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Human Development Index

The dilemma of measuring the developmental level of economies was solved once the United Nations Development Programme (UNDP) published its first Human Development Report (HDR) in 1990. The report had a human development index (HDI) which was the first attempt to define and measure the level of development of economies. The 'index' was a product of the select team of leading scholars, development practitioners and members of the Human Development Report Office of the UNDP. The first such team which developed the HDI was led by Mahbub ul Haq and Inge Kaul. The term 'human development' is a corollary of 'development' in the index.

The HDR measures development by combining three indicators—Health, Education and Standard of Living—converted into a composite human development index, the HDI. The creation of a single statistic in HDI was a real breakthrough which was to serve as a frame of reference for both 'social' and 'economic' development. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1 (i.e., the index is prepared on the scale of one). The three indicators⁴ used to develop the composite index are as given below:

The Education component of the HDI is now (since HDR-2010) measured by two other indicators—

(i) Mean years of schooling (for adults aged 25 years): This is estimated based on educational attainment data from censuses and surveys available in the UNESCO Institute for Statistics database and Barro and Lee (2010) methodology.

(ii) Expected years of schooling (for children of school entering age): These estimates are based on enrolment by age at all levels of education and population of official school age for each level of education. Expected years of schooling is capped at 18 years.

These indicators are normalized using a minimum value of zero and maximum values are set to the actual observed maximum value of mean years of schooling from the countries in the time series, 1980–2012, that is 13.3 years estimated for the United States in 2010. The education index is the geometric mean of two indices.

The Health component is measured by the life expectancy at the birth component of the HDI and is calculated using a minimum value of 20 years and a maximum value of 83.57 years. This is the observed maximum value of the indicators from the countries in the time series, 1980–2012. Thus, the longevity component for a country where life expectancy birth is 55 years would be 0.551.

The Standard of Living component is measured by GNI (Gross National Income/Product) per capita at 'Purchasing Power Parity in US Dollars' (PPP \$) instead of GDP per capita (PPP \$) of past. The goalpost taken for minimum income is \$100 (PPP) and the maximum is the US \$87,478 (PPP), estimated for Qatar in 2012. The HDI uses the logarithm of income, to reflect the diminishing importance of income with increasing GNI.

The scores for the three HDI dimension indices are then aggregated into a composite index using geometric mean. The HDI facilitates instructive comparisons of the experiences within and between different countries.

The UNDP ranked⁵ the economies in accordance with their achievements on the above given three parameters on the scale of one (i.e., 0.000–1.000). As per their achievements, the countries were broadly classified into three categories with a range of points on the index:

- (i) High Human Development Countries: 0.800–1.000 points on the index.
- (ii) Medium Human Development Countries: 0.500–0.799 points on the

index.

(iii) Low Human Development Countries: 0.000–0.499 points on the index.

The Human Development Report 2016 is discussed in Chapter 20.

The Debate Continues

Though the UNDP commissioned team had evolved a consensus as to what constitutes development, academicians and experts around the world have been debating this issue. By 1995, economies around the world had officially accepted the concept of human development propounded by the UNDP. Basically, the UNDP designed HDR was used by the World Bank since the 1990s to quantify the developmental efforts of the member countries and cheap developmental funds were allocated in accordance. Naturally, the member countries started emphasizing on the parameters of income, education and life expectancy in their policymaking and in this way the idea of HDI got obligatory or voluntary acceptance around the world.

For many years, experts and scholars came up with their own versions of defining development. They gave unequal weight to the determinants defining development, as well as selected some completely different parameters which could also, denote development in a more suitable way. Since quality is a matter of value judgement and a normative concept, there was scope for this representation. Most of such attempts were not prescriptions for an alternative development index, but they were basically trying to show the incompleteness of the HDI, via intellectual satires. One such attempt was made by economists and scholars of the London School of Economics in 1999 which concluded that Bangladesh was the most developed country in the world with the USA, Norway, Sweden getting the lowest ranks in the index.

Basically, it is very much possible to come out with such an index. As for example, we may say that peace of mind is a necessary element of development and betterment in human life which depends heavily on the fact as to how much sleep we get every day. House theft and burglary are major determinants of a good night's sleep which in turn depends on the fact as how assured we go to sleep in our homes at night from burglars and thieves. It means we may try to know a good sleep by the data of thefts and burglaries in homes. Since minor house thefts and burglaries are underreported in police stations, the surveyor, suppose tried to know such cases with data as to how many 'locks' were sold in a country in a particular year. In this way a country where people hardly have anything to be stolen or no risk of being burgled might be considered having the best sleep in night, thus the best peace of mind and that is why this will be the most developed country.

Basically, the HDI could be considered as one possible ways of measuring development which was evolved by the concerned group of experts with the maximum degree of consensus. But the index which calculates the development of economies on certain parameters might be overlooking many other important factors, which affect the development of an economy and standard of living. As per experts, such other determinants affecting our living conditions might be:

- (i) cultural aspects of the economy,
- (ii) outlook towards aesthetics and purity of the environment,
- (iii) aspects related to the rule and administration in the economy,
- (iv) people's idea of happiness and prestige,
- (v) Ethical dimension of human life, etc.

Introspecting Development

Confusion about the real meaning of development started only after the World Bank and the International Monetary Fund came into being. As experts were studying the development process of

the developing world, they were also surveying the performance reports of the developed world. As the western world came to be regarded as developed, having top twenty ranks on the HDI, social scientists started evaluating the conditions of life in these economies. Most of such studies concluded that life in the developed world is anything but happy. Crime, corruption, burglaries, extortion, drug trafficking, flesh trade, rape, homicide, moral degradation, sexual perversion, etc.—all kinds of the so-called vices—were thriving in the developed world. It means development had failed to deliver them happiness, peace of mind, general wellbeing and a feeling of being in the good state. Scholars started questioning the very efforts being made for development around the world. Most of them have suggested a need for redefining development which could deliver happiness to mankind.

Why has development not delivered happiness to the developed world? The answer to this question does not lie in any one objective fact but touches so many areas of human life. First, whenever economists from the outset talked about the progress they meant overall happiness of human life. Social scientists, somehow have been using terms such as progress, growth, development, well-being, welfare as synonyms of 'happiness'. Happiness is a normative concept as well as a state of mind. Therefore, its idea might vary from one economy to the other.

Second, the period in which development was defined, it was considered that with the supply of some selected material resources human life can be improved. These resources were pinpointed as, a better level of income, the proper level of nutrition, healthcare facilities, proper levels of literacy and education, etc.

Happiness is a broader thing than development. The so-called 'development' for which the world has been striving hard for the last many decades is capable of delivering material happiness to mankind. Happiness has its non-material side also. It means, while the world has been trying to maximize its prospects of development, i.e., material happiness, it could not attend the nonmaterial part of happiness. The non-material part of our life is rooted in ethics, religion, spiritualism and cultural values. As development or human development was defined in material terms, it could only deliver us material happiness which is visibly available in the developed world. Due to the partial definition of development, the developed world has been able to achieve development, i.e., happiness, but only of a material kind. For the nonmaterial part of happiness, we need to redefine our 'ideas' of development.

Somehow a very small kingdom had been able to define development in its own way, which included material as well as non-material aspects of life and named it the Gross National Happiness (GNH). This country is Bhutan.

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