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REGIONAL PLANNING AND DEVELOPMENT

Unit –II Regional Development

Topic No. 5

Concept of Growth and Development, Growth versus Development

Topic no.6

Indicators of Development : Economic Indicators

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CONCEPT OF GROWTH AND DEVELOPMENT

- Growth is a quantitative change in size, weight and number.
- Conceptually it means expansion and enlargement.
- Growth has no direction or mass although it can be associated with objects and subjects.
- Growth can also indicate an increase in value.
- Growth is shown only through the evidence of it happening.
- Growth may stop at maturation.
- Growth is a part of development and can be measured accurately.
- Growth is a progressive and measurable phenomenon.
- There can be different types of growth like physical, economic, demographic, social and cultural.
- Physical growth includes changes in magnitude, increments in size of organs, thickness of tissues or changes in the size of the individuals as a whole. Economic growth is an increase in the amount of goods and services produced per head of the population over a period of time. Demographic or population growth is the increase in the number of individuals in a population. Social growth is the increase in the ability to deal with other people and different groups in the society. Cultural growth results from the adoption of new concepts from other cultures.
- Growth can also be segmental or regional.

Development is a specified state of advancement.

According to Berk(2007), Development is defined as the transformation or pattern of changes that are orderly, cumulative and directional.So there is a logical sequence to change and includes something new along with the existing. Development also moves towards greater complexity.

Development refers to measures of economic growth, social welfare and level of modernization within a society, culture, nation or region as measured against a chosen standard.

It is a process of improvement and change required for better living and existence.

It is related to human issues and measured by a scale of achievement in human perspective, related to qualitative fulfilment of needs of knowledge and sustenance of life.

So development is qualitative improvement of circumstances.

Development is directed towards what is considered as an ideal state.

When an organization develops, it may indicate improvement in interaction within its members or influence on the local community. On the other hand when an economic situation develops, the profits may increase or condition of workers may improve. So the concept of Development is multidimensional. It includes various aspects of improvement.

The concept of Development is dynamic and changes with time and progress of human culture and civilization.

The concept of Development is relative and it is associated with different interpretations and outcome for the same issue in different socio-economic backgrounds.

Development is capable of creating a conflict between development and conservation. For example increase in population may need increased infrastructure like widening of roads which in turn may require cutting of trees. So development as a process may result in conflict of interests among the people and stakeholders.

TYPES OF DEVELOPMENT

ECONOMIC

Associated with the condition of economy with respect to employment, trade, per capita income, purchasing power , industrial progress etc.

DEMOGRAPHIC

Associated with the development of human resources with respect to growth of population, age-sex structure and sex ratio.

SOCIO-POLITICAL

Associated with the level of social and political status with respect to literacy, social security,health,political and personal freedom.

HUMAN

A composite type of development in which several mesaures are taken together to provide a balanced view of the level of development in the human quality of life

SUSTAINABLE

Sustainable development is a process for meeting human development goals while sustaining the ability of natural systems to continue to provide the natural resources and ecosystem services upon which the economy and society depends.

GROWTH VERSUS DEVELOPMENT

GROWTH

- Growth indicates an increase or expansion.
- Growth may stop at maturation.
- Growth is quantitative and can be measured accurately.
- Growth is measurable and objective.

DEVELOPMENT

- Development is an improvement of circumstances.
- Development is a continuous evolution.
- Development is qualitative and is related to welfare.
- Development is subjective interpretation of a change.

INDICATORS OF DEVELOPMENT

- **ECONOMIC INDICATORS**

  To know the level of economic development of a country there are different indicators which are used. These indicators help in understanding the level of development, comparisons with other countries at different time periods.

- **Per Capita Income (PCI):**

  The average income of the people living in the country is the per capita income. It measures the average income earned per person in a given area like in a city, region or country in a given period. A rise in PCI is an important indicator of economic development. The rise in PCI indicates economic welfare of the country. Higher per capita income means higher standard of living. So developed countries have higher PCI compared to developing countries.

- **Gross National Income (GNI)**

  Gross National Income is the total domestic and foreign output by the residents of a country consisting of Gross Domestic Product and income earned by foreign residents minus the income earned in the domestic economy by non residents.

- **Gross Domestic Income (GDI)**

  Gross Domestic Income is the sum of all income earned while producing goods and services within a country.It is the sum total of all rental income, interest income, profits, wages, income tax and dividends. Developed countries have higher GDI compared to developing countries.

- **Growth rate of National Income**

  In this indicator real income is calculated on constant prices. If there is rise in national income, this indicates economic development. When there is high rate of national income, development rate is high and vice versa.

- **Per Capita Consumption (PCC):**

  The increase in consumption of goods and services by the people is measured in PCC like clothing, food, education, health etc. An increase in PCC shows better quality of life of people and higher economic development of the country.

- **Gross Domestic Product (GDP)**

  Gross Domestic Product is a monetary measure of the value of the final goods and services produced in a period(quarterly or yearly). This GDP or Nominal GDP is without the effects of inflation or deflation but Real GDP includes the effects of inflation and deflation. So the economic value of all goods and services produced in a given year adjusted as per changes in the general price level is known as the Real GDP.

- **Gross National Product (GNP)**

  Gross National Product is the market value of all the products and services produced in one year by labour and property supplied by the citizens of a country. It is equal to GDP plus any factor income earned by residents from overseas investments minus factor income earned within the domestic economy by overseas residents.

- **Inflation**

  Inflation is an increase in the general price level of goods and services in an economy over a period of time. When the price level rises each unit of currency can buy less number of goods and services. As a result rise in inflation means a reduction in the purchasing power of the currency. Deflaton is the decrease in the general price level of goods and services in an economy over a period of time.

- **Unemployment**

  Unemloyment occurs when people are without work and are actively seeking work. The unemployment rate is a measure of the prevalence of unemployment and it is calculated as a percentage by dividing the number of unemployed persons by all persons who are currently working as labour force. Labour force is all people who supply labour for the production of goods and services during a particular time period. It includes both employed and unemployed. Developed countries have lower unemployment rates compared to developing countries.

- **Wealth Inequality**

  Wealth Inequality or Wealth Gap is the unequal distribution of assets among the residents of a country. Here wealth includes the values of homes, automobiles, personal valuables, businesses, savings and investments. Developed countries have low wealth inequality.

- **Industrial progress:**

  Industrial progress is an important indicator of the economic development of a country. It helps to increase per capita income and the national output of the country.

- **Capital formation:**

  It means investing in transport, irrigation, roads, electricity, technology etc. Higher capital formation will lead to higher economic development.Greater generation of capital can lead to qualitative improvement of life of the people in that area.A higher rate of these indicators shows a higher level of economic develpment.

- **Production and Business Activity**

  The production factor covers the economic production of a country and it includes production from different types of commercial activities mainly from the secondary and tertiary sector. It includes Industrial Production and capacity utilization, new construction including new home construction, new private housing and vacancy rates ,business sales on a monthly basis.

- **Prices**

  The prices include both the prices consumers pay as well as the prices businesses pay for raw materials and include Producer Prices [monthly]Consumer Prices [monthly],prices received and paid by Farmers [monthly].

- **Money, Credit, and Security Markets**

  These indicators include the amount of money in the economy as well as interest rates and include Money Stock, Bank Credit, Interest Rates and Stock market situation.

- **Federal Finance**

  These are measures of government spending, deficits and debts. It also includes revenues earned by the government.

- **International Trade**

  This is a measure of how much the country is exporting and how much it is importing, International Trade In goods and services and international transactions and deals. When times are good people tend to spend more money on both domestic and imported goods. The levels of export and import fluctuate with imports becoming more than exports during boom periods. Measures of international trade therefore reflect the economic situation of a country.

- **Occupational Pattern**

  Another important indicator of economic development is the occupational pattern. It is accepted that the countries in which most of national output or national income is derived from the primary sector (i.e., agriculture, forestry, animal husbandry, mining etc.) are economically backward. In other words, the greater the contribution of agriculture, the less economically developed it is. Most people in LDCs live in rural areas and work on farms. In India, for example, 70% of the total population depends on agriculture directly or indirectly. In advanced countries most people work on factories or are engaged in trade and professions. Similarly, the contribution of agriculture and allied activities to net national product is quite high. In India, it is around 40% at present. In advanced countries the percentage is between 8 to 10.There is great diversity in income and living standard among developing countries. Some live under severe hardship and are on the verge of starving (e.g., Bangladesh or Ethiopia).Others that were in this category two or three decades ago have achieved some progress and move into the rank of middle-income countries like Egypt, Philippines, and Mexico. The most successful ones are the newly industrialising countries like South Korea and Taiwan.