9 Levels of Human Development

Some of the previous chapters were concerned with the measurements of overall or aggregate poverty and others with segmental or sectoral poverty. This brings us to the latest attempt to evolve a measure of overall poverty based upon or derived from sectoral and some general estimates of richness and poverty such as income per capita, education and life expectancy. The aim of this exercise, conducted under the auspices of UNDP, is that despite a summing-up of these three measures, the weighting problem should be avoided in substantial measure. It is to be noted that while the income index is an overall index and the education index is a sectoral index (with wide overall implications), the life expectancy index is itself composed of several socio-economic factors such as health, information, medical facilities, education, literacy, income levels, and so on. While the human development index (HDI) evolved by the UNDP is certainly an improvement on the previous techniques of measuring richness or poverty, it cannot claim to be the last word on poverty estimates. For what it is worth – and it is worth a lot – we use the HDI in the present work for all the 24 countries for two points of time (1985 and 1992) as one of the best available indices of poverty and richness.

Four types of poverty have been described so far – (i) per capita GNP estimates, (ii) the absolute number of people below the poverty line, (iii) the percentage of people below the poverty line, and (iv) relative poverty of some groups or countries compared to others. These reflect the attempts to sum up the poverty or richness of different countries in a single figure for each type and country. These heroic attempts have their own merits especially in that they yield short-hand statements which can sum up a highly complex phenomenon in just one value. However, as we have seen, each one of these definitions of overall poverty, summed up in a single figure, has its own limitations and leaves something to be desired. This has led economists and social scientists to drop the idea of an overall poverty estimate in order to move on to more detailed poverty estimates for different sectors and segments of the economy. How would it be if, instead of an aggregated figure of average per capita income or per capita income below the poverty line, a society’s wealth or poverty were measured in terms of literacy, education and health, and so on? It turns out that it should be possible to assess the poverty of literacy (the percentage of illiterates to
literates), educational poverty (the percentage of uneducated – on some definition – to the educated), and health poverty (the percentage of the unhealthy population – on some definitions – to the healthy; that is to say the percentage of people without access to literary, education and health measures to those with such access. As in the case of average per capita income or per capita income below the poverty line, if estimates of sectoral poverty were made, it should be possible to reflect upon the changes in sectoral poverty between one point of time and another and the differences in sectoral poverty across nations, regions and categories – and changes in these differences over time.

Such sectoral or segmental estimates have their own hazards. On the whole, however, they are relatively easy and only require appropriate data-gathering through surveys and other mechanisms and the estimation of the required parameters.

Attempts have been made by some experts and some governments or world organizations to make separate poverty estimates for different sectors and then sum them up, for a given point in time or period of time, into an aggregate for all the sectors put together. This raises difficult issues, for example the need to attach different weights to different sectors and then add the sectoral figure into a single weighted average. This is virtually an impossible task as the weightage issue is almost insolvable. What weight can one attach to education vis-à-vis health and what weight to health vis-à-vis income or housing or transportation or communication? Many experts who have worked with sectoral estimates of poverty preferred to keep them and use them merely as sectoral estimates in order to avoid the weightage issue and the exercise of summing them up into a single all-sectors figure. In this way the problem becomes relatively manageable. In the present research, too, we prefer to use the sectoral estimates independently for each sector and would do so for all the 24 countries in our purposeful sample at two points of time in order to reflect whether sectoral poverty has been increasing or decreasing and also whether the degree of poverty in one country or region is more than in another.

METHODOLOGY OF HUMAN DEVELOPMENT INDEX (HDI)

Human Development Index (HDI) is a composite index which attempts a master summing-up of the quality of life of a given population. HDI is computed on the basis of GNP per capita, life expectancy at birth and educational attainment of the population (as measured by a combined gross enrolment ratio for all educational levels, primary, secondary and tertiary).