

**Course Name:-B.A.LLB-IIth Sem**

**Subject:-Economics-II**

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**Topic:- Economic Growth vs Economic  
Development**

**Economic Growth vs Economic Development**

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Economic growth is the increase in goods & Services produced by an economy or nation, considered for a specific period of time. The rise in the country's output of goods and services is steady and constant and may be caused by an improvement in the quality of education, improvements in technology or in any way if there is a value addition in goods and services which is produced by every sector of the economy.

It can be measured as a percentage increase in real gross domestic product. Where a gross domestic product (GDP) is adjusted by inflation. GDP is the market value of final goods & services which is produced in an economy or nation.

Economic Development is the process focusing on both qualitative and quantitative growth of the economy. It measures all the aspects which include people in a country become wealthier, healthier, better educated, and have greater access to good quality housing. Economic Development can create more

opportunities in the sectors of education, healthcare, employment and the conservation of the environment. It indicates an increase in the per capita income of every citizen. The standard of living includes various things like safe drinking water, improve sanitation systems, medical facilities, the spread of primary education to improve literacy rate, eradication of poverty, balanced transport networks, increase in employment opportunities etc. Quality of living standard is the major indicator of economic development. Therefore, an increase in economic development is more necessary for an economy to achieve the status of a Developed Nation.

It can be measured by the Human Development Index, which considers the literacy rates & life expectancy which affect productivity and could lead to Economic Growth.

### **Key differences between Economic Growth vs Economic Development**

Both Economic Growth vs Economic Development are popular choices in the market; let us discuss some of the major Difference between Economic Growth and Economic Development:

- Economic Growth is the increase in the real output of the country in a particular span of time. Whereas, Economic Development is the increase in the level of production in an economy along enrichment of living standards and the advancement of technology.
- Economic growth does not consider the Income from the Informal Economy. The Informal economy is unrecorded economic activity. Whereas, Economic Development takes consideration of all activities,

whether formal or informal and eases people with low standards of living a suitable shelter and with proper employment.

- Economic Growth does not reflect the depletion of natural resources. Depletion of resources such as pollution, congestion & disease. Governments are under pressure due to the environmental issues, majorly the problem is due to Global warming. However, Economic Development is concerned with Sustainability, which means meeting the needs of the present without compromising.
- Economic growth is the subset of economic development.
- Economic growth indicates the expansion of the Gross Domestic Product (GDP) of the country and the concept of Economic Growth is basically related to the developed countries. Economic Development is a broader concept than the Economic Growth. Economic Development refers to the increase of the Real National Income of the economic and socio-economic structure of any country over a long period of time. Economic Development is related to underdeveloped or developing countries of the world.
- Unlike economic development, Economic growth is an automatic process. Meanwhile, economic development is the outcome of planned and result-oriented activities.
- Economic Growth refers to the rise in the value of all the products produced in the economy. It indicates the yearly increase in the country's GDP or GNP, in percentage terms. It alludes to a considerable rise in the per-capita national product, over a period, i.e. the growth rate of increase in total output should be greater than the population growth rate.
- Economic growth is necessary but not enough to achieve economic development.

- They both Economic Growth vs Economic Development have different indicators for their measurement. Economic Growth can be measured through an increase in the GDP, per capita income, etc. However, Economic Development can be measured through Improvement in the life expectancy rate, infant mortality rate, literacy rate, and poverty rates.

The basis of Comparison between Economic Growth vs Economic Development	Economic Development	Economic Growth
<b>Concept</b>	<p>Economic development is a much broader concept than economic growth.</p> <p>Economic development = Economic Growth + Standard of Living</p>	<p>Economic Growth is a narrower concept than economic development.</p>
<b>Scope</b>	<p>Economic Development is considered as a Multidimensional phenomenon because it focuses on the income of the people and on the</p>	<p>Economic Growth is considered as a single dimensional in nature as it</p>

	improvement of the living standards of the people of the country.	only focuses on the income of the people of the country.
<b>Term</b>	Long-term process	Short term process
<b>Measurement</b>	Both Qualitative & Quantitative Terms:  HDI (Human Development Index), gender-related index, Human poverty index, infant mortality, literacy rate etc.	Quantitative Terms:  Increases in real GDP.
<b>Related To</b>	Economic Development is related to Underdeveloped and developing countries of the world.	Economic Growth is related to developed countries of the world.

<b>Effect</b>	Qualitative and Quantitative Impact on the economy. Improvement in life expectancy rate, infant, literacy rate, poverty rates, and mortality rate.	Brings a quantitative impact on the economy. Increase in the indicators like per capita income and GDP, etc.
<b>Process Tenor</b>	Continuous process	In a certain period

## **Conclusion – Economic Growth vs Economic Development**

After examining the above information, we can say that Economic Growth is a subset of Economic development. Economic Development is a bigger concept than economic growth. Economic Development uses various indicators to measure the progress in an economy as a whole, however, Economic growth uses only specific indicators like the gross domestic product, individual income, etc. for the calculation. Economic Growth is often contrasted with Economic Development, which can be defined as the increase in the economic wealth of an economy or nation, for the welfare of its residents. Here, you should know that economic growth is essential but not the only condition for economic development.

