

# HDI OF INDIAN STATES - A MIX OF UNEQUAL INEQUALITY



Daily conversation is usually full of value judgements , “ Kerala is the best state in the country “ , “ Bihar is the worst state “ , we tend to accept value judgments as if they are absolute facts. The most widely accepted economic metric is the GDP , it is used to compare nations , judge governments and is thrown around in dinner table arguments. While I accept that the GDP is extremely important and is without doubt one of the most valued indicator of a country’s economic health it fails to measure the quality of life lead by the citizens of a region.

The GDP of a country can be skyrocketing and touching the double digits but that does not necessarily guarantee prosperity.

My project aims to understand the reason behind India’s historically dismal HDI and its causes. I wish to understand if the low HDI in India is across the board or does it vary on a state to state basis. I aim to analyse the states historic HDI , the causes behind its changes and its possible solutions. As it would be impractical to cover all 28 states , I will be covering four states - Kerala , as it is widely conceived to be the most developed state in India , Karnataka - the state I live in and finally Bihar and Uttar Pradesh , the two states that are believed to be the most “backward” states in the country.

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## Introduction

The theory of measuring human development was developed by Pakistani economist Mahbub ul Haq and this has been further developed to calculate the HDI of a country by the United Nation Development Programme's (UNDP) Human Development Report Office (HDRO).

According to UNDP, "The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions."

While GDP measures economic growth of a country, HDI provides a measure to assess human development, i.e., how people's lives are changing, measured in terms of health and education indicators. Two countries with the same per capita GDP may have different HDI scores. In India, the Planning Commission released the first National Human Development Report 2001 in 2002. States were ranked based on their HDI scores based on 70 development indicators. Kerala was ranked number 2 while Punjab despite its higher per capita income was ranked 19. This shows us how HDI can provide insights into where human development deficits lie and this could be the basis of re-alignment of policies.

Hence , this report seeks to analyse the different Indian states HDI's and understand the various metrics behind them , study why some states are ahead and some behind with a special reference to Kerala , Karnataka and Bihar and Uttar Pradesh.

It is important to pay special attention to the HDI because today we are bombarded with questions related to the GDP , while India's GDP continues to stay high and rising , we fail to pay heed to our ever remaining deep rooted inequality.

## Understanding the HDI of Indian States

States	1981	1991	2001	2011
ANDHRA PRADESH	0.298	0.377	0.416	0.485
ASSAM	0.272	0.348	0.386	0.474
BIHAR	0.237	0.308	0.367	0.447
GUJARAT	0.360	0.431	0.479	0.514
HARYANA	0.360	0.443	0.509	0.545
KARNATAKA	0.346	0.412	0.478	0.508
KERALA	0.500	0.591	0.638	0.625
MADHYA PRADESH	0.245	0.328	0.394	0.451
MAHARASHTRA	0.363	0.452	0.523	0.549
ORISSA	0.267	0.345	0.404	0.442
PUNJAB	0.411	0.475	0.537	0.569
RAJASTHAN	0.256	0.347	0.424	0.468
TAMIL NADU	0.343	0.466	0.531	0.544
UTTAR PRADESH	0.255	0.314	0.388	0.468
WEST BENGAL	0.305	0.404	0.472	0.509
<b>ALL INDIA</b>	<b>0.302</b>	<b>0.381</b>	<b>0.472</b>	<b>0.504</b>

The two tables shows the HDI of the larger Indian states over four different censuses between 1981 and 2019.

The HDI includes life expectancy , literacy rates and the gross income per capita , the three metrics in other words indicate the healthcare , education and income.

Every human aspires for a higher quality of life and more often than not that pursuit includes the three aforementioned metrics. If the quality of those metrics are low in a certain area it would prompt a large chunk of the residents in that area to move to state that would improve their quality of life.

State	HDI ( 2019)
Kerela	0.782
Karnataka	0.683
Assam	0.613
Andhra Pradesh	0.649
Bihar	0.574

Gujrat	0.672
Madhya Pradesh	0.603
Maharashtra	0.697
Orissa	0.606
Punjab	0.724
Rajasthan	0.628
Tamil Nadu	0.709
Uttar Pradesh	0.596
West Bengal	0.641

The states with the top 5 HDI's :

1. **Kerala**
2. Punjab
3. Tamil Nadu
4. Maharashtra
5. **Karnataka**

The states with the lowest HDI :

1. **Bihar**
2. **Uttar Pradesh**
3. Madhya Pradesh
4. Orrisa
5. Assam

## **Kerala**

Kerala has always maintained a higher HDI than the rest of the country , it has maintained the number one rank ever since 1981. This is thanks to the low level of grassroots corruption in the state with heavy state funding to education , according to the 2011 census the literacy rate hovers around 96 percent , this number may have gone up in the last ten years.

Its healthcare system is one of the best in the country. These numbers highlight that fact :

- Lower infant mortality rate of 12 per 1,000 live births in Kerala vs. 40 per 1,000 live births in India),
- Lower maternal mortality ratio of 66 per 100,000 live births in Kerala vs. 178 per 100,000 live births in India,



- Higher literacy among both males at 96% in Kerala vs. 82% in India and females with 92% in Kerala vs. 65% in India

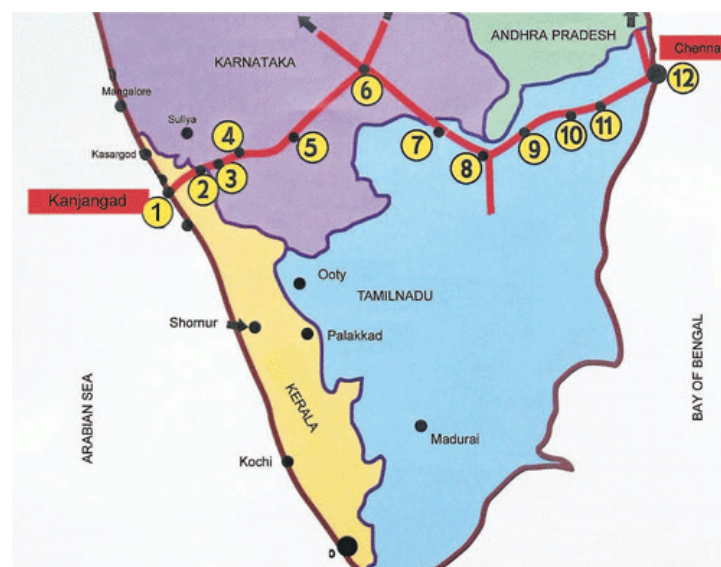
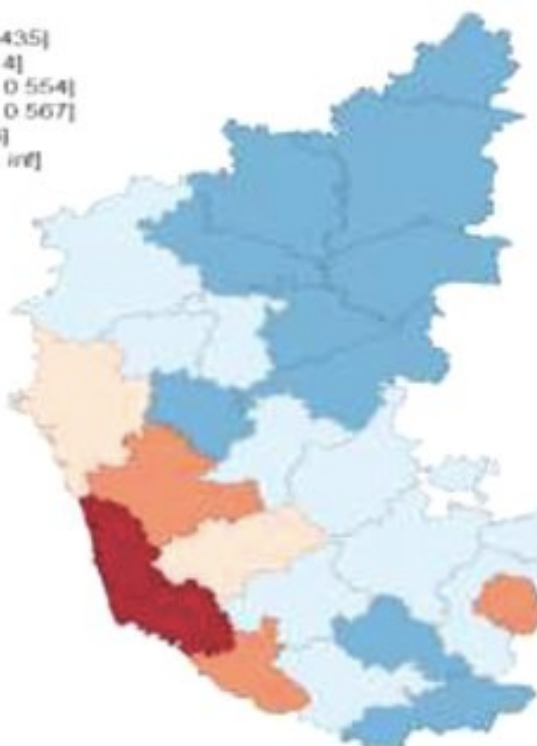
The strides made in healthcare can be attributed to a myriad of factors, such as: strong emphasis from the state government on public health and primary healthcare, health infrastructure and a decentralised government. A large part of Kerala's healthcare success derives from the private and public form of healthcare. From 1960 to 2010, the number of doctors increased from 1200 to 36,000, and the number of primary health care facilities from increased from 369 to 1356 between 1960 and 2004 [

The wages in Kerala have been historically high thanks to the heavy communist influence in the state with the state holding the distinction of having elected the first democratically elected communist government in the world in 1957, the party exercises strong influence to the this day as it is the ruling party in the state. Unskilled workers in Kerala can earn around 700 rupees a day with skilled workers such as carpenters commanding upto 1000 and above INR a day, whereas in Orissa a worker in a garment factory earns 200 INR. A day. However this has had its ramifications, the state ranks 24th in the state and its unemployment rate currently is 7.5%, while this is not bad, it is much higher compared to its neighbours - Karnataka and Tamil Nadu with 2 and 4.8% respectively.

## Karnataka :

Karnataka has a HDI of 0.683 n while it is almost a hundred points below Kerala, it is still regarded as a high number in the country, among major states it would rank in the top 5. The state however is very varied when it comes to the HDI, some areas, especially the south of the state that borders Kerala has a high HDI

r outlier (0) [-inf 0.435]  
 6 (13) [0.435 0.514]  
 - 50% (13) [0.514 0.554]  
 - 75% (15) [0.554 0.567]  
 6 (3) [0.567 0.646]  
 r outlier (8) [0.646 inf]



As the map indicates , the area bordering with Kerala shows the highest HDI in the state whereas the areas in the centre have a much lower HDI. The literacy rate according to the 2011 census was 75 percent , with male literacy rate at 82.4 % and 68 % for women. The government adopted a unique model public/private model under the RTE or Right To Education Act which mandates all private schools to reserve 25 % of their admissions for children belonging to socially disadvantaged and economically weaker sections of society. This would highly benefit those children living in cities whereas those in rural areas would be less benefitted. This is expected to improve the quality of education provided to children and ensure a more equal state.

Healthcare in the state was ranked 8th out of the 21 large states by NITI Aayog , while this is not good , it certainly is above the median rank

According to the Healthy States, Progressive India: Report on Rank of States and UTs'. - “ On several individual parameters like neonatal mortality, under-five mortality rate, low birth weight among the newborn, sex ratio at birth and institutional delivery, Karnataka remains behind its neighbours, says the report.

While in Tamil Nadu and Andhra Pradesh, the officers remained at their position for 26 and 24 months respectively, in Karnataka they were moved out of the health departments after 6.7 months. West Bengal topped the chart with 28 months.

However , Karnataka and Bihar are the only two states with more than 25% vacancies in this category among the large states. In addition, Karnataka also has nearly 22% shortage in staff nurses in the primary and community healthcare centres. On the contrary, On the contrary, there are doctors in most of the sub-centres and PHCs presumably due to the state government’s policy of mandatory rural posting for fresh MBBS graduates.

S. No.	State	Per Capita Income (FY 2019-20)	Region	Urban Population	Equivalent Country by Income
1	Goa	₹ 4,66,585	West	62.17%	Belarus
2	Sikkim	₹ 4,25,656	North East	25.15%	Colombia
3	Delhi	₹ 3,76,143	North	97.50%	Kosovo
4	Haryana	₹ 2,47,207	North	34.88%	Djibouti
5	Telangana	₹ 2,25,756	South	38.88%	Palestine
6	Karnataka	₹ 2,23,246	South	50.78%	Vanuatu
7	Kerala	₹ 2,21,904	South	47.70%	Vanuatu
8	Puducherry	₹ 2,20,949	South	68.33%	Vanuatu
9	Tamil Nadu	₹ 2,18,599	South	48.40%	Vanuatu
10	Gujarat	₹ 2,16,329	West	42.60%	Vanuatu

The above diagram shows the per capita income of Indian states in the year 2019 - 2020. Out of the big states , Karnataka ranks second in the country , and is one of the five states that account for half of India's factory workers

The minimum wage may not be as high as Kerala but the current wage for an unskilled worker hovers around the 400 INR a day mark , while a skilled factory worker commands upto 600 INR a day. This allows the state to be competitive and attract investment , this allows Karnataka to earn an ease of doing business rank of 8 , which would be 5th if comparing among large states.



## **Bihar , UP and MP**

From 1998-99 to 2015-16, Bihar remained India's multidimensionally poorest state. While Odisha was next to Bihar at the bottom in the late 1990s, it has improved significantly over the last two decades. In the same time, Madhya Pradesh (and later Chhattisgarh) and Uttar Pradesh joined Bihar (and later Jharkhand) at the bottom. Between them, Bihar and Uttar Pradesh have over 320 million multidimensionally poor people. Over half the population in Bihar, and over 40% in Madhya Pradesh and Uttar Pradesh are multidimensionally poor.

According to the rankings, there is no Indian state in the low-HDI category. While this is a good development, we also find that states like Bihar and Uttar Pradesh continue to lag significantly behind other Indian states like Kerala and Karnataka.

### **High population and low skill**

While skilled human resources are a driving force for economic growth, a balance between population and economic growth is essential for the manpower to be absorbed by the productive sector. The population density of Bihar and UP is more than double (800 and 690 persons/km<sup>2</sup> respectively) the national average of 329 persons/km<sup>2</sup> (Table 1). People are an asset when they are skilled enough to take the existing opportunities or create new opportunities through innovation and entrepreneurship. However, a large section of the population in Bihar and UP has remained unskilled and poorly educated. Due to the absence of a dynamic non-farm or industrial sector in Bihar and UP, the growing low-skilled population has created tremendous pressure on the agriculture sector. The percentage of agriculture workers in Bihar has increased from 41.8% of the economically active population in 1971 to 48% in 2001. In UP it increased from 22.2% to 24.8%, while in India as a whole the proportion of agricultural workers in the overall workforce has declined from 31.4% to 26.5% (Ghosh, 2008) in the same period. As the agriculture sector has limited capacity to absorb the additional labour force, the extra hands have failed to contribute to agriculture production, in what is referred to as disguised unemployment.

Due to high poverty, inequality and a poor education system resulting from low investment and poor governance, the education and health condition of Bihar and UP is poor. Vocational training has also been inadequate leaving the vast majority of the rural workforce unskilled and engaged mostly in agriculture. Many have been forced to migrate to other states for seasonal or long-term work (*Bihari Times*, 26 June 2009). Thus, the large population could not contribute to economic growth due to an absence of social and economic conditions to absorb the additional population and support innovative technologies

### **Poor physical and economic infrastructure**

Like private investment, public investment in agriculture in Bihar and UP has remained inadequate. Per hectare capital expenditure in agriculture in Bihar is less than one-fourth of that of Punjab and less than half the national average.

Bihar and UP have not made enough investment in irrigation infrastructure. Only 50% of agricultural land is irrigated in Bihar and 60% in UP, compared with 90% in Punjab and 87% in Gujarat. Owing to poor public infrastructure for surface water and increased water stress, farmers of Bihar have shifted to ground water irrigation as in the case of other states. There was a huge surge in the 1980s in Bihar and UP in ground water irrigation. This, however, did not yield higher productivity because the poor electricity supply and sharp increase in diesel prices increased the costs of irrigation, land preparation and threshing. Fertilizer and pesticide prices also increased substantially. Yet, while input prices had increased significantly, the output price of agriculture remained almost stagnant. Thus, the output–input price ratio changed and reduced profitability. To keep the farming remunerative, the states of Punjab, Haryana, Gujarat, Maharashtra and Karnataka provided concessions in electricity and diesel prices. The Bihar government, however, could not provide such concessions to farmers due to financial constraints. In addition, most of the farmers in Bihar and UP are not able to receive the price incentives given by central government through food grain collection owing to small land holdings and little surplus. Bihar's food grain yield is lower than the national average and less than half of Punjab's.

Low public and private investment, poor physical and institutional infrastructure, unequal land distribution, poor agrarian social structure including persistence of feudal elements not only hindered the growth of productivity in agriculture but also reinforced social inequality that creates structural barriers to the overall development of the society and economy.

### **Governance and institutional factors**

After independence in 1947, Bihar and UP were ruled by the high-caste elites with strong economic and political power. Since the dominant political parties failed to respond to their needs and demands, so-called lower castes and ethnic minorities began to organize themselves in the 1970s under socialist leaders. This led to the alignment of political forces on the basis of caste and ethnic identity. As a result, several parties emerged in UP and Bihar to represent caste and ethnic interests of less powerful groups. The Bahujan Samaj Party (BSP), Samajwadi Party (SP) and Janata Dal are a few examples. Although this has changed the political landscape of Bihar and UP and the parties representing discriminated caste and ethnic groups have won elections in both states, sectarian caste-based politics have failed to improve government performance in terms of economic growth. Caste-based politics in Bihar and UP promoted an electoral culture that locks in votes for candidates based on caste, regardless of their competence or performance. The conflict between the so-called 'backward' and 'forward' castes has been an ongoing phenomenon in Bihar and UP since the independence of the country.

Sectarian politics and weak leadership have undermined political stability and weakened government capacity seriously. For instance, in a span of 12 years from 1991 to 2002, there were eight governments and three spells of the president's rule in UP . Likewise, more than 20 governments were in power in Bihar from 1961 to 1990, of which none was able to complete its term of office. As a result, most of the governments remained dysfunctional with a weak capacity to enforce law and order, regulate and guide the activities of the private sector, and design and implement programmes and projects effectively . The administrative capacity of both states has weakened during this period, as did the quality of governance, the rule of law, financial management, and implementation of developmental plans and programmes.

Due to poor governance, physical and economic infrastructures such as roads, transportation and electricity, essential for attracting investment and pursuing other development efforts, have remained inadequate in Bihar and UP. The Index of Infrastructure developed by the Finance Commission of India shows that Bihar is on the lowest rung in terms of physical infrastructure). Poor governance not only hampered the implementation of public funded programmes and projects, but also increased the costs and risks to private business – from small entrepreneurs to large business houses – in the face of poor law and order and increased corruption . Weak administration also undermined government’s capacity to mobilize local resources effectively to fund development expenditure. As a result, the lion’s share of revenue went to paying salaries and other administrative costs, while expenditure for health, education and infrastructure development depended heavily on central government.

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