Chapter 1

IMPORTANCE OF HUMAN DEVELOPMENT
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1.1 Defining 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 a simple truth but it is often forgotten in the immediate concern with the accumulation of commodities and financial wealth. The way of looking at human development is not a new one. The idea dates back to Aristotle. He 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 agreed for seeking the difference between good and bad political arrangements in terms of its success and failures in facilitating peoples ability to lead “flourishing lives”. Human beings are the real end of all activities was a recurring theme in the writings of most of the early philosophers. Emmanuel Kant observed, “So act as
to treat humanity, whether in their own person or that of any other, in every case as an end without never as means only”.

Many fast growing developing countries are discovering that their high GNP growth rates have failed to reduce the socio-economic deprivation of substantial sections of their population. Even industrial nations are realizing that high income is no protection against the rapid spread of such problems as drugs, alcoholism, AIDS, homelessness, violence and the breakdown of family relations.

Recent development experience is thus a powerful reminder that the expansion of output and wealth is only a means. The end of development must be human well being. How to relate the means to the ultimate end should once again become the central focus of development analysis and planning. 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.

Several nations demonstrates cases of high levels of human development at modest income levels and cases of poor levels of human development at fairly high income levels. 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 the process of widening peoples 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.

This way of looking at development differs from the conventional approaches to economic growth, human capital formation, human resource development, human welfare of basic human needs. It is necessary to highlight these differences clearly to avoid confusion. It is true that human beings are more than capital goods for commodity production. They are also ultimate ends and beneficiaries of this process. Thus the concept of human capital formation or human resources development captures only one side of human development, not its whole.

Human welfare approaches look at human beings more as the beneficiaries of the development process than as participants in it. They emphasise distributive policies rather than productive structures.

The basic needs approach usually concentrates on the bundle of goods and services that deprived population groups need, food, shelter, clothing, health care and water. It focuses 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 an participatory and dynamic process. It applies equally to less developed and highly developed countries.
1.2. Importance of Human Development:

The search for an alternative to GPN as measure of economic development led to computation of comprehensive indices of development by economists. D. Morris developed the concept of a Physical Quality of life Index (PQLI) while economists like Paul Streeten strongly advocated the adoption of a basic needs approach. These attempts have paved the way for the Human Development Index (HDI) introduced by the United Nations Development Programme (UNDP) in its first Human Development Report prepared under the able stewardship of Mahbub Ul – Haq, and published in 1990.

Since its launch in 1990, the Human Development Report has defined human development as the process of enlarging people’s choices. The most critical ones are to lead a long and healthy life, to be educated and to enjoy a decent standard of living. 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.

According to Mahbub-Ul-Haq, economic growth focuses exclusively on the expansion of only one choice, i.e. income while human development embraces the enlargement of all human choices whether economic, social cultural and political. It is sometimes suggested that the expansion of income can enlarge all other choices as well. This may happen but generally does not on account of variety of reasons. First, income may be unevenly distributed within a society. Second, the national priorities chosen by the society or its rulers and political structure prevalent in the society may not allow the income
expansion to enlarge human options. In fact, many choices do not require any wealth at all. For instance society does not have to be rich to afford democracy. A family does not have to be wealthy to respect the rights of each member. Valuable social cultural traditions can be and are maintained at all levels of income. There are many human choices that extend far beyond economic well-being. Knowledge, health a clean physical environment, political freedom and simple pleasures of life are not dependent on income. 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 lives. (Haq-1996).

Paul Streeten has cited the following reasons to show the necessity of human development approach.

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 as ends, to improve the human condition, to enlarge people’s choices.

Human Development is a means to higher productivity. A well nourished healthy, educative asset. Thus investment in nutrition, health services and education are justified on grounds of productivity.

Human Development helps in lowering the population size. It is the experience of all developed countries that improvement in education levels, particularly of girls, better health facilities and reduction in infant mortality rates leads to a lowering of the birth rates. While improved educational facilities make people aware of benefits of small family, reduction in infant mortality rates reduces the incentive of having large families.
Human Development is good for physical environment. Deforestation, desertification and soil erosion decline when poverty declines. How population growth and population density affecting the environment is subject of controversy. The conventional view is that they have a detrimental effect.

Human Development can help in reducing civil disturbances in a society and in increasing Political stability.

No sustained improvement in human well-being is possible without growth. It is wrong to suggest that economic growth will automatically translate into higher levels of human development. All depend on policy choices. Conceptually and practically it is wrong to regard poverty alleviation as a goal distinct from human development. Most poverty can be explained by inadequate access to income, assets, credit social services and job opportunities. The remedy lies in investment in education and health of poor people to bring them back into the mainstream of development. Thus human development incorporates all the facets of human well-being and it presents in a better manner, the well-being of the people compared to all the social welfare theories.

1.3 Components of Human Development:

According to Mahbub-Ul-Haq, there are four essential components in the human development paradigm equity, sustainability, productivity and empowerment.

Equity: If development is to enlarge peoples choices, people must enjoy equitable access to opportunities and demands changes along the following lines (i) change in the distribution of productive assets specially through land
reforms. (ii) Major restructuring in the distribution of income through progressive fiscal policy aimed at transferring income from rich to the poor. (iii) restructuring of the credit system so that the credit requirement of the poor people are satisfactorily met (iv) undertaking steps to remove social and legal barriers that limit the access of women or of certain minorities or ethnic minorities to some of the key economic and political opportunities.

Sustainability: The next generation deserves the opportunity to enjoy the same level of well-being that we now enjoy and this right makes sustainability an essential component of the human development paradigm. As emphasized by Mahbub-Ul-Haq, "it is sustaining of all forms of capital physical, human, financial and environmental. Sustainability is a matter of distributional equity of sharing development opportunities between present and future generations and ensuring intergenerational equity in access to opportunities. However, as cautioned by Haq, "Sustainability does not mean sustaining present levels of poverty and human deprivation. If the present is miserable and unacceptable to the majority of world's people, it must be changed before it is sustained. In other words what must be sustained are worthwhile life opportunities, not human deprivation."

Productivity: An essential part of human development paradigm is productivity, which requires investments in people and an enabling macro-economic environment for them to achieve maximum potential. Economic growth is therefore a subset of human development models and essential part but not the entire structure. Many East Asian economies like Japan and Republic does investments in human capital. Many recent models treats people only as a means of development and obscures the centrality of people as the ultimate end of development. Therefore, it is better, to treat productivity only as
a part of the human development paradigm with equal importance given to equity, sustainability and empowerment.

**Empowerment**: Human Development paradigm envisages full empowerment of the people. Empowerment means that people are in a position to exercise choices of their own free will. It implies a political democracy in which people can influence decisions about their lives. It requires economic liberalism so that people are free from excessive economic controls and regulations. It implies decentralization of power. The empowerment of people requires action on various fronts (i) it requires investing in the education and health of the people so that they can take advantage of market opportunities. (ii) It requires ensuring and enabling environment that gives everyone access to credit and productive assets. (iii) It implies empowering both women and men so that they can compete on an equal footing. The concern of development economists in recent years has shifted from economic growth to development. For too long, the recurrent question was, how much is a nation producing? Increasingly now the question that is being asked is, how are its people faring? The main reason for this focus is the growing recognition that the real objective of development is to enlarge people's options. Income is the only one of the options and an extremely important one. But it is not the sum total of human life. Education and literacy, health, physical environment, equality of opportunities to all people irrespective of sex, caste and creed, political freedom etc. may be just as important as income. However, though human development 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 United Nations Development Programme (UNDP) in its Human Development Report published in 1990.

1.4 Links Between Economic Growth and Human Development:

Emphasis on human development and the construction of human development and related index has been the most important contribution of the development economists to economic literature in recent years. It has shifted the attention from "quality of growth" to the "structure and quality of growth." We now realise that success in economic growth must ultimately be judged by what it does to our lives the quality of life we can enjoy and the liberties we exercise. In general economic growth can not be disassociated from the end of promoting human capabilities and of enhancing well being and freedom. Governments are now becoming increasingly aware that unless they take corrective action, economic growth can become lopsided and flawed. Lopsided and flawed economic growth would mean economic growth that is jobless, ruthless, voiceless, rootless and futureless.

Avoiding pitfalls of economic growth (HDR 1990) requires fostering of strong links between economic growth and human development. This can be accomplished in the following ways –

First, provision of remunerative employment to people as economic growth is translated into people's lives when they are offered productive and well-paid work.

Second, more equitable distribution of income and economic opportunities as this is necessary for improving the general human well-being.
Third, access to productive assets particularly land, physical
infrastructure to such assets augment the economic opportunities of many
people.

Fourth, investment in education, health and skills of the people and
providing basic social services to all. Experience of number of countries like
China, Hongkong, Singapore, Thiland show that these investment enhances
human development.

Fifth, taking steps to ensure gender equality as it has been observed that
fairer opportunities for women and better access to education, child care, credit
and employment contribute to their human development.

Sixth, a population policy emphasizing the role of education,
reproductive health and reduction in infant morality as all these help in
lowering fertility.

1.5 Recasting Planning in terms of Human Development:

Mahbub-Ul-Haq has made a strong plea for recasting the Planning
models and strategies in terms of human development. Such recasting would
contain at least the following five distinct elements conspicuously lacking in
most plans today.

1. They would start with a human balance sheet. Thus, they would start with
question relating to the extent of human resources in the country, the level of
education, inventory of skills, profile of relative income distribution and
level of human development in different regions. Under recasting in terms of
human development, this chapter would contain a comprehensive human balance sheet on the lives stated here.

2. Plans targets would first be expressed in terms of basic human needs and only later translated into physical targets for production and consumption, health, housing etc. The basic need targets, once identified in terms of national requirements and specified in terms of the nations resources will then have to be built into detailed planning for production and consumption.

3. Recasting plans in terms of human development requires placing equal emphasis on production and distribution objectives. The development plan will not only specify what is to be produced but also how national production is to be distributed equally. This would require action at least on the following four fronts – (i) initiating action programme to increase productivity of the poor (ii) employment planning as a means to improve distribution (iii) redistribution of productive assets particularly land (iv) creation of social safety nets.

4. If human beings are to be declared the ultimate objective of economic planning adequate steps are required to ensure their full participation in planning. Thus a human development strategy must be decentralized.

5. A comprehensive set of social and human development indicators needs to be evolved to monitor plan progress. In addition to GNP growth rates, annual assessments on the performance on human development front, changes in relative and absolute poverty levels etc. need to be carried out.

These five elements should form the first part of the plan. Recasting plan along the above lines by the developing countries will make them more
meaningful for the people and also ensure better community participation in the planning process.

1.6 Quality of Life in Assam:

The state of Assam has a total geographical area of 78,438 square kilometre. Total population of the state is 2,66,38407 (Statistical Abstract, Govt. of India). The total number of districts in the state is 23. Total number of literates in the state is 9516393 out of which 5827649 males and 3688744 females (Statistical Hand Book, Govt. of Assam) and literacy rates in the state is 52.90.

Assam exhibits all the characteristics of an underdeveloped economy. Assam is one of the backward states of India. This is evident from wide spread poverty, poor productivity, huge size of unemployment and low per capita income. Through rich in natural resources, Assam’s level of resource use is very poor.

Assam has witnessed an unusual growth rate of population in recent decades. This unusual rise in population has obstructed the process of economic development and the possibility of attaining a better standard of living for the people of the state. India itself is a poor country but the poverty level of Assam is much more acute by any standard measurement. If we take into account the impact of lower purchasing capacity of incomes in the north-eastern region due to comparatively higher price level, the magnitude of poverty in Assam will be more acute.

The per capita income in Assam is very low. At current prices per capita income is Rs. 6288 (Basic Statistics, NEC). The per capita income in Assam
accounts for less than that of all India average. It is more revealing the real per capita income of Assam in proportion to the corresponding all India figure has come down. Thus the disparity in the levels of income has been wider.

The growing size of unemployment has been the most basic problem of the state. In the absence of job opportunities, the magnitude of both general and educated unemployment has been on the sharp rise. The very fact that proportion of employment in agriculture is much more than the net domestic product from this sector points to the huge size of disguised unemployment in the state. Inefficient capital vis-a-vis the heavy pressure of population has been the main reason behind this unmanageable size of growing unemployment.

Productivity depends upon the health and efficiency of the workers. Efficiency of the workers in state is at low level. This is obvious because sufficient food, proper medical services, education and hygiene housing and pure drinking water which are the basic necessities for health and efficiency are not available to a degree of minimum requirement to the vast majority of people. If we compare the number of people per doctor or the number of hospital beds per lakh population, we find a poor picture of the state in every respect. The percentage of population covered by the water supply is also very low in Assam compared to all India average. Thus it can be said that standard of living in the state is low or quality of life of the people is poor compared to other developed states of India.

1.7 Necessity of the study:

Research work as revealed by our survey of literature relating to Human Development in North East India or more particularly to Assam is very scanty.
Inspite of rich natural resoures, the state is still economically backward. This has induced the centre to announce various economic packages for the development of the state with little success.

Development efforts have further received a jolt in recent years. Real issues behind these disturbing trends call for serious investigation and research. It is extremely important for researchers and policy makers dealing with development problems of the state, to realize that the empirical situation in the state and the region is quite different from rest of the nation. As a result factors which predominate in deciding economic development in the rest of the country can not be applied with equal weightage for this region.

Even after so many years of developmental experience, the people of this state, with their own characteristic problems are still engaged in a bitter struggle for survival. What has escaped the attention of the planners and policy makers is that economic development with undue attention to Human Development in the state will lead to accumulation of benefits in few limited hands. This will result in emergence of the feeling of deprivation, negligence and alienation among the people. Under the given circumstances, human development receives a serious jolt, resulting in further accentuating the feeling of deprivation, which in turn retards economic development. Studies have revealed (Planning Commission-2001) that among the 16 major Indian states, Assam ranks 15\textsuperscript{th} in terms of Economic Survey (2002-03). Among all the states and union territories of India, rank of Assam is 26.

The state till recently was not caught up in the mad race of consumerism and materialistic life style. A sudden rise in income of a certain section of population due to economic reform and onslaught of the market economy has
resulted in a rise in consumerism as well. This has led to a wide scale disparity in the level of income and consumption between different sections of the people, pushing down further the index of human development.

The turmoil in the state is more a outcome of low level living rather than low level of economic development, a disturbing feature which needs to be arrested immediately. All these vital but neglected issues call for examining the real developmental problems of the state. This brings to the forefront identification of factors governing Human Development, which can no more be seen separately from economic development. This prompts us in undertaking the present study in which we shall make an attempt to identify the various factors determining Human Development of the various income social and religious groups across the state.

1.8. Objectives:

The Following will be the main objectives of the study.

1. To estimate the Human Development Index for the state, following the UNDP method.

2. To estimate the Human Development Index for different religious, income, ethnic and social groups residing across the state. This is mainly because Assam is a state characterized by wide diversity in social and cultural identity. Consequently a single index of human development for the entire state may fail to capture the real condition of living of various multi income, religious or social groups.
3. The study would also attempt to identify the factors governing the Human Development Index and estimate their relative weightage, through the application of regression analysis. This is expected to have tremendous policy implications.

1.9. Hypotheses:

The study will be based on the following hypotheses.

1. Human Development Index (HDI) in the state is not dependent on economic development of the state.

2. HDI is governed by social expenditure, particularly on health and education.

3. There is wide diversity in human development across various income, religious and social groups.

4. Human Development Index (HDI) is inversely related to the growth rate of population in the state.

1.10. Methodology and Data Source:

Studies on human development have witnessed numerous debates on the choice of index. The UNDP report on human Development widely used for the purpose of inter country comparison, adopts indicator like life expectancy, literacy rate and per capita income for the construction of Human Development Index (HDI). For a country like India such a methodology may not be fully satisfactory. Yet due to the problems of objectivity cropping up, added to which also the difficulty of collection of primary data from the hilly and remote areas of the state the study shall adopt the methodology adopted by UNDP.
Accordingly we shall select a highest and a lowest value for each of the indicators. On the basis of this, following method of estimation will be adopted. For any component of HDI, individual indices are calculated according to the general formula.

\[
X_{ij} = \frac{X_{ij} - \min X_{ij}}{\max X_{ij} - \min X_{ij}}
\]

- \(X_{ij}\) = actual value of the indicators
- \(\min X_{ij}\) = minimum value of the \(i\)th indicator.
- \(\max X_{ij}\) = maximum value of the \(i\)th indicator

The over all index is computed as follows.

\[
\text{HDI} = \frac{1}{n} \sum X_{ij}
\]

Or, HDI = (Life Expectancy Index + Income Index + Educational Attainment Index) \times (\frac{1}{3})

HDI on the basis of this method will be estimated for the various income religious and social groups residing in the state, based mainly on primary data.

The methodology adopted by UNDP for estimation of HDI, do not cover all aspect of good quality of life. Therefore, apart from information necessary for the estimation of HDI, we have also collected primary data on accessibility to various facilities of life, basic infrastructure facilities for leading a decent life as well as other civic amenities and accessibility to safe drinking water.

Primary data necessary for the purpose has been collected mostly by following the multi stage stratified random sampling method. From the state of Assam around 25 percent of the total districts has been selected, from which 10 percent of the blocks were selected. From these blocks at least 10 villages were
selected out of which another ten families belonging to different ethnic, religious and linguistic groups were interviewed.

The information obtained from secondary as well as primary data was used for the estimation of HDI, following the methodology outlined above. The HDI for various years, estimated from secondary data will be related to the variable mentioned above. We shall first examine the relationship between the economic development of the state and the HDI, and the first function that is specified will be as follows –

\[ \text{HDI} = a + b \text{SNDP} \]  \hspace{1cm} (1)

Where SNDP is the net state domestic product. However, economic development by itself may not directly benefit the common man, but due to the operation of Trickle Down Theory, change in economic development may also change the living condition of the common man in a favorable way. Therefore, the second function that we shall specify, will be as follows.

\[ \Delta \text{HDI} = a + b \Delta \text{SNDP} \]  \hspace{1cm} (2)

and  \[ \Delta \text{HDI} / \Delta \text{SNDP} > 0 \]

Implying that change in the level of economic development of the state improves the living conditions of the common.

As highlighted above, the capability of poor people is highly dependent upon the state in incurring expenditure for the overall improvement in their living condition. Consequently social expenditure assumes a crucial role in determining HDI. The next function that we shall specify therefore, will be as follows.
HDI = a + c SE ------------------------------ (3)

However, the benefits of social expenditure incurred in certain period may not have immediate impact on HDI, during that period itself. The benefits may reveal their results only after a time lag. Therefore, we take one-year time lag to study the relationship between HDI and social expenditure. Hence following will be the next function that we adopt.

HDI = a + c SE_{t-1} --------------------------- (4)

Where SE_{t-1} denotes social expenditure incurred in previous year.

Social expenditure in the previous period is expected to be positively correlated to HDI in all societies, so that HDI will be increasing function of SE_{t-1}

\[ \frac{\delta \text{HDI}}{\delta \text{SE}_{t-1}} > 0 \]

It is further postulated that total population plays a pivotal role in determining the overall living standards and hence in HDI. Higher population is bound to neutralize some of the positive effects of higher social expenditure, since various facilities of a better living condition has to be shared by greater number. HDI is therefore expected to be a decreasing function of the level of population in the state, so that next function that we specify will be as follows.

HDI = a - d \text{Pop} -------------------------- (5)

And \[ \frac{\delta \text{HDI}}{\delta P} < 0 \] where \( P = \text{population} \)

Finally to determine the relative weight of the determinants of HDI we shall test the following function.
HDI = a + b SNDP + c SE - dP \hspace{1cm} (6)

Since the impact of these variables may not feel instantaneously, we shall also use a lagged model as follows.

HDI = a + b SNDPt\_t - 1 + c SEt\_t - 1 - dP_{t-1} \hspace{1cm} (7)

In the above model we shall capture the essence of the operation of these determinants over a longer period.

Finally to examine the response (which may be either positive or negative) we shall test the following function, in which the change in HDI, due to change in economic growth, social expenditure and population will be examined. Consequently, we shall specify the final equation as.

\[ \Delta \text{HDI} = a + b \Delta \text{SNDP} + c \Delta \text{SE} - d \Delta \text{Pop} \hspace{1cm} (8) \]

All these functions will be tested both for time series as well as for cross section data for the state of Assam, by the use of various regression techniques. On the basis of the results obtained, final conclusion will be drawn within the context of our objectives and hypotheses.

Following the multi-stage stratified purposive sampling method collected primary data necessary for the purpose of our study has been collected. From the state of Assam around twenty five percent of the total districts were selected. These districts are Cachar, Karimganj, Kamrup, Jorhat, Barpeta and North Cachar Hills. From these districts ten percent of the blocks were selected. From each of these blocks at least ten families were interviewed.

We have prepared questionnaires with a total of sixty questions including questions related to human development index. Apart from these indicators, we
have also incorporated some additional questions related to the basic amenities like drinking water, electricity, infrastructural facilities and environmental condition etc.

Total number of six hundred and fifty samples were collected from the six districts of Assam. Hundred samples each from Cachar, Karimganj, Jorhat and Barpeta districts two hundred samples from Kamrup districts and fifty samples from North Cachar Hills districts, information collected through questionnaires were presented in tabular form. We have constructed a total number of twenty one tables for the purpose. These tables are related to literacy, health, income, consumption and expenditure pattern, housing facilities, environmental conditions and civic consciousness of households. We have also classified the data according to income groups, religious groups and social class.

We have classified the households according to the various amenities used by them. The amenities range from television, radio, telephone and other electrical equipments. Since income constitutes an important component of HDI, we have made a detailed analysis of the work participation rates of both males and females separately. Consumer’s monthly expenditure on food, education and health has also been classified. Education being another important determinant of human development we have obtained detailed information on this item and classified the persons, both males and females, on the basis of enrolment rate, drop out rates along with reasons for that and the level of education. On health item we have classified the data on the basis of type of illness, mortality rates, life expectancy and child immunization etc. Health facilities available to the population, in terms of health centers, doctors and medicines have also been used.
Availability and accessibility of other amenities of life which make life comfortable and ensure a basic minimum quality of life such as lengths of roads and conditions of the same, telecommunication facilities, environmental hazards posed in different manner has also been classified for different villages and blocks.

All these information have been classified for different socio-economic, religious and ethnic groups so as to obtain a wide range of information for knowing the human development at micro level.

The secondary sources from which data will be used for the purpose of our study are – Basic Statistics of North Eastern Region, Statistical Hand Books of Govt. of Assam and Statistical Abstracts of Govt. of India.
References:


