

# Development

## **Q1. What is Per Capita Income?**

**A1.** It is also known as Average income. It is obtained by dividing the national income of the country by its total income, i.e.-

$$\text{Per Capita Income} = \frac{\text{National Income}}{\text{Total population}}$$

## **Q2. What is meant by 'economic development'? Write the basis of economic development of a country.**

**A2.** Economic development is a sustained increase in a country's per capita income that promises economic welfare by reducing poverty, unemployment and inequalities of distribution of income. The 2 basis of measuring economic development are National Income and Per Capita Income.

## **Q3. Do you think average income is an important criterion for development? Give reasons.**

**A3.** Per Capita income is an important criterion as it gives some idea about the rising standards of living. Prosperity of a country depends not only on the size of the national income but also the number of people who would share it. Along with average income, equitable distribution of income in a country should also be considered.

## **Q4. Why is the issue of sustainability important for development?**

**A4.** Sustainability is important because it results in:

- Protecting people against pollution, ensuring their quality of life
- Conserving the environment necessary for development
- Preserving non-renewable resources for future needs and utilising renewable resources.

## **Q5. Kerala has a lower per capita income, but has a better human development ranking than Punjab/Maharashtra. Justify.**

**A5.** It is true that per capita income is not the only criterion behind human development, Factors like infant mortality rate, literacy rate and net attendance ratio are also very crucial for overall human development. In these factors, Kerala is better than Punjab/Maharashtra. However, if we are to compare 2 or more states in terms of production and income generated, the PCI is an important criterion. **(Give data)**

**Q6. In what respects is the criterion used by the UNDP for measuring development different from the one used by the World Bank?**

**A6.** The World Bank uses the criterion of PCI (measured in dollars) to classify different countries as high income or low income countries. Countries with PCI of Rs. 4,53,000 per annum or greater in 2004 are classified as high income countries and countries having a PCI of Rs. 37,000 per annum or lower are classified as low income countries (according to WDR 2006). But the limitation of this criterion is that it doesn't tell us anything about the distribution of income in the country.

UNDP uses a different index called the human development index (HDI). HDI is a composite index on a scale of 0-1 measured on the basis of 3 indicators:

- a. Longevity: Measured in terms of life expectancy.
- b. Knowledge: Measured as a combination of adult literacy rate and combined enrolment ratio.
- c. Standard of Living: Measured by real per capita income in dollars.

The country with 0 HDI will be at the bottom and the country with 1 HDI will be at the top. All other countries are in between.

**Q7. While average income is useful for comparisons, it hides certain disparities. Discuss.**

**A7.** Per Capita Income (PCI) is an important criterion for development and is considered to be one of the most important attributes for comparing countries but it suffers from the following limitations:

- i. PCI doesn't tell us anything about the distribution of income. A poor country with an equal distribution of income is better off than a richer country with an unequal distribution of income.
- ii. PCI doesn't measure various facilities and services that influence quality of life like health facilities, educational facilities, equal treatment, etc.
- iii. It is affected by size of population. Even with a large national income, PCI of a country will be low if it has a massive population.

**Q8. Distinguish between economic development and human development.**

**A8.** Economic development and human development have the following differences:

<i>Economic Development</i>	<i>Human development</i>
Refers to sustained increase in the real per capita income that promotes economic improvement in human life.	It refers to human centered approach towards development. It focuses on people and qualitative welfare by reducing poverty, unemployment and inequalities in distribution of income.
Can be indicated by national income and PCI.	Indicated by the human development index.
It is a narrower term as compared to human development.	It is an under term and includes economic development.
It considers that people can be made better off by increasing their command over goods and services.	It considers human welfare that should be increased through investments in education and health.

**Q9. Justify the following statements with examples:**

*Different people may have different developmental goals*

All individuals have some developmental goals depending upon their life experiences and background. Goal of one person differs from that of the other. People seek things that are most important to them; that which can fulfill their desire. Eg: A landless farmer will seek regular work and better wages while an industrialist may aim for larger production and greater profit. A student aims to

achieve higher marks while a youth dreams for a job abroad with the best facilities.

*What may be development for one may be destructive for the other*

At times 2 persons or groups may seek things which are conflicting. The development of one may be harmful for the other. Eg- A girl expects as much freedom and opportunities as her brother, and wishes that he also partake in the household activities. Her brother may not like this. To get electricity, an industrialist may want more dams, but this may disrupt the lives of the tribal groups, who would be displaced.

*For development, people look for a mix of goals*

The developmental goals that people have are not only about better income, but also about other important things in life. Besides money, people also seek for freedom, equal treatment, security, respect, etc. Eg- A man gets a job in a far off place will consider many factors apart from income such as facilities for his family, working atmosphere, etc. A job may give less pay but also offer regular employment, sense of security, opportunity to grow while another offers high pay but no job security and leaves no time for family.

*Money alone cannot be considered as criteria for development*

Money in your pocket alone cannot buy all the goods and services that you need to live. Money cannot buy you a pollution-free environment or ensure that you get unadulterated medicine. Money also may not be able to protect you from communicative diseases, unless the entire community works together to prevent it from spreading. Besides money, people also look for freedom, equal treatment, respect, security, etc.

**Q10. Why is the issue of sustainability important for development? Explain with examples.**

**A10.** Non renewable resources will get exhausted after years of use. We have a fixed stock on Earth which cannot be replenished. Even new resources that we might discover will eventually get exhausted. It is important that economic

development is not achieved at the cost of ecological loss. We need to conserve and preserve resources for our future generation. Eg- Groundwater resources are being overused, especially for agriculture. Groundwater overuse is particularly found like Punjab, Haryana and Western Uttar Pradesh, and in rapidly growing urban settlements. This not only depletes water resources but also leads to soil degradation and desertification.