

[Frequently Asked Questions]

Characteristics of Developing Economics

Subject:

Business Economics

Course:

Paper No. & Title:

B. A. (Hons.), 6th Semester, Undergraduate

Paper – 641 Elective Paper E2 Economic Growth and Policy

Unit No. & Title:

Unit – 1 Economic Development – Definitions and Concepts

Lecture No. & Title:

Lecture – 4 Characteristics of Developing Economics

Frequently Asked Questions

Q1. What is the difference between developed and developing countries?

A1. The difference between developed and developing countries is that of growth of real per capita income, population burden, employment in the productive sector, management of resources and human development.

Q2. What are the income indicators of development?

A2. The income indicators of development are growth of real national income and real per capita income.

Q3. What are the non-income indicators of development?

A3. The non-income indicators of development are many. High growth rate of population, low productivity, dependence on primary sector, underutilization of resources, mismanagement of resources, low capital formation, low human development are some important non-income indicators.

Q4. What signifies human development?

A4. Higher score on Quality of Life Index, Human Development Index, Human Poverty Index, Multidimensional Poverty Index, Gender Related Development Index, Gender Empowerment Index, signify higher human development and lower score signifies lesser human development.

Q5. What is meant by the vicious circle of underdevelopment?

A5. By vicious circle of development is meant that some characteristics which are unfavorable to development nurture other counteractive characteristics.

Q6. What is the Lorenz curve?

A6. The Lorenz curve is a measure of the distribution of wealth (or income or other factors) in a society between different percentile groups of a population. If population percentiles are represented on the 'x' axis and percentage of income on the 'y' axis then a line of equal distribution of income between different percentile populations is a 45° line from the origin. The Lorenz curve measures inequality in such distribution and hence is a curve away from the line of perfect equality.



Q7. What is the Gini ratio?

A7. The Gini ratio is given as, the area between the line of perfect equality ÷ the total area under the line of perfect equality in a Lorenz cure. Check the figure here.



Q8. What is the Human Development Index?

A8. HDI is an index developed by Mehbub ul Haq and A. K. Sen and introduced by UNDP (published for the first time in 1990 but calculated for previous years for various countries). It is an average index of life expectancy at birth, adult literacy rate and combined gross enrolment ratio for primary, secondary and higher education.

Q9. How is HDI calculated?

A9. For each indicator of the HDI, the index is calculated as,

(actual value - minimum)

Index = -----

(maximum – minimum)

Minimum values for each of these are based on the worst performance found in the world for a particular year.

Any cuntry's actual performance is then taken as actual value.

The average index of all the three indices is worked out and placed between 0 and 1.

Low human development: HDI lower than 0.5. Medium human development: HDI between 0.5 and 0.8. High human development: HDI higher than 0.8.

Q10. What is the difference between HPI-1 and HPI-2?

A10. HPI-1 is the Human Poverty Index for developing countries and HPI-2 is the Human Poverty Index for developed countries