Human Development: Not a Bird's Eye View but a Worm's Eye View Required

Dr. N. S. Shetty*

"People are the real wealth of a Nation". With these words, the first Human Development Report (HDR) of United Nations Development Programme (UNDP) in 1990 put the well-being of people at the centre of development. The well-being of people became the ultimate objective of the development. As the conventional measure of economic development based on Gross Domestic Product (GDP) and per capita income did not capture the basic aspects of well-being of people, human development was considered as an alternative development paradigm. Instead of one-dimensional measure of GDP, the Human Development Index (HDI) was conceived as a multi-dimensional composite measure of human development. It has now become a well-known yardstick of well-being of people. UNDP publishes every year HDR, comprising HDIs to measure and rank achievements in human development across countries since 1990. Many developing countries have also regularly brought out their country-specific HDRs to capture spatially performance in various dimensions of human development.

The Government of India, for the first time, prepared the National Human Development Report in 2001 providing Human Development Indices both state-wise and for the whole nation. Efforts were also made to bring out such reports periodically at the state level. All these reports are based on aggregation and averages at macro level. While the macro level perspective enables only to rank countries, regions and states based on achievements in various dimension indices as well as on composite index of HDI, the ground reality of performance of a range of human capabilities and deprivations cannot be captured with the aggregate indices. Moreover, with data availability constraints, the selection of capabilities and measurement indicators were restricted to few without considering the real human development concerns prevailing at micro level. In fact, while considering

human development, what is required is not a *bird's eye view* of human development at global and national level but a *worm's eye view* at micro level where the people actually live. HDI can be an effective policy and planning tool only if it takes into account all key variables affecting the well-being of people at the grass roots level and computed cross-sectionally for different social groups of the community at the bottom of the pyramid.

The purpose of this paper is to rationalize the need for using the HDI as yardstick to measure human development at micro level with a view to capture disparities in deprivation in all key dimensions affecting well-being of people. As a backdrop, an evolving understanding of human development approach and recent changes made in choice of variables and methodology in computation of HDI are presented in section one. Section two presents the limitation of HDI as measure of human development at macro level. In section three, the rationale for micro level perspective in use of HDI and its policy relevance are looked into. In the last section, an attempt is made to justify the micro level perspective in human development by using available secondary data at the district, taluk and GP levels HDIs computed in the Pilot Udupi District Human Development Report- 2005[1].

Vision of Human Development

Increases in GDP and per capita income were considered in the past as primary goal of economic development. The human development as an alternative development paradigm was evolved in the 1990s mainly as a result of disenchantment with the conventional measure of economic development based on GDP. As people are the wealth of nations, the development should centre around people and their concerns, needs and aspirations and not merely on the means of production. Accordingly, the purpose of development aimed at expanding the people's

* Professor Emeritus, JKSHIM, Nitte.

[1] Under Pilot program for preparing District Human Development Report implemented by Government of Karnataka in four districts, Udupi district was one of them. Other districts were Bijapura, Gulberga and Mysore. Udupi District Human Development Report 2008 was the first attempt in the country o prepare HDIs at GP level.

capabilities, choices and opportunities to enable them to lead lives they value most. The first HDR of UNDP published in 1990 defined human development as under:

> Human development is a process of enlarging people's choices. In principle, these choices can be infinite and change over time. But at all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living. If these essential choices are not available, many other opportunities remain inaccessible." (UNDP, 1990)

The vision of human development was, thus, made much broader than the conventional income approach. It emphasised building of functional capabilities of people as fundamental to live full, creative and with freedom and dignity. The objective of development should, therefore, focus on creating an enabling environment in which "people can develop their full potential and lead productive, creative lives in accordance with their needs and interests" (UNDP, HDR, 2001).

HDI as Measure of Human Development

By definition, human development is multi-dimensional, and hence the measuring of it involves developing a composite index using multiple human capabilities for evaluating achievements in well-being of people. The basic human capabilities considered by the UNDP are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living. They are considered essential and critical capabilities of human life as without them, people cannot have other choices and opportunities. The HDI was computed originally as a simple arithmetic average of three dimension indices of health measured by life expectancy at birth (LEB), education computed as a combination of adult literacy (two-third weight) and enrolment ratios at the primary, secondary and tertiary levels (One-third weight) and command over resources for standard of living measured by per capita real GDP adjusted for purchasing power parity in dollars (PPP$) to ensure international comparison.

In 2010, the twentieth anniversary edition of HDR, the UNDP introduced changes in measurement indicators and methodology for computation of HDI. While maintaining the three basic dimensional structures with equal weights, the changes introduced were mainly in the following three areas:

1. Measurement indicators: The life expectancy at birth is retained as the indicator for health dimension. For education dimension, a combination of mean years of schooling for adults aged 25 and older and expected years of schooling for a school-age child is chosen instead of adult literacy rate and combined gross enrolment ratio. The per capita Gross National Income (GNI) is substituted for per capita GDP as the measure for access to resources for decent standard of living.

2. Methodology for computation: For computation of aggregate dimensional index, instead of arithmetic mean, geometric mean is taken into account in the functional form in order to reflect intrinsic differences in achievement across dimensions.

3. Goal-posts: The caps in each dimension are set to observed maxima over the period for which HDI trends are available. Accordingly, the upper values are set to observed maxima over the time series between 1980 and the most recent year available. The lower bounds are set equal to subsistence minima as was in the past (life expectancy minimum is 20 years, mean years of schooling and expected years of schooling has a natural minimum as zero and minimum for per capita GNI is $100).

The HDI, as a composite index of three basic dimensions, has now become a well-known yardstick to measure human development. It provided an instrument to empirically measure and rank countries based on attainment in the three dimensions of human development. Since 1990, UNDP publishes every year HDRs wherein countries are ranked based on HDIs as well as its dimensions. Most of the member countries have brought out country-specific HDRs to capture region-wise performance in various dimensions of human development in their countries. The

Government of India, for the first time, prepared the National Human Development Report in 2001 providing Human Development Indices both state-wise and for the whole nation. The HDIs were used to rank the states. Madhya Pradesh was the first state to prepare a state-level HDR. Karnataka brought out the first HDR in 1999 and its second HDR in 2005. These reports have brought out district-wise performance of human development and highlighted regional level imbalances in the three dimensions of human development.

Flaws of HDI at Macro level

Notwithstanding popularity of the HDI as composite measure of human development, at present the HDI is used only at national and state levels. There are, however contentious issues as to the validity and limitations of the HDI as a composite measure of human development at macro level on the following grounds:

- When human development is multi-dimensional by definition, whether HDI as index of measuring human development can be restricted to only three capability parameters: health, education and income based on data availability constraint at macro level? What about other dimensions really affecting the well-being of people at the grass root level?

- When each capability dimension chosen has multiple measurement indicators, why dimensional index should be measured by one or two selected indicators only?

- Whether it is realistic to assume that all dimensions and indicators chosen to measure them are of equal importance in contribution to the well-being of people to warrant equal weights in computation of HDI when the relative importance differs from country to country depending on their socio-economic conditions[2]?.

- When the well-being of people is mainly governed by the capability factors prevailing at the grass root level where the people actually live, the relevance of HDI as measure of human development at macro level and its policy relevance are questionable and if any, limited.

Human development being multi-dimensional, the measuring of it should involve using of all key human capabilities and capturing them in a composite index. While health, education and income are critical, there are other capabilities such as equity, political and social participation, protection against discrimination, human rights, poverty, empowerment etc which are essential for the well-being of people and they cannot be ignored. Restriction to three dimensions makes the HDI too narrow as a measure of overall human development. It is also important to emphasize that the actual performance variations, disparities and deprivations in most of the dimensions affecting human development differ from country to country and over time. The relative importance of capability dimensions for well-being of people may not be the same for all countries and all time. Any aggregate measure restricted too few dimensions across countries or regions with equal weight without allowance for country context cast doubts on it validity for development policies.

Similarly, when the indicators to measure the capability dimensions are numerous, the choice of indicators cannot be restricted to one or two. Moreover the choice of indicators should be contextual and location-specific. In the case of education dimension for example, the issues are mainly centered on access, enrolment, drop-out rate, retention, transition rate, teacher-student ratio, quality of education, equity in education, educational attainments and education infrastructure. It cannot be restricted to literacy rate or enrolment ratios only as they do not reflect quality, knowledge, skill development and competence. In developed countries, literacy rate and enrolment may not be the major concerns of education dimension. Even the mean years of schooling as indicator of education do not reflect the quality or intensity of education and skill and knowledge.

In the case of health dimension, the life expectancy as a measurement indicator reflects only longevity and not the health profile of people during the time that they are alive. Even Sen has questioned whether life expectancy is a good indicator of the quality of life (Sen,1985). The life expectancy or longevity typically reflects quantity rather than quality of life. As per definition of health by WHO, health is "a state of

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[2] Dr. Mahbub ul Huq justified equal weights saying "all these choices were very important and that there was no a priori rationale for giving higher weight to one choice than to another"

complete physical, mental and social well-being and not merely absence of disease or infirmity". A number of factors determine good health. They are availability and affordability of adequate nutritionally balanced food, basic amenities such as housing, sanitation and safe drinking water, medical care, healthy life styles, availability of health infrastructure, accessibility of healthcare and ability to access health care and protection against environmental hazards and communicable and non-communicable diseases. The ability to lead a longer and socially and economically productive life of people depends on good health and availability of good health care facility. Accessibility, availability and affordability of health care facilities are, therefore, essential for better health outcomes.

The per capita income as proxy to the standard of living does not capture basic requisites of livelihood such as housing, nutrition, safe drinking water, sanitation and other amenities. The drawbacks of per capita GDP as a measure of wellbeing and its failure to capture inequality, poverty and deprivation in livelihood are well known and aptly brought out in the Report of the Commission on Measurement of Economic and Social Progress (Stiglitz et al, 2009). Moreover, income is not a direct capability dimension like health and education. It is an input to achieve most of the human capabilities including health and education and not merely for standard of living. While considering the dimension of standard of living, there is a need to consider all relevant livelihood indicators required for a decent standard of living.

The human development being multidimensional, the real challenge is to develop more inclusive and more holistic HDI as a measure of human development with a view to make it effective and relevant policy and planning instrument from human development perspective. Though, the macro level use of the HDI with restricted dimensions enables to rank countries, regions and states based on the achievements of chosen dimensions, it should be noted that they are based on aggregate and average data at national or state level. The aggregation and averages at macro level do not capture prevailing disparities and deprivations and hence, they have limited policy relevance[3]. The actual performance variations, disparities and deprivations in most of the dimensions affecting well-being of people cannot be reflected at macro level computation of HDIs. The ground realities of a range of human capabilities can be captured only from where people actually live. Ultimately human development has to take place in environment where the people live. Hence, the real issues affecting human development can be better analyzed only at micro level.

Validity and Robustness of HDI at Micro level

The human development being multi-dimensional, the HDI needs to be broadened to take into account all potential dimensions affecting the well-being of people. The composite measure of human development should, therefore, go beyond restricted subset of indicators of three core dimensions. It should include all key factors - economic, social and political - affecting the wellbeing of the people. It should focus on inclusiveness and factors causing capability deprivation through social exclusion and discrimination. This is possible only at micro environment where people actually live. Moreover, the actual performance variations disparities and deprivations in most of the dimensions and peoples' choices and capabilities can be better tracked at household and micro level. Compilation of meaningful and reliable data for various capability dimensions and their measurement indicators can be also easily done only at the micro and household level. The micro level perspective, besides ranking bottom level regions, facilitates ranking of communities, evaluation of prevailing policies and programs and their impact from human development lens.

With a broader approach and disaggregated analysis, the HDI at the micro level can, thus, become the main instrument to infuse human development concerns in policies and programs and thereby, bring the human development agenda closer to the people and reality. Thus, what the approach to human development requires is more *a worm's eye view rather than more a bird's eye view.* Then only the HDI becomes more meaningful and will have more policy and planning relevance.

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[3] In the context of aggregating, Samuelson pointed out that "there is nothing intrinsically reprehensible in working with such aggregate concepts —but it is important to realize the limitations of these aggregates and to analyze the nature of their construction" (Samuelson, 1983)

In India, Grama Pachayats (GPs) are the bottom of the pyramid in governance structure. The 73rd and 74th Constitutional Amendment mandated decentralized planning at the Grama Panchayat (GP), intermediate panchayat and district panchayat levels. Since the well-being of the people is the ultimate objective of the development, the process of decentralized planning needs to be articulated in terms of human development perspective at the GP level. Hence, at micro level, the GPs should be made the focal points for preparing HDIs. The micro level use of the HDI would besides ranking of bottom level GPs, and social groups, facilitate evaluation of prevailing development policies and programs and their impact on the well-being of the people. The GP level HDRs can also provide baseline information for prioritizing and preparing programs and policy interventions for inclusive and sustainable human development in the district.

Thus, the HDI at the micro level avatar can become the main policy instrument to infuse human development concerns in policies and programs and thereby bring the human development agenda closer to the people and reality. The HDI at micro level would definitely become a mirror for policy makers to see how the people in the societies live, what are the capability deprivation faced by them, and where the real thrust areas are for policy intervention to achieve comprehensive and sustainable human development.

Some Empirical Evidence

In this section, an attempt is made show empirically the justification and policy relevance of using the HDI at micro level and the limitation of use of the HDI at macro level. For the purpose of empirical analysis, the available secondary data from Karnataka State HDR 1999 and 2005 and Udupi District Pilot HDR 2008 are used. The Karnataka HDRs provides only state level and district-wise HDIs, whereas the Udupi District Pilot HDR provides, for the first time, GP level HDIs. Hence, for the purpose of empirical illustration in this paper, the district and taluk level HDIs are considered as macro level estimates as they are based on aggregate and average data and the GP level HDIs are considered as micro level.

Both KHDRs and Pilot Udupi DHDR have adopted the UNDP's three dimensional conceptual framework and methodology for computation of HDIs. Since these HDRs were undertaken prior to 2010, the broader approach and modifications suggested in the UNDP's 2010 HDR were not taken into consideration[4]. Accordingly, health was measured by life expectancy at birth, educational attainment was computed as a combination of adult literacy and enrolment ratios at the primary, secondary and tertiary levels and per capita income was adjusted for purchasing power parity in dollars (PPS)[5].

Table 1 shows the HDIs computed for Udupi district by KHDRs and the Pilot Udupi DHDR.

Based on the estimated district-wise HDIs for all

Table 1
HDI and its Dimensions Indices of Udupi District and the State

Indicators	1999		2005		2008
	District	State	District	State	Pilot DHDR
Health	0.685	0.618	0.713	0.680	0.798
Education	0.830	0.602	0.842	0.712	0.880
Income	0.463	0.402	0.588	0.559	0.608
HDI	**0.659**	**0.541**	**0.714**	**0.650**	**0.762**

Source: Karnataka Human Development Report-2005 and Udupi Pilot- DHDR 2008

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[4] Based on the experience gained in the pilot DHDRs, the Government of Karnataka has now initiated preparation of DHDRs for all districts in the state with broader approach focusing on 176 taluks by taking into account most of the capability measurement indicators which are found critical for the well-being of the people in the state.

[5] The GDP and per capita GDP at panchayat level were estimated following the computation methodology of Directorate of Economics and Statistics, Government of Karnataka in the Pilot Udupi District HDR as they are not computed by the Government and hence not available.

districts in the state by KHDR both 1999 and 2005, Udupi district was ranked first in health, second in education, fifth in income and third in overall HDI. Bangalore Urban was ranked first and Dakshina Kannada second in HDI. In all dimension indices and composite HDI, the district has significantly higher index values than the state average values. Similarly, the comparison of HDIs and its composition at taluk level in Table 2 shows that the inter-taluk disparities in dimensional indices and HDIs are not very significant.

Even the differences between the district level HDI and taluk HDIs are only marginal. Based on the district and taluk level aggregate macro level index values, Udupi district as well as all three taluks were considered the top most ranking in all dimensions of human development as well as in the overall human development in the state.

The aggregate indices at the district and taluk level, however, did not capture the prevailing wide disparities in various dimensions as well as in overall human development in 146 GPs and four urban local bodies in the district. This has been evidently shown in the analysis of GP-wise indices of human development in Table 3. From the table, it may be seen that out of 146 GPs and four urban local bodies, 116 GPs are below the district average HDI of 0.762. The percentage of GPs below the district average works out to 79 percent. Only four urban centres and 30 GPs are above the district average HDI. 27 GPs, which works out to 18 percent have HDIs below 0.700.

The distribution pattern of GPs based on the human development indices is also varies in different taluks. In Kundapura taluk, out of 56 GPs, 49 GPs are below the District HDI. The percentage of GPs below district HDI works out to 88 percent. Udupi taluk has 46 GPs below the District HDI. The percentage works out to 75 percent. Karkala taluk has the lowest number of GPs below district HDI. They are 20 out of total 29 GPs in the taluk. The pilot study also shows that disparity between rural and urban areas is very wide in all taluks. In Karkala taluk, as against HDI of 0.752 in rural areas, the HDI of urban areas works out to 0.864. In Kundapura, the rural HDI is 0.732 as against the urban HDI of 0.902. Udupi taluk has the HDI of 0.744 as against the urban HDI of 0.885

In Table 4, the distribution of GPs based on one of the dimension per capita income is given.

The analysis of the data in the table shows that nearly 40 percent of the GPs in all taluks have per capita income below Rs.15,000 and two-thirds of GPs fall under the category of per capita income below Rs.20,000. In Kundapura, 5 GPs and in Karkala 2 GPs have per capita income below Rs.10000. Out of 146 GPs, only 18 GPs have per capita income above Rs. 25000 per annum. Taluk-wise, 9 GPs in Udupi, 5 in Kundapura and 4 in Karkala have this level of per capita income. Only two GPs in Udupi, three in Kundapura and two in Karkala have per capita income above the district average of Rs. 30990.

Kanthavara and Renjala in Karkala taluk and Karkunje, Golihole, Shiruru, Uppunda and Kalthodu GPs in Kundapura taluk comes under the poorest category of

Table 2
Taluk-wise Comparison of HDI and Its Composition -2008

Taluk	Health	Education	Income	HDI-I
Karkala	0.812	0.870	0.591	0.758
Kundapura	0.805	0.840	0.572	0.739
Udupi	0.778	0.910	0.635	0.774
District	**0.798**	**0.880**	**0.608**	**0.762**

Source: Pilot Udupi DHDR 2008

Table 3
Distribution of Grama Panchayats According the level of HDI

HDI	Karkala		Kundapura		Udupi		District	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent
0.500 – 0.600	-	-	-	-	-	-	-	-
0.600 – 0.700	3	10.00	15	26.32	9	14.29	27	18.00
0.700 – 0.750	14	46.67	23	40.35	34	53.97	71	47.33
0.750 – 0.800	9	30.00	16	28.07	15	23.81	40	26.67
0.800 – 0.850	2	6.66	2	3.51	4	6.35	8	5.33
0.850 – 0.900	2	6.67	-	-	1	1.58	3	2.00
Above 0.900	-	-	1	1.75	-	-	1	0.67
Total	**30**	**100.00**	**57**	**100.00**	**63**	**100.00**	**150**	**100.00**

Source: Pilot Udupi HDR 2008.

below Rs. 10,000 per capita income. In Udupi taluk, none of the GPs come under this category. The majority of the GPs in all taluks come under the per capita income category between Rs. 10,000 and Rs. 20,000. Nitte, Nadpalu and Hirgana GPs, in Karkal taluk, Marawante, Kolluru, Hosangadi, and Gangolli in Kundapura taluk, and Uliyaragoli and Varamballi in Udupi taluk have per capita income of more than district average of Rs.30990. It is important to note that the district average was mainly driven by the high per capita income level in urban areas. As against Rs 18340 per capita income in rural areas, the average per capita income in urban areas was Rs. 106470.

Almost similar pattern was observed in all taluks.

An attempt is made in Table 5 to provide a comparative analysis of GPs based on ranks according to HDI in descending order for each taluk.

Inter-GP comparison in the table clearly shows that there are wide disparities in the levels of human development among GPs within the district. The range of variation is between the lowest 0.636 in Kergal GP in Kundapura taluk and the highest 0.847 in Hirgana GP in Karkala taluk – about 36 percent. In Kundapura taluk, Kergal has the lowest HDI of 0.635 and Hosangadi has the highest HDI of 0.835. In Karkala taluk, Inna GP

Table 4
Distribution of Gram Panchayats According to Per Capita Income

Income (Rs.)	Udupi		Kundapur		Karkala		District	
	No.	%	No.	%	No.	%	No.	%
Below 10000	0	0	5	8.93	2	6.90	7	4.79
10000 – 15000	26	42.62	22	39.29	8	27.58	56	38.36
15000 – 20000	17	27.87	16	28.57	9	31.03	42	28.77
20000 – 25000	9	14.75	8	14.28	6	20.69	23	15.75
25000 – 30000	7	11.48	1	1.78	1	3.45	9	6.16
30000 – 35000	1	1.64	1	0	1	3.45	3	2.06
35000 – 40000	1	1.64	1	1.78	1	3.45	3	2.06
40000 – 50000	0	0	0	0	0	0	0	0
Above 50000	0	0	2	3.57	1	3.45	3	2.05
Total	**61**	**100.00**	**56**	**100.00**	**29**	**100.00**	**146**	**100.00**

Source: Pilot Udupi HDR 2008 *Note: Excluding CMC Udupi, Kundapur and Karkal*

Table 5
Classification of Grama Panchyats Based on HDI (Descending order)

Karkala	Kundapura		Udupi	
Top Ranking (Above 0.750)				
1 Hirgana	1 Hosangadi	12 Shankarnarayana	1 Varamballi	13 Uliyargoli
2 Nitte	2 Koteshwara	13 Maravanthe	2 Innanje	14 Kuthyaru
3 Nadpalu	3 Hangaluru	14 Navundha	3 Pandeshwara	15 Belle
4 Hebri	4 Siddapura	15 Beluru	4 Belapu	16 Thenka
5 Shivapura	5 Yedthare	16 Bijoor	5 Yelluru	17 Palimaru
6 Sanuru	6 Thekkatte	17 Bijadi	6 Majoor	18 Kurkalu
7 Bola	7 Gangolli	18 Hattiyangadi	7 Udyavara	
8 Durga	8 Anagalli		8 Kodi	
9 Kuchuru	9 Molahalli		9 Ambalpadi	
10 Mudradi	10 Kolluru		10 Kota	
11. Mudaru	11 Halihole-		11 Chnathru	
12 Kadtala			12 Kalyanpur	
Medium Ranking (0.500 – 0.750)				
13 Marne	19 Kavradi	33 Ajri	19 Kodibettu	36 Yedthadi
14 Bailuru	20 Amasebail	34 Bynduru	20 Irodi	37 Hejamadi
15 Varanga	21 Kumbhashi	35 Hakladi	21 Kotathattu	38 Kapu
16 Kukkunduru	22 Hemmadi	36 Gujjadi	22 Badagbettu	39 Avarse
17 Nalluru	23 Amparu	37 Nada	23 Kadekaru	40 Shiriyara
18 Nire	24 Haladi	38 Jadkal	24 Kalathuru	41 Shirva
19 Yerlapdi	25 Keradi	39 Kamadkone	25 T. Nidiyur	42 Haradi
20 Shirlalu	26 H-Mandadi	40 Talluru	26 Mudarangadi	43 Havanje
21 Mundkuru	27 Vandse	41 Madmakki	27 Perdur	44 Kokkarne
22 Belmannu	28 Thrasi		28 Handadi	45 Bada
23 Kanthavara	29 Basruru		29 Padubidri	46 Billadi
24 Palli	30 H-Mandalli		30 Kote	47 Manipura
25 Miyaru	31 Hangavalli		31 Hanehalli	48 Bairampalli
26 Renjala	32 Keduru		32 Bommarabettu	49 Cherkadi
			33 Barkur	50 Athradi
			34 Badanidiyur	51 Nalkuru
			35 Katpadi	52 Kunjalu
Bottom Ranking (Below 0.500)				
	42 Paduvari	50 Golihole	53 Thonse	61 Karje
27 Idu	43 Belve	51 Heroor	54 Alevuru	
28 Mala	44 K.manjeshwara	52 Balkur	55 Vaddarse	
29 Inna	45 Koni	53 Kalthodu	56 Heggunje	
	46 Kalavara	54 Karkunje	57 Uppooru	
	47 Aluru	55 Shiruru	58 Kadooru	
	48 Uppunda	56 Kergal	59 Kukkehalli	
	49 Chitturu		60 Mallaru	

Note: Excluding four town muncipalities

has the lowest HDI (0.671) and Hirgana has the highest HDI (0.847). In Udupi taluk, on the other hand, Karje GP has the lowest (0.648) and Varamballi has the highest HDI (0.832). In Karkala taluk, out of 29 GPs, 12 (42 percent) are top ranking above 0.750 HDI, 14 (48 percent) medium between 0.500 and 0.750 and only 3 (10 percent) in bottom ranking below 0.500 HDI. In Kundapura taluk, out of 56 GPs, 18 (32 percent) are top ranking, 23 (41 percent) medium and 15(27 percent) bottom ranking. In Udupi taluk, on the other hand, out of 61 GPs, 18 (29 percent) are top ranking, 34 (56 percent) medium and 9 (15 percent) are in the bottom.

Thus, from the above analysis, it is evidently clear that the macro level indices of human development based on aggregate data do not reveal the disparities and deprivations prevailing in well-being of people at the micro level where people actually live. The macro level HDI as measure of human development has thus limited policy relevance. HDI as composite measure of human development at micro level only reveals the real position of the well-being of the people and hence it has more policy relevance.

Concluding Remarks

The ultimate objective of development is well-being of people. The HDI as a composite measure of human development, over past two decades, has rightly attracted a great deal of interest among policy and academic circles as well as in the broader community interested in development issues. Because of its simplicity and ease of computation, the HDI has become a well-known yardstick of well-being of people and succeeded in challenging the hegemony of conventional growth-centric thinking. There are, however, criticisms mainly on choice of dimensions and their measurement indicators and computation methodology adopted for construction of HDI. The 2010 HDR has made an attempt to address some of these contentious issues and suggested some changes.

In spite of its popularity, the HDI as a measure of human development is used, at present, only at macro level as an aggregate index. This paper has made an attempt to highlight the limitations of the HDI as measure of human development at macro level and the need for adopting it at micro level. While macro perspective enables to rank countries, states and regions based on HDIs, it does not capture disparities and deprivations in capability dimensions affecting the well-being of people. There are also questions about restriction of dimensions and use of one or two measurement indicators with equal weights uniformly across countries when human development is multi-dimensional and measurement indicators are numerous, contextual and location and time specific. Consequently they differ widely depending on socio-economic conditions prevailing at particular point of time. All these aspects cannot be taken into consideration at macro level. Hence, HDI as composite measure of human development at macro level has only limited policy relevance.

Most of the contentious issues involved in the computation of HDI can be easily resolved at micro level. At micro level, it is possible to go beyond the three core dimensions, choose number of measurement indicators actually affecting each dimension of human development, vary the weights both within and between dimensions and use more reliable household data. It is also possible to use HDI at micro level for various cross-section analytic purposes. It can be used for analysing disparities and deprivations in rural and urban areas, for social groups, religious communities and for evaluation of prevailing policies and programs from human development perspective. The conclusion emerging from this paper is that HDI at micro level avatar would be definitely a better instrument to evaluate how the people live, what capability problems they face and where the thrust areas for policy and planning intervention.

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BRICS Countries

The five BRICS counties – Brazil, Russia, India, China and South Africa – are hardly similar in most respects. Even their recent economic fortune varies widely. Growth in Brazil, Russia and South Africa has been very weak. China has had high growth and low inflation, all others have had problems with inflation, especially recently. Interest rates are also widely divergent. Nobody has a major debt problem, but the gap between Russia and China and the others is nevertheless wide. When it comes to setting up something like the BRICS Bank it is China which has the deep pocket because it leaves everyone behind in terms of FOREX Reserves. The only place where China does not dominate is the recent stock price moves.

*– **Indian Management, AIMA (2014)***