



**JUSTICE BASHEER AHMED SAYEED COLLEGE FOR WOMEN  
(Autonomous) Chennai 18.  
S.I.E.T.**

**DEPARTMENT OF ECONOMICS  
II B.A. CORPORATE ECONOMICS  
SEMESTER III**

**INDICATORS OF ECONOMIC DEVELOPMENT**



# UNIT I

## ECONOMIC GROWTH & ECONOMIC DEVELOPMENT

- **Economic development**
- Transformation of a country from low income country to modern and developed country.
- Improvement in economic, political and social well being, quality of life and economic welfare.
- Shows qualitative and quantitative improvements of an economy.

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# ECONOMIC GROWTH & ECONOMIC DEVELOPMENT

- **Economic growth**
  - Increase in the money value of output of an economy.
  - Increase in investment, production, national income, per capita income, consumption & savings.
  - Quantitative in nature

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# Difference between economic growth and economic development

S. No.	Economic Growth	Economic Development
1.	Increase in production of goods and services.	Increase in literacy rate, health care, regional balance, equality, reduction in child mortality.
2.	Quantitative in nature as it studies growth in terms of numbers.	Qualitative in nature as it studies the quality of life.
3.	Studies the development in real output of goods & services.	Studies the investment, socio, economic, political and cultural development
4.	Narrow concept – concerned with the development of production and output only.	Broader concept – concerned with the development of all aspects.
5.	Mobilization of resources for increasing production.	Mobilization of resources for increasing production, quality of life and attaining social justice.
6.	Neglects to study economic problems- unemployment, inequality, poverty, etc.	Concentrates on economic problems.

# Difference between economic growth and economic development

S. No.	Economic Growth	Economic Development
7.	Growth can be measured as it is quantitative in nature	Development cannot be measured as it is qualitative in nature
8.	Economic growth is the end product.	Economic development is a process.
9.	Economic growth is not possible without economic development.	Economic development is possible without growth because development comes first.
10.	Increase in real output, national income, per capita income are the indicators of economic growth.	Increase in real national income, per capita income, literacy rate, employment rate, quality of life, etc are the indicators of economic development.
11.	Growth is related to advanced and developed countries.	Development is related to under developed and developing countries.
12.	Growth is continuous and stable.	Development is fluctuating.
13.	Growth accepts economic and institutional changes.	Development needs more efforts of the government to make and accept changes.

# Determinants of Economic Development

- Economic determinants
- Non-economic determinants

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# Economic determinants

Population &  
manpower  
resources

Natural resources  
& its utilization

Capital formation &  
capital  
accumulation

Capital-output ratio

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# Economic determinants

Favourable  
investment  
pattern

Occupational  
structure

Extent of the  
market

Technological  
advancement



# Economic determinants

Development  
planning

External factors

Infrastructural  
facilities

Suitable industrial  
relations

# Non - Economic determinants

Urge for  
development

Spread of  
education

Changes in social &  
institutional  
factors

Law & order

# Non - Economic determinants

Administrative  
efficiency

Cultural setup

Political & legal  
environment

Natural  
environment

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# Sustainable Development

- Brundtland Report, 1987
- Warning- negative impact on environment
- Meeting needs of present generation without affecting future generations.

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# Less Developed Countries (LDCs)

- LDCs
- Low income countries
- Depend on developed countries.
- LDCs
- All economic problems.
- No development
- LDCs
- Third World Countries
- Less Industrialized Countries

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# Features of LDCs

Low per capita income

Widespread poverty

Shortage of capital

Population explosion and high dependency

Massive unemployment

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## Features of LDCs

Predominance of  
agriculture

Unproductive  
investment

Low levels of  
productivity

Technical  
backwardness

Economic  
Inequalities

## Features of LDCs

Low Level of Living

Low Productivity of Labour

Infrastructural Backwardness

Under utilized Natural Resources

Lack of Industrialization



# Key development challenges faced by LDCs

Low level of human resource development

Low per capita income

Higher external dependency

High degree of economic vulnerability

Low saving and investing rate

Infrastructure problems

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# Key development challenges faced by LDCs

## Socio-economic and political instability

Weak institutional and administrative capacity

Poor internal resource mobilization

Supply side constraints

Demographic explosion

Brain drain

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## Key development challenges faced by LDCs

Lack of people's interest in development activities

Lack of public expenditure in productive areas

Lack of security

Lack of expertise

Poor access to  
technology

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*Thank You*

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