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2.1 The Concept of Human Development

People are the real wealth of a nation. The basic objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives. This may appear to be simple truth. But it is often forgotten in the immediate concern with the accumulation of commodities and financial wealth¹.

Additional choices include political freedom; other guaranteed human rights and various ingredients of self respect. These are among the essential choices, the absence of which can block many other opportunities. Human development is thus a process of widening people’s choices as well as raising the level of well-being achieved².

Founders of quantitative economics such as William Petty, Antoine Lavoisier, and Joseph Lagrange the grandparents of economics introduced this concept of human development in their writing as well as the pioneers of political economy such as Adam Smith, David Ricardo, Robert Malthus, Karl Marx, and John Stuart Mill also referred to this concept. Therefore the human development concept is not new. There is, in this sense, no foundational departure in making economic analysis and policy take extensive note of the demands of human development. The approach is an old concept and it is not imported or implanting a new diversion. The idea that social arrangements must be judged by the extent to which they promote “human good” goes back at least to Aristotle. He also warned against judging societies merely by such things as income and wealth that are sought not for themselves but desired as means to other objectives. “Wealth is evidently not the good we are seeking, for it is merely useful and for the sake of something else”.

Aristotle argued for seeing “the difference between a good political arrangement and a bad one” in terms of its successes and failures in facilitating people’s ability to lead “flourishing lives”.

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Aristotle viewed well being as something generated by our actions and not our belonging:

Another belief which harmonizes with our account is that the happy man lives well and does well, for we have practically defined happiness as a sort of good life and good action. The characteristics that are looked for in happiness seem also, all of them, to belong to what we have defined happiness as being. For some identify happiness with virtue, some with practical wisdom, others with a kind of philosophic wisdom, others with these, or one of these, accompanied by pleasure or not without pleasure, while others include also external prosperity (Aristotle, 350 B.C.E.).

Human being as the real end of all activities can be found in the writing of most of the early philosophers. Emmanuel Kant observed: “so act as to treat humanity, whether in their own person or in that of any other, in every case as an end withal, never as means only”.

But human development does not end there. Additional choices, highly valued by many people, range from political, economic and social freedom to opportunities for being creative and productive, and enjoying personal self respect and guaranteed human rights. Human development has two sides: the formation of human capabilities such as improved health, knowledge and skills and secondly how people make use of their acquired capabilities for leisure, productive purposes or being active in cultural, social and political affairs. If the scales of human development do not finely balance the two sides, considerable human frustration may result. According to this concept, income is clearly only one option that people would like to have, albeit an important one. But it is not the sum total of their lives. Development must, therefore, be more than just the expansion of income and wealth. Its focus must be people. It is sometimes suggested that income is a good proxy for all other human choices since access to income permits exercise of every other option. This is only
partly true for a variety of reasons: Income is a means, not an end. It may be used for essential medicines or narcotic drugs. Well being of a society depends on the uses to which income is put, not on the level of income itself. Country experience demonstrates several cases of high levels of human development at modest income levels and poor levels of human development at fairly high income levels.

Present income of a country may offer little guidance to its future growth prospects. If it has already invested in its people, its potential income may be much higher than what its current income level shows, and vice versa.

Multiplying human problems in many industrial, rich nations shows that high income levels, by themselves are no guarantee for human progress. A number of recent studies have confirmed this general pattern. The associations are, however, far from perfect. For example, in intercountry comparisons, income differences tend to explain not much more than half the variations in life expectancy, or in infant or child mortality, and they explain a smaller proportion of variation in adult literacy rates. Many countries, such as Sri Lanka, China, Jamaica, Costa Rica, have achieved levels of human development that are enormously higher than what would be expected on the basis of their GNP or real income per head.

The simple truth is that there is no automatic link between income growth and human progress. The main preoccupation of development analysis should be how such a link can be created and reinforced. The term human development here denotes both process of widening people's choices and the level of their achieved well being. It also helps to distinguish clearly between two sides of human development. One is the formation of human capabilities, such as improved health or knowledge. The other is the use that people make of their acquired capabilities, for work or leisure or both. This way of looking at development differs from the conventional approaches to economic growth, human capital...
formation, human resource development, human welfare or basic human needs. It is necessary to delineate these differences clearly to avoid any confusion.

GNP growth is treated here as being necessary but not sufficient condition for human development. Human progress may be lacking in some societies despite rapid GNP growth or high per capita income levels unless some additional steps are taken. What is also important perhaps even more so is the route through which growth of GNP most effectively influences human development. Economic growth not only involves increase in private incomes, it can also significantly contribute to generating resources that can be marshaled to improved social services such as public healthcare, basic education, safe drinking water, etc. There is significant evidence that the statistical correlation between GNP per head and human development tends to work through the impact of GNP expansion on higher public expenditure and lower poverty. It is found in Anand and Ravallion that when life expectancy variations are linked with public health spending per person and an index of poverty, the addition of GNP per person as a further explanatory variable yields a coefficient that is not significantly different from zero. Theories of human capital formation and human resource development view human beings primarily as means rather than as end. They are concerned only with the supply side with human beings as instruments for furthering commodity production. True, there is a connection, process. Thus the concept of human capital formation or human resource development captures only one side of human development, not the whole.

Human welfare approaches look at human beings more as the beneficiaries of the development process than as participants in it. They emphasize distributive policies rather than production structures. The basic needs approach usually concentrates on the bundle of goods and services that deprived population group needs: food, shelter, clothing, health care
and water. It focuses on the provision of these goods and services rather than on the issue of human choices.

Human development, by contrast, brings together the production and distribution of commodities and the expansion and use of human capabilities. It also focuses on choices on what people should have, be and do to be able to ensure their own livelihood. Human development is, moreover, concerned not only with basic needs satisfaction but also with human development as a participatory and dynamic process. It applies equally to less developed and highly developed countries.

2.1.1 The Ideas of Philosophers and Politicians through History

- Rawls: identifies primary goods through ‘deliberative rationality’. According to theory of justice, primary goods are in general necessary for the framing and execution of a rational plan of life, following full deliberative rationality that is with careful consideration of the relevant facts and after a careful consideration of the consequences\(^6\). They are derived from some general facts about human wants and abilities and the necessities of social interdependence.

- Finnis’ approach is derived from practical reasoning\(^7\). Which has a lot in common with deliberative nationality, as it is derived from critical reflection about the planning of one’s life or the internal reflection of each person upon her own thoughts, reading, imagination and experiences\(^8\).

- Nussbaum’s list, which broadly follows Rawls but is more extensive and detailed, is largely based on overlapping consensus (a concept developed by Rawls (1993)\(^9\) as a basis for justice in a plural society) plus intuition as to what is needed to be truly human. An overlapping consensus is an informed view of what people agree about, even with different overall philosophies or religions\(^10\).
The voice of the poor analyzes of parker, represent what the poor identify as their needs, based on focus groups of poor people carried out around the developing world. A similar exercise is being conducted by the ESRC Research Group of well being in developing countries, in which people are consulted as to what makes for a good quality of life in developing countries.

HDR (1997) states: “Income clearly is only one option that people would like to have, though an important one. But it is not the sum total of their lives. Income is also a means, with human development the end”. There are many human choices that extend far beyond economic well-being. Knowledge, health, a clean physical environment, political freedom and simple pleasure of life are not dependent on income. Accumulation of wealth can expand people’s choices in these areas but this is not necessary. It is the use of wealth and not wealth itself that is decisive. Mahbub al haq thus rightly warns “unless societies recognize that their real wealth is their people, an excessive obsession with creating material wealth can obscure the goal of enriching human life”.

2.2 The Importance of Human Development for Economic Development

According to the recent development experience there is the need for paying close attention to the link between economic growth and human development for a variety of reasons. Many fast growing developing countries are discovering that their high GNP growth rates have failed to reduce the socioeconomic deprivation of substantial sections of their population. Even industrial nations are realizing that high income is no protection against the rapid spread of problems such as drugs, alcoholism, AIDS, homelessness, violence, frustration and the breakdown of family relations.
At the same time, some low-income countries have demonstrated that it is possible to achieve high levels of human development if they skillfully use the available means to expand basic human capabilities. The end of all activities and development plans must be human development or human well being. The expansion of output and wealth is only a means.

Human development plays an important role in economic development. In fact, there is a relationship between human development and economic development. Human development has recently been advanced as the end of all activities. Human development has been defined as enlarging people’s choices in a way which enables them to lead longer, healthier and creative lives.

There exists a strong link or connection between development and human development. Improvement in people’s life such as health, education and better lives leads to productivity that is very important for development and this improvement is important because it can also remove many of the weaknesses such as poor health, illiteracy, unreceptiveness to new knowledge, that are obstacles to higher productivity.

Several studies made by Harbinson, Denison, Kuznets, Kendrick, Schultz, Becker, Bowman, etc. reveal that the one of the important factors responsible for the rapid growth of the United States of America has been the relatively more investment on education, health, research and training. They tell us that a dollar invested on education brings a greater increase in national income than a dollar spent on dams, roads, factories or other tangible capital goods.

According to Pual Streeten, human development is necessary on account of the following reasons:
1. Human development is the end while economic growth is only a means to this end. The ultimate purpose of the entire exercise of development is to treat men, women and children present and future generations as ends, to improve the human condition, to enlarge people's choices.

2. Human development is a means to higher productivity. A well nourished, healthy, educated, skilled, alert labour force is the most important productive asset. Thus, investment in nutrition, health services and education are justified on grounds of productivity.

3. It helps in lowering the family size by slowing human reproduction. It is experience of all developed countries that improvement in education levels (particularly girls), better health facilities and reduction in infant mortality rates lead to a lowering of the birth rates. While improved education facilities make people aware of the benefits of a small-family (a higher income level, better standard of living, etc.), reduction in infant mortality rates reduces the incentive of having large families as fewer child deaths are now feared.

4. Human development is good for physical environment. Deforestation, desertification and soil erosion decline when poverty declines. How population growth and population density affect the environment is a subject of debate. The conventional view is that they have a detrimental effect. However, Paul Streeten cites recent research to show that rapid population growth and high population density can be good for soil and forest conservation.

5. Reduced poverty contributes to a healthy civil society, stable democracy and greater social stability.
6. Human development can help in reducing civil disturbances in a society and in increasing political and social stability.

2.3 Human Development Indicators

Many scholars and development agencies have attempted to create a broader measure of human well-being by combining indicators that shed light on both means and ends of social progress. Obstacles to the construction of such an index have included the lack of any objective standards both for what components should and should not be included, and for the suitable way to combine the chosen indicators.

One of the earliest of these attempts was conducted by the United Nations Research Institute for Social Development (UNRISD). In 1966, the UNRISD published a 20-country study of a “level of living index” that had categories for physical needs (nutrition, shelter, and health); cultural needs (education, leisure, and security); and higher needs (measured as income above a threshold). The UNRISD released a second study in 1972, this time of a “Development Index” with nine economic and nine social characteristics. In 1973, the Organization for Economic Cooperation and Development (OECD) published a report in which six social variables were used to form a “predicted GNP per capita index” for 82 developing countries. In 1975, the United Nations Economic and Social Council ranked 140 countries by adding the ranks together for seven indicators: two social (literacy and life expectancy) and five economic (energy, the manufacturing share of GDP, the manufacturing share of exports, employment outside of agriculture, and number of telephones).

Beginning in 1976, the International Labor Organization began publishing its work on the “basic needs” approach to development. Basic needs included an adequate level of both consumption and essential services, like health care or primary education. The specific indicators used to measure basic needs have varied over time, although in later studies by
Paul Streeten\(^1\) and Frances Stewart\(^1\) an effort was made to reduce the number of variables by establishing which had the highest levels of correlation with one another. Both studies came to the conclusion that life expectancy could stand as a proxy for all basic needs.

In 1979, M. D. Morris of the Overseas Development Council released the Physical Quality of Life Index (PQLI) with the objective of measuring whether a minimum set of human needs was being met by the world’s poorest people: “To the extent that development planners within poor countries and aid dispensers in donor countries now focus more directly on projects that emphasize distribution of benefits, they need not only new planning strategies but also additional measurement systems”. The PQLI combined infant mortality, life expectancy at age one year, and basic literacy, transforming each indicator into an index by comparing the level to a fixed range of possible levels, and then taking the average of the three components. Morris explained that, “The extremes that define each index affect the placing of countries on that particular index as well as on the composite index”. The PQLI also presented sub-national measures by gender and by region, where data were available\(^1\).

However, while human development is indeed the ‘end’ of all activity, its measurement is not an easy task. While economic growth has traditionally been measured in terms of GNP or GNP per capita, it is difficult to decide how human development is to be measured particularly in view of its various dimensions. The search for a comprehensive measure that could capture the various dimensions of human development led to the definition and formulation of Human Development Index (HDI) by the United Nations Development Program (UNDP) in its Human Development Report published in 1990. It is of course agreed that the concept of human development is much wider and richer than what can be caught in any index or set of indicators. However, such indices are useful in focusing attention and simplifying problems. They have considerable political appeal. They have a
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stronger impact on the mind and draw public attention more powerfully than a long list of indicators combined with a qualitative discussion. As noted by Streeten, the strongest argument in favour of such indices is that they show up the inadequacies of other indices, such as GNP. They redirect our attention from one set of items to other indices in case of HDI, to the social sectors: nutrition, education and health.

People do not isolate the different aspects of their lives. Instead, they have an overall sense of well being. There is merit in trying to construct a composite index of human development. Since the human beings are both the means and the end of development, a composite index must capture both these aspects. Ever since the publication of the Human Development Report 1990 under the guidance of Mahbub-al-Haq, efforts have been made to devise and further refine measures of human development. Four measures have been developed. They are Human Development Index (HDI), Gender Related Development Index (GDI), Gender Empowerment Measure (GEM) and Human Poverty Index (HPI).

2.3.1 Human Development Index (HDI)

Human Development Index (HDI) measures the average achievement in three basic dimensions of human development:

- A long and healthy life as measured by life expectancy at birth.
- Knowledge as measured by the adult literacy rate (with two third weight) and the combined primary, secondary, and tertiary gross enrolment ratio (with one third weight).
- A decent standard of living as measured by GDP per capita (PPP US$).

Before calculating HDI, an index for each of the three dimensions is created. For this purpose, maximum and minimum values are chosen for each indicator.
Performance in each dimension is expressed as a value between 0 and 1 by applying the following formula:

$$\text{Dimension Index} = \frac{\text{Actual value} - \text{Minimum value}}{\text{Maximum value} - \text{Minimum value}}$$

The HDI is calculated as a simple average of the dimension indices. The construction of the human development index (HDI) starts with deprivation measures. For life expectancy, the target is 78 years, the highest average life expectancy attained by any country. The literacy target is 100 percent. The income target is the logarithm of the average poverty line income of the richer countries, expressed in purchasing power adjusted international dollars.²¹

According to Human Development Report (2007-2008) countries have been grouped under three categories:

- Countries in the HDI range 0.8 and above are in the High Human Development group.
- Countries in the HDI range 0.5 to 0.8 are in the range of Medium Human Development group.
- Countries in the HDI range less than 0.5 are in the Low Human Development group.

The data has been collected for 177 countries. Among them 70 countries were in the High Human Development range, 85 countries were in Medium Human Development range and 22 countries were in Low Human Development range.

A close perusal of the data for nearly three decades (1975 to 2005) reveals that all countries are making efforts in varying degrees to improve their human development indices. Among the high performers during 1980-2005 can be considered as Iran, China,
South Korea, Egypt and India, and to a certain extent Pakistan and Bangladesh. If the trend is maintained, several medium HDI countries will enter the high HDI group and several low HDI countries will join the medium HDI range. This is a welcome development.

HDI has been the centerpiece of the HDRs for 21 years, and the latest edition, HDR 2011, includes HDI rankings for 179 countries. In HDI, component indices for life expectancy, literacy, school enrollment, and income are combined together into a single index that can be used to compare the level of human well-being among countries or to monitor one country’s progress over time. HDI provides an alternative to the still common practice of evaluating a country’s progress in development based on per capita national income.

### 2.3.2 Gender Related Development Index (GDI)

While the HDI measures average achievement, the GDI adjusts the average achievement to reflect the inequalities between men and women. The three components used for the purpose are: (i) female life expectancy, (ii) female adult literacy and gross enrollment ratio and (iii) female per capita income.

If gender inequality did not exist, the value of GDI and HDI would be the same, but if gender inequality exists, the value of GDI would be lower than that of HDI. The greater the difference between HDI and GDI, the greater is the gender inequality. However, there is a greater awareness in the world about gender inequality and efforts are being made to reduce gender inequality by promoting the education of females and giving them a better status in the family.

<table>
<thead>
<tr>
<th>Table (2.1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literacy of Iran According to Gender, 1966-2006</td>
</tr>
</tbody>
</table>

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### Table (2.2)

**Gender–Related Development Index of Iran**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gender–Related Development Index (GDI)</th>
<th>Life Expectancy at Birth</th>
<th>Adult Literacy Rate (% ages 15 and above)</th>
<th>Combined Gross Enrolment Ratio for Primary, Secondary and Tertiary Schools %</th>
<th>Estimated Earned Income (ppp US $) 2001/02</th>
<th>2002/03</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rank Value</td>
<td>Female Male</td>
<td>Female Male</td>
<td>Combined Gross Enrolment Ratio for Primary, Secondary and Tertiary Schools %</td>
<td>Estimated Earned Income (ppp US $) 2001/02</td>
<td>2002/03</td>
</tr>
<tr>
<td>1997</td>
<td>81 0.696</td>
<td>70.0 68.5</td>
<td>65.8 80.7</td>
<td>68 76</td>
<td>2453 9084</td>
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<tr>
<td>1998</td>
<td>84 0.691</td>
<td>70.4 68.7</td>
<td>67.4 81.7</td>
<td>67 73</td>
<td>2137 8019</td>
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<tr>
<td>1999</td>
<td>83 0.696</td>
<td>69.4 67.7</td>
<td>68.7 82.7</td>
<td>69 76</td>
<td>2331 8581</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>83 0.703</td>
<td>69.8 68</td>
<td>69.3 83.2</td>
<td>69 76</td>
<td>2524 9088</td>
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<tr>
<td>2001</td>
<td>86 0.702</td>
<td>71.3 68.5</td>
<td>70.2 83.8</td>
<td>63 76</td>
<td>2599 9301</td>
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<td>2002</td>
<td>82 0.713</td>
<td>71.7 68.8</td>
<td>70.4 83.5</td>
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<td>2835 9946</td>
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<td>78 0.719</td>
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<td>72.3 69.2</td>
<td>70.4 83.5</td>
<td>70 74</td>
<td>4122 10830</td>
<td></td>
</tr>
</tbody>
</table>

2.3.3 Gender Empowerment Measure (GEM)

An indicator that focuses on the opportunities open to women. It measures inequality of opportunities in three areas: political participation and decision making, economic participation and decision making, and power over economic resources.

2.3.4 Human Poverty Index (HPI)

Human Development Report 1997 introduced the concept of Human Poverty Index, which concentrates on deprivation in three essential elements of human life already reflected in HDI—longevity, knowledge and a decent living standard.

The first deprivation is vulnerability to death at a relatively early age and is represented in the HPI by the percentage of people expected to die before age 40. The second deprivation is related to knowledge and is measured by the percentage of adults who are illiterate. The third deprivation relates to a decent standard of living, in particular, overall provisioning. This is represented by a composite of three variables—the percentage of people with access to (a) health services, (b) safe water and (c) the percentage of malnourished children under five.

2.4 Existing Indicators of Human Development

On an international basis, OECD has published a large number of health and education statistics mainly for the purpose of cross-country comparisons; the World Bank has compiled a list of indicators for human development; and the United Nations has developed a set of indicators for monitoring human development.

2.4.1 The United Nations (UN)

In 1990, the United Nations Development Programme initiated publication (UN, 1990) that contains a mixture of social and economic indicators called “Human
The purpose of these indicators is to determine how the process of economic growth translates – or fails to translate- into human development in various societies, where human development is defined as the entire spectrum through which human capabilities are expanded and utilized. A list from Human Development Report 2000, United Nations, is as below:

Education indicators

- Adult literacy rate
- Youth literacy rate
- Primary and secondary enrolment rate
- Children reaching Grade five
- Tertiary students in science
- Public education expenditure as a per cent of GNP
- Public education expenditure as a per cent of total government expenditure
- Public education expenditure for pre-primary and secondary levels of education
- Public education expenditure for tertiary levels of education
- Public expenditure on education
- Adult literacy rate
- Combined primary, secondary and tertiary gross enrolment ratio

Health Indicators

- Infants with low birth weight
- One-year-olds fully immunized against tuberculosis and measles
- Oral rehydration therapy use rate
- Pregnant women with anemia
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Tuberculosis cases
Malaria cases
Total number of people living with AIDS/HIV
Adult rate of AIDS/HIV
Annual average cigarette consumption per adult
Doctors per 100,000 people
Nurses per 100,000 people
Life expectancy at birth

Skills indicators

Economic indicators

GNP
GNP annual growth rate
GNP per capita
Average annual rate of inflation
Real GDP per capita

2.4.2 The World Bank

The World Bank's database of "competitiveness" indicators is a collection of 49 indicators to quickly assess economic performance and the environment for competitive business development in many countries. These indicators reveal aspects of competitiveness or the conditions for achieving competitiveness for firms and industries in a particular country. The indicators have been collected from various sources. They are organized in five broad categories: overall performance, macro and market dynamism, financial dynamism, infrastructure and investment climate, and human and intellectual capital. Given our mandate, we report only the indicators for human development. As with the indicators from
the UN, this list focuses mostly on the utilization of formal learning achievement, though it includes elements that affect the competitiveness of a country. Our selected indicators are presented below:

Human Development

- Literacy rate
- Enrolment in primary, secondary and tertiary education
- Secondary technical enrolment
- Life expectancy at birth
- Expenditure per student (% of GDP)
- Health expenditure (% of GDP)
- Mortality rate
- Population growth
- Poverty headcount ratio at $2 a day (% of population)
- GDP
- GDP per capita

2.4.3 The OECD

The OECD has made a major effort in recent years in the collection and reporting of comparative statistics in the areas of health and education. As an example, we present a list in below from 1986 OECD publication “Living Conditions in OECD Countries: A Compendium of Social Indicators”. As with all previous lists, this list shows a selected set of indicators related to health and education and economic those are need for human development.

Health Indicators

- Life expectancy at birth
Life expectancy at age one
Life expectancy at age 20
Life expectancy at age 40
Life expectancy at age 60
Prenatal mortality rates by age of mother
Average number of disability days per person per year
Average number of bed-days per person per year
Percentage of the population restricted in daily activities because of long-standing health conditions
Percentage of the population with certain types of functional disability

Education and Learning Indicators

Trends in average years of regular education
Average number of years of regular education
Distribution of the population by highest International Standard Classification of Education (ISCED) completed
Percentage of the population with a level of education below "ISCED2 completed"
Percentage of the population with a level of education below "ISCED3 completed"
Percentage of the population with at least some university or equivalent education level
Percentage of the population having participated in adult education
Economic Indicators

GDP at constant prices
GDP at current prices
GDP per capita
GDP growth rate
Real GDP
Inflation rate
Poverty rate
Population growth rate
Unemployment rate

2.5 Problems of Human Development Index

The conceptual and methodological problems of quantifying and measuring human development become even more complex for political freedom, personal security, interpersonal relations and the physical environment. But even if these aspects largely escape measurement now, analysis of human development must not ignore them. The correct interpretation of the data on quantifiable variables depends on also keeping in mind the more qualitative dimensions of human life. Special effort must go into developing a simple quantitative measure to capture the many aspects of human freedom.

One of the important problems in the construction of the HDI has been about the use of the income as a component. In as much as work on human development is motivated by a concern with difficulties involved in income measures, it seems odd to introduce an income index as one of the three components of the HDI. In fact, the HDI can be treated as a pragmatic measure which allows for income as well as some direct quality of life measures. That makes it distinctly different from the PQLI.
A defense of the income component emerges explicitly in a discussion by Anand and Sen\textsuperscript{22}, who explicitly 'own up' to the conceptual difficulty of including an income index in the HDI. They, in effect, argue that the income component is a 'catch all' which covers capabilities which are related to a person's command over resources. Anand and Sen explicitly state that such command is not \textit{intrinsically valued}. It is just an \textit{indirect} indicator - a proxy for some capabilities as well as a prerequisite (or 'causal antecedent') for the ability to do various things. The inclusion of the income component does nonetheless threaten the 'purity' of the Human Development indices were one of the innovations of the reports; they deliberately shifted attention from an exclusive preoccupation with economic indicators such as GNP per capita to human indicators.

But aspects of these indicators can be criticized. Over the years many economists and other scholars have criticized the HDI. Srinivasan\textsuperscript{23} point out:

"The HDI is conceptually weak and empirically unsound, involving serious problems of noncomparability over time and space, measurement errors, and biases. Meaningful inferences about the process of development performance as well as policy implications could hardly be drawn from variations in HDI". In general Srinivasan criticized the HDRs, as being ill-informed and unsound. The critiques and proposed alternatives fall in to five main categories: poor data, incorrect choice of indicators, various problems with the HDI's formula in general, incorrect specification of income in particular, and redundancy\textsuperscript{24}.

1) Poor Data

First category of critiques of the HDI is that the quality of data is poor especially in terms of data collection and the frequency of measurement errors. Srinivasan\textsuperscript{25} and Ogwang\textsuperscript{26} point out that data which are used for calculating HDI are unreliable. The UNDP has strived to improve the HDR's data in recent years. HDR 1996 (UNDP 1996) states that,
a major goal of the report is to encourage national governments, international bodies and policy makers to participate in improving statistical indicators of human development". Data and information about life expectancy at birth, literacy rate, gender related and most important, data for income or per capita income.

2) Wrong Indicators and Specification

A second category of critiques is about selection of components of HDI. The important variables to explaining human well-being have been left out; it refers to indicators related to four main areas: the extent of civil and political liberties, distribution of income and inequality, access to health care and access to educational opportunities, access to natural resources. It has also been suggested that the HDI formula is unjustifiable and incorrect. The HDI’s components are combined using a simple, unweighted mean. While the UNDP has not added any new indices to the three original components, it has responded to the first three of these concerns by focusing an edition of the HDR on each topic: HDR 1991 contains a Human Freedom Index; HDR 1992 focuses on inequality and includes an Income Inequality Adjusted HDI; HDR 1998 addresses over consumption and sustainability. The UNDP also responded to critiques regarding the HDI’s original education index, which was based solely on adult literacy. This measure was changed, first by adding mean school years in HDR 1991 to give a greater weight to current educational policies, and then by replacing mean school years with combined gross enrollment in HDR 1995 because of difficulty obtaining data for mean school years for all countries.

3) Wrong Measure of Income Per Capita

The third type of critique is about specification of the income component of HDI. Atkinson specification of income in the HDI was a popular target for critics, who
condemned it for its discontinuity and recommended a more uniform transformation over the whole range of income\textsuperscript{31}. As mentioned before, one of the important problems in the construction of HDI has been about the use of the income as a component.

4) Redundancy

The final category of critiques of HDI is redundancy. Various authors have suggested that the indicators in the HDI are highly correlated and that the HDI offers no new information beyond that readily available in GDP per capita.

The HDI has been criticized on the grounds of harshly curtailing income above a selected threshold and thereby not considering the income differentials, for those countries with relatively high incomes, adequately. This does not seem to be in line with the proposition that higher income would widen people's choice. It has also been suggested that there is no reason why the principles of diminishing returns would not be applicable to different components of the index\textsuperscript{32}.

The HDI can be sensitive to the selected fixed ranges (minimum value and maximum value) for its components. The UNDP argues that these fixed 'normative' values have been selected as the extreme values observed or expected over a long period. It may be argued that the expectation of the value of an indicator over a long period is very likely to be a subjective estimate. It may also be said that there are ranges of values for both minimum value and maximum value which may be equally acceptable on the same grounds. However, depending on the selected extreme values the results would be different for each component. The problem is that as HDI is the average of the sum of three equally weighted indices, it follows that the absolute value of each component will affect the level of HDI. Hence the selected extreme values would affect the value of the index resulting in a change in the
ranking order. In general the simple addition of the components HDI has just little justification.

To put the argument differently, as the three components of HDI are spread around different means with different variances, the simple averaging of these components for the purpose of building a composite index would be questionable. In addition the means and variances of different components would vary with respect to the selected extreme values.

Furthermore, the HDI has been criticized on the grounds of attaching equal weights to its components. More importantly it has been suggested that it produces the same ranking results as some of its components. It is, therefore, concluded that it would reveal few additional insights into intercountry development levels and, as such, can be viewed as redundant.

2.6 Experience of Selected Countries

It is very important to study other experiences to have a proper vision for policy makers and others interested to discuss with others and it makes them provide their own policy regarding the situation of the country. From this point of view, in this section, the experience of selected countries has been mentioned.

Table 2.3 compares HDI and its components in Iran with a number of countries of interest. Turkey is the large country in the Middle East besides Iran; Venezuela is the country with an oil-dependent economy and from this point of view is similar to Iran; China, India and Pakistan, poorer but fast growing countries of Asia and they are classified as medium human development countries; Malaysia a predominantly Muslim country and also high human development country like Iran; United Arab Emirates is the Persian Gulf country besides Iran and also it has classified as very high human development country; Japan as an Asian country and a developed country which is the very high human development country.
development country; Afghanistan is eastern neighbor of Iran and it is a low human development country.

Reported poverty rates (proportion living in poverty) for Iran varies greatly because different authors and institutions define different levels for the poverty line. For example, United Nations (2003) reports that 20 percent of Iranians lived in poverty in 2003, which is a fair statement given the poverty line assume: about 8800 rials ($3.60 in international dollars) per person a day, which is quite a bit higher than the one and two dollars per day commonly used for international comparisons. World Bank (2005) reports poverty measures for a number of countries, including Iran, using the standards of $1 and $2 per person per day.

In terms of poverty, Iran compares well with the countries in this table. The proportions of individuals under $2 per day is 7.3 percent in Iran, which is lower than Malaysia, Mexico and Turkey, whose average income are the same or higher than Iran’s. Not surprisingly, Iran’s poverty rate is considerably lower than the poorer countries of China, India and Pakistan. In terms of life expectancy at birth, it is less for Iran in comparison with a poor country like China.

While Iran is a rich country and it has much wealth, per capita income is not so high in comparison with UAE. Iranians earn very small amount, and it is not adequate. It appears the standard of living in Iran is quite low by international comparison.
### Table (2.3)
International comparison of HDI and its components (2008)

<table>
<thead>
<tr>
<th>Country</th>
<th>HDI Rank</th>
<th>HDI</th>
<th>Life Expectancy at Birth</th>
<th>GNI per capita (US $)</th>
<th>Poverty Rate under $2 a day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>11</td>
<td>0.884</td>
<td>83.2</td>
<td>34,692</td>
<td>NA</td>
</tr>
<tr>
<td>UAE</td>
<td>32</td>
<td>0.815</td>
<td>77.7</td>
<td>58,006</td>
<td>NA</td>
</tr>
<tr>
<td>Malaysia</td>
<td>57</td>
<td>0.744</td>
<td>74.7</td>
<td>13,927</td>
<td>9.3(1997)</td>
</tr>
<tr>
<td>Iran</td>
<td>70</td>
<td>0.702</td>
<td>71.9</td>
<td>11,764</td>
<td>7.3(1998)</td>
</tr>
<tr>
<td>Venezuela</td>
<td>75</td>
<td>0.696</td>
<td>74.2</td>
<td>11,846</td>
<td>32(1998)</td>
</tr>
<tr>
<td>Turkey</td>
<td>83</td>
<td>0.679</td>
<td>72.2</td>
<td>13,359</td>
<td>10.3(2000)</td>
</tr>
<tr>
<td>China</td>
<td>89</td>
<td>0.663</td>
<td>73.5</td>
<td>7,258</td>
<td>47.3(2000)</td>
</tr>
<tr>
<td>India</td>
<td>119</td>
<td>0.519</td>
<td>64.4</td>
<td>3,337</td>
<td>79.9(2000)</td>
</tr>
<tr>
<td>Pakistan</td>
<td>125</td>
<td>0.496</td>
<td>67.2</td>
<td>2,678</td>
<td>65.6(1998)</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>155</td>
<td>0.349</td>
<td>44.6</td>
<td>1,419</td>
<td>NA</td>
</tr>
</tbody>
</table>

Note: poverty rate is the percentage of individuals living under $2 per day. GNI per capita is in constant 2008 international dollars (PPP US $ 2008).

#### 2.6.1 United Arab Emirates

The United Arab Emirates (UAE) is a small, high-income country with rich natural resources. The country enjoys peace, stability and actively seeks and facilitates investment from all over the world. The UAE is the world’s fourth largest oil producer. It is the new commercial hub of the Middle East. Few nations have achieved such radical development, only 50 years ago; there was no electricity, no plumbing, not a single public hospital or modern school, no bridges and only a handful of cars. The Government allocated all necessary funds to ensure good education for all citizens. The number of students increased from 481000 in 1995 to 564100 in 2000. The UAE has been placed among the most advanced countries in the world and is positioned at number one in the entire Middle East and Gulf when it comes to human development, according to a UNDP report. The UAE has
been placed among the most advanced countries in the world and is positioned at number one in the entire Middle East and Gulf when it comes to human development, according to a United Nations Development Program (UNDP) report. The United Arab Emirates has been ranked first regionally and 32nd globally in the Human Development Report 2010. It was also rated as one of only two countries from the region in the most advanced category or the category of "very high human development".

The fact that the UAE was rated in the category "very high human development" reflects once again the country's continuous efforts to develop and raise the quality of life of its people. The UAE ranked first regionally and 45th globally among 138 countries covered by the Gender Inequality Index, which measure gender gaps in reproductive health, empowerment and participation in the labor force. This performance is attributable to gender equality in education, with 77 percent of adult women in the UAE attaining secondary or higher level of education, the same as for men.

The Multidimensional Poverty Index, which identifies serious simultaneous deprivations in health, education and living standards, shows that the Arab region is home for an estimated 39 million poor people. Life expectancy in the UAE at 77.7 years and its mean and expected years of schooling at 9.2 and 11.5 years respectively. The country's GNI per capita was put at $58,005, fourth only to Liechtenstein, Qatar and Norway.

Norway topped the HDI, followed by Australia, New Zealand, United States, Ireland, Liechtenstein, Netherlands, Canada, Sweden, Germany, Japan, South Korea, Switzerland, France, Israel, Finland, Iceland, Belgium, Denmark, Spain, Hong Kong, Greece, Italy Luxembourg, Austria, Britain, Singapore, Czech Republic, Slovenia, Andorra and Slovakia.
United Arab Emirates’ HDI value for 2011 is 0.846— in the very high human development category — positioning the country at 30 out of 187 countries and territories. Between 1980 and 2011, United Arab Emirates’ HDI value increased from 0.629 to 0.846, an increase of 34.0 percent or average annual increase of about 1.0 percent. The rank of United Arab Emirates’ HDI for 2010 based on data available in 2011 and methods used in 2011 is 30 out of 187 countries. In the 2010 HDR, United Arab Emirates was ranked 32 out of 169 countries. However, it is misleading to compare values and rankings with those of previously published reports, because the underlying data and methods have changed, as well as the number of countries included in the HDI.

Table 2.4 reviews United Arab Emirates’ progress in each of the HDI indicators. Between 1980 and 2011, United Arab Emirates’ life expectancy at birth increased by 8.4 years, mean years of schooling increased by 6.2 years and expected years of schooling increased by 4.7 years. United Arab Emirates’ GNI per capita decreased by about 23.0 percent between 1980 and 2011.

Table (2.4)  
United Arab Emirates’ HDI trends

<table>
<thead>
<tr>
<th>Years</th>
<th>Life Expectancy at birth</th>
<th>Expected years of schooling</th>
<th>Mean years of schooling</th>
<th>GNI per capita (2005 PPP$)</th>
<th>HDI value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>68.2</td>
<td>8.6</td>
<td>3.1</td>
<td>77,805</td>
<td>0.629</td>
</tr>
<tr>
<td>1985</td>
<td>70.2</td>
<td>9.6</td>
<td>3.6</td>
<td>52,287</td>
<td>0.652</td>
</tr>
<tr>
<td>1990</td>
<td>71.8</td>
<td>11.1</td>
<td>4.3</td>
<td>43,734</td>
<td>0.690</td>
</tr>
<tr>
<td>1995</td>
<td>73.1</td>
<td>11.0</td>
<td>5.6</td>
<td>42,771</td>
<td>0.724</td>
</tr>
<tr>
<td>2000</td>
<td>74.4</td>
<td>10.7</td>
<td>6.9</td>
<td>43,052</td>
<td>0.753</td>
</tr>
<tr>
<td>2005</td>
<td>75.5</td>
<td>12.1</td>
<td>8.4</td>
<td>51,895</td>
<td>0.807</td>
</tr>
<tr>
<td>2010</td>
<td>76.4</td>
<td>13.3</td>
<td>9.3</td>
<td>59,819</td>
<td>0.845</td>
</tr>
<tr>
<td>2011</td>
<td>76.5</td>
<td>13.3</td>
<td>9.3</td>
<td>59,993</td>
<td>0.846</td>
</tr>
</tbody>
</table>

2.6.2 Malaysia

Malaysia is composed of Peninsular Malaysia and the states of Sabah and Sarawak on the island of Borneo with a total land area of 330,803 sq. km. It is composed of 13 states and three federal territories. Malaysia is a multiracial country consisting of Malays, Chinese, Indians, Ibans, Kadazans and other ethnic groups. The country continues to enjoy political stability, with a multi-ethnic and united population. At the same time, per capita income has increased to RM 22345 (US$ 6725.98) and the incidence of poverty has been reduced to less than 6.0 percent. Malaysia’s next medium term planning cycle (the 10th Malaysia Plan 10MP, 2011-2015) has started with the Economic Planning Unit (EPU) providing guidance to ministries, state governments and statutory bodies on the submission of programmes and projects proposals to be implemented in 2011-2012. The United Nations Development Program (UNDP) has ranked Malaysia 57th out of 169 countries in its Human Development Index (HDI) report published in 2010. Malaysia with population of 28,859.2 thousands includes both sexes, has life expectancy at birth 74 years.

Malaysia’s HDI value for 2011 is 0.761—in the high human development category—positioning the country at 61 out of 187 countries and territories. Between 1980 and 2011, Malaysia’s HDI value increased from 0.559 to 0.761, an increase of 36.0 percent or average annual increase of about 1.0 percent. The rank of Malaysia’s HDI for 2010 based on data available in 2011 and methods used in 2011 is 64 out of 187 countries. In the 2010 HDR, Malaysia was ranked 57 out of 169 countries. However, it is misleading to compare values and rankings with those of previously published reports, because the underlying data and methods have changed, as well as the number of countries included in the HDI.

Table 2.5 reviews Malaysia’s progress in each of the HDI indicators. Between 1980 and 2011, Malaysia’s life expectancy at birth increased by 6.8 years, mean years of
schooling increased by 5.1 years and expected years of schooling increased by 3.5 years. Malaysia’s GNI per capita increased by about 190.0 per cent between 1980 and 2011.

Table (2.5)
Malaysia’s HDI trends

<table>
<thead>
<tr>
<th>Years</th>
<th>Life Expectancy at birth</th>
<th>Expected years of schooling</th>
<th>Mean years of schooling</th>
<th>GNI per capita (2005 PPP$)</th>
<th>HDI value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>67.4</td>
<td>9.1</td>
<td>4.4</td>
<td>4,722</td>
<td>0.559</td>
</tr>
<tr>
<td>1985</td>
<td>68.8</td>
<td>10.0</td>
<td>5.6</td>
<td>5,125</td>
<td>0.600</td>
</tr>
<tr>
<td>1990</td>
<td>70.1</td>
<td>9.8</td>
<td>6.5</td>
<td>6,375</td>
<td>0.631</td>
</tr>
<tr>
<td>1995</td>
<td>71.1</td>
<td>10.5</td>
<td>7.6</td>
<td>8,765</td>
<td>0.674</td>
</tr>
<tr>
<td>2000</td>
<td>72.1</td>
<td>11.8</td>
<td>8.2</td>
<td>9,461</td>
<td>0.705</td>
</tr>
<tr>
<td>2005</td>
<td>72.9</td>
<td>12.7</td>
<td>8.9</td>
<td>11,220</td>
<td>0.738</td>
</tr>
<tr>
<td>2010</td>
<td>74.0</td>
<td>12.6</td>
<td>9.5</td>
<td>13,192</td>
<td>0.758</td>
</tr>
<tr>
<td>2011</td>
<td>74.2</td>
<td>12.6</td>
<td>9.5</td>
<td>13,685</td>
<td>0.761</td>
</tr>
</tbody>
</table>


2.6.3 India

During the 1990s, India introduced economic reforms, aiming at liberalizing the economy through various initiatives. As stated in the 8th FYP (1992-1997): The Eighth Plan is being launched at a time, which marks a turning point in both international and domestic economic environment. Addressing human development in India is of vital importance since a large portion of the population is living below the poverty line, and income inequalities are rising by the day. It is estimated that more than 800 million Indians live on less than 20 Rupees per day. Disparities exist across States, along rural/urban lines and across groups. More than 60 percent of women are chronically poor. The percentage of poor among Scheduled Tribes and Scheduled Castes remains high. Many people are excluded from access to basic services. More than 296 million people are illiterate and 233 million are suffering from malnutrition. Workforce participation for women is half of that for men, and...
almost 96 percent of women work in the informal sector. The recently released Mid-Term Statistical Appraisal of the Millennium Development Goals shows that India lags behind MDG achievement in several targets relating to hunger, child and maternal mortality and reversal of malaria and other major diseases. As stated in the current FYP: “The Eleventh Plan began in very favorable circumstances with the economy having grown at the rate of 7.7 percent per year in the Tenth Plan period. However, far too many of our people still lack the basic requirements for a decent living in terms of nutrition standards, basic health, access to education and, to other public services such as water supply and sewerage. Disadvantaged groups, especially the Scheduled Castes and Scheduled Tribes and the minorities have benefited less than they should have. Regional imbalances have emerged across and even within States”.

Turning to the national context the Indian economy as a whole has been especially strong in the last two decades, with average national per capita income growing as rapidly as never before. Although there have been improvements in life expectancy, literacy rate, and other broad measures of well-being in the last few decades; they remain always unimpressive as compared to other developing nations. Moreover, it is commonly observed that Indian experiences imply a great deal of uneven expansion in both fields of development. One group of Indian states has been at the forefront of national growth; their economies are growing faster than national average. These forward states, on an average, are also performing better in noneconomic aspects of human well-being. On the contrary, other group of states, representing a significant share of national population, has grown at a slower rate. As a result, they are being continually left behind, and moving further away economically from the former group of forward states in the country. Moreover, as a general
trend the improvements in noneconomic aspects of human well-being in this economically backward group of states have been less impressive.

For long-term sustainable development of a nation it is arguably important that all regions should grow at reasonably similar pace. Rapid economic growth of the past decade has ensured India a place among the top 10 movers on GDP growth, but the country ranks a low 119 among 169 countries on the 2010 Human Development Index. China has been ranked much higher at 89 on the index published annually by the United Nations Development Program. And the reasons should be obvious. India compares very poorly with countries with high level of human development on all indicators such as life expectancy, education and per capita income.

India’s HDI value for 2011 is 0.547—in the medium human development category—positioning the country at 134 out of 187 countries and territories. Between 1980 and 2011, India’s HDI value increased from 0.344 to 0.547, an increase of 59.0 percent or average annual increase of about 1.5 percent. The rank of India’s HDI for 2010 based on data available in 2011 and methods used in 2011 is 134 out of 187 countries. In the 2010 HDR, India was ranked 119 out of 169 countries. However, it is misleading to compare values and rankings with those of previously published reports, because the underlying data and methods have changed, as well as the number of countries included in the HDI.

Table 2.6 reviews India’s progress in each of the HDI indicators. Between 1980 and 2011, India’s life expectancy at birth increased by 10.1 years, mean years of schooling increased by 2.5 years and expected years of schooling increased by 3.9 years. India’s GNI per capita increased by about 287.0 percent between 1980 and 2011.
## Table (2.6)
### India’s HDI trends

<table>
<thead>
<tr>
<th>Years</th>
<th>Life Expectancy at Birth</th>
<th>Expected years of schooling</th>
<th>Mean years of schooling</th>
<th>GNI per capita (2005 PPPS)</th>
<th>HDI value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>55.3</td>
<td>6.5</td>
<td>1.9</td>
<td>896</td>
<td>0.344</td>
</tr>
<tr>
<td>1985</td>
<td>57.0</td>
<td>7.3</td>
<td>2.4</td>
<td>1,043</td>
<td>0.380</td>
</tr>
<tr>
<td>1990</td>
<td>58.3</td>
<td>7.7</td>
<td>3.0</td>
<td>1,229</td>
<td>0.410</td>
</tr>
<tr>
<td>1995</td>
<td>59.8</td>
<td>8.3</td>
<td>3.3</td>
<td>1,453</td>
<td>0.437</td>
</tr>
<tr>
<td>2000</td>
<td>61.6</td>
<td>8.4</td>
<td>3.6</td>
<td>1,747</td>
<td>0.461</td>
</tr>
<tr>
<td>2005</td>
<td>63.3</td>
<td>9.9</td>
<td>4.0</td>
<td>2,280</td>
<td>0.504</td>
</tr>
<tr>
<td>2010</td>
<td>65.1</td>
<td>10.3</td>
<td>4.4</td>
<td>3,248</td>
<td>0.542</td>
</tr>
<tr>
<td>2011</td>
<td>65.4</td>
<td>10.3</td>
<td>4.4</td>
<td>3,468</td>
<td>0.547</td>
</tr>
</tbody>
</table>


### 2.6.4 China

China is the world’s most populous country; indeed it has 20 percent of the total world population. China has been the world’s fastest-growing economy. For a country comprising one fifth of the world’s population, although there have been great improvements in education, there is still a need for more investment in education area in China. Since 1990 there have been positive signs in an increase in the adult literacy rate, from 77.7 percent then to 89.1 percent in 2003. In particular, the literacy rate of 15-24 years old is a pleasing 98.6 percent. However, education expenditure is still very low. In 2003, investment stood at 3.28 percent of GDP, up from 2.85 percent in 1990, but still not enough. This proportion is below international standards and also below the government’s goal of 4 percent for 2003. China has made great progress in improving the health of its population. Not only has life expectancy increased (by three years since 1990) and infant mortality dropped (from 50 infant deaths per 1,000 live births in 1990 to 25.5 in 2003), maternal mortality has been
falling as the number of hospital deliveries has risen and the contraceptive prevalence rate has increased. The maternal mortality rate is now 51.3 deaths per 100,000 live births, compared with 88.9 in 1990. Eighty percent of deliveries take place in hospital, up from 50 percent in 1990. The contraceptive prevalence rate is now 87 percent.

China’s HDI value for 2011 is 0.687—in the medium human development category—positioning the country at 101 out of 187 countries and territories. Between 1980 and 2011, China’s HDI value increased from 0.404 to 0.687, an increase of 70.0 percent or average annual increase of about 1.7 percent.

The rank of China’s HDI for 2010 based on data available in 2011 and methods used in 2011 is 101 out of 187 countries. In the 2010 HDR, China was ranked 89 out of 169 countries. However, it is misleading to compare values and rankings with those of previously published reports, because the underlying data and methods have changed, as well as the number of countries included in the HDI. Table 2.7 reviews China’s progress in each of the HDI indicators. Between 1980 and 2011, China’s life expectancy at birth increased by 6.4 years, mean years of schooling increased by 3.8 years and expected years of schooling increased by 3.3 years. China’s GNI per capita increased by about 1311.0 percent between 1980 and 2011.
Table (2.7)
China’s HDI trends

<table>
<thead>
<tr>
<th>Years</th>
<th>Life Expectancy at Birth</th>
<th>Expected years of schooling</th>
<th>Mean years of schooling</th>
<th>GNI per capita (2005 PPP$)</th>
<th>HDI value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>67.0</td>
<td>8.3</td>
<td>3.7</td>
<td>530</td>
<td>0.404</td>
</tr>
<tr>
<td>1985</td>
<td>68.3</td>
<td>8.2</td>
<td>4.3</td>
<td>803</td>
<td>0.448</td>
</tr>
<tr>
<td>1990</td>
<td>69.4</td>
<td>8.9</td>
<td>4.9</td>
<td>1,115</td>
<td>0.490</td>
</tr>
<tr>
<td>1995</td>
<td>70.4</td>
<td>9.1</td>
<td>5.7</td>
<td>1,802</td>
<td>0.541</td>
</tr>
<tr>
<td>2000</td>
<td>71.2</td>
<td>9.8</td>
<td>6.6</td>
<td>2,642</td>
<td>0.588</td>
</tr>
<tr>
<td>2005</td>
<td>72.1</td>
<td>10.7</td>
<td>7.1</td>
<td>4,130</td>
<td>0.633</td>
</tr>
<tr>
<td>2010</td>
<td>73.2</td>
<td>11.6</td>
<td>7.5</td>
<td>6,856</td>
<td>0.682</td>
</tr>
<tr>
<td>2011</td>
<td>73.5</td>
<td>11.6</td>
<td>7.5</td>
<td>7,476</td>
<td>0.687</td>
</tr>
</tbody>
</table>


2.6.5 Pakistan

Pakistan’s HDI value for 2010 is 0.490—in the medium human development category—positioning the country at 125 out of 169 countries and areas. The HDI is not designed to assess progress in human development over a short time period because some of its component indicators do not change rapidly in response to policy changes. This is particularly so for mean years of schooling and life expectancy at birth. It is, however, useful to review HDI progress over the medium to long term. Between 1980 and 2010, Pakistan’s HDI value increased from 0.311 to 0.490, an increase of 58 percent or average annual increase of about 1.5 percent. With such an increase Pakistan is ranked 10 in terms of HDI improvement based on deviation from fit, which measures progress in comparison to the average progress of countries with a similar initial HDI level. Table 2.8 reviews Pakistan’s progress in each of the HDI indicators. Between 1980 and 2010, Pakistan’s life expectancy at birth increased by more than 9 years, mean years of schooling increased by...
about 3 years and expected years of schooling increased by almost 4 years. Pakistan’s GNI per capita increased by 92 percent during the same period.

Table (2.8)
Pakistan’s HDI trends

<table>
<thead>
<tr>
<th>Years</th>
<th>Life Expectancy at Birth</th>
<th>Expected years of schooling</th>
<th>Mean years of schooling</th>
<th>GNI per capita (2005 PPP$)</th>
<th>HDI value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>57.7</td>
<td>3.2</td>
<td>1.8</td>
<td>1,393</td>
<td>0.311</td>
</tr>
<tr>
<td>1985</td>
<td>59.1</td>
<td>3.6</td>
<td>2.1</td>
<td>1,688</td>
<td>0.339</td>
</tr>
<tr>
<td>1990</td>
<td>60.6</td>
<td>4.0</td>
<td>2.3</td>
<td>1,895</td>
<td>0.359</td>
</tr>
<tr>
<td>1995</td>
<td>62.1</td>
<td>4.6</td>
<td>2.8</td>
<td>2,025</td>
<td>0.389</td>
</tr>
<tr>
<td>2000</td>
<td>63.9</td>
<td>5.3</td>
<td>3.3</td>
<td>2,065</td>
<td>0.416</td>
</tr>
<tr>
<td>2005</td>
<td>65.6</td>
<td>6.4</td>
<td>4.5</td>
<td>2,414</td>
<td>0.468</td>
</tr>
<tr>
<td>2010</td>
<td>67.2</td>
<td>6.8</td>
<td>4.9</td>
<td>2,678</td>
<td>0.490</td>
</tr>
</tbody>
</table>


Pakistan’s 2010 HDI of 0.490 is below the average of 0.516 for countries in South Asia. It is also below the average of 0.592 for medium human development countries. From South Asia, Pakistan’s 2010 “HDI neighbours”, i.e. countries which are close in HDI rank and population size, are India and Bangladesh, which had HDIs ranked 119 and 129 respectively. Pakistan is also compared to the Islamic Republic of Iran, a high human development country.

2.6.6 Iran

The Islamic Republic of Iran’s HDI coefficient for 2010 is 0.702—in the high human development category—positioning the country at 70 out of 169 countries and areas. The HDI is not designed to assess progress in human development over a short time period because some of its component indicators do not change rapidly in response to policy
changes. This is particularly so for mean years of schooling and life expectancy at birth. It is, however, useful to review HDI progress over the medium to long term. Between 1985 and 2010, the Islamic Republic of Iran’s HDI value increased from 0.493 to 0.702, an increase of 42 percent or average annual increase of about 1.4 percent.

Table 2.9 reviews the Islamic Republic of Iran’s progress in each of the HDI indicators. Between 1985 and 2010, the Islamic Republic of Iran’s life expectancy at birth increased by almost 11 years, mean years of schooling increased by more than 4 years and expected years of schooling increased by almost 6 years. The Islamic Republic of Iran’s GNI per capita increased by 53 percent during the same period.

<table>
<thead>
<tr>
<th>Years</th>
<th>Life Expectancy at Birth</th>
<th>Expected years of schooling</th>
<th>Mean years of Schooling</th>
<th>GNI per capita (2005 PPPs)</th>
<th>HDI value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>58.6</td>
<td>NA</td>
<td>2.1</td>
<td>7,704</td>
<td>NA</td>
</tr>
<tr>
<td>1985</td>
<td>61.3</td>
<td>8.4</td>
<td>2.8</td>
<td>7,699</td>
<td>0.493</td>
</tr>
<tr>
<td>1990</td>
<td>64.5</td>
<td>9.7</td>
<td>3.7</td>
<td>6,765</td>
<td>0.536</td>
</tr>
<tr>
<td>1995</td>
<td>67.0</td>
<td>10.9</td>
<td>4.4</td>
<td>7,331</td>
<td>0.576</td>
</tr>
<tr>
<td>2000</td>
<td>69.0</td>
<td>12.2</td>
<td>5.1</td>
<td>8,306</td>
<td>0.619</td>
</tr>
<tr>
<td>2005</td>
<td>70.6</td>
<td>13.0</td>
<td>6.1</td>
<td>9,900</td>
<td>0.660</td>
</tr>
<tr>
<td>2010</td>
<td>71.9</td>
<td>14.0</td>
<td>7.2</td>
<td>11,764</td>
<td>0.702</td>
</tr>
</tbody>
</table>


During the recent years human development index has increased in Iran, education and life expectancy at birth also increased. The cause of this improvement related to oil revenue during this period, oil prices has increased in recent years. In comparison with some
countries as mentioned above, Iran is after UAE and Malaysia according to their human development index and then India, China and Pakistan.

2.7 Summary

In this chapter the main objective was review of some literature. The researcher assessed the concept and importance of human development and also briefly reviewed the criticism of human development index. According to the recent development experience there is the need for paying close attention to the human development. High GNP and high income are not protection against the problems of socioeconomic. Present income of a country may offer little guidance to its future growth prospects. If it has already invested in its people, its potential income may be much higher than what its current income level shows.

The end of all activities and development plans must be human development or human well being. At the end, there is comparison between Iran and some countries. According to this comparison Iran is after UAE and Malaysia in terms of their human development index in human development ranking by United Nations. The human development index of Iran has increased during recent years. In terms of poverty, Iran compares well with Venezuela, Turkey, China, India, Pakistan, and Afghanistan. In terms of life expectancy at birth, it is less for Iran in comparison with a poor country like a China.
2.8 References


16. Ibid.


