



[Summary]

Understanding Economic Growth

Subject:	Business Economics
Course:	B. A. (Hons.), 6 th Semester, Undergraduate
Paper No. & Title:	Paper – 641 Elective Paper E2 Economic Growth and Policy
Unit No. & Title:	Unit – 1 Economic Development – Definitions and Concepts
Lecture No. & Title:	Lecture – 1 Understanding Economic Growth

Summary

Dear Students, we may summarize that Economic growth pertains to improvement in economic parameters. Growth pertains to quantitative improvement. Growth of national income is an important indicator of growth. However, growth rate of real national income and real per capita income are better indicators of growth. Simon Kuznets gave characteristics of the historical growth process of countries and indicated that quantitative changes do not essentially lead to qualitative changes. Ideological, social, attitudinal transformation along with economic and technological changes is necessary to ensure welfare.

Pace of technological advancement, infrastructural development, investment, production capacity, employment, resource utilization and demand for goods and services determine the growth of an economy.

Long term economic growth increases a nation's capacity to provide for greater goods and services for the citizens. Growth enhances the capacity for bettering lives of people. However, growth does not directly mean an improvement in well-being. A nation must make attempts to improve the well-being of people. And, such an attempt is the beginning of the development process.