Chapter-1

Conceptual Framework
CONCEPTUAL FRAMEWORK

“If I have the belief that I can do it, I shall surely acquire the capacity to do it, even if I may not have it at the beginning.”

~Mahatma Gandhi~

The aim of all economic endeavours is human welfare. That is, improving the quality of life of people. Towards this end all government efforts are directed. A couple of decades ago economists and policy makers alike were concerned with increasing the rate of growth of per capita GDP in developing countries for economic progress. It was assumed that growth would ‘trickle down’ to the poorer sections so as to increase the well-being of all in the country. Distributional aspect of income was not given much attention. Existence of poverty, illiteracy, hunger and disease in many developing countries even after several decades of planned development has forced economists and policy makers all over the world to redefine the concept of development. The term has now acquired a new meaning.

The perception of development has changed from economic growth to socio-economic development. From 1980s there has been a further shift towards human development, meaning thereby that people are viewed not as a means of development but as ends. Human development is seen as a process of enlarging people’s choices, opportunities and capabilities. The GDP per capita is a one-dimensional average, which fails to capture the cultural, political, social and other choices that people make. Thus there was a need to evolve a more comprehensive, multi-dimensional index which can combine many variables in a single number, for cross-sectional and inter-temporal comparisons.

In order to ensure well-being of all human beings, income growth alone turns out to be inadequate. The study and understanding of human development has gained importance ever since the disjuncture between income growth and human well-being has been recognized. The myths of trickle-down theory, gender neutrality and linearity of growth paths were questioned by the human development approach. Income growth does not result in equitable distribution and benefits for all human beings, especially, for instance, across different social groups. Thus mere increase in national income does not necessarily translate into improving well-being of all
individuals in any country or society. Similarly, the gender neutrality assumption that men and women will equally benefit from income growth is questioned when the gender based differentiation and discriminations are witnessed in an entire range of indicators of human well-being.

1.1 Ideology of Human Development

Evolution of the concept of human development can be traced from the writings of renowned thinkers and philosophers of ancient times. Aristotle, the great philosopher reflected in his writing that wealth is not the good that we are seeking for; it is merely for the sake of something else. Another great philosopher, Emmanuel Kant argued that human beings are ends in themselves, rather than the means to other ends. Adam Smith, the apostle of free enterprise, Robert Malthus, Karl Marx, J. S. Mill and many modern economists have also come forward with the similar idea of treating human beings as the real end of all activities. However the undeniable reality is, that on the one hand human beings are the beneficiaries of progress and on the other, they are directly or indirectly the primary means of production. Thus human beings are the means through which a productive progress is brought about.

1.2 Economic Growth and Human Development

The defining difference between economic growth and human development is that economic growth focuses on income alone, while human development embraces the enlargement of all human choices- economic, social, cultural and political along with the expansion of income. The basic objective of any country’s development is enlarging people’s choices through access to knowledge, better health, secure livelihoods, cultural and political freedom, participation in community activities etc. People often value achievements that do not show up at all, or not immediately in income or growth figures. In the pursuit of economic prosperity as the major goal of planning and policy making, a country may or may not enrich the lives of its citizens. We find countries with high GNP per capita have bulk of their population being subject to premature mortality, overwhelming illiteracy and so on. For example, Bangladesh which has a GNP per capita of 2,070 dollars has a life expectancy of 69 years, while South Africa which has a GNP per capita of 11,190 dollars has a life expectancy of only 53 years (World Development Report, 2014). Here in the case of Oman the economic prosperity of the country has not acquired a human context.
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.

Human development paradigm covers all aspects of development. Economic growth is just one aspect of human development paradigm. Thus the link between expanding income and expanding human choices depends on the quality and distribution of economic growth and not only on the quantity of growth. In order to create a link between growth and human lives, nations should deliberately initiate progressive public spending policies enabling the formation of human capabilities.

1.3 Human Development Approach

Human development approach is inherently multidimensional. The central goal of human development is enabling people to become direct agents of their own lives. People are not passive objects of social welfare provisions but are active subjects with power to determine how they choose to live. People themselves decide upon what kind of development they would like for themselves. They should be empowered so that they can define their respective priorities as well as choose the best means to achieve them. Thus agency and expansion of freedom go hand in hand. In order to be agents of their own lives, people need the freedom to be educated, to speak in public without fear or have freedom of expression and association.

1.3.1 Equity

Equity is one of the most important aspects of human development. It is imperative for more advanced outcomes of various facets of development. The principle of equity encompasses the ideal equality whereby all human beings should have equal rights and entitlements to human, social, economic, cultural development and an equal voice in civic and political life. It recognizes that those who have unequal opportunities due to various disadvantages may require preferential treatment or affirmative action. For example, a disabled person can be seen as disadvantaged in comparison with other people who are not disabled, both earning same income. Since the opportunities available to different sections of society vary hugely, ensuring that the sections deprived of basic opportunities such as health and education are provided access to these, falls within the goal of equality. Thus the goal of equality aims at
equality not only of economic resources but also education, health, employment opportunities, democratic participation etc. Realization of the goal of equal opportunities leads to equity outcomes.

1.3.2 Participation

Participation is about the process that leads people to perceive themselves as being entitled to make life decisions. It is about freedom to make decisions in matters that affect their lives. Mobilization of grass-root support through decentralization in planning increases people’s participation in decision making because it brings government closer to people. People’s participation in decision making provides the bureaucrats with early warnings of potential disasters, disease outbreaks, floods, droughts, thereby improving the quality of social service and allowing empowered local authorities to take swift remedial action.

1.3.3 Efficiency

Efficiency is defined as the least cost method of reaching goals through optimal use of human, material and institutional resources to maximize opportunities for individuals and communities. Government budgets in all developing countries are extremely tight, hence, without compromising on quality or reducing access, efforts should be made at recovering some costs, keeping in view the capabilities of the poor.

1.3.4 Sustainability

Human development approach questions the long-term sustainability of economic growth and aims to ensure that resources are utilized in a manner that meets present day human needs while preserving the environment, so that the interests of future generations are not jeopardized. It advocates that access to opportunities must be ensured not only for the present generations but also for future generations, whereby all forms of capital-physical, human and environmental should be replenished. Hence, use of resources without degrading the environment is essential to ensure that the improvements made are not temporary in nature and have the potential to further expansion. If the development process does not create institutions fully supportive of people’s rights, it cannot be sustainable in the long run.
1.3.5 Cooperation

Cooperation, another dimension of human development is the basic trait of being human in a society. To ensure well-functioning socio-economic phenomena, cooperative and harmonious environment is indispensible. It requires a positive and cooperative attitude on the part of other fellow-beings. Thus human development is not only concerned with human-beings but also with their cultural environment which determines their way of life, interactions with each other and provides directions for a cohesive life.

1.4 Capability Approach: Conceptual Roots

Human development approach has been profoundly inspired by Amartya Sen’s pioneering works in welfare economics, social choice, poverty and famine and development economics. While Sen’s work covers an extremely wide range of topics, his “capability approach” has led to a critical evolution in the field of economics and in social sciences in general. The roots of the capability approach go back to Adam Smith, Karl Marx and Aristotle. Aristotle made extensive use of his analysis of human beings and linked it with his examination of the functions of man. Adam Smith and Karl Marx discussed the importance of functioning and the capability as determinants of well-being. If life is a set of doings and beings that are valuable, the exercise of assessing the quality of life takes the form of evaluating these functioning and the capability to function.

But what actually is “capability and functioning”? According to Amartya Sen, “Capability is a vector of functionings reflecting the person’s freedom to lead one type of life or another…to choose from possible livings”, in other words, capabilities are the substantive freedoms a person enjoys to lead the kind of life he or she has reason to value. Just like a person with a pocket full of coins can buy many different things, a person with many capabilities can enjoy many different activities and pursue different life paths. Functionings are valuable activities and states that make people’s well-being such as healthy body, being safe, being educated and so on. Functioning is thus an achievement of a person. What a person manages to do or to be. For example, when people’s basic need for food is met, they enjoy the functioning of being nourished. Apart from capability and functioning, the third core concept of the
capability approach is “the agency”. It refers to a person’s ability to pursue and realize goals she has reason to value.

However, Martha Nussabum argues that Sen’s capability approach is incomplete. Since what people consider to be valuable and relevant can often be the product of structures of inequality and discrimination and because not all human freedom are equally valuable. For example, the freedom to pollute is not of equal value to the freedom to care for the environment. She argues that one needs to go beyond this incompleteness- so that equal freedom for all can be respected. In this context she has proposed a list of central human capabilities which constitute the evaluative space for public policy.

In short, capability approach advocates for removal of obstacles in people’s lives, increasing their freedom to achieve the functioning that they value. It recommends for progressive social policies which would foster the development of human capabilities- such as improved health, knowledge, skills and also ensure equitable access to human opportunities.

1.5 Human Rights Approach

Another influential idea in policy circles in tune with the core principles of human development and capability approach is the human rights approach. Seeing humans as ends of the development process was not the sole purview of human development paradigm. Human rights thus involved as a response to post war narratives. The UN Declaration on Human Rights (1948) put forward that all humans should be free and equal in dignity and rights, such as right to work, right to education, right to health, right to vote, the right to non-discrimination, right to decent standard of living etc. The declaration was in the hope that atrocities committed during the Second World War would never be repeated again. There are significant connections between human rights approach and that of human development and capability approach. The Human Development Report (2000) says “Human rights and human development share a common purpose - to secure freedom, well-being and dignity of all people everywhere”. Human right is acclaimed to a fundamental benefit that should be enjoyed universally by all people everywhere on the basis of equality and non-discrimination. The four main principles of human rights are universality, equality, indivisibility and interdependence.
1.5.1 **Universality**: the principle of universality means that rights belong to and are to be enjoyed by all human beings without distinction of any kind, such as race, color, sex, language, religion, political and other opinion, national or social origin, property, birth or other status. In other words, human rights belong to everyone wherever they are because they are human beings endowed with dignity.

1.5.2 **Equality**: the benefits of human rights should be enjoyed on the basis of equality and non-discrimination. For example, gender equality promotes that males and females should have equal access to education, employment, health care, community participation etc.

1.5.3 **Indivisibility**: It refers to the equal importance of each human rights law. Civil, political, economic and social rights are indivisible and hence one cannot get priority of one over the other. A person cannot be denied a right because someone decides it is “less important” or “non-essential”.

1.5.4 **Interdependence**: Economic, social, civil, political rights are deeply interdependent. For instance, the right to education promotes freedom of thought and expression, as well as individual political participation. In turn, political participation and free expansion can influence state action to implement social and cultural rights. The improvement of one right facilitates advancement of the others. Likewise, the deprivation of one right adversely affects the others.

1.6 **Human Rights and Human Development**

Both the approaches are complementary and in fact re-enforce each other. The human rights approach enhances human development with its stronger focus on obligations and duties, while human development approach remains an evaluative framework for assessing the state of affairs. If a country passes a law that ensures the right of every child to education, human development approach will go beyond the right and look at the institutional framework that allows the right to be fulfilled. It will look at the economic, social, political and cultural institutions that constrain or enhance the fulfillment of that right, so that human rights can be guaranteed because legislation alone is not sufficient to ensure the protection and provision of these rights. Human rights thus add moral legitimacy to the objective of development and hence socio
economic policies should be oriented towards those who are deprived of basic human rights.

1.7 Income and Human Choice

The recognition of human development is well accepted in development economics literature as an expansion of human capabilities, a widening of choices, an enhancement of freedoms and a fulfillment of human rights. What is the relationship of human development with income and output growth? Rising incomes and expanding outputs are a means and not ends of development. The fact that people’s well-being forms the end of development and economic growth is to be treated as a means to achieving that, is the central message of the annually produced global HDRs, which began in 1990.

1.8 Emergence of Human Development Reports

During the decades of 1960’s and 1970’s it was realized that people as agents of change and beneficiaries of development were forgotten. The late 1980’s were ripe for a counter offensive as in several countries human lives were shriveling even as economic production was expanding. The idea of human development has been circulated in policy circles and public debates during the decades of 1970’s and 1980’s. In this favourable climate Mahabub-ul-Haq, a Pakistani economist came up with the idea of preparing the annual human development report, moving away from the usual Annual World Development Reports. The first human development report emerged in 1990 and subsequent issues were sought to bring the human development perspective to bear on a wide range of issues. In addition to the annual report, many countries are producing their own National and Regional Human Development Reports intended to assessing the state of development from the perspective of people’s quality of life. It seems appropriate to mention the focus area of various human development reports as can be seen from a perusal of the respective themes. Different aspects of human development have been taken into account, emphasizing on a range of issues that need to be assessed for an overall (or comprehensive perspective of human development. Themes of the human development reports are reproduced below:
Table 1.1 Themes of Global Human Development Reports

<table>
<thead>
<tr>
<th>Year</th>
<th>Theme</th>
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<tbody>
<tr>
<td>1990</td>
<td>Concept and Measurement of Human Development</td>
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<td>1991</td>
<td>Financing Human Development</td>
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<tr>
<td>1992</td>
<td>Global Dimensions of Human Development</td>
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<td>1993</td>
<td>People’s Participation</td>
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<td>1994</td>
<td>New Dimensions of Human Security</td>
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<td>1995</td>
<td>Gender and Human Development</td>
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<td>1996</td>
<td>Economic Growth and Human Development</td>
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<td>1997</td>
<td>Human Development to Eradicate Poverty</td>
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<td>1998</td>
<td>Consumption for human Development</td>
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<td>1999</td>
<td>Globalisation with a Human face</td>
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<td>2000</td>
<td>Human Rights and Human Development</td>
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<tr>
<td>2001</td>
<td>Making New Technologies Work for Human Development</td>
</tr>
<tr>
<td>2002</td>
<td>Deepening Democracy in a fragmented World</td>
</tr>
<tr>
<td>2003</td>
<td>MDG’s: A Compact Among Nations to end Human Poverty</td>
</tr>
<tr>
<td>2004</td>
<td>Cultural Liberty in Today’s diverse World</td>
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<tr>
<td>2005</td>
<td>International Cooperation at Cross Roads</td>
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<tr>
<td>2006</td>
<td>Beyond Scarcity: Power, poverty and Global Water Crisis</td>
</tr>
<tr>
<td>2007/08</td>
<td>Fighting Climate Change: Human Solidarity in a Divided World</td>
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<tr>
<td>2009</td>
<td>Migration</td>
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<tr>
<td>2010</td>
<td>The Real Wealth of Nations: Pathways to Human Development</td>
</tr>
<tr>
<td>2011</td>
<td>Sustainability and Equity: A Better Future for all</td>
</tr>
<tr>
<td>2013</td>
<td>The Rise of the South: Human Progress in a Diverse World</td>
</tr>
<tr>
<td>2014</td>
<td>Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience</td>
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</table>

1.9 Human Development Index

The search for a new composite index of socio economic progress began in earnest in preparing the human development report under the sponsorship of UNDP in 1989. The new HDI would measure the basic elements of human development to enlarge people’s choices. HDI has three main components: longevity, knowledge and standard of living. Longevity is measured by life expectancy at birth. Knowledge is measured
by two education variables: expected years of schooling and mean years of schooling (initially it was adult literacy and gross enrolment ratios). The third variable is standard of living which is measured by the GNI per capita.

The value of HDI shows where a country is placed relative to other countries. A quick glance at the HDI ranking shows which countries are combining economic progress with social development and which lag behind. The HDI can also reveal the future potential for economic growth in a country. If a country has built up considerable human capital, it can accelerate its GNP growth by choosing the right macroeconomic policies - as is true for many former socialist countries, now in transition to a market economy. But if human capital is missing, it would take considerable time to create the human infrastructure needed for sustainable growth - which is true for Sub Saharan Africa today. Moreover if there is significant investment in education and health, there is reasonable prospect that people will be able to gain access to market opportunities so that economic growth will be more equitable. Even though the HDI was widely extolled as a major policy instrument and a major policy tool, within a few years after its introduction, it was recognized that it can neither reflect deprivation nor the distributional aspects of development, particularly the issue of inequality. Hence over the years attempts were made to rectify the situation. The human development report has disaggregated the HDI by income, class, gender, ethnic group and geographical region. As a result Gender Related Development Index (GDI) and Gender Empowerment Measure (GEM) emerged in 1995. The GDI measures achievements in the same dimensions and variables as the HDI, but takes into account inequality in achievements between women and men. The greater the gender disparity in human development, the lower is a country’s GDI compared to its HDI. The GEM indicates whether women are able to actively participate in economic and political life. It focuses on participation, measuring gender inequality in key areas of economic and political participation and decision making. In 1997, a composite measure for multidimensional poverty, the Human Poverty Index (HPI) was introduced. HPI was constructed for both developing countries (HPI-1) in 1997 and for industrial countries (HPI-2) in 1998.
1.10 Millennium Development Goals and Human Development

Another development idea that has been at the forefront of policy agenda over the past decade has been the Millennium Development Goals. At the Millennium Summit held in New York in September 2000, 189 UN members states adopted the millennium declaration, which consisted of 8 goals that have to be achieved by the year 2015. These goals are divided into 21 targets with 60 indicators against which progress is tracked. The MDGs targets and indicators can thus be seen as a partial road map to human development. They are human development goals although they do not reflect all the dimensions of human development. The table given below shows the relation between human development goals and MDG’s.

<table>
<thead>
<tr>
<th>Key Capabilities for Human Development</th>
<th>Corresponding MDG’s</th>
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<tbody>
<tr>
<td>Living a long and healthy life</td>
<td>Reducing child mortality, improving maternal health and combating major diseases</td>
</tr>
<tr>
<td>Being knowledgeable</td>
<td>Achieving universal primary education and promoting gender equality in education</td>
</tr>
<tr>
<td>Having a decent standard of living</td>
<td>Reducing poverty and hunger and ensuring environment sustainability</td>
</tr>
<tr>
<td>Enjoying political and civil freedoms to participate in the life of one’s community</td>
<td>Not a goal, but an important global objective included in the millennium declaration</td>
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1.11 Measurement of Poverty: An overview

In India, various attempts have been made on the identification of poor and poverty measurement. The concept of poverty has undergone serious changes to look for refinements. For the first time poverty line has been defined at ₹ 25 per capita per month in urban areas as the minimum level of consumption expenditure, by the Indian Labour Conference in 1957. This minimum level of consumption expenditure has been taken as a base for a number of studies during sixties and seventies, as a result a series of studies were undertaken, which estimated the number of people living
underneath the poverty line in India. The foremost organised work in this direction was made by Dandekar & Rath (1971), in their study they found increasing inequality in urban areas and found that nearly half of the population in urban areas is living below the poverty line. Their definition of poverty was based on calorie norm which has been criticized on the basis that, poverty had to be recognized as deficiency in the total standard of living, which included balanced diet and other basic necessities required for survival at a tolerable level, apart from the energy requirements.

In 1979, Planning Commission defined the official poverty line at ₹ 49 in rural areas and ₹ 57 in urban areas, in monthly per capita expenditure at 1973-74 at all India Prices, with people below these expenditure levels are considered poor. The figures correspond to a total household expenditure estimated as sufficient to provide 2,400 calories daily in rural areas and 2,100 calories in urban areas, plus some basic nonfood items. From the late nineteen seventies to mid-nineties these two lines were used. During early 90’s Planning Commission set up an Expert Group on Estimation of the Proportion of Poor, which give its report in 1993, on the recommendation of the Expert Group, the Poverty lines were modified to incorporate interstate differences in price levels, as well as variation in intrastate rural-to-urban differentials. Poverty lines are thus defined at the state level, separately for rural and urban areas. Each line is updated by a set of state-specific price indexes based on the food and non-food components of the state consumer price index of agricultural labourers for rural lines and the state consumer price index for industrial workers for urban lines, weighted by the 1973-74 food shares of households near the poverty line.

In the recent past, India’s poverty line has been criticized on various grounds. One of the major problems is that, the difference in urban to rural prices is very large; in fact, it is too high for some states. In 2004-05, the average ratio of urban to rural poverty lines is 1.5, and the ratio varies across widely across states. It is over 1.8 in Andhra Pradesh, and almost at the same level in Maharashtra, Karnataka and Madhya Pradesh, whereas it is slightly less than unity in Assam. As a result, in some states urban poverty rates are much higher than rural, a finding that does not always square with other evidence on living standards. Deaton & Tarozzi (2005) have developed an alternative price index, based on NSSO data, which have shown a closer price differential between rural and urban areas and higher rural poverty rates, which is very different from the official indexes.
Another problem is that, the state-level price indexes used for updating the poverty line. Poverty lines fixed in the mid-seventies are held constant in real terms and are updated using the food and nonfood components of the state-level Consumer Price Index for Agricultural Labourers (CPIAL) and Consumers Price Index for Industrial Workers (CPIIW), weighted by the food share of households near the poverty line. Weights in the CPIs have not been updated since 1983; compared to current consumption patterns they place too high a weight on food, and within food on coarse cereals, for these reasons, between 1999-2000 and 2004-05, when prices of food fell relative to non-food, and within foods coarse cereals became comparatively cheaper, CPIAL is estimated to have understated the rate of inflation by nearly four percentage points. To compound the problems, the indexes used to update poverty lines also put too high a weight on the food components of the CPIs. Ignoring other problems in poverty lines, it is estimated that this issue alone implies that the official poverty rates for rural India in 2004-05 are too low.

Sengupta, et al., (2008) criticized the poverty line to be so low that it “systematically underestimates poverty and related deprivation”. According to them social acceptability and comparability over time and in different locations are the key criteria for a poverty line, which Indian poverty line have been unable to represent.

As a result to such criticism, the Planning commission set up an Expert Group under the chairmanship of Professor Suresh Tendulkar to examine the issue and suggest a new poverty line in India. In November 2009, the expert group submitted its report, suggesting some major changes. First, to move away from anchoring poverty lines to caloric norms, in view of the fact that calorie consumption is found to be poorly correlated with the nutritional outcomes either over time or across space. The new norm is taken as the current (official) poverty line in urban India, taking into account consumption of all goods and services. Second, all state urban and rural poverty lines are calculated by a purchasing power parity (PPP) cost-of-living adjustment of the current all-India urban poverty line (with a minor modification for a switch from a uniform to a mixed reference period measure of consumption). Third, for both spatial and inter-temporal price adjustments, it advocates use of unit value obtained from the NSS consumption-expenditure survey itself, instead of the relevant CPIs. Finally, the price indexes now include private expenditures on health and education, which have been increasing over time.
However, the claim by the expert group, that the revised poverty line is adequate to meet expenditure requirements with respect to nutrition, education and health is invalid, mainly because of the reason that, they have actually lowered the calorie intake requirement from 2100 Kcal per day in urban areas and 2400 Kcal per day for rural areas to a single norm of 1800 Kcal per day. For which the expert group, has said that these calorie requirements of 1800 Kcal per day are according to the norms of Food and Agricultural Organization (FAO). What the report does not said that these standards for energy requirements by FAO are for ‘minimum dietary energy requirements’ (MDER). The MDER is defined as the amount of energy needed for light and sedentary activities, which may vary according to age, sex, and type of activity (light, moderate, heavy). According to FAO, an example of sedentary or light activity is of “a male office worker in urban areas who only occasionally involved engage in physically demanding activities during or outside working hours” (FAO 2004). If we go by these norms then not even one per cent of the poor population in urban areas would fit this description, as most of the poor population in urban areas is involved in heavy physical work for nearly eight hours a day. To refer to the FAO norms of 1800 Kcal, the Tendulkar Committee report has not done justice.

Secondly, the Expert Group ignored the FAO warning, that in country where there is high level of under-nutrition, setting up the poverty line at the MDER should not be done.

However, the Report’s claims about education and health are also questionable. The report says that in 2004-05, 90 per cent of the children in the age group of 5 to 14 years, belonging to households at the poverty line level of expenditure in urban areas, were in school as per the NSSO data. The report assumes that the median cost of sending a child to school, as reported in the NSSO employment survey, sets a normative or desirable level of expenditure on a child in school. This statement of the expert group is far away from reality, even if all the children of a household at the poverty line are in school, they may not have all the notebooks or proper uniforms or other study materials required to imbibe the education. In other words, the fact of school enrolment or attendance is no assurance of the adequacy of household expenditure on schooling.
The Committee offers a similar set of arguments with respect to health expenditure. Data from the NSS 60th Round are used to calculate the median cost of non-institutional health care (with a reference period of 15 days) and institutional healthcare or hospitalization (with a reference period of 365 days). The Committee offers a similar set of arguments with respect to health expenditure. Data from the NSS 60th Round are used to calculate the median cost of non-institutional health care (with a reference period of 15 days) and institutional healthcare or hospitalization (with a reference period of 365 days).

The problems with this approach are similar to those listed above for education (that is, using median costs rather than average or normative costs). There is also no guarantee that median costs ensure appropriate healthcare services. An additional problem in the case of healthcare is that the estimated incidence of treatment/hospitalization is not the incidence of a particular illness/disease but is likely to be lower as not all cases may be treated. Therefore, as in the case of education, there is no justification for assuming that the reported median expenditure on healthcare services reflects adequate and appropriate treatment.

In short, we may summarize that the Poverty line defined by the Tendulkar Committee depends upon reduced calorie consumption, and fails to provide for reasonable household expenditures on schooling and health.

1.12 Multidimensional Poverty Index

A focus on deprivation is fundamental to human development. The dimensions of poverty go far beyond inadequate incomes—poor health and nutrition, low education and skills, inadequate livelihoods, bad housing conditions, social exclusion and lack of participation. Money-based measures are obviously important, but deprivations in other dimensions and their overlap also need to be considered, especially because poor households face multiple deprivations and are likely to be in worse situations than income poverty measures suggest.

The Global Multidimensional poverty Index (MPI) was developed in 2010 by the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Programme for UNDP’s flagship Human Development Reports. The figure and analysis have been updated using newly released data for each Human
Development Report since then. The MPI is the product of the multidimensional poverty headcount (the share of people who are multidimensionally poor) and the average number of deprivations each multidimensionally poor household experiences (the intensity of their poverty). It has three dimensions mirroring the HDI—health, education and living standards—which are reflected in 10 indicators (assets, floor, electricity, toilet, water, cooking fuel, children enrolled, years of schooling, child mortality and nutrition), each with equal weight within its dimension. A household is multidimensionally poor if it is deprived in at least two to six indicators. The MPI is most appropriate for less developed countries. It captures the widespread deprivations in South Asia and Sub-Saharan Africa and in the poorest Latin American countries. It reveals the magnitude of poverty beyond monetary measures.

According to Global Multidimensional Poverty Index 2014, 1.6 billion of the world population is living multidimensional poverty. Of this 1.6 billion, 52% live in South Asia, and 29% in Sub-Saharan Africa. Also 343.5 million people are multidimensionally poor in India, which is – 28.5 percent of its total population.

The MPI also captures distinct and broader aspects of poverty. In some countries, the difference between MPI poverty and income poverty is particularly marked. For example, According to Multidimensional Poverty Index 2010, 90 per cent of population in Ethiopia are MPI poor compared to 39 percent extreme income poor, and 51 percent population in Pakistan are MPI poor compared to 23 per cent extreme income poor. Conversely, in Tanzania 89 per cent are extreme income poor compared to 65 percent MPI poor. The MPI captures deprivations directly – in health and educational outcomes and key services such as water, sanitation and electricity. In some countries, these resources are provided free or at low cost; in others, it is very hard even for working people with an income to obtain them.

1.13 Human Poverty and Human Development

The concept of human poverty and human development reflects the different ways of evaluating development. Human development through the “conglomerative perspective” focuses on the advances made by the entire group in each community, from the rich to the poor. Human poverty deprivational perspective judges how the poor and the deprived fare in community thus focusing on the level of deprivation.
However the process of development is concerned with both the perspectives. The concept of poverty in human development approach draws particularly on the capability perspective. In the capability concept, poverty represents the absence of some basic capabilities to function – a person lacking the opportunity to achieve some minimally acceptable levels of functioning. The functioning can vary from good nourishment, adequate clothing, shelter, avoiding preventable morbidity to more social achievements such as taking part in community life. The Human Development Report 1997 has introduced the human poverty index in an attempt to bring together in a composite index the different features of deprivation in the quality of life to arrive at an aggregate judgment on the extent of poverty in a community.

1.14 Education: Human Capital and Human Capability

Comparing human capital with the capability approach, Sen argues that education as a human capital concentrates on the agency of human beings – through skill and knowledge as well as effort – in augmenting production possibilities, whereas capability approach to education focuses on the ability of human beings to lead lives they have reason to value and to enhance substantiative choices they have. Both the approaches are connected because they both are concerned with the role of human beings and in particular with the actual abilities that they achieve and acquire. If education makes a person more efficient in commodity production, then there is clearly an enhancement of human capital. This can add to the value of production in the economy and also to the income of the person who has been educated. But even with the same level of income, a person may benefit from education in reading, communicating, arguing, being able to choose in a more informed way, in being taken more seriously by others and so on. The benefits of education thus exceed beyond its role as human capital in commodity production. Then there is clearly an enhancement of human capital. This can add to the value of production in the economy and also to the income of the person who has been educated. The broader human capability perspective would add to these roles. Thus human capital perspective fits into the broader human capability perspective which covers the direct as well as indirect consequences of human capabilities.

Amartya Sen has identified three distinct ways to link the importance of education to the expansion of valuable capabilities. First, education fulfills an instrumental social
role. For example, literacy fosters public debate and dialogue about social and political arrangements. Education also has an instrumental process role in facilitating our capacity to participate in decision making in the household, community or national level. Finally education has an empowering and distributive role in facilitating the ability of disadvantaged, marginalized and excluded groups to organize politically, since without education these groups would be unable to gain access to centers of power and make a sense of distribution to begin with. Overall education has an interpersonal impact because people are able to use the benefits of education to help others as well as themselves and can therefore contribute to democratic freedoms and overall welfare of society as a whole. International declarations like the Millennium Development Goals, education for all, the decade of education for sustainable development have made attempts to look on education beyond the simple human capital concerns. Human development perspective thus considers the purpose of education to be much wider than simply developing skills that will enhance economic growth. Education nurtures the process of critical reflection and connection with others that are intrinsically ethical. The Sarva Shiksha Abhyan launched in 2000-01, is a historic stride towards achieving the long-cherished goal of Universalisation of Elementary Education.

Education brings empowerment and is central to human flourishing. It not only opens the minds to further the horizons but also open the way to acquire other valuable capabilities. The human development reports accorded a central importance to education by incorporating an education indicator – literacy rates – into the first Human Development Index; later versions have included education indicators based on expected years of schooling and mean years of schooling.

1.15 Health in the Context of Human Development and Capability Approach

According to the conventional approach, it was argued that health through its contribution to the quality of human capital has a strong and significant effect on economic growth. This approach puts economic growth as an end and health both as an end and health as a means of achieving this end. The reverse has also been argued where wealth is seen as necessary input for the achievement of health outcomes. However these approaches lead to the critical question of whether economic growth is necessary for improving health. According to Amartya Sen, health improvement can
be attained (without economic growth) through prioritizing the provision of social services, especially, health care and basic education (as in the case of Sri Lanka and Kerala). He observes that “health is among the most important conditions of human life and critically significant constituent of human capabilities which we have reason to value” (Sen 1989). In addition to its intrinsic value health is instrumental to economic growth, educational achievements and cognitive development, employment opportunities, income earning potential as well as for dignity, safety, security and empowerment. One of the distinguishing features of the human development and capability approach is its focus on the process of generating health. The capability approach recognizes that different people may have different values in terms of health and often weigh these against other dimensions of life. Considerable empirical evidence supports the capability approach in substantiating the importance of conversion factors in health inputs to valued health outputs. One clear example of a conversion factor in health is education. Numerous studies have demonstrated that educated individuals tend to have lower mortality and morbidity than less educated counterparts. Also children of educated mothers fare better in terms of health than those with less education.

A basic principle of public health is that all people have a right to health. Differences in the incidence and prevalence of health conditions and health status between groups are commonly referred to as health disparities. Most health disparities affect groups that have been marginalized because of socioeconomic status, race/ethnicity, sexual orientation, gender, disability status, geographic location, or some combination of these. People in such groups not only experience poorer health outcomes but also tend to have less access to the social conditions (e.g. healthy food, good housing, good education, safe neighborhoods and other forms of discrimination) that support health. Health disparities are referred to as health inequities when they are the result of the systematic and unjust distribution of these critical conditions. Health equity is experienced when everyone has the opportunity to attain their full health potential and no one is disadvantaged from achieving this potential because of their social position or other socially determined circumstance. The WHO Commission on social determinants of health in its final report (2008) states that, “inequities in health arise because of the circumstances in which people grow, live, work and age and the systems put in place to deal with illness. The condition in which people live and die
are in turn shaped by political, social and economic forces. This however includes both the differentials in resource inputs as well as factors that influence how these inputs might be effectively used”. However the importance of conversion factors indicates that, in order to achieve health equity, health policy cannot be isolated from the overall set of public policies pertaining to the distribution of social determinants of health.

The health scenario of India reveals that infant mortality rate in the country is as high as 47 per thousand and maternal mortality rate is 212 per one lakh. Half of the married women in the age group of 15-49 years and more than three-fourth of the children have been reported anemic. More than half of the children do not have a vaccination coverage in India. However some improvements have occurred with the launching of the National Rural Health Mission (2005), with the objective of providing accessible, affordable and accountable quality health services even to the poorest household in the remotest rural regions. Also the Janani Suraksha Yojana (JSY), the safe motherhood intervention under the National Rural Health Mission is also being implemented with the objective of reducing maternal and neo-natal mortality by promoting institutional delivery among poor pregnant women. It aims at integrating cash assistance with delivery and post-delivery care among poor women. Bihar being a poor state, reported that institutional deliveries in government facilities have risen dramatically – to 4,25,253 between April-September 2007 – a jump of 62 percent over the corresponding period in 2006. Almost all of this can be attributed to the monetary incentive offered under the JSY (Common Review Mission on NRHM, 2007)

Health is just a fundamental capability which is instrumental in the achievement of other capabilities. Deprivation in health can cause deprivation in a number of other dimensions such as education, employment, participation in social spheres. When people are ill or malnourished their capabilities are greatly reduced. Lack of health can therefore be at the heart of interlocking deprivations. The 2005 WHO Report finds a close link between chronic diseases and poverty. Poor health is not just suffering from illness for those living in poverty. It pushes individuals and households towards losses in productivity, incomes, assets and education – further entrenching the cycle of poverty. Health deprivations thus reinforce deprivations in other dimensions, which in turn reinforce deprivations in health.
Taking into cognizance this very aspect, the government of India has introduced the Integrated Child Development Services (1975) linking various aspects of health and nutrition at the childhood level – including health, nutrition and hygiene education to mothers, non-formal preschool education to children aged three to six, supplementary feeding for all children, pregnant and nursing mothers, growth, monitoring and promotion and links to primary health care such as immunization and vitamin A supplements. Mid-day meal is another programme launched in 1995 with the objective of protecting children from classroom hunger and thereby increasing their enrollment and attendance. It also aims at improved socialization among children belonging to all castes, addressing malnutrition on the one hand and enabling social empowerment through provision of employment to women. As a whole the scheme is a means to free and compulsory universal primary education of satisfactory quality to all children below the age of 14 years.

1.6 Human Development: Policy Perspectives

Human development is a “robust paradigm” that can be used overtime and across countries as development challenges and priorities shift. In the context of the current challenges that face most countries today, five elements of a general human development agenda can be proposed (Fakuda Parr, 2003). Following are the points reflected in many UN agreements:

1. Priority to “social development” with the goal of expanding education and health opportunities.

2. Economic growth that generates resources for human development in its many dimensions.

3. Political and social reforms of democratic governance that secures human rights so that people can live in freedom and dignity, with greater collective agency, participation and autonomy.

4. Equity in the above three elements with a concern for all individuals, with special attention to the poor whose interests are often neglected in public policy, as well as the removal of discrimination against women.
5. Policy and institutional reforms at the global level that can create an economic environment conducive to poor countries to access global markets, technology and information.

The five point agenda contains a mix of old and new priorities. Social development continues to be important given that illiteracy is still high and basic health and survival is far from guaranteed in most of the developing countries. Economic growth also continues to receive attention, since growth in developing countries is a major obstacle to human development. At the same time human development approach has seen a notable evolution. In the early 1990s, the HDR emphasized public expenditure allocations in health and education.

Most importantly, the HDRs have placed an increasing focus on social and political institutions that would empower the poor and disadvantaged group (such as women) so that they have more voice in public-policy making.

The changes in the human development approach over time highlight its openness to accommodating new concerns and taking up new policy challenges. The HDRs have reflected these changes in circumstances and they have shifted emphasis in the policy priorities of the human development agenda from public investments to incentives, from economic measures to democratic politics, from education and health to political and civil liberties and from economic and social policies to participatory political institutions. They also recognize that people’s capabilities to undertake collective action in today’s era of rapid globalisation will play an increasingly important role in shaping the course of development.