

SXC – M.A. Economics

# Development Economics

Subject Code: 15 PEC 31

*Saravanakumar R.*  
*Assistant Professor*

# Unit – I

- Economic Growth And Development
- Factors Affecting Economic Growth And Development
- Concept Of Sustainable Development.
- Theories Of Development: Adam Smith, Ricardo, Malthus, James Mill; Karl Marx And Schumpeter.

# Economic Growth

- Economic Growth – Sustained increase in the GNP per capita – it is assumed that once economic growth was accomplished, other objectives, such as elimination of unemployment, income inequalities and poverty would be realised automatically – through **“trickledown”** effect.
- They hardly doubted about the conflict b/w economic growth and development – earlier these two terms have been used synonymously – great dissatisfaction with the results of growth efforts in 3<sup>rd</sup> world countries.

# Difference – EG and ED

- Development and Growth are not identical one rather it is contrast one.
- EG is an essential or “**necessary**” conditions but not sufficient condition for ED.
- ED is combined with quality dimensions – no longer impressed by growth performance of a country.

# Development Approaches

## ■ Traditional Approach

- In strictly economic terms, *development* has traditionally meant achieving sustained rates of growth of **income per capita** to enable a nation to expand its output.
- Growth rate faster than the growth rate of its population. Real per capita GNI was used to measure overall well being of a population – amount of an individual's consumption and investment.
- ED was seen in terms of alteration of the structure of production and employment so that, the Development strategies have therefore usually focused on rapid industrialization, often at the expense of agriculture and rural development.

# New Welfare Oriented Approach

- Economists and policy makers - absolute poverty, increasingly inequitable income distributions, and rising unemployment.
- During the 1970s, economic development came to be redefined in terms of the reduction or elimination of poverty, inequality, and unemployment within the context of a growing economy.
- **“Redistribution from growth”** became a common slogan.

# Empirical on EG and ED

- Developing countries experience - high rates of growth of per capita income – in 1960s and 1970s).
- But showed little or no improvement or even an actual decline in employment, equality, and the real incomes of the bottom 40% of their populations.

# Trend in Gross State Domestic Product (GSDP)

	NSDP at current price (In Rs crore)	
Year	Kerala	Gujarat
1980-81	4,631 (10)	7,076 (7)
1985-86	7,878 (10)	13,081(8)
1990-91	12,173 (11)	26,133 (7)
1995-96	35,330 (11)	62,017 (6)
2000-01	63,094 (10)	92,110 (6)
2005-06	120,269 (8)	206,440 (4)
2010-11	233,177 (9)	454,853 (4)
2013-14	351,245 (10)	651,916 (4)



# Trend in in Per Capita Income

	Per capita NSDP at current price (In Rs)	
Year	Kerala	Gujarat
1980-81	1,835 (7)	2,089 (6)
1985-86	2,918 (7)	3,468 (6)
1990-91	5,110 (10)	6,343 (5)
1995-96	11,469 (7)	13,665 (5)
2000-01	19,463 (6)	19,228 (7)
2005-06	36,958 (5)	37,780 (4)
2010-11	69,943 (8)	77,485 (6)
2013-14	103,820 (7)	106,831 (6)

# Education Indicators

I – 1961 & II-2011

Education Indicators	Kerala		Gujarat		India	
	I	II	I	II	I	II
Adult literacy	55.08	93.91(1)	39.33	79.31(18)	12.95	74.04
Female literacy	45.56	91.98(1)	24.73	70.73(20)	5.05	65.46
Male literacy	64.89	96.02(2)	53.00	87.23(15)	19.75	82.14
Dropout ratio	-	0.27	-	6.91	-	-
Schooling*	-	7.64(2)	-	5.34(12)	-	4.83
Schooling**	-	11.74(2)	-	9.14(18)	-	9.00
Top universities***	-	7	-	6	-	-

# Health Indicators

Health indicator	Kerala		Gujarat		India
	1991	2013	1991	2013	2013
Life expectancy	70.6	74.8	n.a	68.2	67.5
Life expectancy (female)	72	77.8	64.4	70.5	69.3
Life expectancy (male)	69	71.8	62.4	66.0	65.8
Infant mortality/1000 live births	17	12	69	36	40
Maternal mortality/lakh live births	133	81	389	148	212
Fertility rate	n.a	1.8	3.1	2.3	2.3
Birth rate (per 1000 population)	19.8	14.7	27.5	20.8	21.4
Death rate (per 1000 population)	5.8	6.9	8.5	6.5	7.0

# Poverty and Unemployment

Category		Kerala	Gujarat	All India
Poverty	Rate	7.05	16.63	21.92
	Rank	1	14	.
Unempt	Rate*	98 (41, 232)	7 (6,7)	29 (26,39)
	Rank	26	1	.

# Decision Making

- As an Economist or as a Student of Economics you decide:

**Kerala Vs Gujarat**  
Model of Development

# Conclusion

- Development must therefore be conceived of as a multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and the eradication of poverty.