



**HUMAN DEVELOPMENT
IN INDIA**

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During the past few decades, Indian economy has witnessed high rate of its aggregate GDP growth as compared to the past and also compared with several other countries of developing world. India has also, been able to bring down its poverty level. However, there have also been some clear-cut failures. Agriculture continues to account for 50 per cent of the workforce even though its share of GDP is now less than 20 per cent. In spite of the present agrarian crisis, the country has not been able to generate productive employment outside this sector. As a result a large number of people remain unemployed, which is one of the main causes of persistence of widespread poverty in the country. In the absence of basic food security for a significant portion of population, the inability of the system to ensure basic needs of housing, sanitation, adequate health care, universal education, good quality of school education, absence of employment guarantee and gender disparities, etc. have put the country at a very low rank in the area of human development. In addition to these, there are problems caused by the other patterns of economic growth. There are regional imbalances and inequality in control over assets. A large section of the country stands excluded from the benefits of development. There is exclusion from education, income generating opportunities and from the impact of physical and social infrastructural expansion. The state of human development in the country cannot be understood without taking into account the ground realities pertaining to the weaker sections of the society.

India at present is also going through a demographic revolution, with the proportion of working-age population between 15 and 59 years likely to increase from approximately 58 per cent in 2001 to more than 64 per cent by 2021, adding approximately 63.5 million new entrants to the working age group between 2011 and 2016, the bulk of whom will be in the relatively younger age group of 20-35 years. The demographic dividend can be reaped only if this young population is healthy, educated,

and skilled thus, human resource development plays a significant role in the socio-economic development of the society

ECONOMIC GROWTH AND HUMAN DEVELOPMENT: TWO-WAY LINK

Economic Growth and its impact on Human Development.

In order to evaluate the state of human development in the country, UNDP assesses it in the three basic parameters of human development: economic attainment or well-being, education and health. Economic attainments of individuals and their well-being have conventionally been captured through indicators like per-capita or per-capita GDP of an economy. Per capita income is the average Net State Domestic Product (NSDP). It is considered an important means by which individuals can improve their economic attainments and well-being. Per capita consumption expenditure is considered a more preferable indicator of individual's command over resources and as a direct and better measure of economic well-being. This helps in calculating the gap between rural and urban consumption expenditure and thus measure the extent of inequality.

Thus Economic growth is an important factor in reducing poverty and generating the resources necessary for human development and environmental protection. There is a strong correlation between gross domestic product (GDP) per capita and indicators of development such as life expectancy, infant mortality, adult literacy, political and civil rights, and some indicators of environmental quality.

For example, while the citizens of the Indian state of Kerala have life expectancies and literacy rates comparable to those of many developed countries, the fact that they cannot enjoy many of the benefits of citizens of such countries (such as better housing, transportation, or entertainment) demonstrates the importance of GDP as an instrument for achieving a wide

range of capabilities. However, GDP also has a strong effect on literacy and health outcomes, both through private expenditures and government programs. Thus, higher incomes and growth facilitate the achievement of other crucial human development objectives.

Importance of economic growth:

- Nobel laureate Amartya Sen has described economic growth as a crucial means for expanding the substantive freedoms that people value. These freedoms are strongly associated with improvements in general living standards, such as greater opportunities for people to become healthier, eat better and live longer.
- Growth can generate virtuous circles of prosperity and opportunity.
- Economic growth generates job opportunities and hence stronger demand for labour. Employment growth in the organized sector, public and private combined, has increased by 1.0 per cent in 2011, as against 1.9 per cent in 2010. employment growth is clearly related to economic growth as:

The unemployment rate (per 1000) among the major states is the lowest in Gujarat (18) and highest in Kerala (73) and Bihar (73) in urban areas and the lowest in Rajasthan (4) and again highest in Kerala (75) in rural areas. This data clearly shows that due to high economic growth in Gujarat and government spending in MGNREGA in rural areas of Rajasthan leads to low unemployment rate. Kerala, which has performed well in terms of social indicators as literacy, health but lacks economic growth, performs less well in terms of unemployment (both rural and urban). This may also be due to the higher level of education in Kerala resulting in people not opting for manual jobs as observed by some studies.

Further, real wages for low-skilled jobs have increased with GDP growth worldwide, which indicates that the poorest workers have benefited from the increase in global trade and growth. Macroeconomic factors, such as low inflation, export orientation and low labour taxes, help to determine how much employment is created by growth. Structural factors, such as the balance of the economy between agriculture, manufacturing and services, are also important.

The relationship between growth and employment is not simply about the quantity of jobs created by growth; it is also about the types of jobs created. India has relatively large informal sectors. The combination of excessively regulated labour markets and low levels of development is the principal driver of the informal sector. Careful deregulation of labour markets will reduce the cost of employment for firms in the formal sector and increase the share of formal employment.

- Higher levels of income reduce infant mortality. India demonstrates the strength of this relationship: a 10 per cent increase in GDP is associated with a reduction in infant mortality of between five and seven per cent. Infant mortality rate (IMR) which was 58 per thousand in the year 2005 has fallen to 44 in the year 2011. this is because of because economic growth has provided the means to invest in healthcare, sanitation, drugs, etc. Life expectancy is also clearly positively related to the level of per capita income.
- Primary and secondary school enrollment rates are positively associated with higher levels of per capita income. Strong growth and employment opportunities improve incentives for families to invest in education by sending their children to school. There is rise in growth in enrolment of students in higher education from 49.25 lakh in 1990-91 to 169.75 lakh in 2010-11. Similarly gross enrolment ratio in class I-VIII has risen from 93.54 in 2004-5 to 104.3 in 2010-11. Secondly, economic growth has allowed GOI to move for inclusive growth. Thus huge spending on Right to Education and programmes like the Sarva Shiksha Abhiyan have contributed to the growth in enrollment. Thus it can be concluded that: Growth increases a country's tax base and therefore makes it possible for the government to spend more on the key public services of health and education; and Growth raises the incomes of poor people and thereby increases their ability to pay for activities and goods that improve their health and education.

In general, a growing economy tends to provide greater job opportunities. These lead in turn to increased demand for education as

people expect higher returns for them and their children from the investment of time and money in acquiring skills.

The link works equally in the opposite direction. Increased government spending on health and education tends to boost growth in the future, and households reap the benefits from increased investments in health and education through higher future incomes. This generates a virtuous circle of development.

Present Human development report card of India:

- a) 1/3rd of the world's hungry live in India
- b) 836 million Indians survive on less than Rs. 20 (less than half-a-dollar) a day
- c) 30% of newborn are of low birth weight, 56% of married women are anaemic and 79% of children age 6-35 months are anaemic.
- d) India has 29% of the 872.9 million undernourished people (FAO).
- e) India has 49% of the world's underweight children (WHO).
- f) India has 34% of the world's stunted children (WHO).
- g) India has over 46% undernourished children (WHO).
- h) 456 million people (about 42%) of the population in India is below the new international poverty line (i.e., earning less than \$1.25 per day).
- i) The literacy rate of India according to 2011 Census is 74.04 per cent with 82.14 per cent males and 65.46 per cent females.
- j) Child sex ratio has declined from 927 to 914.
- k) Overall sex ratio at the national level has increased from 933 to 940.

From the above data, it is however clear that economic growth alone does not guarantee human development. The impact of economic growth on a nation's human development level also depends on other conditions of the society such as social parameters, range of regional disparity.

Regional disparity signifies the different phases of development occurring in different

parts of the country. After independence due to shortage of resources government implemented trickledown theory for development in the country. This theory proposed that development at one place will automatically leads to development of nearby regions i.e. if an industry has been established in an area it will lead to overall development of the region around it. But this policy of government failed to provide fruits of development to the nearby villages and regions.

This unequal development of region widens the gap between haves and have not thus led to regional disparity. In Orissa the area near the coastal plains are more developed than the interiors. Similarly in Uttar Pradesh west U.P. is more advanced economically than the Bundelkhand region irrespective of vast mineral resources. Thus regional disparity can be natural (in terms of resources available) or can be manmade (unequal economic growth).

Government has proposed many incentives and schemes for the development of backward region but poor implementation mechanism has further broadened the regional disparity.

LPG era has further worsened the situation because more developed regions has been able to attract multinationals and FDI and underdeveloped regions are left behind, widening the gap and acting as obstacle in the field of inclusive growth.

Hence Economic growth is the most powerful instrument for reducing poverty and improving the quality of life in developing countries but depends on well-functioning civil institutions, secure individual and property rights, and broad-based health and educational services.

Human Development and its Impact on Economic Growth

Investments in education, training, health and other social services lead to human development. Higher levels of Human Development have an influence on economy through increasing people's capability and consequently their creativity and productivity. Prior to the nineteenth century, systematic investment in human capital was not considered especially important in any country. Expenditures on schooling, on-the-job training, and other similar forms of investment were quite small. This began to change radically

during this century with the application of science to the development of new goods and more efficient methods of production

During the twentieth century, education, skills, and the acquisition of knowledge have become crucial determinants of a person's and a nation's productivity. One can even call the twentieth century the "Age of Human Capital" in the sense that the primary determinant of a country's standard of living is how well it succeeds in developing and utilizing the skills and knowledge, and furthering the health and educating the majority of its population.

Each of the various components of human development is likely to have a distinct impact on economic growth. Let's discuss each parameter in brief:

a) Education:

A combination of basic facilities and education leads to economic growth which in turn alleviates poverty and helps the disadvantaged regions to grow locally. Education enriches people's understanding of themselves and world. It improves the quality of their lives and leads to broad social benefits to individuals and society. Education raises people's productivity and creativity and promotes entrepreneurship and technological advances. In addition it plays a very crucial role in securing economic and social progress and improving income distribution.

According to Krueger and Lindahl (2001): "Each additional year of schooling appears to raise earnings by about 10% in the US, although the rate of return to education varies over time as well as across countries".

Educating girls and women is probably the single most effective investment in a developing country. It creates a multitude of positive remunerations for families including better family health and nutrition, improved birth spacing, lower infant and child mortality, and enhanced educational attainment of children.

Therefore, education, with a special focus on employability, is critical to India sustaining its economic growth, especially inclusive economic growth.

India's education industry is expected to grow from \$100 billion in 2012 to \$300 billion in 2022 (Riel Miller and Carl Schoonover). This spending will be jointly led by Indian

government (which currently spends only 4% of GDP on education compared to 5% by Mexico, South Africa, Thailand, the UK; 6% by the US; and 7.5% by Israel) and the private sector. If this mammoth \$100 billion industry does not embed employability inside schools, colleges and universities urgently, India may potentially have a demographic disaster on hand. If we are successful, by 2050 India will grow per capita income from \$1,000 to \$20,000, GDP from \$1 trillion to \$40 trillion and become world's second-richest economy, ahead of the US and behind China.

Education alone, of course cannot transform an economy. The quantity and quality of investment, domestic and foreign, together with the overall policy environment, form the other important determinants of economic performance. Yet the level of human development has a bearing on these factors too. The quality of policy making and of investment decisions is bound to be influenced by the education of both policy makers and managers; moreover, the volume of both domestic and foreign investment is likely to be larger when a system's human capital supply is more plentiful.

Thus Education is indispensable to economic development. No economic development is possible without good education. A balanced education system promotes not only economic development, but productivity, and generates individual income per capita. Its influence is noticeable at the micro level of an individual family.

b) Health:

It is well known that certain diseases and conditions such as HIV / AIDS, malaria, tuberculosis (TB), childhood infectious diseases, maternal and prenatal conditions, micronutrient deficiencies and tobacco-related illnesses represent the main causes of (avoidable) deaths in low-income countries. It is reported that widespread diseases also stunts the exploitation of arable land, migration and trade. Bad health stymies job productivity and an individual's ability to learn and to grow intellectually, physically and emotionally. Through all these channels, ill health pushes the poor deeper into poverty. If disease was controlled so that individuals could reap longer and healthier lives, the pressure to have many children would abate and families could invest

more in the health of each child. These improvements in health would in turn translate into higher incomes, higher economic growth and reduced (and more sustainable) population growth. The health improvements can contribute to economic development.

The reasons include:

- **Improved productivity:** Better health can make workers more productive, either through fewer days off or through increased output while working. Improved health of family members will have a similar impact through reducing time lost to caring for dependents.

- **Improved learning:** Improved nutrition and reduced disease, particularly in early childhood, leads to improved cognitive development, enhancing the ability to learn. Healthy children will also gain more from school, having fewer days absent due to ill health. Enhanced learning through either of these mechanisms will add to human capital - an important determinant of economic growth.

- **Reduced Family Size:** Investments in sexual and reproductive health can lead to reduced poverty by reducing the size of families. At a societal level, similar investments may lead to demographic changes conducive to economic development. In particular, they may lead to a period in which countries have a high ratio of workers to dependents leading to increased national savings. Economic theory suggests that increased savings ought to enhance growth by providing funding for investment. On the other hand, in the medium term, population growth due to reduced infant mortality could reduce GDP per capita if population growth outpaces growth of available resources and capital.

- **Health and Investment:** Healthier individuals will often have the ability and incentive to save more, and, as noted above, this accumulation of capital may help fuel growth through investment. Similarly, companies may be more likely to invest when workforces are healthier or better educated. Improved disease environments may also support the development of sectors such as tourism.

- **Increased availability of land for productive use:** Eliminating particular illnesses may allow cultivation or other use to be made of previously unused land.

- **Reduced Treatment Burden:** Initiatives that prevent certain illnesses or provide for their early treatment can help avoid the major downstream costs associated with illness and subsequent complications. Because of this, such initiatives can reduce health care burdens on families and governments, freeing capital for investment in productive activities (freeing funding for governments to invest in infrastructure, for example, or for families to invest in education).

Example: When a family is healthy, both the mother and the father can hold a job, earn money which allows them to feed, protect and send their children to school. Healthy and well-nourished children will perform better in school and a better performance in school will positively impact their future income. If parents ensure that their children have a high probability of reaching adulthood, in general they will have fewer children and they will be able to invest more in health and education for each of them. Additionally, the loss of health affects the poor to a greater extent since the main, and at times, only asset they have is their body. When they become ill they have fewer alternative solutions and suffer greater consequences.

Status of education and health in India

Education:

- All States/ UTs have notified the RTE Rules.
- 2,14,561 Primary and 1,76,361 Upper Primary schools have been sanctioned under SSA till date, of which 96% are operational.
- Mid day Meal Scheme (MDMS) covers children studying in classes I-VIII in Government, Local Body, Government aided and National Child Labour Project schools and the centres run under Education Guarantee Scheme (EGS) / Alternative & Innovative Education (AIE) centres including Madarasas/Maktabs supported under Sarva Shiksha Abhiyan (SSA). During the year 2011-12, 10.54 crore children studying in 12.31 lakh institutions have availed of the Mid Day Meal.
- Govt. has launched the centrally sponsored scheme to set up 6,000 model schools at the rate of one school per block was launched in November 2008. Implementation of the PPP component of the