

# STUDY MATERIALS FOR BA (HONS) ECONOMICS

## PART – 3

### PAPER – 5

#### TOPIC – MEANING OF GROTH AND DIFFERENCE BETWEEN GROWTH AND DEVELOPMENT

##### **INTRODUCTION**

Economic growth is an increase in the production of economic goods and services, compared from one period of time to another. It can be measured in nominal or real (adjusted for inflation) terms. Traditionally, aggregate economic growth is measured in terms of gross national product (GNP) or gross domestic product (GDP), although alternative metrics are sometimes used.

A country's economic development is usually indicated by an increase in citizens' quality of life. 'Quality of life' is often measured using the Human Development Index, which is an economic model that considers intrinsic personal factors not considered in economic growth, such as literacy rates, life expectancy and poverty rates.

##### **Difference between growth and development**

	Economic Development	Economic Growth
Measurement	Qualitative. HDI (Human Development Index), gender- related index (GDI), Human poverty index (HPI), infant mortality, literacy rate etc.	Quantitative. Increases in real GDP
Effect	Brings qualitative and quantitative changes in the economy	Brings quantitative changes in the economy
Relevance	Economic development is more relevant to measure progress and quality of life in developing nations.	Economic growth is a more relevant metric for progress in developed countries. But it's widely used in all countries because growth is a necessary condition for development.
Scope	Concerned with structural changes in the economy	Growth is concerned with increase in the economy's output