

# CONCEPT OF ECONOMIC DEVELOPMENT

Dr. Ghazala Shaheen  
Guest Faculty  
Vanijya Mahavidyalaya

# ECONOMIC GROWTH

- Economic growth refer to quantitative changes.
- It is a process of growth in the national & per capita income.
- Acc. to Mc Connell “Economic Growth may be defined as an increase in the Economy’s real gross national product or real national income.”
- Acc. to his defn. the production of Larger amount of Goods & Services signifies growth.
- Acc. to Samuelson “It is a process whereby per capita real income increases.

$$\text{Per Capita income} = \frac{\text{National Income}}{\text{Population}}$$

# MAIN ELEMENTS OF ECONOMIC DEVELOPMENT

- ✓ Economic Development is a Process.
- ✓ Economic Development is increase in Real Per Capita income.
- ✓ It is a Long Period Concept.
- ✓ Absence of Rise in Poverty and Inequality.

# DIFFERENCE b/w ED AND EG

## ECONOMIC GROWTH

- SINGLE DIMENSIONAL
- QUANTITATIVE
- CONTINUOUS AND STEADY CHANGE
- USED FOR DEVELOPED ECONOMIES.

## ECONOMIC DEVELOPMENT

- MULTI DIMENSIONAL
- QUALITATIVE
- SPONTANEOUS & DISCONTINUOUS CHANGE
- USED FOR DEVELOPING ECONOMIES.

# DETERMINANTS OF ECONOMIC DEVELOPMENT

Economic  
Determinants

Non- Economic  
Determinants

Economic  
Development

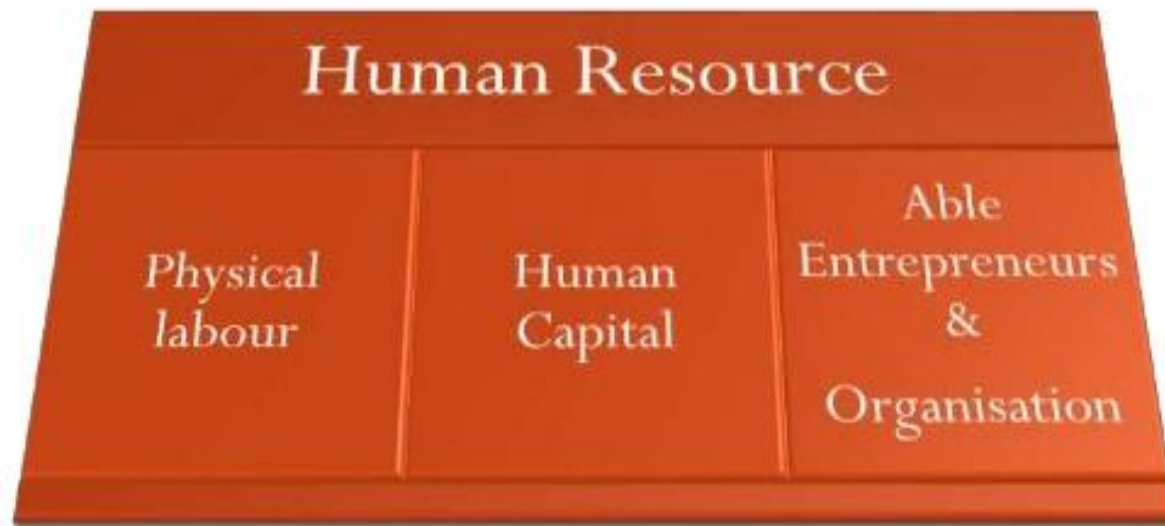
```
graph TD; A[Economic Determinants] --> C(Economic Development); B[Non- Economic Determinants] --> C;
```

The diagram illustrates the determinants of economic development. It features a central oval labeled 'Economic Development' at the bottom. Two rectangular boxes, 'Economic Determinants' on the left and 'Non- Economic Determinants' on the right, have arrows pointing towards the central oval, indicating that both sets of factors contribute to economic development.



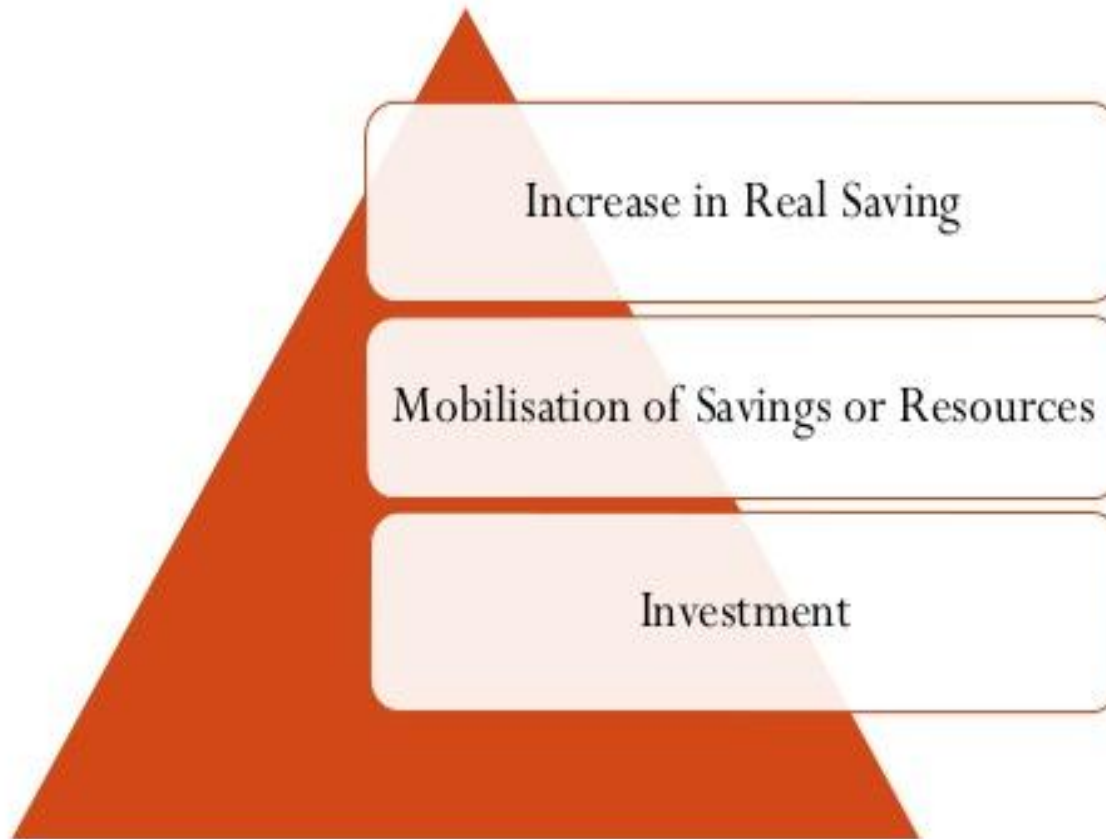
# ECONOMIC DETERMINANTS

1. Quantity And Quality of Natural Resources.
2. Quantity And Quality of Human Resources.



## ECONOMIC DETERMINANTS CONT..

### 3).Physical Capital Resources



## ECONOMIC DETERMINANTS CONT..

4). Low Capital Output Ratio

Capital Output Ratio= $K/Y$

Here,  $K$  = Capital

$Y$  = Output or Income

5). Large extent of the Market

6). Technical Progress

7). Growth oriented Economic Agencies

8). International Determinants



# NON-ECONOMIC DETERMINANTS

- Social Determinants
- Political Determinants
- Religious Determinants
- Freedom from Corruption
- Law and Order Situation
- Aspiration of Development