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Q48

Increase in absolute and per capita real GNP do not connote a higher level of economic development, if (a) industrial output fails to keep pace with agricultural output. (b) agricultural output fails to keep pace with industrial output. (c) poverty and unemployment increase. (d) imports grow faster than exports.

Official key: C.

UPSC Civil Services Prelims 2018 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

Explanation**(a)**

(a) Industrial output failing to keep pace with agriculture. Sectoral imbalance is a structure issue, not the textbook reason that real GNP growth may not mean development. This is not the key.

(b)

(b) Agriculture failing to keep pace with industry. Again a composition point, not the welfare test in the question. This is not the key.

(c) Official key

(c) Poverty and unemployment increase. **(c) Official key:** Economic development is a rise in living standards and capabilities, not GNP alone. If absolute and per capita real GNP rise while poverty and unemployment worsen, development has not occurred. That is the stored key.

(d)

(d) Imports growing faster than exports. A trade gap may be a concern, but it does not by itself deny development when GNP rises. This is not the key.

Summary

Official key is (c). Development requires improvement in poverty, employment and human welfare, not only higher real GNP. Industrial-agricultural ratios and import-export gaps are different diagnostics. Honour the stored letter (c).

Related possible facts

These can be asked in a future Prelims paper.

Growth vs development

Output versus welfare, equity and capabilities

Amartya Sen

Development as freedom / capability

HDI

Health, education, income

Inclusive growth

Growth with falling poverty and unemployment

Per capita GNP

Average; hides distribution

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