



## Traditional vs. Modern measures of Economic Development:

### a Theoretical Analysis

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#### Abstract

The great depression of thirties and the Second World War were the two major historic events, which brought radical change in the study of the principles, problems and policies of economic development. This was also necessitated perhaps due to the fact that most of the Asian and African countries got independence from the colonial rule immediately after Second World War.

At present economic development had its roots in Europe, which spread to USA, Australia and to several other parts of the world. During the last fifty years, these countries have witnessed highly accelerated rate of economic growth. But other large numbers of countries of Asia, Africa and Latin America have remained more or less stagnant or have progressed with extremely slow rate.

The concept of "Economic Development" is often referred to the characteristics that are either causes of or an effect of under development e.g. low capital formation, chronic unemployment, a large percentage of the population living on primary sector and negligible savings are said to be the general conditions that are found in the under developed countries. When a country is set on the course of industrialization and urbanization, then that country is said to be undergoing economic development.

The term economic development refers to the process through which an economy is transformed from a traditional one to a developed one. In the past, it has also been typically seen in terms of the planned alteration of the structure of production and employment so that agriculture's share of both declines and that of the manufacturing and service industries increases. Development strategies have therefore usually focused on rapid industrialization, often at the expense of agriculture and rural development. Finally, these principal economic measures of development have often been supplemented by casual reference to non-economic social indicators, e.g. gains in literacy, schooling, health conditions and services and provision of housing etc.

**Keywords:** Depression; Economic development; Economic growth; Industrialization.