

ECONOMIC DEVELOPMENT

Learning Objectives:

- To understand the components, determinants, elements, factors, phases & measures of 'Economic Development'.
- To apply the obtained knowledge in the real-world scenario at the individual-level.

Introduction:

- * 'Is a particular locality or community suitable for us to lead a comfortable and pleasant life'?
- * 'Do we have self-sufficient resources including infrastructure to meet all our ever-changing demands that would affect our standard of living'?
- * 'Are we capable of well-utilizing the available scarce resources to achieve advancements in the various fields of our lives; which keeps us secured in relation to our social well-being'?

All such social and economic related queries can only be answered if we are aware of the concept called "Economic Development", which is one of the most important topics, being currently discussed, all-around the globe with different nomenclatures like 'Modernisation', 'Industrialization' and the like.

Basically, 'Economic Development' refers to such prime activities, by which, it would be possible to progress a nation or a region collectively on the lines of our welfare in terms of economic aspects; and also by which, it would be possible to lead a qualitative life; as well as arousal of new job-opportunities and sustenance of the existing ones.

Nevertheless, it would be rather incomplete if the important aspect of improving level of income has not been included under the purview of an economy's development. Moreover, it overwhelms the traditional agriculture-based economy into modern industry-based economy by undergoing the transitional process of advanced technology adoption.



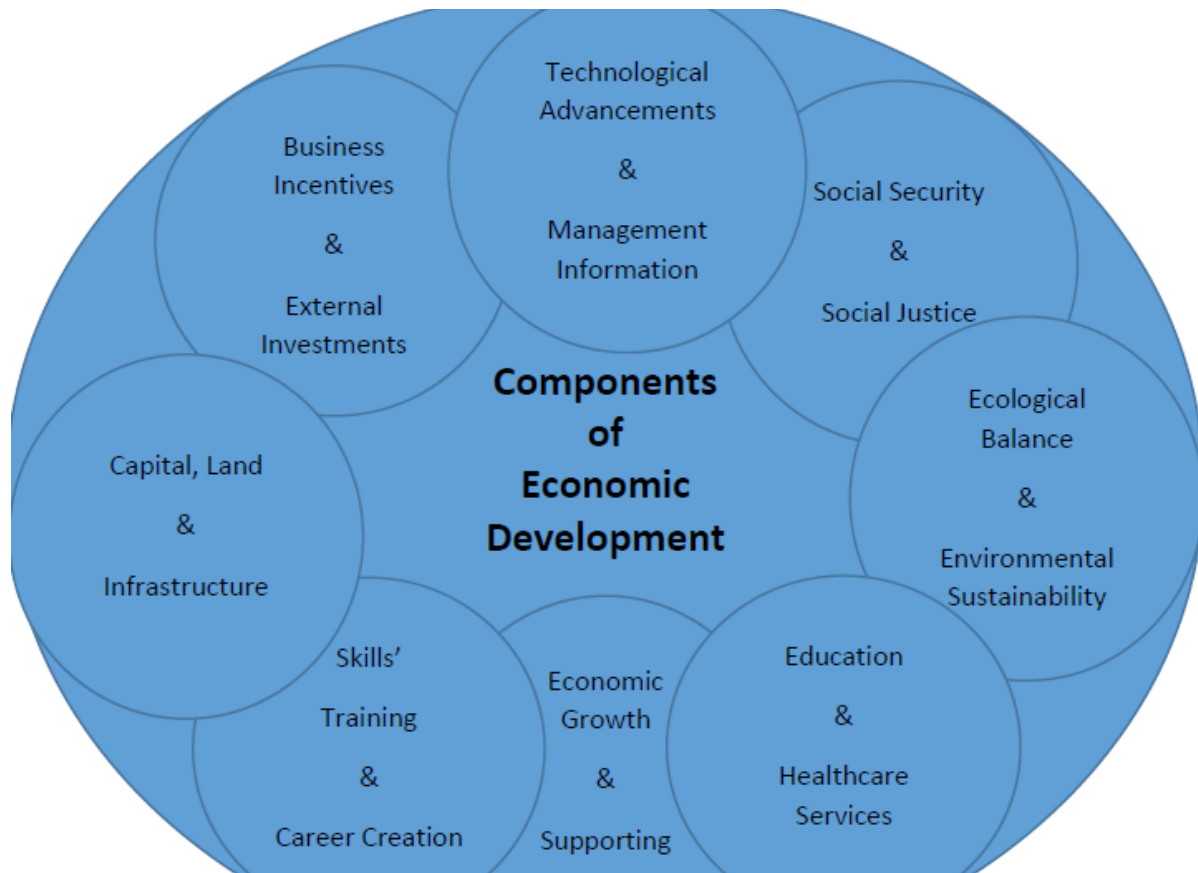
‘Economic Development’ is often interpreted with the wrong notion of being the same as the economy’s growth or improvement, which is just perceived from the viewpoint of an economy’s monetary contribution made to its people that is representable in terms of financial facts and figures; by not considering the important social aspects of life.

Components of Economic Development

Actually, when compared to the economic growth; the economic development, indeed, is having a very vast scope as it not only talks about the quantitative economic aspects by just denoting the overall productivity of a particular country or locality that is measurable by various concepts of its income like GDP, GNP, NNP, PI, DI and PCI.

A country’s economic development also includes various qualitative aspects like standard of living of its people, environmental maintenance, leisure-time, freedom & social justice; and measurable through analysis of various influencing factors like intensity of poverty, extent of training facilities & job-opportunities offered, presence of infrastructure, level of education, scope for R & D, provision of incentives to promote new business set-ups, etc.





By the above pictorial depiction, we can notice the “Components of Economic Development”.

Determinants of Economic Development

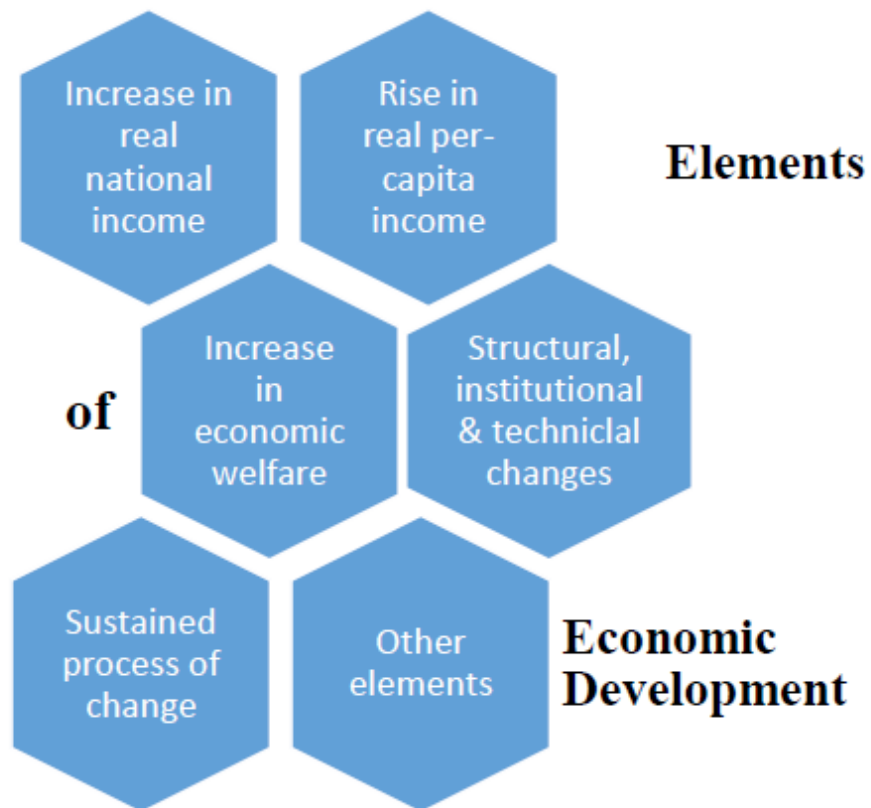
Although there are several determinants that influence the economic development of a country, the notable key determinants are as follows.



- Adopted economic priorities
- Population
- Global situation
- Other nations' co-operation



Elements of Economic Development



The elements of our country's economic development can be pictorially denoted as above.



Factors of Economic Development

As per the extensive studies made in the field of economic development by the economists and other concerned experts, we have come to know about the various factors that influence a nation's economic development, which are broadly classified into two groups namely economic factors & non-economic factors; which is elaborately shown by the pictorial representation as follows.

Factors of Economic Development	
Economic Factors	Non-Economic Factors
Agriculture's Marketable Surplus	Corruption
Capital Formation	Developing Desire
Economic System	General Education & Technical Know-How
Foreign-Trade Conditions	Human Resources
Natural Resources	Political Freedom
	Social Organisation



Phases of Economic Development

Out of the various available models pertaining to the economic growth & development of a nation, the model that focused directly about the economic development was the one that was developed by an American economic historian named WW Rostow, whereby told that the nations have passed-over 5 various phases of economic development; which were as follows.

- * **‘Traditional Society’** phase: This is the first stage of Rostow’s model that included agricultural activities, barter system and subsistence.
- * **Transitional** phase: This is the second stage of Rostow’s model that contained infrastructure, specialization and surpluses.
- * **‘Take-Off’** phase: This is the third stage of Rostow’s model that consisted of aspects like growing investment, industrialization, political change and regional growth.
- * **‘Drive to Maturity’** phase: This is the fourth stage of Rostow’s model that involved concepts of diversification, innovation, investment and less reliance upon imports.
- * **‘High Mass Consumption’** phase: This is the final stage of Rostow’s model that enclosed his thoughts expressing that the scenario would be consumer-oriented, wherein durable goods flourish and service sector becomes dominant.

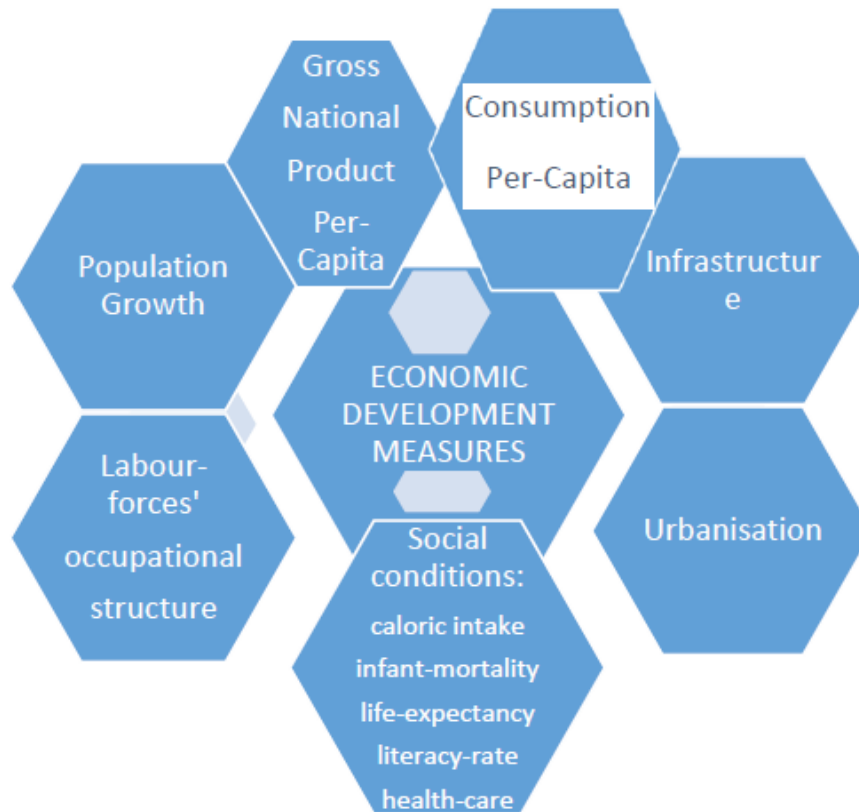
An important feature of economic development is that the people considerably take part in the process of development and in altering the economy’s basic erection. As mentioned earlier, it has a wider scope than that of economic growth. It covers also the components like capital, labor, tax-base, technological advancements, human development and the like.

‘Economic Development’ is such a vast and wide subject of worldwide significance that has gained more importance than any of the other contemporary subjects in the entire field of economics as it is involved in a high-profile topic that is related to the overall status or position of the entire economy, right from the basic regional-level to the entire global-level; which is used as one of the most considerable concepts of ranking or rating



nations' overall status and performance in relation to the extent of development that each one of them have attained or possessed when compared to that of other nations.

Measures of Economic Development



The list of the most commonly used measures of economic development are as follows. GNP per capita, population growth, occupational structure of the labour force, urbanization, consumption per capita, infrastructure and social conditions like literacy rate, life expectancy, health care, caloric intake, infant mortality & others.

Possibly, one of the most vital pre-requisites of economic development is the seeking country's admittance to the discoveries of currently developed science and innovators to adjust these discoveries according to the market-place requirements.



Thus, in the nutshell, we can interpret the concept of economic development by bringing most of its significant components together with all the above descriptions about the economic development concepts and importance. It is very crucial for the economists and other concerned subject specialists to keep-on working upon, constantly, for enhancing or uplifting our position in the world's overall economic development ranking; thereby also having a great impact on the other developments, pertaining to our nation; by achieving which, we can move-on to the group of developed nations.

