

ECONOMICS CHAPTER 1- DEVELOPMENT

This chapter will help you to-

1. Become familiar with basic concepts like development, per capita income, literacy rate, IMR, HDI and Sustainable development.
2. Appreciate the different perspectives on development.
3. Understand the different indicators of development.
4. Analyse the merit and demerit of PCI as a development indicator.
5. Compare Economic -non economic indicators of development.
6. Correlate Quality of life to HDI.
7. Identify the significance of Sustainable development.



My expectation from government is better transport services, more electricity at cheaper rates and deduction in the import duties so that we can buy more automated machines to increase the production.

My expectation from government is more job opportunities and better education for children. If automation machines will take over all the factories how we will earn and reduction in import duties will lead to availability of more foreign good in India at cheaper rates, who will buy our products, how we will survive.



From the above two conversations we can understand that-

- A. Different persons can have different development goals.
- B. Meaning of development for one person may not be development for the other.
- C. Meaning of development for one person may be destructive for the other.
- D. Economic development applies to the all round development of a country where the people earn higher income and can satisfy all their needs.



Situation here is very bad here, yesterday all my money was taken away by goons. When I went to police station they as well misbehaved with me. We already have a very low income and now we have lost all our earnings. How one can survive under such circumstances. Now we have to move to other areas with better law and order situation.

From the above conversation it is clear that People want more income. Money, or material things that one can buy with it, is one factor on which our life depends. However, the quality of our life also depends on non-material things such as equal treatment, freedom, security and respect for others. For development, people look at a mix of goals. The developmental goals are not only about better income but also about other important things in life.

What are the common goals of all the people-

1. Rise in the level of income.
2. Law and order.
3. Equal treatment
4. Freedom for all
5. Respect of all.

Lets understand this with one more example-



My brother attends regular school, but I am not allowed to attend school. If would have been equally respected like my brother, I could have attended school also my father is concerned about my security.

National development- In the above discussions we have learned that meaning of development varies from person to person and these ideas may be conflicting. Now as a nation we have to set priority for some ideas based on the questions like, which ideas benefit larger section of the society? And How resources can be utilized in the best possible manner? All these questions are considered while planning strategy for national development.

National development can be defined as the ability of a country to improve the social welfare of the people by utilizing the available resources in the best possible manner.

How to Compare Different Countries or States?

Now we know that idea of development vary from person to person. when it varies from person to person it will vary from country to country as well. So how can we compare two countries. For this we choose some common characteristics and compare them with the other nation. One such characteristic is income, as income can buy more resources to improve the standard of living.

To compare countries, their income is considered to be one of the most important attributes. Countries with higher income are more developed than others with less income. As different countries have different populations, comparing total income will not tell us what an average person earns. So, we compare the average income of countries.

Average income is the total income of the country divided by its total population. It is also called per capita income.

Average Income = Total Income of Country / Total Population of Country

In World Development Reports, per capita income is used in classifying countries. World development report is produced by world bank located in Washington DC.

1. Countries with per capita income of US\$ 12,056 per annum and above in 2017, are called **rich countries**.
2. Countries with per capita income of US\$ 955 or less are called **low-income countries**.
3. India is a middle income country with per capita income of \$1927.
4. The rich countries excluding countries of middle east and certain other small countries are called developed countries.(because of factors like dependency on hydrocarbons, political system and poor education system)

Income and Other Criteria

When we think of a nation or a region, besides average income, public facilities are equally significant attributes.

- ❖ We know that there are certain things that money cannot buy like clean water, clean environment, law and order situation, attitude of people. Hence these factors also plays an important role in defining the standard of the life of people. One such thing is public facilities.

- ❖ **Public Facilities:** These are the services provided by the government to its citizens. Some of the important public facilities include infrastructure, sanitation, public transport, health care, water, etc. In India public distribution is the most effective public facilities available to people. PDS is meant to provide healthy and nutritious food to the economically poor section of the society.

This can be better explained by example of Kerala, Punjab and Bihar given in textbook.

Human development index- Now we know that along with income certain other parameters are also essential for overall development of life. Human development index published by UNDP compares countries based on educational, health and income levels. India was ranked 131 among 189 countries in 2020.

Refer table 1.6

Sustainability of Development

Sustainable development is defined as development that meets the needs of the present, without compromising the ability of future generations. Scientists have been warning that the present type and levels of development are not sustainable. Some of the examples are:

- Overuse of ground water- though ground water is a renewable resource, but its overuse can exhaust the ground water.
- Exhaustion of natural resources like petroleum and coal. These resources are non renewable resources and will be exhausted after years of use.

Sustainable development is not only essential for future generation but it is also essential for our own survival, hence we must use the resources cautiously.

Important terms

1. **Infant mortality rate-** The number of children that die before the age of one year as a proportion of 1000 live children born in that particular year.
2. **Literacy rate-** The proportion of literate population in the 7 and above age group.
3. **Human development Index-** It indicates all round development of the people in the society. HDI is released by UNDP.
4. **Sustainable development-** Sustainable development is defined as development that meets the needs of the present, without compromising the ability of future generations.
5. **Net attendance ratio-** Total number of children of age group 6-10 attending school as a percentage of total number of children in the same age group.
6. **Body mass Index-** It is used to measure the undernourishment and over nourishment in people. It is calculated by dividing weight in Kg with the square of height in metre. Healthy range is between 18.5 to 25.

7. **Life expectancy at birth-** Average expected length of life of a person at the time of birth.
8. **Human development-** Development of a person according to his full capacity.

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