

## UNIT-I

### Meaning and Nature of Development Economics:

#### Introduction:

Development Economics is a specialized branch of economics that focuses on improving the economic, social, and institutional conditions of people in low-income and developing countries. Unlike traditional economics, which often concentrates on efficiency and profit maximization, Development Economics emphasizes human well-being, poverty reduction, and sustainable growth.

#### Meaning of Development Economics:

Development Economics may be defined as:

- **A branch of economics that studies the process by which countries improve their economic, social, political, and institutional well-being.**
- It examines issues such as poverty, unemployment, income inequality, underdevelopment, structural changes, and economic growth.
- It focuses not only on increasing **per capita income**, but also on **improving the quality of life**, human capabilities, and social justice.

Thus, Development Economics is concerned with **both economic growth and economic development**, including education, health, gender equality, environment, and social transformation.

#### Nature of Development Economics:

The nature of Development Economics is multidisciplinary, dynamic, and human-centric. Its main characteristics include:

##### 1. Multidimensional in Nature:

Development Economics goes beyond national income and GDP. It covers:

- Social development (education, health, gender equality)
  - Economic development (growth, structural change)
  - Political development (governance, institutions)
  - Environmental sustainability
- hence, development is a **holistic concern**.

## 2. Focus on Underdeveloped and Developing Countries

The subject mainly studies the economic problems of:

- Low income
- Poverty
- Unemployment
- Low capital formation
- Dependence on agriculture
- Institutional weaknesses
- It provides policies to overcome underdevelopment.

## 3. Concerned with Poverty and Inequality

A major focus of Development Economics is to:

- Reduce poverty
- Minimize income inequality
- Promote inclusive growth
- It studies policies like subsidies, social welfare, redistribution, and employment programmes.

## 4. Emphasis on Human Development

Development Economics highlights the importance of improving:

- Education
- Health
- Skills
- Living standards

It recognizes humans as both **agents** and **beneficiaries** of development.

UNDP's **Human Development Index (HDI)** is an outcome of this approach.

## 5. Stress on Structural Transformation

It examines changes in economic structure such as:

- Shift from agriculture to industry and services
- Urbanization
- Technological progress
- Demographic transition

Structural change is considered essential for long-term development.

## 6. Dynamic and Long-term in Nature

Development Economics focuses on **long-term changes**, not short-term fluctuations. It studies:

- Long-run growth
- Technological advancement
- Institutional reforms
- Demographic changes

hence, it is both forward-looking and dynamic.

## 7. Importance of Institutions and Governance

The subject recognizes the role of:

- Government policies
- Legal systems
- Property rights
- Financial institutions
- Social norms

Strong institutions promote good governance and sustainable development.

## 8. Interdisciplinary Approach

Development Economics draws from multiple disciplines:

- Economics
- Sociology
- Political science
- Geography
- Demography
- This interdisciplinary nature helps understand complex development problems.

## 9. Focus on Sustainable Development

Modern Development Economics gives importance to:

- Environmental protection
- Use of renewable resources
- Climate change
- Green energy

Sustainability ensures that development benefits future generations too.

## 10. Policy-Oriented Nature

Development Economics helps formulate practical policies such as:

- Poverty alleviation programmes
- Rural development schemes
- Industrial policy
- Trade and investment policy
- Social welfare programmes

Thus, it has high practical relevance for policy makers.

## Conclusion

Development Economics is a comprehensive and evolving field that seeks to understand and address the root causes of underdevelopment. It emphasizes not only economic growth but also human well-being, social justice, structural transformation, and environmental sustainability. Its multidisciplinary approach makes it crucial for shaping national and international development policies.

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## Definitions of Development Economics:

### 1. Michael P. Todaro

*“Development economics is concerned with the economic transformation of countries from low-income to modern economies, focusing on improving human welfare, reducing poverty, and achieving structural change.”*

### 2. Amartya Sen

*“Development is a process of expanding the real freedoms that people enjoy. Development economics must therefore deal with improving capabilities, opportunities, and human welfare.”*

### 3. Paul A. Samuelson

*“Development economics studies the causes of underdevelopment and the policies required to accelerate economic growth and achieve higher levels of living.”*

### 4. Ragnar Nurkse

*“Development economics is the study of factors that cause capital formation and the removal of obstacles to economic growth in underdeveloped countries.”*

### 5. Meier and Baldwin

*“Development economics deals with the forces that lead to economic growth, structural change, and the improvement of living standards.”*

6. Arthur Lewis

*“Development economics examines how a country’s surplus labour can be used to achieve economic growth and raise the standard of living of its people.”*

7. Schumpeter

*“Development is a process of carrying out new combinations, involving innovation, entrepreneurship, and structural transformation.”*

8. Kindleberger & Herrick

*“Economic development is generally the process by which a country increases its real per capita income along with improvements in social and institutional structures.”*

9. Dudley Seers

*“Development involves reducing poverty, unemployment, and inequality. A country cannot be called developed if these basic problems persist.”*

10. Higgins

*“Development economics studies the conditions necessary for the economic progress of nations and the measures required to remove constraints on growth.”*

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Discuss the Core Values of Development.

Development is a broad and multi-dimensional concept. It is not limited to economic growth but focuses on improving the **quality of life, well-being, and freedom** of people. According to **Denis Goulet**, one of the pioneers of development ethics, development is based on **three core values**. These values explain what development should achieve for human beings.

These core values are:

- 1. **Sustenance**
- 2. **Self-esteem**
- 3. **Freedom from servitude**

These values guide policymakers to ensure that economic development leads to **human development**.

1. Sustenance (Meeting Basic Needs)

Sustenance refers to the ability of people to meet their **basic survival needs**. These include:

- Food
- Clothing

- Shelter
- Health
- Education
- Clean water
- Sanitation

### **Significance of Sustenance**

- Without fulfilling minimum needs, human life cannot be sustained.
- Development should aim at removing hunger, malnutrition, and ill-health.
- Economic policies must ensure employment opportunities for all.
- Social safety measures like **public distribution system, healthcare services, and education programs** help improve sustenance.

### **Outcome**

When basic needs are met, individuals become productive and contribute to economic growth. Sustenance ensures that no one is left behind.

## **2. Self-Esteem (Sense of Worth and Dignity)**

Self-esteem means that people should live with **dignity, respect, and honor**. Development is meaningless if people feel humiliated or marginalized.

### **Elements of Self-Esteem**

- Social equality
- Gender equality
- Freedom from exploitation
- Cultural identity
- Participation in decision-making

### **Importance**

- A country is not developed if its citizens are treated unequally.
- Social discrimination, caste barriers, gender inequality, and poverty destroy self-esteem.
- Development must promote equal access to education, employment, and social opportunities.

Outcome

Self-esteem enables individuals to live with confidence and pride. It strengthens social integration and harmony.

3. Freedom from Servitude (Freedom to Choose)

Freedom from servitude means freedom from all forms of **bondage, exploitation, ignorance, and poverty**. True development expands people's **choices and opportunities**.

Key Components

- Freedom from hunger and poverty
- Freedom to work and choose a livelihood
- Freedom to participate in politics
- Freedom from oppression and injustice
- Access to education and knowledge

This concept closely matches **Amartya Sen’s Capability Approach**, which says that development should expand people's **capabilities and real freedoms**.

Importance

- People must have control over their own lives.
- Development should enable people to make choices and improve their living standards.
- It ensures transparency, good governance, and democratic participation.

Outcome

Freedom empowers individuals to develop their talents and contribute to society.

Overall Significance of Core Values

The three core values together highlight the **human-centered approach** to development:

Core Value	Focus	Result
Sustenance	Basic needs	Survival and well-being
Self-esteem	Dignity and respect	Social equality
Freedom	Opportunities & participation	Empowerment

Development is meaningful only when there is a real improvement in the **quality of life**, not just an increase in income or GDP.

**Conclusion:**

The core values of development emphasize that **economic growth must go hand in hand with human development**. Sustenance ensures survival, self-esteem ensures dignity, and freedom ensures empowerment. These values guide nations to adopt **inclusive, ethical, and sustainable policies** that benefit all sections of society. Thus, the core values of development provide a strong ethical foundation for understanding what true development means in human terms.

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**Explain Amartya Sen’s Approach to Development.**

Amartya Sen, a Nobel Prize-winning economist, made a revolutionary contribution to the understanding of economic development. His approach shifted the focus from **economic growth** to **human capabilities, freedoms, and opportunities**. He argued that development should expand what people are **able to do** and **able to be**, rather than merely increasing income or output.

Sen’s ideas form the basis of the **Human Development Index (HDI)** and are widely used in policy-making.

**1. The Capability Approach** - At the heart of Sen’s development theory is the **Capability Approach**.

**Meaning:**

- *Capabilities* refer to the **opportunities and freedoms** people have to live the kind of life they value.
- *Functioning* are the **achievements** of individuals — such as being healthy, being educated, or having a good job.

**Key Insight**

A person is poor **not only because of low income**, but because of lack of capabilities like:

- Education
- Health
- Nutrition
- Social freedom
- Participation
- Employment



- Gender equality, Thus, development should **increase capabilities**, not just income.

## **2. Development as Freedom**

Amartya Sen's most influential idea is that **development is the process of expanding human freedom**. He identified **five types of freedoms** essential for development:

### **(i) Political Freedoms**

- Right to vote
- Freedom of expression
- Participation in governance
- Transparency in political processes

### **(ii) Economic Facilities**

- Access to markets
- Employment opportunities
- Fair wages
- Access to productive resources

### **(iii) Social Opportunities**

- Education
- Health care
- Nutrition
- Safe drinking water

### **(iv) Transparency Guarantees**

- Absence of corruption
- Open government
- Trust between citizens and institutions

### **(v) Protective Security**

- Social safety nets
- Public assistance programs
- Support for the vulnerable (elderly, disabled, poor)

According to Sen, **true development occurs when all these freedoms expand together**.

### 3. Human Development Perspective:

Sen's ideas directly shaped **UNDP's Human Development Reports**.

#### Key Elements

- People are at the centre of development.
- HDI measures development through:
  - **Health** (Life expectancy)
  - **Education** (Literacy & schooling)
  - **Standard of living** (Income)

This index moves beyond GDP to show the **quality of life**.

### 4. Poverty as Capability Deprivation

Sen rejected the traditional idea that poverty is only **lack of income**.

According to him: "Poverty is the deprivation of basic capabilities. "This includes:

- Lack of education
- Poor health
- Malnutrition
- Social exclusion
- Gender discrimination

Thus, anti-poverty policies must focus on expanding real freedoms.

### 5. Gender and Development

Sen strongly emphasized **women's empowerment**.

#### Key Aspects:

- Education of women improves household welfare.
- Gender equality increases productivity and economic growth.
- Reducing gender inequality enhances freedom and capability.

His concepts support policies like Female Literacy Programs, SHGs, and maternal health schemes.

## 6. Importance of Public Policy

Sen argues that **government intervention is essential** to expand freedoms, especially in:

- Education
- Healthcare
- Nutrition
- Employment

Countries like Kerala and Sri Lanka are examples of how strong public policies can achieve high human development even at low income levels.

## 7. Criticism of Growth-Centered Models:

Sen challenges traditional models that treat GDP growth as the only indicator of development. He argues:

- Growth without social development is incomplete.
- Income is only a means to enlarge capabilities.
- Human welfare should be the ultimate goal.

## 8. Sen's Influence on Global Development Thinking

Sen's approach influenced:

- Human Development Index (HDI)
- Multidimensional Poverty Index (MPI)
- Gender Development Index (GDI)
- Sustainable Development Goals (SDGs)

His ideas made development more **people-centred, ethical, and inclusive**.

## Conclusion:

Amartya Sen's approach changed the meaning of development. Instead of treating development as mere economic growth, his framework highlights:

- ✓ Expansion of human capabilities
- ✓ Freedom to choose a better life
- ✓ Health and education
- ✓ Equality and justice
- ✓ Human dignity

Thus, Sen’s approach provides a **comprehensive, humane, and ethical** way of understanding development. It remains one of the most influential theories in modern development economics.

**Distinguish between Economic Growth and Economic Development.**

**Meaning of Economic Growth:** **Economic Growth** refers to the **increase in the real output of goods and services** in a country over a period of time. It is usually measured by:

- **Increase in Gross Domestic Product (GDP)**
- **Increase in per capita income**
- **Rise in production and national income**

Growth is a **quantitative** (numerical) change — it shows **how much** a country produces.

**Meaning of Economic Development:** **Economic Development** is a **broader concept** that involves not only growth in income but also **improvements in the quality of life**. It includes:

- Reduction of poverty
- Employment generation
- Better education and health
- Improved living standards
- Social equality
- Technological progress

Development is **qualitative** and focuses on **human welfare**, not just income.

Basis of Comparison	Economic Growth	Economic Development
1. Meaning	Refers to an increase in a country’s output or income over time.	Refers to improvement in economic, social, and human well-being.
2. Nature	Quantitative (numbers)	Qualitative + Quantitative
3. Scope	Narrow – only production & income	Broad – includes education, health, welfare, equality, freedom
4. Measurement Indicators	GDP, GNP, Per Capita Income	HDI, PCI, Life Expectancy, Literacy, Employment, MPI
5. Time Period	Short-term process	Long-term process
6. Focus	Increase in income, output, and consumption	Overall improvement in living standards and capabilities
7. Change Type	Increase in production level	Structural changes in the economy
8. Social Aspects	Not considered	Highly considered
9. Human Welfare	Not directly related	Directly related
10. Distribution of Income	Ignores distribution	Focuses on equitable distribution
11. Poverty, Unemployment, Inequality	May exist even with growth	These must decline for development

12. Technological Progress	May or may not accompany growth	Essential for development
13. Population Impact	Growth does not consider population quality	Improves human development indicators
14. Policy Orientation	Production-oriented policies	Welfare-oriented & inclusive policies
15. Sectoral Improvement	May grow only in one or two sectors	Balanced growth across sectors
16. Sustainability	Not necessarily sustainable	Sustainable and inclusive
17. Freedom and Opportunities (Sen's View)	Not included	Expansion of freedoms and capabilities
18. Structural Transformation	Not required	Essential (shift from agriculture to industry/services)
19. Examples	GDP growing by 8%	GDP growth + improved education, health, equality
20. Outcome	Higher national income	Higher well-being, dignity, and quality of life

**Conclusion:**

Economic growth and economic development are related but not the same. Growth is **only an increase in income**, while development refers to a **complete transformation** in the economic, social, and human aspects of society. A country is considered **truly developed** only when growth is accompanied by:

- Better health
- Better education
- Gender equality
- Reduced poverty
- Higher freedoms and capabilities

Thus, economic development is a superior and comprehensive concept compared to economic growth.

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**Explain the Progress of Economic Growth and Development:**

**Meaning of Economic progress:**

Economic progress refers to the continuous improvement in the economic and social conditions of a country. It includes two important aspects:

1. Economic Growth – quantitative increase in production and income.
2. Economic Development – qualitative improvement in living standards and human welfare.

Progress is achieved when both growth and development move forward together.

### **Progress of Economic Growth:**

Economic growth means an increase in the real national income, real GDP, or per capita income of a country over time. The progress of economic growth can be measured through the following aspects:

**(a) Expansion of Output:** A country shows progress when its production of goods and services increases. Higher industrial and agricultural production indicates a strong economy.

**(b) Increase in Per Capita Income:** Rising income per person shows that economic resources are being used effectively and the standard of living is improving.

**(c) Capital Formation:** Growth progresses through higher savings and investment. More investment in machinery, factories, transport, and technology leads to higher productive capacity.

**(d) Industrialization and Structural Changes:** A shift from agriculture to industry and services is an important sign of progress. Countries with modern manufacturing and service sectors experience faster growth.

**(e) Technological Advancement:** Adoption of modern technology improves productivity, reduces cost of production, and increases efficiency. Innovation signals strong growth progress.

**(f) Improvement in Infrastructure:** Economic growth progresses when a country invests in: Roads, railways, Power supply, Communication systems, banking and markets. These help expand economic activities.

**(g) Increase in Employment Opportunities:** Job creation in various sectors such as agriculture, industry, services, and MSMEs improves people's income and contributes to overall growth.

### **Progress of Economic Development:**

Economic development is a broader concept. It refers to improvements in living standards, human capabilities, social justice, and welfare. Progress in development goes beyond income and includes social and human aspects.

**(a) Reduction of Poverty:** A major indicator of development progress is the decrease in the number of people living below the poverty line. Better wages, employment schemes, and rural development contribute to poverty reduction.

**(b) Improvement in Education:** Higher literacy rates, more school enrolment, better quality of education, and skill development show development progress. Education increases productivity and social mobility.

**(c) Health Improvements:** Better healthcare facilities, higher life expectancy, lower infant and maternal mortality, and improved nutrition indicate progress in human development.

**(d) Reduction of Income Inequality:** Development progress requires fair distribution of opportunities and resources. Policies that uplift weaker sections help in reducing inequality.

**(e) Social Development and Gender Equality:** Development is visible when all sections of society—women, children, elderly, and marginalized groups—gain access to education, health, employment, and social security.

**(f) Environmental Sustainability:** True development ensures protection of natural resources. Clean air, water management, green energy, and sustainable agriculture are key signs of development progress.

**(g) Human Development Index (HDI) Improvement:** HDI reflects progress in health, education, and income. Countries with higher HDI enjoy better quality of life.

**Conclusion:**

The progress of economic growth and development is a combination of rising production, increasing income, and improving human welfare. A country is said to progress only when:

- Its GDP and per capita income increase (growth), and
- Its people enjoy better education, health, equality, employment, and quality of life (development).

Thus, true progress is achieved when quantitative growth is matched with qualitative development, leading to higher economic welfare and sustainable improvement in living standards.

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**Discuss the Economic Welfare of Growth and Development.**

**Introduction**

Economic welfare refers to the **well-being and quality of life** of individuals in a society. It includes not only income levels but also access to essential services such as **health, education, employment, housing, equality, and opportunities**.

Both **economic growth** and **economic development** contribute to economic welfare, but they do so in different ways. Growth provides the **means**, while development provides the **end goals** of human well-being.

### **Meaning of Economic Welfare**

Economic welfare means the **satisfaction, happiness, and quality of life** enjoyed by people. It includes:

- Adequate income
- Better health
- Better education
- Social justice
- Equality of opportunity
- Reduction in poverty and unemployment

Thus, welfare reflects the **overall improvement in human life**.

### **Economic Welfare through Economic Growth:**

Economic growth means an increase in GDP, national income, production, and consumption. Growth contributes to welfare in the following ways:

#### **(i) Higher Income and Living Standards**

When national income increases, individuals have:

- Higher purchasing power
- Better housing
- Improved diet
- Access to modern goods. This directly raises welfare.

#### **(ii) More Employment Opportunities**

Growth leads to expansion of industries, services, and trade. This reduces unemployment and underemployment.

#### **(iii) Increase in Government Revenue**

Higher GDP → higher tax revenue. Government can spend more on:

- Schools
  - Hospitals
  - Roads
  - Social security
- which improves social welfare.



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**(iv) Technological Progress**

Growth encourages innovation and modernization. Technology improves:

- Productivity
- Communication
- Health services
- Transportation

This enhances the standard of living.

**(v) Poverty Reduction**

When the economy grows, more jobs are created and wages rise. This helps in reducing poverty levels and improving living conditions.

**Limits of Economic Growth Regarding Welfare:**

Although growth helps, **growth alone cannot ensure welfare**, because:

- Income may concentrate in a few hands
- Inequality may rise
- Environmental damage may occur
- Poor may not benefit equally

Therefore, growth must be accompanied by **development**.

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**Economic Welfare through Economic Development:**

Economic development is a **broader concept** that includes growth plus improvement in **education, health, equality, environment, and capabilities**. It improves welfare in the following ways:

**(i) Improvement in Quality of Life**

Development ensures better:

- Health facilities
- Education
- Housing
- Transport
- Sanitation

Thus, people enjoy a higher quality of life.

## **(ii) Reduction in Poverty, Unemployment, and Inequality**

Development-oriented policies focus on:

- Job creation
- Skill development
- Social security schemes
- Redistribution of income

This ensures inclusive growth and greater equality.

## **(iii) Human Development – HDI**

Development emphasizes:

- Life expectancy
- Literacy rate
- Standard of living

These dimensions directly improve economic welfare.

## **(iv) Safety and Social Security**

Welfare schemes like:

- Public Distribution System (PDS)
- Old age pension
- MGNREGA
- Health insurance

should provide protection to weaker sections.

## **(v) Gender Development and Social Justice**

Development includes gender equality, empowerment, and elimination of social discrimination. This makes welfare more equitable and sustainable.

## **(vi) Expansion of Freedoms – Amartya Sen's View**

According to Sen, welfare improves when people gain:

- Freedom to choose
- Freedom to work
- Freedom from hunger & poverty
- Freedom from oppression

These freedoms expand human capabilities and thus increase welfare.

**Conclusion**

Economic welfare is the ultimate goal of all economic activities. While **economic growth** provides the financial base for welfare, **economic development** ensures that the benefits of growth reach all sections of society.

Together, they contribute to:

- Better living standards
- Social justice
- Improved human capabilities
- Greater equality and freedom

Therefore, sustainable development that includes both growth and welfare-focused policies is essential for improving the overall economic welfare of a nation.

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**Explain Comparative Economic Development.**

**Introduction:**

Comparative Economic Development is a method of studying how and why different countries grow and develop at different rates. It involves comparing the economic, social, political, and institutional characteristics of nations to understand the factors that influence development.

This approach helps explain **why some countries are rich and others are poor**, and how developing nations can learn from the experiences of more successful economies.

**Meaning of Comparative Economic Development:**

Comparative Economic Development refers to the **systematic study and comparison of economic performance, development levels, and structural changes** across countries or regions. It examines differences in:

- Income levels
- Human development
- Technology
- Institutions
- Social structure
- Policies
- Growth patterns

The objective is to understand why certain countries achieve rapid development while others lag behind.

## **Importance of Comparative Development:**

### **1. Helps Identify Determinants of Development**

By comparing economies, we learn how factors such as **capital formation, technology, institutions, governance, and human capital** influence development.

### **2. Provides Lessons for Developing Countries**

Developing nations can adopt successful strategies from developed countries (e.g., Japan, South Korea, Singapore) to accelerate their own development.

### **3. Shows Diversity of Development Paths**

Countries differ in:

- Historical background
- Culture
- Resources
- Policies

Comparative study shows that **there is no single path** to development.

### **4. Evaluates Policy Effectiveness**

Countries like China and India followed different development models. Comparing their policies helps understand what works best.

### **5. Identifies Global Inequalities**

The gap between developed and developing countries becomes clear through comparative analysis. This helps global institutions (UN, World Bank, IMF) design support programs.

## **Key Indicators Used in Comparative Economic Development**

Countries are compared using various indicators such as:

### **1. Economic Indicators**

- GDP and GNI per capita
- Savings and investment levels

- Productivity
- Sectoral composition (agriculture, industry, services)

## **2. Social Indicators**

- Literacy rate
- Life expectancy
- Infant mortality
- Nutrition levels

## **3. Human Development Indicators**

- HDI
- Gender Development Index (GDI)
- Multidimensional Poverty Index (MPI)

## **4. Institutional Indicators**

- Political stability
- Rule of law
- Governance quality
- Corruption levels

## **5. Technological and Structural Factors**

- Level of industrialization
- Technological progress
- Urbanization
- Infrastructure

## **Patterns Observed in Comparative Development**

### **1. Developed Countries**

- High per capita income
- Advanced technology
- Strong institutions
- Low poverty
- High human development

Examples: USA, UK, Japan, Germany, South Korea.

2. Developing Countries

- Moderate income growth
- Limited technology
- Structural dualism (modern + traditional sectors)
- Higher poverty and inequality

Examples: India, Brazil, Indonesia, Egypt.

3. Underdeveloped/Least Developed Countries (LDCs)

- Very low income
- High dependence on agriculture
- Poor infrastructure
- Weak institutions

Examples: Afghanistan, Somalia, Niger.

Comparative study reveals the **reasons behind these differences** and helps design appropriate development strategies.

Role of Comparative Economic Development in Modern Economics

- Helps economists understand global diversity
- Encourages inclusive and sustainable development
- Guides policymakers in designing country-specific strategies
- Provides evidence-based solutions to poverty, inequality, and unemployment
- Supports international cooperation and aid programs

Conclusion

Comparative Economic Development is essential for understanding the wide differences in development levels across nations. It highlights that development is influenced not only by economic factors but also by **social, political, institutional, and historical conditions**.

This approach provides valuable insights for developing countries to adopt effective policies, avoid past mistakes, and achieve balanced, inclusive, and sustainable development.

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## MCQ QUESTIONS:

### 1. Development Economics primarily focuses on:

- a) Wealth maximization                      **b) Human welfare and structural transformation**
- c) Industrial profit                              d) International trade

### 2. The main objective of Development Economics is:

- a) Increase in exports                      **b) Reduction of inequalities and poverty**
- c) Increase in population                      d) Private sector growth

### 3. Economic growth mainly measures:

- a) GDP increase**    b) Human freedom    c) Social justice    d) Political stability

### 4. Economic development includes:

- a) Only income growth    **b) Economic growth + social progress**
- c) Military growth              d) Political changes

### 5. Which of the following is a core value of development?

- a) Profit-making    **b) Sustenance**              c) Corruption              d) Militarization

### 6. The term “Sustenance” means:

- a) Low wages              **b) Meeting basic needs**    c) Inflation    d) Tax increase

### 7. Amartya Sen’s capability approach focuses on:

- a) GDP    **b) Human capabilities and freedoms**    c) Industry growth    d) Export promotion

### 8. Which is not a capability indicator under Sen’s approach?

- a) Education    b) Health              c) Life expectancy    **d) Number of malls**

### 9. Economic growth is \_\_\_\_\_ for development.

- a) Sufficient    b) Unnecessary              c) Necessary but not sufficient              d) Not related

### 10. Progress means:

- a) Real increase in human welfare**                      b) Only GDP rise
- c) Only capital formation                                      d) Only population increase

### 11. Economic welfare includes:

- a) Material + Non-material welfare**                      b) Only income
- c) Only consumption                                      d) Only production

### 12. Comparative economic development helps to:

- a) Rank countries based on wealth alone                      b) Compare armies
- c) Understand similarities and differences in development**    d) Compare celebrity income

### 13. HDI stands for:

- a) Human Development Indicator                      b) Human Design Index
- c) Human Development Index**                                      d) Human Data Index

### 14. HDI was developed by:

- a) Gunnar Myrdal                                      **b) Amartya Sen and Mahbub-ul-Haq**
- c) Adam Smith                                      d) Todaro

**15. Life expectancy is an indicator of:**

- a) Economic growth
- b) **Human development**
- c) Banking development
- d) Industrial growth

**16. The basic needs include:**

- a) Cars and houses
- b) **Food, clothing, shelter**
- c) Luxury goods
- d) Electronics

**17. Equality and social justice are part of:**

- a) Core economic values
- b) Profit maximization
- c) **Core development values**
- d) Trade policies

**18. Which is not a core value of development?**

- a) Self-esteem
- b) Freedom
- c) **Weapon creation**
- d) Sustenance

**19. Increase in real per capita income is a measure of:**

- a) Development
- b) **Growth**
- c) Inflation
- d) Unemployment

**20. Economic development is a \_\_\_\_\_ concept.**

- a) Quantitative
- b) **Qualitative**
- c) Military
- d) Fiscal

**21. Economic growth is a \_\_\_\_\_ concept.**

- a) Qualitative
- b) Political
- c) **Quantitative**
- d) Social

**22. Structural changes are essential in:**

- a) Growth
- b) **Development**
- c) Taxation
- d) Elections

**23. Human capital formation includes:**

- a) Machinery
- b) **Health and education**
- c) Weapons
- d) Buildings

**24. Amartya Sen emphasised \_\_\_\_\_ development.**

- a) Income-based
- b) **Human-centric**
- c) Industrial
- d) Military

**25. Economic inequality leads to:**

- a) Balanced development
- b) **Underdevelopment**
- c) More welfare
- d) Better growth

**26. In growth vs development, which is broader?**

- a) Growth
- b) **Development**
- c) Both equal
- d) Neither

**27. Welfare economics deals with:**

- a) Price determination
- b) **Social welfare**
- c) Taxation
- d) Military spending

**28. Social indicators include:**

- a) GDP
- b) **Literacy rate**
- c) Inflation rate
- d) Exchange rate

**29. Who introduced the concept of “core values of development”?**

- a) **Todaro**
- b) Adam Smith
- c) Amartya Sen
- d) Ricardo

**30. Self-esteem means:**

- a) **Feeling of worth and dignity**
- b) Tax benefits
- c) Voting rights
- d) Wages

**31. The HDI consists of \_\_\_\_ dimensions.**

- a) 2
- b) **3**
- c) 4
- d) 5

**32. An important element of welfare is:**

- a) **Happiness**
- b) War
- c) Inflation
- d) Unemployment



**33. Infant Mortality Rate (IMR) is used to measure:**

- a) Industrial growth   **b) Health development**   c) Export strength   d) Capital formation

**34. Social progress depends on:**

- a) **Education and health**   b) GDP alone   c) Exports   d) Number of industries

**35. Underdevelopment is characterized by:**

- a) High productivity   **b) Low income and poverty**  
c) High literacy   d) High standard of living

**36. The term “development” implies:**

- a) **Structural changes**   b) Only income growth  
c) Only market expansion   d) Only inflation control

**37. The primary issue in development is:**

- a) Currency fluctuations   **b) Human deprivation**   c) Film industry   d) Fashion trends

**38. A country with high growth but low development is**

- a) USA   b) Norway   **c) Oil-based economies**   d) Japan

**39. Human development means:**

- a) **Expansion of human choices**   b) Oil extraction  
c) Industrialization alone   d) GDP increase

**40. Development reduces:**

- a) Education   b) Life expectancy   **c) Poverty and inequality**   d) Employment

**41. Migration from rural to urban areas is an example of:**

- a) **Structural change**   b) Price change   c) Fiscal change   d) Monetary change

**42. Capital formation means:**

- a) Increasing foreign exchange   **b) Creating real assets**  
c) Decreasing savings   d) Population growth

**43. Which factor does NOT affect economic welfare?**

- a) National income   b) Distribution of income  
c) Quality of environment   **d) Number of shopping malls**

**44. Comparative development helps in:**

- a) **Learning best practices**   b) Reducing knowledge  
c) Increasing deficits   d) Causing conflicts

**45. "Freedom to lead a meaningful life" is emphasized by:**

- a) **Sen**   b) Ricardo   c) Marx   d) Keynes

**46. GDP growth without welfare is called:**

- a) Inclusive growth   **b) Jobless growth**   c) Sustainable growth   d) Welfare growth

**47. Sustainable development focuses on:**

- a) Present only   **b) Present and future generations**  
c) Past development   d) War preparations

**48. Welfare improves when:**

- a) Inequality rises   b) Poverty increases   **c) Standard of living improves**   d) Inflation increases

**49. Development requires:**

- a) Education              b) Health              c) Employment              **d) All of the above**

**50. The primary goal of development is:**

- a) Human well-being**   b) Export growth   c) Technology imports   d) Profit for industries