DEVELOPMENT OF AN INTEGRATED CONCEPT OF SOCIO-ECONOMIC DEVELOPMENT

Despite a widespread practice of classifying countries and regions into developed and underdeveloped or developing, there is no single acceptable concept of development. The concept however has myriad interpretations like economic growth, increase in productive capacity, economic growth with equity, elimination of poverty, meeting basic needs, economic self-reliance and/or catching up with the developed countries in technology, wealth, power and status. A clear conception of development is very crucial because it determines the nature of developmental policies and programmes as well as the criteria for evaluating the development process.

The primary objective of this chapter is to delineate the concept of development by tracing the changing perceptions of development process and its implications for measurement during the last four decades of development planning. In defining development our main concern is with

the ends of development rather than the means/strategies employed in achieving them. In other words, the objective is to define and measure the existing level of development, not evaluation of processes leading to that state. However, the ends and the means of development are not entirely independent of each other: the ends determine the means and the means affect the outcome of development process. Therefore, we cannot totally ignore the changing strategies of development in delineating the nature and objectives of development.

Economic growth, employment creation, reduction of inequalities, eradication of poverty and satisfaction of basic needs were the main development objectives, each of them assuming a greater significance over the others at some point of time in the evolution of concept of development. The changing perceptions of importance of different developmental objectives were closely associated with the changes in strategies of development. Capital formation, human capital development, import substitution and export promotion or trade as engine of growth were the basic themes around which various developmental strategies evolved in development economics. Growing realization of complexities in development strategies had far-reaching consequences to the very notion of development in terms of its objectives and methods of evaluation. In other words, the changes in
strategies and objectives of development have been intertwined with mutual impact on each other.

1. ORIGIN OF DEVELOPMENT ECONOMICS

The classical economists were keenly interested in the analysis of growth and development in the long run but the rise of marginalist school in the late nineteenth century reduced the economic analysis to a static framework preoccupied with the problems of resource allocation and the theory of exchange. Post-war conditions, however, again created the necessity of development theory to deal with the problems of poverty and misery in the newly independent countries. With the overthrow of colonial domination in a majority of countries in the middle of this century, a major global preoccupation in intellectual and political spheres has been the elimination of poverty and improving the quality of life in the former colonies. In this global concern the discipline of economics has assumed a predominant position in providing theoretical framework for defining, analysing and managing the development process.

It was only in 1950s that development economics had begun growing out of colonial economics which was catering

exclusively to the needs of those in colonial service. In the inter-war period the immediate preoccupation of economic theory was with stabilization dealing with the problems of trade fluctuations. But the destruction of colonial empires unleashed a new set of objectives in the newly independent nations: the basic objective was development, not stability. The break-up of colonial empires in Asia and Africa during and after the Second World War gave rise to a strong assertion of nationalist aspirations for development. This in turn forced economists to pay attention to the problems of development. During the inter-war period, Keynesian economics arose dealing with the problems of short run business cycles and stagnation in developed capitalist economies. It was in the postwar decade that development economics as a specialised field of study came into existence in response to the needs of policy making in the newly independent countries in Asia and Africa.3 Keynesian economics, although arising in response to problems in mature capitalist economies, had a strong influence on the development economics: industrialization, capital formation and planning became the central themes of development economics.

3. Ibid., p.3
2. IDENTIFICATION OF DEVELOPMENT WITH ECONOMICS GROWTH

In the initial phases of development theory the primacy of economic factors in bringing out the overall development of society was so widely accepted that development was identified with economic development which in turn was equated with economic growth and measured in terms of growth and level of per capita real national income. "Modernization is therefore the process of social change in which development is its economic component".  

Structural and institutional changes in economy and society (like growing predominance of secondary and tertiary sectors in the economy, increasing size of production units, concentration of population in large urban centres, decreasing size of family, etc.) associated with the rise in per capita income in the history of developed countries were recognised. However, it was assumed that the links between economic growth and concomitant structural changes were so rigid that the former was considered enough to indicate the development process. Sometimes an increase in national income in the developed countries was termed as economic growth while in the developing countries it was called

economic development. Perhaps this implied that structural changes were associated with economic growth in the developing countries. Still no explicit attention was paid to non-economic factors either in development strategy or in evaluating developmental processes.

The main object of development was growth and considerations of distributive justice were brushed aside under the assumptions of the trickle-down theory. It was believed that once a certain level of per capita income is achieved, the benefits of development would automatically percolate down to the masses and eliminate the social problems of unemployment, inequality and poverty. In fact, the considerations of distributive justice at the earlier stages of development were assumed to be self-defeating: as a source of savings and incentives for the entrepreneurs, a certain degree of inequality was considered essential for rapid economic growth.

This western view of development deriving from its own historical experience emphasized the uniformity in the modernization process associated with economic growth.5 Development was viewed as a universal and linear process

which had to be passed through by all societies. It implied that the problems of developing countries could be solved within the framework of growth model and that the experience of developed countries was directly relevant to the problems of developing countries.

Identification of development with economic growth was an outcome of complex interaction between various socio-economic forces at national and international arena. A close association of high per capita income with political democracy, welfare state and a very high employment level in developed countries, which provided development models for their former colonies, had led to the belief that the rise in per capita income is a necessary and, by implication, a sufficient condition for achieving rapid development. Having successfully overcome the problems of under employment and instability of the interwar period, economic growth had become a major preoccupation of economic policy in the developed countries in the postwar period. This also reinforced the obsession with growth in their former colonies.

Innovations like the Harrod-Domar growth model in mainstream economics further strengthened the growth model of

development. The Harrod-Domar growth model provided a framework for an explanation of growth in terms of savings ratio and capital-output coefficient enabling the estimation of capital requirement (hence foreign aid) for a given growth target. Thus the growth models created a sense of euphoria of objectivity in development planning and in estimating the development aid from the international donor agencies.

The paradigm of development, sponsored and promoted by the experts from developed countries had also provided much needed outlet for their trade and surplus capital. It was advocated that a rapid economic growth would be possible in developing countries provided there is enough trade and aid from the developed countries. The eagerness of the developed countries to curb the spread of communism in the former colonies was another strong motivation for their involvement in the development efforts in these countries. It was feared that in the absence of some semblance of socio-economic progress in the former colonies they would go into communist fold and thereby permanently deprive developed countries of access to cheap sources of raw materials and market for their finished products.

The growth model of development also suited the professional convenience and career interests of economists who acted as the agents of development. Because of its easy
amenability to quantification, per capita income makes model building easy in terms of sectorial distribution of output, factor shares etc. It thereby creates an aura of hard science around the discipline. Reduction of a complex process of social change into a single index was very convenient to politicians in the former colonies. It glossed over very crucial and potentially explosive issues of distribution of benefits from development between social classes, ethnic groups and regions and gave them a reason to ask people to wait while they continued in power. Thus, development in the Third World, the main challenge of mankind in the second half of this century, was misconceived in terms of economic growth.

3. POST-WAR STRATEGY OF DEVELOPMENT: CAPITAL FORMATION

In its early phase, development economics viewed the developing economies as being caught in a situation described as a 'vicious circle of poverty', 'low-level equilibrium trap', and so on. The ultimate objective of development policy in the underdeveloped countries was therefore conceived in terms of breaking the vicious circle of poverty. The basic problem of these countries was viewed in terms of vicious circle of poverty which "implies a circular constellation of forces tending to act and react upon one another in such a way as to keep a poor country in a state of..."
poverty. A variety of such self-feeding mechanisms were identified in the functioning of an underdeveloped economy operating both on demand and supply sides. For instance, an underdeveloped country is characterised by low per capita income which leads to a low rate of savings and capital formation. A small amount of capital per worker in turn implies a low level of productivity resulting in low level of per capita income. Thus a vicious circle was complete on supply side. Similarly, on the demand side, the lack of industrialization in developing countries resulted in over crowding of population in agriculture lowering agricultural productivity. A low level of output in agriculture implied lack of agricultural surplus and effective demand for non-agricultural products which further reinforces the low level of industrialization. These are only two basic forms of vicious circle. An underdeveloped economy was viewed as a system of vicious circles operating at different levels, some being more vicious than others.

Most of the theories of economic development emphasize the capital formation as the key variable in breaking the vicious circle of poverty though they differed in emphasis on the minimum quantity of investment required.

and its rate and distribution between various sectors and industries. While the proponents of a balanced growth strategy advocated simultaneous investment in several complementary industries for the success of individual enterprises in all sectors, the unbalanced-growth strategists emphasized lack of adequate capital to undertake simultaneous investment in diverse areas. Therefore, it advocated a large scale investment in certain key industries or sectors like infrastructure to create strategic imbalances which would induce further investment decisions in economy. Lack of capital was thus considered the crucial difference between developed and developing countries.

The basic mechanism underlying capital formation and economic growth was outlined by the Harrod-Domar model in which the growth in national income is a joint function of national savings ratio and capital-output ratio. While the growth of income is directly proportional to saving ratio, it is inversely related to capital-output ratio. The basic


problem in underdeveloped countries is lack of adequate domestic savings causing a low level of capital formation. In the opinion of Arthur Lewis, the saving rate was the basic difference between developed and developing countries. "The central problem in the theory of economic growth is to understand the process by which a community is converted from being a 5 per cent to a 12 per cent saver." 11 The only outlet conceived was mobilization of foreign savings for increasing the rate of investment and capital formation. Thus the basic problem in attaining historical growth experience of developed countries was to get a right mixture of savings, foreign aid and investment.

The development problems were framed essentially in economic-technical terms and the role of non-economic factors was reduced to the secondary status of contributing to economic growth. 12 The growth theory was made more and more abstract making it a prerogative of economists chasing various growth models. It created the impression that the development specialists from industrial countries have an access to technical expertise required for the speedy

development of former colonies and thus established relationship of master-subordinate between the developed and developing countries. The reduction of the problems of development to capital formation also suited the interests of developed countries which were in need of outlets for their surplus capital to maintain full employment.

In 1960's and early 1970's there was a tacit belief that inequality in distribution was a necessary condition for rapid economic growth. It was believed that a higher level of personal and corporate income was essential for higher rates of savings which was advocated to be the main factor in determining the rate of investment and income growth in the Harrod-Domar model. If the rich save and invest more out of their income and the poor spend all their income on consumption, and if the growth in national income is proportional to the rate of savings in economy, then an economy with wider inequalities would save more and grow faster.

The development strategy therefore assumed that increase in per capita income would improve income distribution through trickle-down mechanism. The


development of modern sector with productivity and wages higher than that in traditional sectors was expected to accentuate income disparities in the initial phases but it was thought that in the long run the process would be reversed. This was based on the following reasons. First, an increase in demand for rural goods (food and raw materials) would bring about increase in productivity of the traditional sector. Second, a growing modern sector would create employment for those migrating from rural areas and from traditional sectors. In other words, economic growth would lead to improvement in the income levels of the poor through increase in demand for rural goods and services. Further, it was thought that this process can be hastened by re-distributive measures like providing free public services in rural areas financing from taxation of urban incomes.

Thus a relationship was established between income distribution and growth in GNP: income distribution worsens in the early phases of growth in GNP because of development of a modern sector with higher productivity and wages but after reaching a certain critical point the process gets reversed through the equalization of labour productivity in both the sectors. It was therefore concluded that distributional problems are self correcting and the best solution to inequality lies in economic growth. Any attempt to interfere in distribution was considered harmful to
growth. Placing undue emphasis on growth in income, the problem of individual welfare receded to the background during the first two development decades. The notion of per capita income was advanced to establish a tenuous link between income and welfare. The distributional problems were completely neglected in the development strategy and the concept of 'trickle down' was used to justify it.

4. DISSENT IN DEVELOPMENT STRATEGY : IMPLICATIONS FOR CONCEPT OF DEVELOPMENT

Both in the developed and the developing countries, the 1970's witnessed a growing disillusionment with the economic growth as the principal economic objective. In consequence the validity of growth model of development was increasingly questioned. In developed countries the main consideration which went against the growth paradigm was the ecological degradation and exhaustion of non-renewable resources along with what may perhaps be called a spiritual crises. All these together manifested in counter cultural and ecological movements questioning the superiority of development model of western capitalist countries. In developing countries of Asia, Africa and Latin America, despite higher growth rates by their historical record, there was no respite from poverty: indeed unemployment and inequalities were widening. Economic growth versus distribution had now become the focus of debate and all over the world. There was a growing clamour
for the 'dethronement of GNP' as the objective of development policy. 15

Due to the excessive emphasis on the creation of conditions for self-sustained growth in income the development strategy based on growth model had tended to create a dualistic development pattern in developing countries. 16 Its primary emphasis was on an industrial sector located in large urban centres. Capital intensive and labour saving technology was encouraged to achieve rapid increase in output. As a consequence, a large scale industrial infrastructure was built in the form of power plants, modern transport system and facilities for training highly skilled manpower. The traditional sector consisting of cottage and other industries was neglected and the agricultural sector was subordinated to the needs of growth in industry. Agriculture was seen primarily as the source of wage goods for those engaged in urban industrial sector and also as a source of foreign exchange through export of cash crops. The growth model of development which unduly emphasised rate of capital formation ignoring its content and distribution had conveniently bypassed any need for


structural and institutional reforms both at the national and international levels. It was only under the impact of neo
marxian theories of development that the necessity for restructuring economic institutions was recognised.¹⁷

Adoption of growth model of development from advanced industrial countries resulted in the application of many inappropriate economic concepts which failed to capture reality and in fact contributed to distorting it in the developing countries.¹⁸ Concepts like capital, investment, consumption, saving, income and price level presuppose many conditions which are not present in these countries. For instance, distinction between investment and consumption is based on the assumption that investment creates productivity for higher output in future and consumption is for immediate satisfaction of needs. But in underdeveloped countries with high levels of malnutrition and disease the expenditure on food and medical care is more in the nature of investment than consumption.

Absence of preconditions of growth models made them inappropriate to the needs of development policy in the


underdeveloped countries. By the end of 1960's planning for growth was proving very disappointing. The incremental capital-output ratios also were too unstable to be of any use in development planning and the limitations of growth models were further reinforced by the realisation in the developed countries that without some provision for 'technical change' production functions were incomplete. 19

Lack of success with development planning increasingly drew attention to the role of non-economic factors in economic growth. However, but for an occasional reference to non-economic factors, there was no comprehensive development theory, except Marxism, encompassing political, social and economic change. 20

The inability to explain rate of economic growth in the developed countries in terms of increase in the quantity of labour and capital had drawn the attention of economists to qualitative aspects of inputs resulting from progress in technology, education, health etc. 21 Increasingly the quality of labour is considered as important as its number.


Since the quality of labour is an acquired or 'a produced means of production', it is also defined as capital and named as human capital to differentiate it from physical capital. The traditional concept of capital was thus widened to include expenditure on education, training, health etc., which would contribute to economic growth by increasing the productivity of labour.

The concept of human capital emphasizing the role of investment in education and health blurred the traditional distinction between investment and consumption expenditures and thus paved a way for evolution of an integrated concept of socio-economic development. With the arrival of the concept of human capital, economists started considering the social aspects of development like health, nutrition and education as the key sectors in economic growth. In societies with widespread disease, under-nutrition and illiteracy, it is the expenditure on these services which tended to be more productive than the investment in physical capital.

However, in the human capital approach, the integration of investment and consumption in the development process is achieved at the cost of perverting the basic relationship between human welfare and national income. Instead of being the ultimate objective of development, the
human welfare is reduced to the level of instrument in achieving higher rate of capital formation or national income. The improvement in human welfare that leads to increase in the GNP is called the productive investment and the improvement in human welfare that does not is termed consumption.

During the first decade after the second world war, the dominant trend in development economies was in favour of import substitution for rapid industrialization and economic development in the Third World countries. The classical theory of international trade was rejected. It was argued that far from being an engine of economic growth, free trade was responsible for hindering it. Unequal competition between the developed and developing countries had resulted in the destruction of traditional industry and the impoverishment of traditional skills in the developing countries. In addition, declining terms of trade for primary products was resulting in transfer of resources from developing to developed countries.

However, disenchantment with import substitution and growing demand for foreign exchange had again created conditions favourable to more outward looking.

industrialization in the second development decade. Yet the export oriented growth strategy remained a minority opinion. The limitations of export-led industrial development became obvious with an increasing number of countries following this policy. It was considered feasible only in the case of small countries. Import substitution remained a viable policy of industrialisation for the majority of developing countries.

The changing perceptions about the significance of physical and human capital and shifting emphasis on inward and outward oriented industrialisation represented primarily shifts in the emphasis on the means of achieving rapid economic growth rather than the ends of it. But the growing realisation about the complexities in the strategy of economic growth did start affecting the very concept of development. It had drawn attention to factors like education, health, technical progress and integration of world economy all of which had far reaching consequences going far beyond the contribution to economic growth. With the realisation that there are more than one way to economic growth, each with different consequences for the realisation of other developmental objectives, it became necessary to take into account a variety of developmental objectives in planning and evaluating the development process.

The main impetus to changes in the concept of
development, however, came from the fact that economic growth in many countries could not eliminate poverty and in many instances it was accompanied by the growing disparities between the rich and the poor. As a consequence, the theoretical premises of the whole development strategy have been re-examined and questioned to widen the concept of development by giving explicit consideration to social objectives of eradicating poverty, unemployment and inequalities.

In the case of developed countries, Kuznets hypothesized that in the early phase of economic growth the inequalities increase but that distribution improves in latter stages. No such definite relationship was found between growth and distribution in the developing countries. It was the nature of economic growth in terms of institutional arrangements, priorities given to different sectors etc., not the growth rate per se which determined the distributional aspects. In most of the developing countries the benefits of development were, in fact, 'trickling-

upward' in favour of middle class and the rich. Those who benefitted from the early phases of economic growth acquired economic and political power with which they could hamper all trickle-down mechanisms. In fact, the economic behaviour of those benefiting from the earlier phase of growth hampered the prospect of further growth. It was realised that the growing inequalities and poverty were the basis and consequence of economic growth rather than the problems to be solved by it. Instead of eliminating inequalities, economic growth further reinforced the existing inequalities embedded in institutional arrangements through which growth is carried out. Thus, ignoring the role of social and economic forces, the trickle-down theory failed to capture reality.

In essence, the development theory in post-war era was an attempt to modify the standard theory of prices, distribution, trade, growth etc., and adapt it to peculiar conditions in the developing countries. The limitations of basically borrowed theoretical frameworks are increasingly manifested in the apparently contradictory economic phenomena such as stagnant employment and excess capacities in


industry, rising prices despite good harvests, inflationary tendencies together with recessionary conditions etc., in the Indian economy. It defies any simplistic explanation and poses analytical challenge to the supply and demand based market economy framework which ultimately rests on the neoclassical model of competitive capitalism.

For understanding the existing socio-economic reality and for devising effective policies, development theory has to take cognisance of agrarian and industrial class structures which determine the outcome of any development policy. The existence of semi-feudal relations in the agrarian economy and the monopoly groups in the industry in the Indian economy were held responsible for the distortion of development process in favour of the well-to-do sections of population. A study of macroeconomic processes in terms of production, demand, prices and distribution would need the knowledge of existing social stratification.

In the growth model of development, the basic emphasis was on efficient production and optimum allocation of resources. The distributional considerations were left out of the planning models and were supposed to be taken care of in subsequent periods through appropriate fiscal policy. The distributional problems were viewed mainly in the sphere of exchange and attempts were restricted to fiscal measures
like progressive taxation and government subsidies aimed at transferring resources from privileged to disadvantaged groups in the society. These are no lasting solutions to the distributional problems and in fact were often found to be reinforcing the existing social structure.

Another fundamental principle in the development policy was to rely on market mechanism without changing the processes of income generation and asset distribution. The policy was confined to offering incentives/disincentives (like tax concessions, subsidies, price controls and quotas) which are aimed at influencing the market forces operating on production. But any strategy restricted to working via the market forces is considered inherently limited because markets are neither equally accessible to all nor impartial among the participants. Even when they are modified by state policy, the market forces impose severe restrictions on planning.

5. INTEGRATED VIEW OF SOCIO-ECONOMIC DEVELOPMENT

By 1970s it was generally accepted that the basic determinant of development is economic structure and not the level or rate of economic growth. The choice is not between growth and equality but the type of growth. Mere pursuit of economic growth does not automatically improve distribution or eliminate poverty. Yet it remains an essential ingredient
in development process. It was also realised that development should aim at a type of economic growth which benefits the poor and that there is no conflict, as was traditionally believed, between growth and equality. The object of economic development was to achieve social objectives of eradicating poverty, inequality and unemployment within the framework of growing economy.

The emphasis on growth with distribution represent a clear shift in the development debate from the earlier preoccupation with the means of development to its ends, focusing mainly on the overall improvement in the quality of life rather than the increase in the growth rate of GNP. "The problem of underdeveloped countries is not just growth but development. Development is growth plus change; change, in turn, social, cultural as well as economic, and qualitative as well as quantitative".27 It was emphasized that the basic objective of development should be reduction and elimination of malnutrition, disease, illiteracy, unemployment and inequalities, not just the increase in average income of a country. The content of GNP was considered to be more important than its rate of growth and an exclusive concern with economic growth is considered inimical to improvement in the quality of life. It was

recognised that it is not the growth in GNP that would take care of poverty but the elimination of poverty that would take care of GNP. Persistence with rate of increase in income as the indicator of development only obscures the complexities in the development process and thus positively hinders it. It was therefore advocated that development should be defined and measured in terms of the conditions necessary for the universal objective of realisation of potentiality of human personality. In this context the developmental questions to be raised are "what has been happening to poverty? what has been happening to unemployment? what has been happening to inequality? If all the three of these have declined from high levels then beyond doubt that this has been a period of development for the country concerned. If one or two of these central concerns have been growing worse, especially if all the three have, it would be strange to call the result 'development' even if per capita income is doubled". 28

Disillusionment with the growth model of development in improving the quality of life had resulted in adopting employment, equality, poverty eradication and later basic needs satisfaction as the objectives of development

policy in developing countries. In the course of pursuing these objectives selectively, one after another, it was realised that they are interdependent and an integrated approach was needed to achieve them together, not in isolation from each other. For instance, in the beginning it was thought that the best way of distributing the benefits of development was creating employment opportunities. Therefore, emphasis was on the labour absorption in the economy. Though the need for redistribution of incomes and productive assets was recognised, the primary emphasis was on the reduction of unemployment and underemployment. But soon it was realised that the basic problem was low productivity, not unemployment. In fact, open unemployment was largely confined to educated youth from middle class in the urban areas who could afford to wait for better jobs. The poor people work extremely hard and for long hours, yet they remain in poverty. The most urgent problem was the poverty of working poor, not general unemployment or underemployment.

In addition, it was also realised that reduction of inequalities in the distribution of income is a precondition for creating productive employment in the economy. Since the rich tend to consume goods and services with a high

29. Ibid., pp.4-5.
degree of import and capital intensity, extreme inequalities in an economy curtails the scope for labour absorption. In contrast, the main demand from the poor is for labour intensive wage goods and thus the reduction in inequality would widen the employment opportunities. However, in an underdeveloped economy with low level of resources and productive assets, redistribution is no solution to poverty. It was apparent that in the absence of substantial growth, there was little scope for redistribution. Therefore, the emphasis was on 'redistribution with growth' which implied that the poor should be made the major beneficiaries of growth. The past experience indicated that it would take generations for the benefits of growth to percolate down to poor which was not acceptable both on humanitarian and political grounds.

With growing awareness about complex interrelations among the objectives of development, the satisfaction of basic needs had become the main objective of development policy in 1970's. A crucial difference between the basic needs approach and the income growth approach is that the former lays emphasis on the content of growth/output rather than on the rate of growth of income so that the basic needs necessary for the development of human personality are

satisfied at a relatively low income levels, and at the same
time building up the base for greater resource generation in
the economy. In a way basic needs approach is a culmination
of past development thought and experience. It is a synthesis
of objectives of growth, employment and poverty eradication.
Economic growth is aimed at through increase in supply of
basic goods and services, and employment through labour
intensive technology. A combination of higher output and
employment is necessary to eradicate poverty. Unlike the
growth oriented strategy which often achieves higher growth
rates through the development of selected industries or
sectors catering to the needs of the rich, the basic needs
approach provides greater scope for linkages,
complementarities and interdependencies between different
sectors and thus represents a unified or integrated approach
to development policy.

The unified approach to development is an outcome of
growing concern for the balance between social and economic
components of development process. The proponents of unified
approach to development began to view "development as a
complex process of social change and modernization in which
the 'economic' and the 'social' were separable only
artificially and for purposes of analysis".31 Separation

31. United Nations Research Institute for Social
Development (UNRISD), The Quest for a Unified Approach
between the social and the economic components was only an artifact of academic analysis abetted by the bureaucratic compartmentalization of socio-economic information.

A key concept of integrated approach to socio-economic development is improvement in quality of people's life which is both consumption and investment at the same time, the objective of development as well as the instrument to achieve it, and also the source of demand for resources and supply of resources.\textsuperscript{32} For instance, better health and higher education are the ultimate objects of development and also sources of increase in productivity. Improvement in the quality of life is the end product as well as the instrument of development process.

Thus development came to be defined as an integrated and interdependent process in which improvement in quality of life increases productivity and higher productivity in turn contributes to improvement in quality of life. For analytical purposes development can legitimately be broken into social (health, education, status of women etc.) and economic components but in practice they are inseparable. They form a feedback mechanism in development process. While social development provides preconditions for economic

growth, the economic growth provides resources for social development. Primacy of one over the other is only an academic question and depends upon where we start in the feedback process.

The unified approach provides a conceptual framework for understanding the development process. Development is not simply economic growth, nor growth plus progress in some social fields. It encompasses and is influenced by the whole gamut of social, political, technological as well as economic forces in the society. The purpose of unified approach is to understand the manner in which these forces interact and influence each other in the development process.

In the unified approach, development is not an increase in quantities like GNP but a progress in the realisation of a set of goals along with objective changes in social structure and institutions, and social and individual transformations building up the capacity of society and its individuals in realising higher levels of productivity and welfare. It is a process in which social and economic components are inter-related and interdependent parts of an evolving system.
6. SUMMARY

There was little agreement on the concept of
development and its measurement. Growing dissatisfaction
with the pace and nature of the development process resulted
in redefining the objectives of development and its
measurement.

During the first two decades after the second world
war, development was identified with economic growth and per
capita national income was made the sole measure of
development. Capital formation was assumed to be the key
mechanism in the development process.

As the GNP became the objective of development, the
problem of distribution and individual welfare were relegated
to background in the development strategy. Instead, the
emphasis on economic growth was rationalised by establishing
a tenuous link between income and distribution through the
'trickle-down' concept. Thus, the per capita income was made
the sole measure of development as well as welfare.

By the 1970s it was realised that in many developing
countries, economic growth could not tackle problem of mass
poverty. As a consequence, income distribution and equity
have become additional objectives of development policy. As
the alleviation of poverty became the focus of development
policy, the concept of development and the adequacy of its measurement in terms of income were questioned.

The focus had shifted from per capita income to several other dimensions of development such as health, education and infrastructure. They are correlated with each other and combined to describe socio-economic development.

Thus, during the last four decades of development planning, the concept of development gradually widened from narrow economic growth to larger socio-economic development, with emphasis on poverty and on the quality of life. In other words, human experience has not only shown that the more positive aspects of social transformation can be identified and encouraged in a planned fashion but has also transformed knowledge.