc.

Economic Development

- Rise in the level of production along with the advancement of technology, improvement in living standards and so on.
- The outcome of planned and result-oriented activities.
- Enables improvement in the life expectancy rate, infant mortality rate, literacy rate and poverty rates etc.

Key Differences

Economic growth

- Short-term process which takes into account yearly growth of the economy.
- Mostly the problem of developed countries.
- Results in quantitative changes.
- Measured at a particular point of time.

Economic Development

- A long term and continuous process.
- The main concern of developing countries.
- Results in both quantitative and qualitative changes.
- Measured over a period of time.

Conclusion

- Economic development is a much bigger concept than economic growth. Economic development includes economic growth. Economic growth is a necessary but not sufficient condition of economic development.
- While GDP indicates economic growth, economic development is gauged by Human Development Index (HDI).



Thank You