4.1 DEVELOPMENT

A true development does not mean a high standard of living with all benefits and an increase in the GNP (Gross National Product) of few countries. But it brings benefits to all, not only for the present generation, but also for the future generation.

Definition

Development is a process that creates growth progress, positive change in economic, environmental and social component without damaging the resources of the environment.

4.1.1Types of development

1. National development

National development starts from the national planning frame work. These are developments that would make a significant contribution to overall success (or) its international role.

2. Major development

Some categories falling under "major development" includes fish farms, offices, storage and distribution centres. Housing estates, renewable, waste management (or) disposal facilities, mineral extraction sites, etc.

3. Local development

This is the most common form of development and comprises of small scale developments including house extensions, conversions, small and medium housing industrial development and small scale renewable developments.

4.1.2 Principles of development

The following 7 principles are the important for the development.

1. Equitable use.
2. Flexibility in use.
3. Simple and intuitive use.
4. Perceptible information.
5. Tolerance for error.
6. Low physical effort.
7. Size and space for approach and use.

4.1.3 Characteristics of development

1. It is a continuous process.
2. It is the result of interaction of individual and environment.
3. It is predictable.
4. It is both quantitative and qualitative.
5. It follows a particular pattern like infancy, childhood, adolescence and maturity.

4.1.4 Steps involved in concept development

There are 5 important steps involved, in the development process.

Step 1: Brain storming to create a pool of potential product (or) service concept. product (or) service concept.

Step 2: Performing customer research to target your ideal customer

Step 3:. Estimating the market potential for your product.

Step 4: Creating a prototype for your product

Step 5: Devising a marketing strategy

4.1.5 Effects of development

1. It increases wealth (or) reduces poverty.
2. It improves standards of living, health, education, infrastructure and technology.

4.1.6 Factors affecting development

Followings are the important economic factors affecting development.

1. Natural resources

Examples Trees, soil, water, minerals, coal, oil, etc., They help countries develop by creating jobs and increasing their wealth through the sales.

2. Power and energy resources

Examples: Oil, gas, coal and water.

They, being natural, can be mined and sold quickly. They are important for producing power and energy within the country.

3. Capital accumulation

If a country has more capital, it can creates more job. Low capital countries may have a low living wage and high unemployment.

4. Technological resources

Examples Computers, cell phones, etc.,

It refers to ability to use advanced technologies within a country. It increases business capabilities and economic development of the country. Countries with low technological resources have poor economic development.

5. Available labour force

Number of skilled labours within increases the development.

6. Transportation and communications.

7. Education and training.

4.1.7 Advantages and disadvantages of development

Advantages of development

1.Increased job satisfaction and morale among employees.

2. Increased employee motivation.

3. Increased efficiencies in processes, resulting in financial gain.

4. Increased capacity to adopt new technologies and methods.

5. Economic growth increases state capacity and the supply of public goods.

Disadvantages of development.

(i) Population growth.

(ii)Weak governance and rapid urbanization.

(iii) Poverty.

(iv) Pollution like smog, acid rain, green house effect, depletion of ozone layer, sewage and garbage.

4.2 GDP (GROSS DOMESTIC PRODUCT)

GDP is the total market value of the goods and services, produced within a country, during the specified period of time (usually 12 months (or) a year)

It is the broadest financial measurement of a nation's total economic activity.

4.2.1 Types of GDP

1. Normal GDP

It is the total value of all goods and services produced at current market prices.

2. Real GDP

It is the sum of all goods and services produced at constant prices.

3. Actual GDP

It is the real-time measurement of all outputs at any interval (or) any given time.

4.2.2 Significance (or) importance of GDP

(i) It identifies the present state of economy.

(ii) It is used to compare the economics between countries.
(iii) GDP is objective of policy formulation.
(iv) GDP is the root cause.
(v) It gives information about the size of economy and how an economy is performing.
(vi) It is used to determine the development and performance of the economy.

4.2.3 Calculation of GDP

There are three different ways of calculating GDP

(i) The value added approach.
(ii) The income approach (how much is earned as income on resource used to make stuff).
(iii) Expenditure approach (how much is spent on stuff). Of three, the expenditure approach is followed.

Expenditure approach

The expenditure approach calculates de GDP b calculating the sum of all the services and goods produced an economy. It is calculated with the following formula in

Private consumption (Gross private investment Government investment) + Government spending (Exports - Imports)

GDP= Y-C+1+G+(X-M)

where, Y Gross Domestic Product.

C Consumption.

I Investment.

G= Government spending.

X = Exports.

M = Imports.

4.2.4 Advantages and disadvantages of GDP

Advantages of GDP

(1) GDP is a broad indicators of development.
(2) It is easy to measure growth in percentage.
(3) It is easy to compare to itself and other countries.
(4) It is easy and cheap to collect.
(5) GDP is calculated from a formula which all countries
(6) It is the very good way for government to know use therefore it is reliable indicator. whether economic policies have been successful
(7) It can be broken up into GDP per capita which accounts for the population of the country when it is calculated.

Disadvantages of GDP

(i) It does not include non-market transactions.

(ii) It is narrow indicator that fails to show quality of life, standard of living, happiness, health care.

(iii) It fails to indicate whether the growth of a nation is sustainable.

(iv) GDP does not account inequality.

(v) It doesn't account for environmental impacts of the economic policies. (vi) It doesn't include the activity of informal sector (black market).

(v) Overseas income not taken into account. (vi) High inflation may be behind a high GDP rate.

(vii) Government could adjust the figures to gain power.

(viii) Production process could be immoral.

(ix) It measures the growth in the past are not hugely relevant.