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Human development index (HDI): A contemporary issue in modern India

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Abstract
The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living.
National Wealth has the potential to expand people's choice. However, it may not. The manner in which countries spend their wealth, not the wealth itself, is decisive. Moreover, an excessive obsession with the creation of material wealth cans obscured the ultimate objective of enriching human lives.

Keywords: HDI, development, potential, knowledge, human

Introduction
The first Human Development Report introduced a new way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite Human Development Index (HDI). The breakthrough for the HDI was the creation of a single statistic 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 to 1.

Human Development Index (HDI)
The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. As in the 2011 HDR a long and healthy life is measured by life expectancy. Access to knowledge is measured by: i) mean years of schooling for the adult population, which is the average number of years of education received in a life-time by people aged 25 years and older; and ii) expected years of schooling for children of school-entrance age, which is the total number of years of schooling a child of school-entrance age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child's life. Standard of living is measured by Gross National Income (GNI) per capita expressed in constant 2005 international dollars converted using purchasing power parity (PPP) rates.
To ensure as much cross-country comparability as possible, the HDI is based primarily on international data from the United Nations Population Division, the United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics (UIS) and the World Bank. To allow for assessment of progress in HDIs, the 2013 report includes recalculated HDIs from 1980 to 2012.

India's HDI value and rank
India's HDI value for 2012 is 0.554 in the medium human development category positioning the country at 136 out of 187 countries and territories. The rank is shared with Equatorial Guinea. Between 1980 and 2012, India's HDI value increased from 0.345 to 0.554, an increase of 61 percent or average annual increase of about 1.5 percent.
The rank of India's HDI for 2011 based on data available in 2012 and methods used in 2012 was 136 out of 187 countries. In the 2011 HDR, India was ranked 134 out of 187 countries.
Table 1 reviews India's progress in each of the HDI indicators. Between 1980 and 2012, India's life expectancy at birth increased by 10.5 years, mean years of schooling increased by 2.5 years and expected years of schooling increased by 4.4 years. India's GNI per capita increased by about 273 percent between 1980 and 2012.

Table 1: India's HDI trends based on consistent time series data, new component indicators and new methodology

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2005 PPP$)	HDI value
1980	55.3	6.3	1.9	0.880	0.345
1985	57	7.1	2.4	1.007	0.379
1990	58.3	7.4	3	1.191	0.410
1995	59.8	8.2	3.3	1.389	0.438
2000	61.6	8.3	3.6	1.702	0.463
2005	63.3	9.9	4	2.190	0.507
2010	65.1	10.7	4.4	3.009	0.547
2011	65.4	10.7	4.4	3.175	0.551
2012	65.8	10.7	4.4	3.285	0.554

Assessing progress relative to other countries

Long-term progress can be usefully assessed relative to other countries–both in terms of geographical location and HDI value. For instance, during the period between 1980 and 2012 India, Pakistan and Bangladesh experienced different degrees of progress toward increasing their HDIs.

India's 2012 HDI of 0.554 is below the average of 0.64 for countries in the medium human development group and below the average of 0.558 for countries in South Asia. From South Asia, countries which are close to India in 2012 HDI rank and population size are Bangladesh and Pakistan, which have HDIs ranked 146 and 146 respectively (see table B).

Table 2: India's HDI indicators for 2012 relative to selected countries and groups

	HDI value	HDI rank	Life Expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US$)
India	0.554	136	65.8	10.7	4.4	3.285
Bangladesh	0.515	146	69.2	8.1	4.8	1.785
Pakistan	0.515	146	65.7	7.3	4.9	2.566
South Africa	0.558	-	66.2	10.2	4.7	3.343
Medium HDI	0.64	-	69.9	11.4	6.3	5.428

We also compare India with other countries with rapidly emerging economies (see Table 3). The number of such countries is larger and more varied but we concentrate on two groups - BRICS (Brazil, Russia, India, China and South Africa) and its subgroup IBSA (India, Brazil, and South Africa).

Table 3: India's HDI indicators for 2012 relative to countries from the BRICS and IBSA groups

	HDI value	HDI rank	Life Expectancy at birth (years)	Expected years of schooling (years)	Mean years of schooling (years)	GNI per capita (2005 PPP $)
Brazil	0.730	85	73.8	14.2	7.2	10.152
China	0.699	101	73.7	11.7	7.5	7.945
India	0.554	136	65.8	10.7	4.4	3.285
Russian Fedaration	0.788	55	69.1	14.3	11.7	14.461
South Africa	0.629	121	53.4	13.1	8.5	9.594
BRICKS	0.655	-	69.8	11.5	6.6	6.476
IBSA	0.588	-	66.4	11.2	5.0	4.401

The average HDI for BRICS countries is 0.655 and for IBSA it is 0.588. India performs worse than other BRICKS countries, thus it is below the average BRICS or IBSA HDI and it lags behind other countries in these groups in all HDI component indicators.

Inequality-adjusted HDI (IHDI)

The HDI is an average measure of basic human development achievements in a country. Like all averages, the HDI masks inequality in the distribution of human development across the population at the country level. The 2010 HDR introduced the Inequality Adjusted HDI (IHDI), which takes into account inequality in all three dimensions of the HDI by 'discounting' each dimension's average value according to its level of inequality. The HDI can be viewed as an index of 'potential' human development and the IHDI as an index of actual human development. The 'loss' in potential human development due to inequality is given by the difference between the HDI and the IHDI, and can be expressed as a percentage. India's HDI for 2012 is 0.554. However, when the value is discounted for inequality, the HDI falls to 0.392, a loss of 29.3 percent due to inequality in the distribution of the dimension indices. Bangladesh and Pakistan, show losses due to inequality of 27.4 percent and 30.9 percent respectively. The average loss due to inequality for medium HDI countries is 24.2 percent and for South Asia it is 29.1 percent.

Table 4: India's IHDI for 2012 relative to selected countries and groups

	HDI value	Overall Loss (%)	Loss due to inequality in life expectancy at birth (%)	Loss due to inequality in education (%)	Loss due to inequality in income (%)
India	0.392	29.3	27.1	42.4	15.8
Bangladesh	0.374	27.4	23.2	39.4	17.7
Pakistan	0.356	30.9	32.3	45.2	11
South Asia	0.395	29.1	27	42	15.9
Medium HDI	0.485	24.2	19.3	30.2	22.7

Gender Inequality Index (GII)

The Gender Inequality Index (GII) reflects gender-based inequalities in three dimensions – reproductive health, empowerment, and economic activity. Reproductive health is measured by maternal mortality and adolescent fertility rates; empowerment is measured by the share of parliamentary seats held by each gender and attainment at secondary and higher education by each gender; and economic activity is measured by the labour market participation rate for each gender. The GII replaced the previous Gender-related Development Index and Gender Empowerment Index. The GII shows the loss in human development due to inequality between female and male achievements in the three GII dimensions.

India has a GII value of 0.61, ranking it 132 out of 148 countries in the 2012 index. In India, 10.9 percent of parliamentary seats are held by women, and 26.6 percent of adult women have reached a secondary or higher level of education compared to 50.4 percent of their male counterparts. For every 100,000 live births, 200 women die from pregnancy related causes; and the adolescent fertility rate is 74.7 births per 1000 live births. Female participation in the labour market is 29 percent compared to 80.7 for men.

Table 5: India's GII for 2012 relative to selected countries and groups

	GII value	GII Rank	Maternal Mortality ratio	Adolescent fertility rate	Female seats in parliament (%)	Population with at least secondary education (%)		Labour force Participation rate (%)	
						Female	Male	Female	Male
India	0.61	132	200	74.7	10.9	26.6	50.4	29	80.7
Bangladesh	0.518	111	240	68.2	19.7	30.8	39.3	57.2	84.3
Pakistan	0.567	123	260	28.1	21.1	18.3	43.1	22.7	83.3
South Asia	0.568	-	203	66.9	18.5	28.3	49.7	31.3	81
Medium HDI	0.457	-	121	44.7	18.2	42.1	58.8	50.5	79.9

Multidimensional Poverty Index (MPI)

The 2010 HDR introduced the Multidimensional Poverty Index (MPI), which identifies multiple deprivations in the same households in education, health and standard of living. The education and health dimensions are based on two indicators each while the standard of living dimension is based on six indicators. All of the indicators needed to construct the MPI for a household are taken from the same household survey. The indicators are weighted, and the deprivation scores are computed for each household in the survey. A cut-off of 33.3 percent, which is the equivalent of one-third of the weighted indicators, is used to distinguish between the poor and nonpoor. If the household deprivation score is 33.3 percent or greater, that household (and everyone in it) is multidimensionally poor. Households with a deprivation score greater than or equal to 20 percent but less than 33.3 percent are vulnerable to or at risk of becoming multidimensionally poor.

The most recent survey data available for estimating MPI figures for India were collected in 2005/2006. In India 53.7 percent of the population lived in multidimensional poverty (the MPI 'head count') while an additional 16.4 percent were vulnerable to multiple deprivations. The intensity of deprivation – that is, the average percentage of deprivation experienced by people living in multidimensional poverty – in India was 52.7 percent. The country's MPI value, which is the share of the population that is multi-dimensionally poor adjusted by the intensity of the deprivations, was 0.283. Bangladesh and Pakistan had MPI values of 0.292 and 0.264 respectively.

Table 6: The most recent MPI figures for India relative to selected countries

	Survey year	MPI value	Headcount (%)	Intensity of deprivation (%)	Population			Contribution to overall poverty of deprivations in		
					Vulnerable to poverty	In Severe poverty (%)	Below Income Poverty line (%)	Health	Education	Living Standards
India	2005/2006	0.283	53.7	52.7	16.4	28.6	32.7	35.7	21.8	42.5
Bangladesh	2007	0.292	57.8	50.4	21.2	26.2	43.3	34.5	18.7	46.8
Pakistan	2006/2007	0.264	49.4	53.4	11	27.4	21	37.9	30.8	31.2

Table 6 compares income poverty, measured by the percentage of the population living below PPP US$1.25 per day, and multidimensional deprivations in India. It shows that income poverty only tells part of the story. The multidimensional poverty headcount is 21 percentage points higher than income poverty.

This implies that individuals living above the income poverty line may still suffer deprivations in education, health and other living conditions. Table E also shows the percentage of India's population that live in severe poverty (deprivation score is 50 percent or more) and that are vulnerable to poverty (deprivation score between 20 and 30 percent). The contributions of deprivations in each dimension to overall poverty complete a comprehensive picture of people living in poverty in India. Figures for Bangladesh and Pakistan are also shown in the table for comparison.

Conclusion

National Wealth has the potential to expand people's choice. However, it may not. The manner in which countries spend their wealth, not the wealth itself, is decisive. Moreover, an excessive obsession with the creation of material wealth cans obscured the ultimate objective of enriching human lives. But these associations are far from perfect. In inter-country comparisons, income variations tend to explain not much more than half the variation in life expectancy, or in infant and child mortality. And they explain an even smaller part of the differences in adult educational attainment.

Many countries have high GNI per capita, but low human development indicators and vice versa, while some countries at similar levels of GNI per capita have vastly different levels of human development. Given the imperfect nature of wealth as gauge of human development, the HDI offers a powerful alternative to GDP and GNI for measuring the relative socio-economic progress at national and sub-national levels.

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