Chapter 2

CONCEPTUAL FRAMEWORK AND METHODOLOGY
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2.1  Human Development and Human Resource Development:

The concept of human development is based on the idea that people are the real wealth of a nation and should therefore be the main beneficiaries of economic development. Human Development (HD) as well as Human Resource Development (HRD) puts man at the centre stage of development process. However, HRD uses the capacity and ability acquired by man as means for rapid economic growth of the nation, so that man is treated on par with other inputs. The concept of HD is much broader concept and it considers man as the end of all developmental process and capability or ability as means towards that end. For reasons of clarity we must distinguish between HD and HRD.
The various facets of Human Development are captured by the estimation of single index called Human Development Index (HDI). The International Index of Human Development incorporates (a) average life expectancy at birth in different countries in terms of years (b) the proportion of literate people in adult population above 15 and the mean years of schooling children (below age 15) and (c) an appropriate adjusted real GDP per capita (in purchasing power parity US $). Here (a) represents life expectancy at birth to measure health status and longevity, (b) represents educational attainment to represent the level of knowledge and skills and (c) represent the real GDP per capita to serve as a surrogate for command over resources. Human Development paradigm examines whether all the opportunities offered by the economy are equally accessible to all categories of people. If so, then there is bound to be an uplift of their living standard and a rise in human development. If they do not have accessibility to economic opportunities, what are the factors responsible for that and how can they be removed are the areas of study of human development paradigm.

In HRD humans are treated as subject rather than object for accomplishment of organizational goals. This is nothing but as Karl Marx described as “alienation from fellow workers” or as Max Weber described as “bureaucratic personality”. Personal ethics takes a back seat to “getting the job done” and accomplishing the organizational goal of maximising profit. The possibility of one’s actions and decisions may harm other people, because the “other people” are no longer seen in objective terms as fellow human with feelings. Here the decision taken are based on cost benefit analysis leaving no room for “human” sentiments such as compassion, well-being, empathy etc. Such considerations assume a view of “other people”.

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HRD has been defined as ‘a process by which the employees of organization are helped, in a continuous planned way, to acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles – develop their general capabilities as individuals and discover and exploit their own inner potential for their own and organizational development purposes. Put simply HRD means competence building, commitment building. HRD contributes to professional well-beings of individuals.

HRD has crucial role to play in achievement of organizational goals and helping the organisation to achieve and maintain excellence. Good people and good culture make good organisations. Good people means competent, committed, learned and team oriented people. HRD attempts to get the right kind of people, creating culture that nurtures and retains talent, providing avenues for development at all levels and aiding renewal of various productive human process.

2.2 Entitlement:

Entitlement is a means by which Human Development may be achieved. No work on Human Development would be complete without a thorough knowledge of Entitlement Approach of Amartya Sen. The access to all the materials means of livelihood, which governs HD is determined by one’s entitlement to food, to exchange of his labour or exchange his produce, to increase his real income. Entitlement Approach to HD is extremely crucial, since Sen himself opines that, what is more important is not – what exists, but who can command what. It is therefore, essential that we clarify the concept of
entitlement which is expected to be a key concept in our research work in terms of Sen’s approach to this concept.

The ‘entitlement approach’ focuses on the forces that determine the bundles of commodities over which a family or an individual can establish command. It points to the need for focussing on the ‘acquirement’ of food by the respective household and individuals, and the fact that the overall production or availability of food may be bad predictor of what the vulnerable groups in the population can actually acquire. A person can be reduced to starvation if some economic changes makes it no longer possible for him or her to acquire any commodity bundle with enough food. This can happen either because of a fall in endowment (e.g., alienation of land, or loss of labour power due to ill health) or because of an unfavourable shift in the conditions of exchange (e.g., loss of employment, fall in wages, rise in food prices, drop in the price of goods or services sold by the person, reduction in social security provisions etc.

There are different ways of acquiring food. For example while a peasant owning his land and the product of his labour supply owns the food produced, a wage labour paid in cash has to be converted in exchange. The peasant does, as it were, an exchange ‘nature’ putting in labour etc. and getting back the product namely food. The wage labour does repeated exchanges with others in the society – first, his labour power for a wage and then, the wage for a collection of commodities including food. The same applies to other methods of acquiring food, e.g., through share cropping and getting a part of the produce, through running a business and making a profit, through selling services and earning an income, and so on. This is the problem of establishing command over commodities, in this case food, the ‘acquirement problem. It is easy to establish
that the acquirement problem is really central to question of hunger and starvation in the modern world.

The acquirement problem often neglected not only by non-economist but also by many economists, including some great ones. Malthusian approach to population and food, and the particular metric of food output per head extensively used in the essay of population, has tended to give that metric undue prominence in policy discussions across the world. Malthusian pessimism, based on the expectation of falling food output per head, has not been indicated by history.

It is important to emphasize that the entitlement approach is consistent with many different detailed theories of the actual causation of famine. While the approach identifies certain crucial variables, different theories of the determination of the values of the variables may all be consistent with the general entitlement approach. Relative prices are quite crucial to the entitlement of various occupation groups. What the entitlement approach does is to take up the acquirement problem seriously.

Prof. Sen nevertheless claims that economic tradition stretching back to centuries do, in fact, direct our attention to entitlement in analysing problems of wealth, poverty, deprivation and hunger. This is clear enough in Marx's case, but the point is often made that Adam Smith was a great believer in the simple theory of food availability decline in all famines, and he would have thus had little patience for discussion of entitlements and their determinants.

Many economists push us in the direction of paying greater attention to the problem of nutritional deprivation, and its manifold medical, economic and social effects. The need to link hunger to the failure of economic entitlements
indicates one connection – economic penury has to be seen as a major prediction of hunger. For much the same reason, the observation of hunger can also be seen as an indicator family’s general poverty. The expenditure on food may be a better guide to the family’s overall economic solvency and opulence than variable indicators, such as total income or even total expenditure. In an innovative model, Sudhir Anand and Christopher Harris have analysed that food expenditure can be used as an indicator of the general living standard of a family. If family’s income fluctuates over time, the observation of its income at any point of time may be a very misleading basis for judging its ordinary level of opulence. For the reasons that have been discussed Milton Friedman, among others, there may be more stability in the family’s total consumption expenditure, which may be based on long-term average income (the so called permanent income hypothesis). But a family may not give equal priority to preserving all types of expenditure, and given the importance of food, it is not unreasonable to expect that it would attach the highest priority to preserve the expenditure on food.

2.3 Capability:

Human Development is expected to be higher in societies, where capability of the common man has reached a satisfactory level. In contrast, Human Development will be low for those people, who have not attained the required level of capability. Therefore, HD has an important relationship with capability. However, what exactly is the meaning of capability, to what extent it can contribute to HD is the crucial issue. To know more about this concept we have to explore thoroughly into Sen’s contribution to this important approach to HD.
Amartya Sen tried to explore a particular approach to well-being and advantage in terms of a person’s ability to do valuable acts or reach valuable states or being. The expression was used to represent the alternative combination of things a person is able to do or be the various ‘functionings’ he or she can achieve.

The capability approach concerned with evaluating a person's actual ability to achieve various valuable functionings as a part of his living.

Functionings represent parts of the state of a person in particular the various things that he or she manages to do or be in leading a life. The capability of a person reflects the alternative combinations the person can achieve, and from which he or she chooses one collection. The approach is based on a view of leading as a combination of various doings and beings with quality of life to be assessed in terms of the capability to achieve valuable functionings.

Some functions are very elementary, such as being adequately nourished, being in good health etc. and these may be strongly valued by all. Other functionings may be more complex but still widely valued, such as achieving self respect or being socially integrated. Individuals however, differ a good deal from each other in the weights, they attach to these different functionings – valuable though they may all be and the assessment of individual and social advantages must be attached to these variations.

The freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on variety of factors, including personal characteristics and social arrangements. Human capabilities constitute an important part of individual freedom. Individuals must have
freedom to choose from different alternative combinations by functionings available.

The well-being achievement of a person can be seen as an evaluation of the ‘wellness’ of the person’s state of being. The exercise then is that of assessing the constituent elements of the person’s being seen from the perspective of her own personal welfare. The different functionings of the person will make up these constituent elements. In this approach functionings are seen as central to the nature of well-being, even though the sources of well-being could easily be external to the person.

The functionings relevant for well-being vary from such elementary ones as escaping morbidity, being adequately nourished, having mobility etc., to complex ones such as being happy, achieving self respect, taking part in the life of the community, appearing in public without shame. The claim is that functionings make up a person’s being, and the evaluation of a person’s well-being has to take the form of an assessment of these constituent elements.

If the value purpose is change from checking the ‘wellness’ of the person’s being to assessing the person’s success in the pursuit of all the objectives that he has reason to promote, then the exercise becomes one of evaluation of ‘agency achievement’ rather than of well-being achievement.

The assessment of agency success is a broader exercise than the evaluation of well-being. While evaluating person’s standard of living, this may take the form of focussing on the person’s functionings, but in this case we may have to concentrate only on those influences on well-being that come from the nature of his own life rather than from others or impersonal concerns. For example, the happiness generated by purely other achievement e.g., freeing
political prisoners in distant countries may enhance the persons well-being without, in any obvious sense, raising his living standard.

The inability to be happy, which will be widely recognized as a failure of an important functioning, may arise either from sources within one’s own life or from sources outside it. While both types of factors affect one’s well-being, the case for excluding the latter from the assessment, specifically of one’s living standard would seem fairly reasonable, since latter relates primarily to the lives of others, rather than one’s own.

The preceding discussion on the achievement of well-being and living standards has been related to functionings rather than to capabilities. In fact, capability approach sees the capability set as the primary informational base. Why should we broaden our attention from functionings to capability?

We should first note that capabilities are defined derivatively from functionings. In the space of functionings any point, representing an n-tuple of functionings, reflects a combination of the persons doings and beings, relevant to the exercise. The capability is a set of such functionings n-tuples, representing the various alternative combinations of beings and doings any one of which the person can choose. Capability is thus defined in the space of functionings. If a functioning achievement is a point in the space, capability is a set of such points. Clearly there is at least no informational loss in seeing well-being in terms of capability rather than directly in terms of achieved, or chosen or maximal functioning. While this indicates that informational base of capability is at least as adequate as that of achieved functionings, the claim in favour of the capability perspective is, in fact stronger.
For some evaluative exercises, it may be useful to identify a subset of crucially important capabilities dealing with what have come to be known as 'basic needs'. Equality in the fulfillment of certain 'basic capabilities' provides an especially plausible approach to egalitarianism in the presence of elementary deprivation. The term 'basic capabilities' was intended to separate out the ability to satisfy certain crucial important functionings up to certain minimally acceptable levels of certain basic capabilities below which people count as being scandalously 'deprived' can provide a possible approach to poverty.

Identifying a minimal combination of basic capabilities can be a good way setting up the problem of diagnosing and measuring poverty. It can lead to results quite different from those obtained by concentrating inadequacy of income as criterion of identifying the poor. The conversion of income into basic capabilities may vary greatly between individuals and also between different societies, so that ability to reach minimally acceptable levels of basic capabilities can go with varying levels of minimally adequate incomes. It may be pointed out here that increased entitlement will enhance people's capability which in turn will improve quality of human development. There is a close link between Human Development and Capability of a person. This link can be seen from the factors – (i) GNP per head (ii) life expectancy (iii) infant mortality (iv) child death rate (v) adult literacy (vi) higher education. Most of these factors are means of examining capability and also used for measuring Human Development. Thus it can be said that capability of a person has an important role to play in determining Human Development.
2.4 Welfare Theories and Evolution of Human Development:

Welfare Economics deal with vital issues concerning economic welfare of the society and it necessarily involve some value judgements. If economics is to become an 'engine for social betterment' it has to adopt certain norms, ideals or criteria, with which to evaluate economic issues and pass judgement on what is good and what is bad from the view point of social welfare.

A.C. Pigou (Pigou, 1932) an important neo-classical economist said that economic welfare is a part of general social welfare and can be brought directly into relation with the measuring rod of money. According to him the first condition is increase in National Income brought about either by increasing some goods without reducing others or transferring factors from social welfare. A.C. Pigou laid the scientific foundation of welfare economics through the publication of 'Economics of Welfare' in 1932. Welfare is a mental phenomenon and the elements of welfare are the state of consciousness which made of utilities or satisfactions. According to him economic welfare is a part of general (social) welfare. The second condition is given the constant level of National Income, the transfer of purchasing power from the rich to the poor will also increase economic welfare.

Paretos (Baumol, 1978) concept of maximum social welfare is based upon the ordinal utility and free from value judgements occupies a significant place in modern welfare economics. Welfare is free from value judgements because it is not based on any interpersonal comparison of utility. According to Pareto, welfare depends upon the welfare of the individuals comprising the society, and according to him, atleast one individual made better off by certain economic reorganization and no one being made worse off, then the social
welfare increases, when a certain economic state is reached, when through any reorganisation it is not possible to make at least one individual better off with no other being worse off, this is called the state of maximum welfare or Pareto Optimum. Pareto optimum may not be the sufficient condition for attaining maximum social welfare, but it is a necessary condition for it.

Kaldor and Hicks have put forward (Baumol, 1978) compensation principle. He was the first economist to give a welfare criterion based on compensating payments. According to Kaldor’s welfare criterion, if a certain change in economic organization or policy makes some people better off and others worse off, then total change will increase social welfare if those who gain could compensate the losers and still will be better off than before. In the words of Prof. Baumol, “Kaldor criterion states that a change is an improvement if those who gain evaluate their gain at a higher figure than the value which the losers set upon their losses.” (Baumol, 1978).

Prof. J.R. Hicks supported Kaldor for employing compensation principle to evaluate the change in social welfare resulting from any economic reorganization that benefits some people and harms others. A change is an improvement if the losers in the changed situation can not profitably bribe the gainers not to change from the original situation. Hicks has given his criterion from losers point of view. Thus the two criteria are really the same though they clothed in different words. That is why they are generally called by a single name Kaldor-Hicks criterion.

Burgson and Samuelson formulated social welfare function is an ordinal index of societies welfare and is a function of utility level of all individual constituting the society. The ordinal utility index of an individual depends upon
goods and services he consumes and the magnitude and kind of work he does. The important thing about social welfare function is that in its construction explicit value judgements are introduced. With a different set of value judgement, the form of social welfare function would be different. Value judgements are essentially ethical notions which are introduced from outside economics. The value judgements required to construct social welfare function may be obtained through democratic process of voting by individuals or imposed on a society in a dictatorial manner. Whatever, may be the case the social welfare functions depends upon the value judgements. Burgson’s social welfare function was supposed to be dependent on changes in economic events that had a direct effect on individual welfares.

Prof. Arrow has pointed out that the construction of social welfare function reflecting the preferences of all individuals constituting a society is an impossible task. The main contention of arrow is that it is very difficult to set up reasonable democratic procedure for the aggregation of individual preferences into a social welfare preference for making a social choice. Arrow has proved a general theorem according to which it is impossible to construct a social ordering which will in some way reflect the individual orderings of all the members of the society. Choice can be made by dictator or through custom and tradition or by some spiritual or religious head or by individuals comprising the society through voting. His theorem is based on the principles of (i) transibility (ii) responsiveness to individual preferences (iii) the condition of non-imposition (iv) the condition of non-dictatorship etc. His theory is also known as impossibility theorem which he has shown in terms of voting paradox.
Criticising Arrows impossibility theorem, Prof. Amartya Sen (Sen-1999) developed his theory and shown that it is possible to make about alternative choices through democratic process of voting, which he has shown through his strategic voting paradox. He argued that if different conditions given by Pigou for choosing among different alternatives are released, it is possible to make decision through democratic process of voting.

In many of his works for example quality of life. Sen stresses the importance of freedom. Hence the capability which is closely related to freedom assumes crucial role in evaluating the well being of an individual.

According to Sen, the relevance of a person's capability to his or her well-being arises from two considerations. First, if the achieved functionings constitute a person's well-being, the capability to achieve functionings will constitute the person's freedom to have well-being. Sen calls this 'well-being freedom'. This freedom, reflecting a persons opportunities of well-being must be valued atleast for instrumental reasons e.g., in judging how good a 'deal' a person has in the society. In addition, freedom may be seen as being intrinsically important for good social structure. A good society, in the view is also society of freedom. Achieved well-being itself dependent on capability to function. Some kinds of capabilities contribute directly to well-being.

Amartya Sen tried to explore a particular approach to well-being and advantage in terms of a person's ability to do valuable acts or reach valuable states or being. It represent the alternative combination of things a person is able to do or be the various functionings he or she can achieve. The capability approach is concerned with evaluating in terms of his or her actual ability to achieve. This approach depends on personal capabilities for judging ones
welfare. It differs from other approaches which focuses on personal utility focusing on pleasures, happiness or desire fulfillment, real income, absolute or relative opulence etc.

The capability of a person represents various alternative functionings from which he has to choose one collection. Functionings represent the various things that he or she manages to do in leading a life. The approach is based on a view of living as a combination of various doings and beings with quality of life to be assessed in terms of the capability to achieve valuable functionings.

The freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on variety of factors, including personal characteristics and social arrangements. A full accounting of the individual freedom must, of course, go beyond the person's other objectives, but human capabilities constitute an important part of individual freedom.

Human development embraces the enlargement of all human choices - whether economic, social, cultural or political. Many human choices extend far beyond economic well-being knowledge, health, a clean physical environment, political freedom and simple pleasures of life are not exclusively dependent on income. National wealth may or may not enlarge people's choices in these areas. Such link depend on quality and distribution of economic growth. No sustained improvement in human well-being is possible without economic growth. But it is also wrong to suggest that high economic growth will automatically translate into higher levels of human development.

Most of the welfare theories including Pareto Optimality fail to capture the essence of the living standard of the common man in society. Therefore
inspite of their theoretical significance, none of these theories on social welfare can be really considered satisfactory, necessitating the estimation of Human Development Index (HDI) which enquires into the living standard of common man.

2.5 Human Development Index (HDI):

The search for a new composite index of socio-economic progress began in earliest in preparing the Human Development Report under the sponsorship of UNDP in 1989. The new index would measure the basic concept of human development to enlarge peoples choices. These choices covered the desire to live long, to acquire knowledge to have a comfortable standard of living, to be gainfully employed, to breathe clean air, to be free, to live in a community. Obviously, not all these choices could be quantified or measured. The basic idea was to measure at least a few more choices besides income and to reflect them in a methodologically sound composite index.

The new index would include only a limited number of variables to keep it simple and manageable. Initially, life expectancy was chosen as an index of health, and GNP per capita adjusted for purchasing power parity (pp US$) as an index of access to multiplicity of economic choices. Several other variables were considered and discarded. They showed a significant correlation with life expectancy.

A composite Index was constructed rather than a plethora of separate indices. This posed several problems. Unlike GNP, for which money serves as a “common measuring rod”, there is not such currency for measuring socio-economic progress. Life expectancy is measured in years, adult literacy...
percentages of adults, and real income ppp-adjusted dollars. Equal weights were decided for three variables on the simple premise that all these choices were very important.

HDI cover both social and economic choices. A mistake on the past had been to construct separate measures for economic progress (GNP) and for social progress such as physical quality of life index (PQLI). Economic growth increases options available for social progress. And social progress creates a conducive environment for economic growth. Progress of nations and individuals must be measured on both fronts, not separately, in any comprehensive index of development. This reasoning led to the inclusion of real income (ppp US dollars) as well as life expectancy and educational attainment in the HDI. The merging of economic and social indicators is one of the distinctive features of HDI.

2.6 Method for Constructing the HDI:

The HDI has three key components: longevity, knowledge, and income. Longevity is measured by life expectancy at birth. Knowledge is measured by two education variables adult literacy and mean years of schooling. The third variable is income. Income in the HDI is merely a proxy for a bundle of goods and services needed for the best use of human capabilities. The HDI is based on a cut-off point defined by a level of income regarded as adequate for a reasonable standard of living and this cut-off point was derived from the poverty level income of the industrial countries. Later it was taken as the current global average real GDP per capita in ppp dollars. In both cases, the threshold income is around $500 and people do not need an infinite amount of
income for a decent life. HDI do not treat income as a means but reinterpret it in terms of the ends it serves. That is why, for example the high income industrial countries de-emphasized in the HDI and an overwhelming weight is given to the social progress they have achieved with this income.

The UNDP report on Human Development widely used for the purpose of inter country comparison adopted indicators life expectancy, literacy rate and per capita GDP. The international index of Human Development incorporates (a) average life expectancy at birth in different countries in terms of years (b) proportion of literate people in adult population above 15 and the mean years of schooling children (below 15) and (c) an appropriate adjusted real GDP per capita (in purchasing power parity US $). Here (a) represents life expectancy at birth (b) represents educational attainment to represent the level of knowledge and skills and (c) represents the real GDP per capita to serve as a surrogate for command on resources.

2.7. Quality of life in Assam:

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

Developmental efforts have received a further set-back in recent years, by ethnic strife and separatist movement. Real issues behind these disturbing trends calls for serious investigation and research. It is extremely important for researchers and policy-makers dealing with developmental problems of the state.
to realise that the empirical situation in the state 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’t be applied with equal weightage for this state.

Even after so many years of developmental experience, the people of this state, with their own characteristic problems are still engaged in a better struggle for survival. What has escaped the attention of the planners and policy makers is that only economic development with undue attention to Human Development will only result in concentration of the benefits of economic development in a few limited hands. This will result in emergence of the feeling of deprivation, negligence and alienation among the people. With very little effort in uplifting the living standard of the common man, under the given circumstances, however development receives a serious jolt, resulting in further accentuating the feeling of deprivation which in turn retards economic development. Studies have revealed (Sengupta, 1998) among the 15 major state in India, Assam ranks 13th in terms of Human Development Index.

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

The turmoil in the state is more a outcome of low level of living rather than only 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 bring to the fore-
front 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.

The objectives, hypotheses and methodology already we have stated in
Chapter one, which requires no further statement in this Chapter. Our study will
be followed by those objectives.
References:


