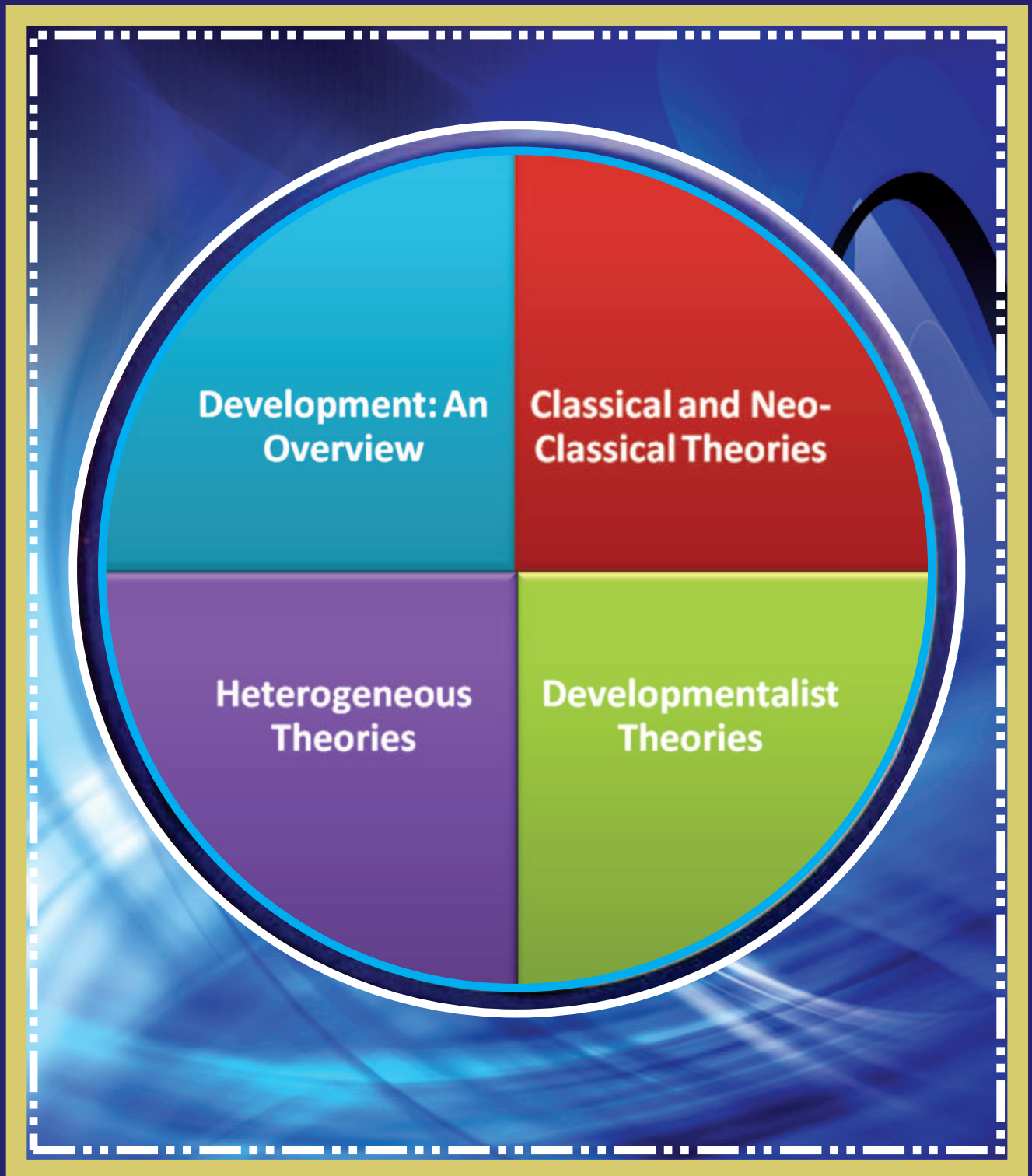




MDV-101

Introduction to Development and Development Theories

Block

1

DEVELOPMENT: AN OVERVIEW

UNIT 1

Development – Concept and Paradigms	5
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UNIT 2

Economic Development	22
-----------------------------	-----------

UNIT 3

Human Development	40
--------------------------	-----------

UNIT 4

Political Development	58
------------------------------	-----------

PROGRAMME DESIGN COMMITTEE

Prof. Amita Shah Gujarat Institute of Development Research, Ahmedabad	Prof. P. Radhakrishnan Madras Institute of Development Studies, Chennai
Prof. S. K. Bhati Jamia Millia Islamia, New Delhi	Prof. Ramashray Roy (Rtd) Centre for Study of Developing Societies, Delhi
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	Dr. P.V.K.Sasidhar IGNOU, New Delhi

PROGRAMME DESIGN COMMITTEE (REVISED)

Prof. T.S. Papola Institute for Studies in Industrial Development, New Delhi	Prof. Nadeem Mohsin (Rtd) A.N.Sinha Institute of Social Sciences, Patna
Prof. S. Janakrajan Madras Institute of Development Studies, Chennai.	Prof. Rajesh University of Delhi, New Delhi
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Dr. S. Rubina Naqvi Hindu College, University of Delhi, Delhi	Dr. Nisha Varghese IGNOU, New Delhi
	Dr. Grace Don Nemching IGNOU, New Delhi

COURSE PREPARATION TEAM

Unit Writer:

Prof. B. K. Pattanaik
IGNOU, New Delhi (Unit 1 & 2)
Dr. Preet Rustagi and
Dr. Rajinik Menon
Institute of Human Development,
New Delhi (Unit 3)
Prof. Nehal A. Farooquee
IGNOU, New Delhi (Unit 4)

Editors:

Prof. T. S. Papola (Content Editor)
Mr. Praveer Shukla (Language Editor)
Prof. P.V.K. Sasidhar
Dr. Nisha Varghese
Dr. Grace Don Nemching

Course Coordinator : Dr.Nisha Varghese,E-mail : nishavarghese@ignou.ac.in
Programme Coordinators : Prof. P.V.K. Sasidhar, Prof. B.K. Pattanaik,
Prof. Nehal A. Farooquee,

PRINT PRODUCTION

Mr. S. Burman Deputy Registrar (Publication) MPDD, IGNOU, New Delhi	Mr. KN Mohanan Asst. Registrar (Publication) MPDD, IGNOU, New Delhi	Mr. Babu Lal Rewadia Section Officer (Publication) MPDD, IGNOU, New Delhi
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MDV-101 INTRODUCTION TO DEVELOPMENT AND DEVELOPMENT THEORIES

Development is a dynamic and multidimensional concept. Introduction to Development and Development Theories is one of the important courses in Master of Arts in Development Studies. Theories that gain recognition in a discipline shape the field and help define the scope of practices and help the professionals to gain basic understanding of the discipline. This course will help understand various paradigms and theories of development which are essential in understanding the process of development

MDV 101 has four blocks namely Development: An Overview, Classical and Neo-Classical Theories, Developmentalist Theories and Heterogeneous Theories.

Block 1: on ‘**Development-An Overview**’ consists of 4 units, these are Development - Concept and Paradigms, Economic Development, Human Development and Political Development.

Block 2: on ‘**Classical and Neo-classical Theories**’ comprises four units viz., Classical Theories, Neo-classical Theories, Marxian Theory and Schumpeter Theory.

Block 3: ‘**Developmentalist Theories**’ consists of four units, namely, Balanced Development Theories, Unbalanced Development Theories, Rostow’s Stages of Economic Growth and Development; and Developmental State Theory.

Block 4: ‘**Heterogeneous Theories**’ consists of four units, namely, Neo-Liberal Theories, Dependency Theory, Human Capabilities Theory and Gandhian Theory.

BLOCK 1 DEVELOPMENT: AN OVERVIEW

Block 1 on ‘Development: An Overview’ with four units gives an overview of various categories of development relevant to Development Studies.

Unit 1 on ‘Development - Concept and Paradigms’, discusses the meaning and concept of development. The unit also gives a detailed account of various paradigms of development.

Unit 2 on ‘Economic Development’ discusses the definition of economic development and how it is different from economic growth. This unit also discusses some of the common measures used in the measurement of economic development. It also gives an account of the obstacles to economic development and features of underdeveloped countries.

Unit 3 on ‘Human Development’ this unit provides a general introduction to the concept of human development. It also discusses the human development measurements and indices and the various dimensions of human development.

Unit 4 on ‘Political Development’ gives an account of development of political system. It discusses the various attributes and contributions of political development. The unit also gives a brief history of political development at international level.

UNIT 1 DEVELOPMENT – CONCEPT AND PARADIGMS

Structure

- 1.1 Introduction
- 1.2 Development: Its Meaning and Variants
- 1.3 Development Paradigms
- 1.4 Let Us Sum Up
- 1.5 References and Suggested Readings
- 1.6 Check Your Progress - Possible Answers

1.1 INTRODUCTION

Development is an easy word to say, but a difficult and complicated one to define. Although, the term is used abundantly in common parlance, as well as in academic discourse, yet, its definition has always remained as a debated issue amongst social scientists. However, development, and its related terms, remains fundamental to contemporary thinking.

After going through this unit, you should be able to

- define development and paradigm of development
- discuss various development paradigms

1.2 DEVELOPMENT: ITS MEANING AND VARIANTS

After the Second World War, and, with the independence of the Asian and African countries from the colonial rule, the developmental priorities of these nations become subjects of study of the USA and other Western countries. Since the per capita real income in all these countries was conspicuously low, high priority was given to developmental programmes which could help Asian and African countries realize the maximum possible growth rate. In this process, several factors cropped up, such as education, health, sanitation, poverty eradication, and malnutrition. It was in this connection that the importance of development was realized. Development is no longer considered to be the same as growth, as it was earlier perceived by developed world. Development economists are no longer impressed by the growth performance of the economy reflected in terms of rise in GNP; rather, they concentrate more directly on development processes. The differences between the terms, growth, and development, urged social scientists to begin to define the term, development. Development and its related terms remain fundamental to contemporary thinking. There is no agreement among developmental thinkers regarding a common definition of development. Some say it is an increase in income and productivity while others lay emphasis on the quality of life, provision of basic needs, happiness, and wellbeing. Some of the definitions of development, given by a few developmental economists are discussed below.

Gunnar Myrdal (1960), treats development as an upward movement of the whole social system by providing better living condition, viz. adequate food,

better housing, improved facilities for health, education and training, and the general improvement of cultural facilities, which are all desirable.

According to Bernstein (1973), “development embodies a value judgment, as it encompasses the desirability for overcoming malnutrition, poverty, and diseases which are the most immediate and widespread aspects of human suffering. In positive terms, it advocates a commitment to development that transcends the limiting term of economic growth to embrace such features as social justice, equality of opportunity, full employment, equitable distribution of income, and basic political freedom.”

The International Labour Organization (ILO, 1976) insists on incorporating the basic needs strategy in the development plans for developing countries. First, a plan should include the minimum requirements of a family for private consumption: adequate food, shelter, and clothing, and the necessary household equipment and furniture. Second, it would include essential services provided by, and for, the community, such as safe drinking water, sanitation, public transport, and health and education facilities.

According to Seers (1979), the three additional requirements for the use of the term development are a decrease in poverty and malnutrition, a decline in inequality, and improvement in the employment situation.

According to Meir (1995), development means growth plus change; there are essential quality dimensions in the development process that extend beyond the growth or expansion of an economy through a simple widening process.

According to Amartya Sen (1999), a country can grow rapidly but still do badly in terms of literacy, health and life expectancy. Sen interprets development as a process that expands what he terms, the entitlements and capabilities, of the people. He opined that instead of concentrating on national product or aggregate income, development economists should concentrate on the entitlements of people and the capabilities these entitlements generate.

According to Cypher and Dietz (2009), development incorporates the diverse and broad aspirations of, what might be called, the ‘good life’, in all its economic, social, and political dimensions. They were of the view that development is about realizing very fundamental human values, and finding the means to extend the fruits of these values to the greatest majority of the world’s population.

According to Tadaro, “development is both a physical reality and a state of mind in which society has, through some combination of social, economic, and institutional processes, secured the means for obtaining a better life.” In order to achieve development, all society must have at least the following three objectives-

1. To increase the availability and widen the distribution of basic life sustaining goods such as food, shelter, health, and protection to all members of society.
2. To raise levels of living, higher incomes, provide more jobs, better education, and more attention to cultural and humanistic values. These all are required not only to enhance material wellbeing but to generate greater individual and national self-esteem

3. To expand the range of economic and social choice to individuals and nations by freeing them from servitude and dependence, not only in relation to other people, nation, and states, but to the forces of ignorance and human misery.

Adisesiah termed development, 'growth with social justice'. Adisesiah, in the 1960s, extended the Horrod Domar Model by including various other dimensions of development. The model as written by him is

$$Y_1 = f(L_1, K_1, T_1, R_1, S_1)$$

Y_1 = The total output during a period of time T

L_1 = Labour

K_1 = Capital

T_1 = Technical knowledge

R_1 = Natural resources

S_1 = All social, educational, cultural and political factors

According to Adisesiah (1990), development is the removal of poverty, unemployment, inequality, illiteracy, and ill health, and, is one of ensuring participation in government.

The Millennium Development Goals declared by the United Nations General Assembly on September 8, 2000 delineate the paradigm of development for the nation state. Those are

Group – 1: Eradication of extreme poverty and hunger

Group – 2: Achieve universal primary education

Group – 3: Promote gender equity and empower women

Group – 4: Reduce child mortality

Group – 5: Improve maternal health

Group – 6: Combat HIV/ AIDS, malaria and other diseases

Group – 7: Ensure environmental sustainability

Group – 8: Develop a global partnership for development

Thus, from this review, it is clearly observed that development is not merely raising economic growth, but that it goes much beyond it, and economic growth is one of the components.

Some of the important components of development could be

- increase in income and productivity
- increase in social welfare through the provision of better healthcare and education
- increased access to basic needs, i.e., food, clothing, and shelter
- enhanced choices and opportunities
- increase in income and employment opportunities
- reduction of disparities
- Enhance quality of life of the people by way of increased and improved social services
- reduction of poverty, malnutrition, and diseases
- increased access to potable drinking water and sanitation
- provision of infrastructure facilities for better living conditions such as road, electricity, and information gadgets.

After reading this section, you will have gained an idea about the term, development: its meaning and variants. Now, answer the questions given in *Check Your Progress-1*.

Check Your Progress 1

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. Development is a multi-dimensional concept — illustrate.

.....

.....

.....

2. Discuss various components of development.

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1.3 DEVELOPMENT PARADIGMS

Thomas Kuhn in his book, ‘The Structure of Scientific Revolutions’, tried to popularize the term, paradigm. According to Kuhn, a paradigm is a “universally recognized scientific achievements that, for a time, provide model problems and solutions to a community of practitioners”. Kuhn used the term, paradigm, due to the tremendous shift in the scientific worldview, from the mechanistic approach of Newton to the realistic one of Einstein. Hussain (2003) has remarked that a paradigm, according to Kuhn, is a framework of thought within which questions are posed, and, answers, pursued. In other words, a development paradigm is a way of perceiving development in terms of its manifestations, process, and causes through a certain prism. According to Sato and Smith, ODII (1993), a paradigm shift in development, to be minimally consistent with Kuhn’s concept, would need to meet three conditions: (i) it must provide a metatheory, that is, one that serves to explain many other theories; (ii) it must be accepted by a community of practitioners; and (iii) it must have a body of successful practice, ‘exemplars’, that are held up as ‘paradigms’ in practice. To them and according to the metatheory, development should be people-centered; democratically organized; responsive to the whole environment, not only the ecological and the economic, but also the political, social and cultural and balanced, for example between centre and periphery, between public and private, between the roles of men and women. The Johannesburg Growth and Development Strategy outline, Development Paradigm as an in-principle argument for how to conceptualize and overcome the development challenges confronting nations. Some of the principles which they included are sustainable and inclusive development, basic needs, a focus on people and not on place, and decentralized development strategies. The ODII (Organizing for Development, an International Institute) report, while defining the term, development paradigm, has mentioned that “development must be human-centered, coming from within, rather than imposed from the outside. In addition, the center of effort in development needs to shift from resource-based strategies to interactive or participative strategies.”

Bellu (2011) while defining ‘development paradigm’ noted that development was very rarely considered to be a “God-given” condition of socio-economic system, implying that policy makers at national and international level have always thought that some activities were required to promote positive changes.

V.R. Panchamukhi, in his article, ‘New Paradigms of Development’ has the following observations about development

- (i) development can no longer be identified as a process of shifting surplus labour from agriculture to the industrial sectors
- (ii) growth is no longer the guarantor for trickle down effects
- (iii) market as an instrument for ensuring optimum allocation of resources has been discredited
- (iv) concepts such as take off, big push, great support, backward and forward linkages, have also lost their essence.

Therefore, he said that simplistic paradigms of the development economics are no longer valid. The existence of large pockets of poverty, despite a long period of planned development, widening gaps between the haves and have-nots, neglect of the inadequacies of the social aspects of development, such as education, health, and other basic needs, have cast doubts on the utility of received paradigms of development. Development, in the sense customarily perceived as growth and increase in income, no longer persists.

Some of the facets of the development paradigm are

- development not only means the increase of GNP, but includes aspects such as social, human, cultural, and political dimensions
- the focus has shifted from the one sector model to dual sector models, for example, rural-urban; agriculture and industry linkages, etc.
- the shift from a centralized to a decentralized model, for faster development.
- inclusive development, where every individual participates in development processes, and exclusion is minimal.
- linkages of the national economy with the international economies, and the role of FDI in development of the developing economy.
- development with a humane face removing poverty, hunger, and human misery from society.

Different paradigms of development are as follows:

(i) Less Consumerism and More Welfare Paradigm

At the outset, the modern philosophy of development intends to enhance the human wellbeing. In other words, it wants to move from consumerism towards welfare and from the concentration of wealth towards the dissemination of wealth. Consumerism is guided by selfish motives leading to malpractice and distortions of the market. The use of terms such as, creative capitalism, or, benevolent capitalism, are steps towards moving away from the consumerism of an elite group, voluntary or forced, either of which would be suitable strategies for better distribution of the benefits of growth. The existing development paradigm has made man largely into an economic species by making

him more and more materialistic, individualistic, and self-created. Mahatma Gandhi once said that “complete non-possession is an abstraction. It can never be fully realized. There is a distinction between possession and possessiveness. The evil lies not in possession as such, but in possessiveness it is this (possessiveness) which is the root cause of conflict.” Consumerism, in general, and imitative consumerism, in particular, has brought about distortions in the pattern of development. In the words of JRD Tata “industrial enterprise, whether in the private or the public sector, can and could do much within their means to improve the conditions of life of the surrounding population, relieve distress where it exists, help find work for the unemployed and extend a helping hand to those who need it.” In the new paradigm of development, economic growth, consisting of the accumulation of wealth and gross national product, would not be considered as sole objectives of development.

(ii) The Human Development Paradigm

Human beings are the key factors of the development. The concept human capital came into the development arena in the 1960s. It emphasized the quality of human capital, their skills and education, for the generation of wealth, and for the accumulation of capital. Education is regarded as a means of differentiation of labour skills through making use of one’s mental and physical talents, or, by developing new ones, which enable one person to differentiate his labour from that of others (Adisesiah, 1990). Thus, education is the seed as well as the flower of development. The income and wealth of a person would be better enhanced, not by the accumulation of wealth, but by the accumulation of knowledge. Developed countries like the US, Japan, and South Korea have grasped the importance of human capital, better than developing countries. The per capita expenditure on education, and the expenditure on education as a percentage of GDP are much higher in developed countries compared to that of developing countries. Harbinson (1973) says: “human resources constitute the ultimate basis for the wealth of nations. Capital and resources are passive factors of production. Human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward national development. The human resource development is one of the pivotal aspects of development, which promote economic, social and all other development”. Human capital plays a significant role in stimulating growth. It is the quality of the human beings that counts. It is man who builds up the wealth and fabric of a nation.

The UNDP launched its first Human Development Report in 1990 and constructed a composite index called the Human Development Index (HDI). The three important components of HDI are: Life Expectancy-representing a long and healthy life; Literacy-educational attainment; and, Real GDP- representing a decent standard of living. UNDP (2001) has envisaged that Human Development is about much more than the rise and fall of national incomes. It is about creating an environment in which people can develop that potential, and lead productive and creative lives according to their needs and interests. It considers that the people are the real wealth of a nation. The National Human

Development Report – 2001, Government of India, had a consensus and a broad-based view about human development. It viewed development in terms of three critical dimensions of wellbeing: those that are related to long life - the ability to live long and healthy lives; education- ability to read, write, and acquire knowledge; and, command over resources - the ability to enjoy a decent standard of living, and have socially meaningful lives.

(iii) Basic Needs Paradigm

The basic needs approach is an attempt to deal directly with poverty in the fields of food, nutrition, sanitation, health, education, and housing. The ILO (International Labour Organization) has indicated two crucial elements in the Basic Needs Approach: (i) first, they include certain minimum requirements of a family for private consumption, i.e., adequate food, shelter, and clothing, as well as certain household equipment and furniture; and (ii) second, they include essential services provided by, and, for the community at large, such as safe drinking water, sanitation, public transport, health, education and cultural facilities. Todaro (1977) mentioned that development in all societies must have at least the following three objectives: (i) to increase the availability and widen the distribution of basic life sustaining goods such as food, shelter, health, and protection; (ii) to raise the level of living including, in addition to higher incomes, the provision of more jobs, better education and greater attention to cultural and humanistic values, all of which will serve not only to enhance material well being but also to generate greater individual and national self esteem; and (iii) to expand the range of economic and social choices available to individuals and nations by freeing them from servitude and dependence, not only in relation to other people, but also to the forces of ignorance and human misery.

(iv) Social Development Paradigm

Social development is not only influenced by economic development, it also influences economic development. Social indicators such as education, health, women's empowerment, and participation by the socio-economically backward people in the development process would promote faster development. Therefore, social inclusion is, today, considered as one of the important factors of growth and development. The welfare of women and children is not only the responsibility of the family but also of society and the nation. Therefore, national and international agencies have launched many programmes for the welfare of women and children. The Integrated Child Development Scheme (ICDS), launched in many developing countries with the support of UNICEF, is an example of pre-school education and health care of children, and nutritional care of children and lactating mothers is one of such examples. It is realized that human, or, social capital seems to be more significant for development than material resources. In recent years, social capital has become one of the important dimensions of human inputs in community development and wellbeing. Moreover, social development is influenced by the social norms, values, traditions, etc., which influence development, directly, or, indirectly. Maiti in his book 'Development Ethics' gives eight components of social capital described in Figure-1.

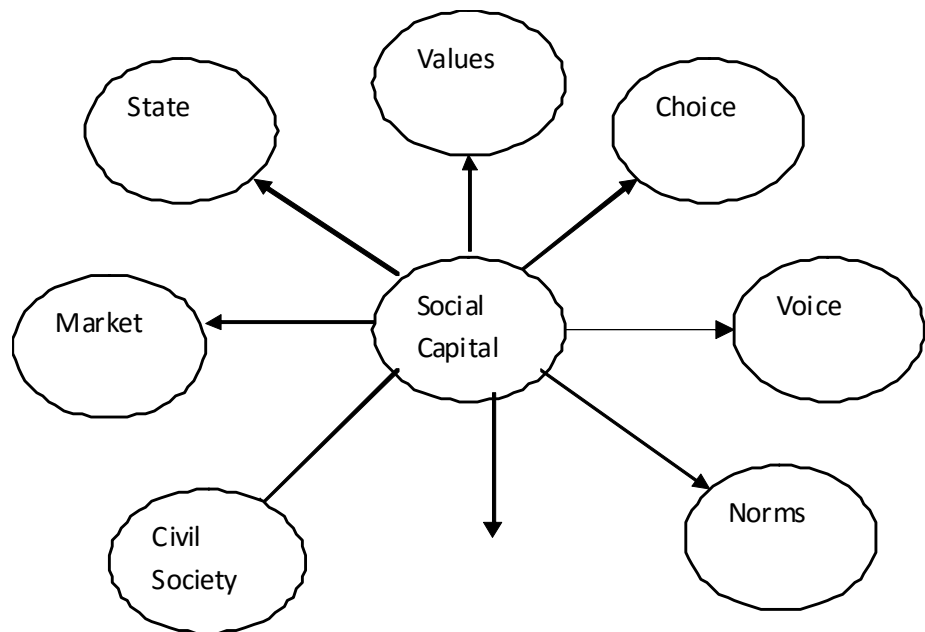


Figure 1: Social Capital

Source: Maiti, P (2008), *Development Ethics*, Concept Publishing Company, New Delhi.

All eight components of social capital play important role in the development processes. Social capital must be emphasized for the speedy socioeconomic development of a nation.

(v) The Agriculture-Industry Interface Paradigm

Development requires a frequent, equity based interaction between agriculture and industry. In the dualistic growth models, the relationship between subsistence agriculture and manufacturing industry is rarely established to augment growth and development. The modern industrial sector develops by importing labour, capital and raw materials, while agriculture remains a subsistent activity. There is poor connection between agriculture and industry. Customarily, the connection between agriculture and industry is established by the use of unskilled and semi-skilled labour force from the agriculture to be used in the industrial sector. In this set up, economic growth and development are referred to as the transfer of the labour force from subsistence agriculture to the market oriented industrial sector. In other words, this implies that industry is associated with everything that is modern and growing, and agriculture is traditional and stagnant. Agriculture is largely treated as low in productivity, while industry as high in productivity, in other words, industry is considered to be the big brother in the process of development. As a result, in many developing countries, the contribution of the industrial sector is seen to be increasing, while the contribution of the agricultural sector to GDP is either constant, or, slow, or even, diminishing. As industrial employment goals and per capita income expand, the urban demand for agricultural products increases. This requires a market oriented agricultural growth and historically this happens only in a few countries where agriculture faces genuine negligence. Agricultural economists cite the example of Japan from the Meiji revolution to World War I, when agriculture and industrial development went forward, concurrently.

Therefore, for balanced development, both agriculture and industry must be interdependent and help one another for their mutual promotion. One

example of triangular trade-off between agriculture, industry, and the rest of the world is the Brazilian growth process, from the 1930s to the early 1960s, which is described in Figure-2.

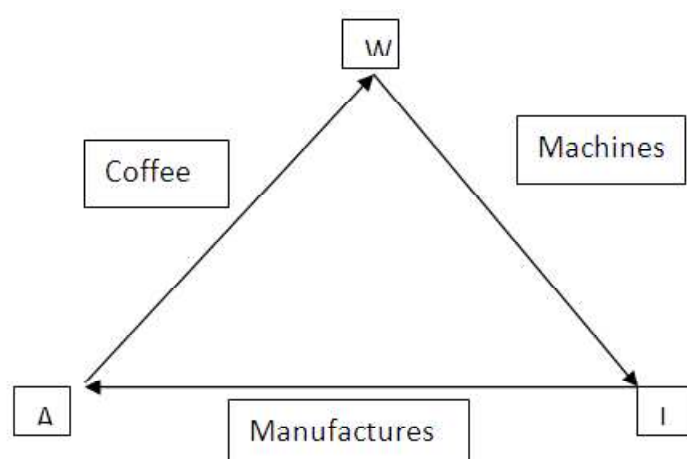


Figure 2: Brazilian pattern of trade between agriculture, industry and the rest of the world

In this model, agriculture (A) sells coffee to the world (W) and buys manufacturing products from industry (I) which, in turn, requires capital good from foreign markets. Another type of interlink between agriculture and industry is the establishment of agro-processing industries for the advancement of agriculture.

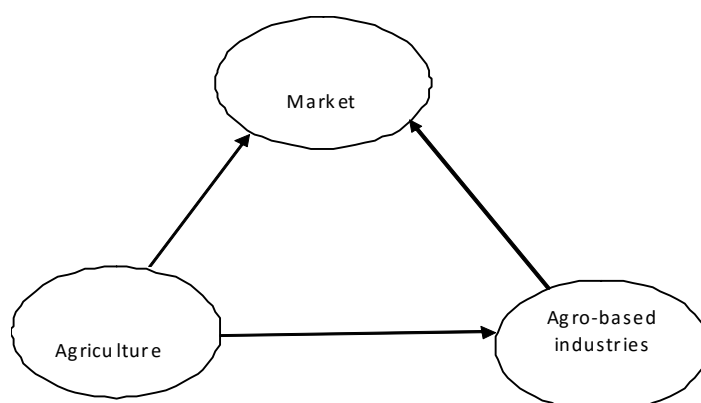
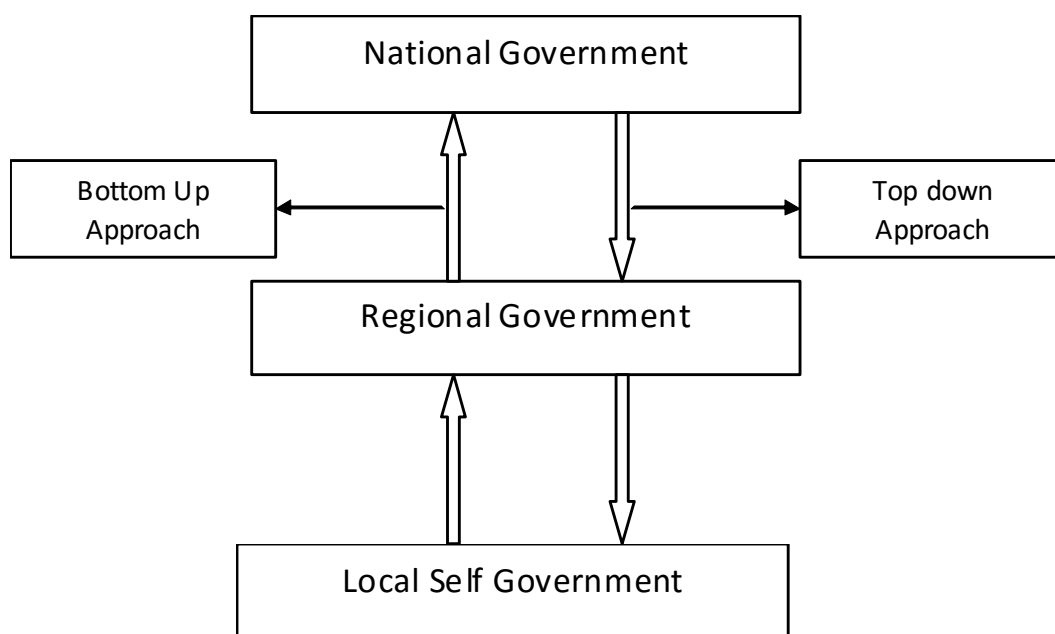


Figure 3: The interlinks between agriculture and industry

The effective linkage between the agriculture and industries is, today, a development agenda pursued by countries for the concurrent development of both agriculture and industry. Unless strong linkages are established and maintained between agriculture and industry, either sector will face demand bottlenecks, thereby retarding the overall pace of growth and development. V.R. Panchamukhi (1990), in his analysis remarks that for a large number of developing countries, from 1970 to 1984, there is a significant positive relationship between the growth rate of GDP and the strength of linkages between manufacturing and agriculture (as measured by the elasticity of manufacturing GDP, with respect to agriculture GDP). Therefore, it is being increasingly realized that the strength of the agriculture-industry linkages influences the pace of development, and weak linkages between agriculture and industry would have detrimental effects on both the sectors, as well as on the economy. In the new paradigm of development, this is given serious consideration.

(vi) Decentralization and Development Paradigm

Decentralization of functions, functionaries, and funds to the local self governments has proved to be an effective strategy for development in many countries. The Local Government declaration to the World Summit on Sustainable Development, held in 2002, maintains that: “We live in an increasingly interconnected, interdependent world. Local government cannot afford to be insular and inward looking.” In the Indian context, Gandhiji maintained that “Independence must begin at the bottom, and every village will be a republic of panchayats having full powers. It is, therefore essential, that every village has to be self sustained and capable of maintaining its affairs even against the whole world. It will be trained and prepared to perish in the attempts to defend itself against any onslaught”. The decentralized model adopted by the Scandinavian countries in Europe, and in Kerala of India has enabled these nations and state to achieve all round development. The decentralization of economic decision making and implementation would not only reduce the cost of development, but would also ensure more equitable distribution of the fruits of development.



The top-down centralized approach is more instructive and less participatory as compared to the bottom-up approach. Further, the top-down approach is too bureaucratic in nature and allows less room for peoples’ participation. The bottom up approach has been found to be a more successful approach, to facilitate faster development. The paradigm of development in recent years is shifting from the highly centralized towards the decentralized system. However, the decision maker at the bottom level must be given complete freedom to exercise their power with less bureaucratic interventions.

(vii) Inclusive Development Paradigm

The concept of inclusive growth and development has gained wider emphasis in many countries, particularly in developing countries, including India. The UNDP (2008) has defined inclusive growth, laying emphasis on the production and income side of GDP as: “the process and the outcome, where all group of people have participated in the organization of growth, and have benefited from it. Thus, inclusive growth represents

an equation-with organization on the left hand side and benefits on the right hand side.” Inclusive growth is achieving a growth process in which people in different walks in life participate and benefit from the process of growth and development. In inclusive development, contributions made by each individual are valued. Thus, inclusive growth, by very definition, implies an equitable allocation of resources with benefits accruing to every section of the society. Inclusive development can have several dimensions as given below-

- It is a development process in which every individual feels included.
- It includes the excluded groups such as women, disabled and other marginalized sections in the process of development. They not only receive benefits, they also contribute equally to growth and development. They are not treated as passive beneficiaries of the fruits of development, but are active participants in the development process.
- It gives equal emphasis to both rural and urban development. The urban bias is minimized and an equal emphasis is placed on the balanced development of both rural and urban sectors.
- In inclusive development, all the sectors, both formal, as well as informal, are equally empowered to contribute towards development.
- The countries experiencing exclusions in different forms, i.e., (i) regional; (ii) social exclusion within the region; and (iii) sectoral exclusion must be done away with, as this leads to inequality. This needs to be understood in the context of access to opportunities in labour markets, access to benefits from the service delivery mechanism, and, access to political process.
- The process of development creates opportunity for the poor and downtrodden to participate in the process of development.

The inclusive development believes that the economic growth achieved through social exclusion can be neither economically nor socially sustainable. Only the broadest social participation involving education, health, and habitation will enable a nation to achieve viable, sustainable, and equitable development. It can be said that the greatest challenge facing today's government is to present a united front to address shared problems. In other words, inclusive development means development for all, and all for development.

(viii) Development with a Human Face Paradigm

A landmark development in the formulation and recognition of new human rights is the declaration of the Right to Development, adopted by the UN General Assembly on 4th December, 1986. The declaration recognized that development is a comprehensive, economic, social, cultural, and political process which aims at the constant improvement of the wellbeing of all, and of all individuals on the basis of their active, free, and meaningful participation in development, and, in the fair distribution of benefits resulting there from. The declaration envisages that nations have the right, and a duty to formulate appropriate national development policies that aim at constant improvement of the wellbeing of the entire population. Development with a human face means the removal of poverty, hunger, child labour, human morbidities, and preventable diseases. It further means

that the rich should invest their resources for the wellbeing of the poorest of the poor, which can be called benevolent capitalism. It calls for pro-poor policies. Jawaharlal Nehru's speech which was delivered in the midnight of the day of independence was a clear message for development with a human face. Nehru said, "The service of India means the service of the millions who suffer. It means the ending of poverty, ignorance, and diseases, and inequality of opportunity. The ambition of the greatest man of our generation has been to wipe every tear from every eye. That may be beyond us, but as long as there are tears and sufferings, so long our work will not be over". Thus, the greatest challenge before the nation is to have an agenda of development with a human face, i.e., to energize the economic, social, political and administrative system which delivers with a human face, working towards the wellbeing of the downtrodden, socio-economically backwards sections, the disabled, and other excluded groups

(ix) The International Economic Relationship Paradigm

Today, we recognize that we live in a global economy and that no country can remain de-linked from the rest of the world. The developed countries, through different multi-lateral organizations, are investing a lot of money for the economic and social development of developing countries. The impact of FDIs on various sectors of development is visible in many developing countries. Krueger (1978), Bhagwati (1985), and Sachs and Warner (1995) stressed that countries that started exporting early, pursued sober macro-economic policies, and depreciated their exchange rates performed much better, economically, than other countries. However, many exponents believe that reforms should be owned by developing countries, rather than being imposed by an outside donor. Dogmatic imposition of free market reforms by the international institutions, especially with regard to the free movement of capital, threatens the growth prospects of developing countries. However, in spite of these debates, the relationship between aid flows and development are stronger after liberalization, privatization and globalization adopted by various countries, since the beginning of the 1990s. Globalization, the process which integrates economies across the world through global trade and investment, has become an economic reality for almost all countries.

Table-1: FDI Inflow to India from 1999 to 2016(million dollar)

Year	Million of Dollar
1990-2000	1705
2005	6598
2011	36190
2012	34196
2013	28199
2014	34582
2015	44064
2016	44486

Source: UNCTAD, *World Investment Report 2006 & 2017*

(x) The Sustainable Development Paradigm

Sustainable development emerged as an important theme of development in 1987. The Brundtland Commission on Environment and Development, in its report, "Our Common Future", called for the application of sustainability as a criterion for all development initiatives. The commission said that "in order for development to be sustainable, it must meet the needs of the present without compromising the ability of future generations to meet their own needs." Sustainable development has two important goals: (i) Basic needs for all human beings, i.e., food, clothing, shelter, education, health, and social security, and; (ii) it must maintain ecological balance. In order to achieve this goal all nations and their people need to join hands. Thus, sustainable development can be looked at from a variety of perspectives, such as environmental, economic, social, political, cultural, and technological. The Brundtland Report envisaged that sustainable development requires

- (i) a political system that secures effective citizen participation in decision making
- (ii) an economic system that is able to generate surpluses, and technical knowledge on self-reliant and sustained basis
- (iii) a social system that provides for solutions for the tensions arising from disharmonious development
- (iv) a production system that respects the obligations to preserve that ecological base of development
- (v) a technological system that can search continuously for new solutions
- (vi) an international system that offers sustainable pattern of trade and finance
- (vii) an administrative system that is flexible, and has the capacity of self-correction.

Sustainable development is a holistic approach towards development, where the sustainable development vision is shared by the sectors, nations and people. It presupposes that the actors of sustainable development are interdependent, and, not independent.

Sustainable Development Goals: On 25th of September 2015, 193 countries of the United Nations General Assembly adopted the 2030 Development Agenda named as Transforming Our World: The 2030 Agenda for Sustainable Development. The 17 identified Sustainable Development Goals are as follows:

- (i) End poverty in all its forms everywhere.
- (ii) End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- (iii) Ensure healthy lives and promote well-being for all at all ages.
- (iv) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- (v) Achieve gender equality and empower all women and girls.
- (vi) Ensure availability and sustainable management of water and sanitation for all.

- (vii) Ensure access to affordable, reliable, sustainable and modern energy for all.
- (viii) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- (ix) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- (x) Reduce inequality within and among countries.
- (xi) Make cities and human settlements inclusive, safe, resilient and sustainable.
- (xii) Ensure sustainable consumption and production patterns.
- (xiii) Take urgent action to combat climate change and its impacts.
- (xiv) Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
- (xv) Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss.
- (xvi) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
- (xvii) Strengthen the means of implementation and revitalize the global partnership for sustainable development.

From these various goals it can be concluded that various indicators of sustainable development are: poverty, inequality, literacy and education, health, morbidity and mortality, social justice, climate change and environment, women empowerment, food security and sustainable energy.

Table 2: Sustainable Development Goals Index, 2017

Countries	Score	Rank
Sweden	85.6	1
Denmark	84.2	2
Finland	84	3
Norway	83.9	4
Czech Republic	81.9	5
Germany	81.7	6
Austria	81.4	7
Switzerland	81.2	8
Slovenia	80.5	9
India	58.1	116

Source: <http://sdgindex.org/assets/files/2017/2017-SDG-Index-and-Dashboards-Report—full.pdf> (accessed on 11/3/2018)

The Sustainable Development Goals of different countries shows that all the developed countries of Europe rank high in achieving sustainable development goal. The Asian in general and the South Asian countries are lagging far behind.

(xi) Poverty Reduction Paradigm

At the Millennium Summit 2000, the international community agreed on the Millennium Development Goals - including halving the proportion of the world's population living in extreme poverty, by 2015. More than half of the populations in the developing countries, (around 2.8 billion) are living on less than US \$ 2 a day. How to scale up the fight against global poverty is a new development paradigm of the new millennium. Here, scaling up means formulating and implementing programmes, policies, or projects in different places over time and space to fight against poverty. Even replications of good practices are recommended.

Here are a few of examples of poverty reduction projects, or, programmes, prepared by Wolfensohn (2004).

- In northeast Brazil, a decade of piloting and expanding rural community driven programmes has benefited some 7.5 million rural poor, and resulted in 35,000 community associations and 1500 representative municipal councils. 90 percent of the project resources directly benefit the people.
- The Yemen Social Development Fund provides clean water, education, cultural restoration, and health delivery in rugged rural communities, which decide on their own priorities, contribute a percentage of the costs, and play a key role in maintaining the services themselves.

One widely quoted example of poverty reduction in India is the National Rural Employment Guarantee Programme, a poverty reduction programme implemented by the Government of India, in 2002. It has provided unskilled employment to millions of disadvantaged people, particularly women, Scheduled Castes and Scheduled Tribes in rural areas. It is implemented by the *panchayati Raj* Institutions. Hussein (2003), in his article on ***A New Paradigm for Overcoming Poverty*** says that “if poverty is to be overcome, what is required is to understand the processes of poverty creation, and, to identify the points of intervention in the poverty process through which the poor can be enabled to overcome poverty on a sustainable basis.”

In this section, you studied development paradigms. Now, answer the questions given in *Check Your Progress-2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

- b) Check your answer with possible answers given at the end of the unit

1. What are the various paradigms of development?

.....

.....

.....

2. What is meant by inclusive development?

.....

.....

.....

1.4 LET US SUM UP

Development is an easy word to say, but a difficult and complicated one to define. Customarily, it has two dimensions: quantitative, and, qualitative. It is also called growth plus change. There are several paradigms of development such as human wellbeing, human resources development, social development, sustainable development, inclusive development, development with a human face, and the international impact on development paradigms. Thus, development is a multi-dimensional concept, where the dimensions are interdependent.

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1.6 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

Answer 1: Development is an easy word to say, but a difficult and complicated one to define. Development is perceived as economic, social, political, and cultural development, a process that helps to raise the quality of life of people. One development scientist define it as both a physical reality and a state of mind in which society has, through some combination of social, economic, and institutional processes, secured the means for obtaining a better life.

Answer 2: Some of the important components of development are

- increase in income and productivity
- increase in social welfare through the provision of better health care and education
- increased access to basic needs i.e. food, clothing and shelter
- enhanced choices and opportunities
- increase in income and employment opportunities
- reduction of disparities
- enhanced quality of life of the people by way of increased and improved social services

Check Your Progress 2

Answer 1: The various paradigms of development are social development and promotion of social capital, human development, inclusive development, sustainable development, interface between agriculture and industry for mutual benefit to both the sector, and the role of foreign capital in development. These are a few important paradigms of development.

Answer 2: Inclusive development is the process and the outcome where all group of people have participated in the organization of growth, and, have benefited from it. Thus, inclusive growth represents an equation, with organization on the left hand side, and, benefits on the right hand side. Inclusive development is a development process in which people from different walks of life participate, and benefit from the process of growth and development. In inclusive development, contributions made by each individual are valued.

UNIT 2 ECONOMIC DEVELOPMENT

Structure

- 2.1 Introduction
- 2.2 Economic Development: Views and Definitions
- 2.3 Differences between Economic Development and Economic Growth
- 2.4 Measurement of Economic Development
- 2.5 The Factors Influencing Economic Development
- 2.6 The Characteristics of Underdeveloped Countries
- 2.7 Let Us Sum Up
- 2.8 References and Suggested Readings
- 2.9 Check Your Progress - Possible Answers

2.1 INTRODUCTION

A variety of types of development are discussed in this block. They are economic development, political development, and human development. In general, economic development refers to a rise in income and the productivity of a nation. However, various economists define economic development in different terms. This unit discusses definitions of economic development, and how it differs from economic growth; the measurement of economic development; the factors influencing economic development, and; the characteristics of underdeveloped countries.

After studying this unit, you should be able to

- explain various views on economic development
- define economic development
- differentiate between economic development and economic growth
- explain the measurement of economic development
- describe various factors influencing economic development
- illustrate various features of underdeveloped countries

2.2 ECONOMIC DEVELOPMENT: VIEWS AND DEFINITIONS

Before going into the definitions of economic development, and the difference between economic development and economic growth, let us discuss the various view points on economic development.

2.2.1 Economic Development Views

The four main views on economic development are put forth by:

- Classical Economists
- Neo-Classical Economists
- Structuralist Economists
- New Development Economists

a. The Classical Views of Economic Development

Economic development was customarily referred to as economic growth by classical and neo-classical economists. The economists of the eighteenth, nineteenth, and early twentieth century, such as Adam Smith, David Ricardo, John Stuart Mill, Karl Marx and Alfred Marshall had a profound concern for understanding the roots of economic wealth and the reasons for poverty. Adam Smith in his 'Progressive State' identified three major sources of growth: (i) growth in the labour force and stock of capital; (ii) improvement in the efficiency with which capital is applied to labour through

h greater division of labour and technological progress; and (iii) foreign trade that widens the market and reinforces the other two sources of growth. According to Adam Smith, growth can be promoted through the market institutions and through the activity of competition. The classical economists including Adam Smith relied heavily on variables, such, as capital, population, and trade, for economic development.

b. Neo-Classical Views of Economic Development

The neo-classical economists believed that growth occurs as a result of the long term effects of capital formation, labour force expansion, and technological changes. Those are assumed to take place under conditions of competitive equilibrium. According to them, the shift in demand, and movement of resources from one sector to another are not necessarily important for development, because labour and capital produce equal marginal returns in all uses. Markets, prices, and incentives are the central issues. Besides these three aspects, the neo classical economists advocated getting all national policies right in order to achieve a high growth rate.

c. The Structuralist Views of Economic Development

The early developmental economists adopted a somewhat structuralist approach to development problems. They tried to identify specific rigidities, lags, shortages and surpluses, low elasticities of supply and demand, and other characteristics of the structure of developing countries that affect economic development. According to them, economic development is caused by changes in the structure of the economy, rather than movement of labour from one sector to that of the other.

d. New Development Economists

The new development economists considered economic development as the removal of poverty and inequality, rather than an increase in the growth rate and GNP (Gross National Product). They are of the view that growth in GNP is not a sufficient condition for the eradication of poverty. Further, there is very little possibility of the trickle down effects of income, and, therefore, both, poverty and income inequalities are high in many countries. They questioned the very meaning of economic development and the value of measuring it in terms of GNP. They added other dimensions to the objectives of development. The World Bank emphasized redistribution with growth, and the International Labour Organization (ILO) concentrated on basic human needs. Now, development economists give emphasis more directly on the quality of the development process. They consider that people and the quality of their life are central to development. They argue

that there is a need for a perspective of economic development that incorporates human development. The UNDP emphasizes the concept and measurement of the Human Development Index (HDI). The HDI measurement takes into consideration, not only per capita income, but social indicators, such as life expectancy and literacy, too. The Swedish Nobel Prize winner Gunnar Myrdal (1968) said that development is implicitly based on a series of modernized ideals, and, therefore, means achievement of those modernization ideals. The modernization ideals compiled by Myrdal are: (i) rationality; (ii) planning for development; (iii) increases in production, production per capita, and production per worker; (iv) improvements in the standard of living; (v) declines in social and economic inequalities; (vi) consolidation of national state and national integration; (vii) national independence; (viii) political democratization; and, (ix) increased social discipline. Harvard's philosopher economist, Amartya Sen stressed that economic development should be interpreted as a process of expansion of positive freedom of the people. He said that development is a process that expands the 'entitlements' and 'capabilities' of the people, and advocates that development economists should concentrate on entitlement of the people, and the capabilities that these entitlements generates.

Economic development, as perceived by the modern economists, has been nicely summed up by Sizirmai (2005) in the following four points: (i) development is a normative concept involving very basic choices and values; (ii) development goals include the reduction of poverty, increased economic welfare, improved health and education ; (iii) an increase in productivity and production per head of population in poor countries and; (iv) Finally, there are modernization ideals or development goals. It does not means that all societies ought to develop in the same manner or that they converge to same common standard.

2.2.2 Economic Development: Definitions

In the first part of this section, you read different views on economic development. Now, let us give a few definitions of economic development, and, then, discuss the differences between the economic development and economic growth. According to C P Kindleberger, "economic development implies both more output and changes in technical and constitutional arrangements by which it is produced." Bernard Okun and W. Richardson opines, "economic development may be defined as a sustained improvement in well being, which may be considered to be reflected in an increasing flow of goods and services." According to Viner, "the term economic development signifies not merely economic growth, but economic development, which is associated either rising per capita levels of income, or, the maintenance of existing high levels of income."

2.3 DIFFERENCES BETWEEN ECONOMIC DEVELOPMENT AND ECONOMIC GROWTH

Now, we will outline the differences between economic development and economic growth. The main differences between economic development and economic growth are

- Development is a discontinuous and spontaneous change in the stationary state which, forever alters and displaces the equilibrium state

previously existing, while growth is a gradual and steady change in the long run, which comes about by a general increase in the rate of savings and population.

- Economic development deals with the problems of underdeveloped countries, whereas economic growth deals with the problems of developed countries.
- Prof. Maddison is of the view that, “The rising of income levels is generally called economic growth in rich countries and in poor countries it is called economic development, which is the outcome of deliberate planning”. Thus, the term economic development is used for the fuller utilization of unutilized natural and human resources of the underdeveloped countries, while the term economic growth is referred for maintaining the situation of full employment in developed countries.
- According to Kindleberger, “Economic growth means more output. Economic development is the technical and institutional setup by which such output is produced and distributed.”
- Economic Development means changes such as social, economic, and other changes which boost economic growth. Economic growth is measurable, but economic development cannot be precisely measured.
- In the opinion of Robert Clower growth is possible without development. Economic growth may not have any percolation effect on the society. It may bypass the people. Growth can be jobless and ruthless. It may not bring real prosperity and social welfare. People’s standard of living may not rise due to higher economic growth. On the other contrary, the process of economic development has favourable effect on economic growth.

The difference between the growth and development is summarized in the Table-1 below.

Table-1: Differences between Economic Growth and Economic Development

Economic Development	Economic Growth
(1) Multi dimensional	(1) Single dimensional
(2) Qualitative changes: composition and distribution of national income	(2) Quantitative Changes: change in national and per capita income
(3) Gradual and steady change, planned	(3) Spontaneous change
(4) Continuous change	(4) Discontinuous change
(5) Growth is prerequisite for development	(5) Growth is possible without development
(6) Solution to the problem of under developed countries	(6) Solution to the problem of developed countries
(7) Economic and non economic factors	(7) Economic factors

These differences show that there are no water tight differences between economic development and economic growth. Economic growth is a

quantitative measure of development, while economic development is both quantitative and qualitative measure of development. Today's economic development can be tomorrow's economic growth. Most often we loosely refer only to 'growth', and, occasionally, for the sake of variety to 'progress' and 'development'. However, Gills *et.al.* (1996) said that the term economic development and economic growth are sometimes used interchangeably, but there is a fundamental distinction between them. Economic growth refers to a rise in national or per capita income and product, but economic development implies fundamental changes in the structure of the economy.

In this section you studied economic development: views and definitions and differences between economic development and economic growth. Now, answer a few questions given in *Check Your Progress-1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1. Define economic development?

.....
.....
.....

1. Do you agree that economic growth is different from economic development

.....
.....
.....

2.4 MEASUREMENT OF ECONOMIC DEVELOPMENT

Measuring economic development is a varied and difficult task. There are several measures of economic development and some of the common measures are

1. Gross National Product/ Gross National Income
2. Per Capita Income
3. Incidence of Poverty
4. Human Welfare
5. Standard of Living
6. Green Index

1. Gross National Product (GNP) / Gross National Income (GNI)

The Gross National Product (GNP) is the value of all the goods and services produced in an economy, plus the value of goods and services imported, minus the goods and services exported. The Gross National Income is the total value of all income in an economy, plus the value of all income received from other countries, minus payments made to other countries. Thus, GNP and GNI measures indicate the levels of development. However, between the two, GNI is a more appropriate measure of development, as

it measures what is actually available for contributing to the standard of living. On the other hand, GNP is a measure of the total value of goods and services produced by a country, and not the income and output available for use by a country. Cypher and Dietz (2004) remarked that “real GNP is a less desirable measure to use if one is interested in a surrogate welfare measure for the broad range of development goals of a nation.” The gross national product hardly takes into account the output produced by the unorganized sector. The GDP and GNI of a few countries are given in Table-2, which shows that China’s GDP and GNI are higher than those of Bangladesh and Jamaica. Thus, it can be concluded that China is a more developed country as compared to Bangladesh and Jamaica.

Table-2: GDP/GNI Comparison of Selected Countries, 2016
(Current US \$)

Country	Total GDP (Million \$)	Total GNI (Million \$)
Bangladesh	221,415.16	216,290.53
Brazil	1,796,186.59	1,835,992.81
China	11,199,145.16	11,374,226.84
India	2,263,792.50	2,212,306.17
Jamaica	14,056.91	13,349.53
Kenya	70,529.01	66,885.89
Korea (Rep.)	1,411,245.59	1,414,399.94
Pakistan	278,913.37	289,100.71
Sri Lanka	81,321.88	80,109.98

Source: World Bank, World Development Indicators (online)

2. Per Capita Income

Many economists argued that per capita income is a better measure of development than GDP and GNI. According to them development is meaningless, if it does not improve the standard of living of the people. Per capita income is calculated as national income, divided by total population. The GNI per capita, in dollar terms, of China, as shown in Table-3, is much higher than that of India.

Table-3: GNI Comparison of Selected Countries, 2016

Country	GNI Per Capita (Current US \$)	Population in Millions
Bangladesh	1358.8	162.95
Brazil	8649.9	207.65
China	8123.2	1378.66
India	1709.6	1324.17
Jamaica	4878.6	2.88
Kenya	1455.4	48.46
Korea (Rep.)	27538.8	51.25
Pakistan	1443.6	193.20
Sri Lanka	3910.0	21.20

Source: World Bank, World Development Indicators (online)

Per capita income is considered to be better measure of development as it takes into account the benefits that accrue to individuals. In India, the per capita income is considered a barometer of development. Haryana and Punjab, which enjoy substantially higher per capita income than Odisha, Bihar, and Madhya Pradesh, are generally considered more developed states compared to these other states.

Table 4: Per Capita Income of Selected States and All India at Current Prices (in rupees)

State	2014-15
Andhra Pradesh	93699
Bihar	31380
Haryana	148485
Madhya Pradesh	56182
Odisha	64869
Punjab	114561

Source: Press Information Bureau, GoI, Ministry of Statistics & Programme Implementation

3. Incidence of Poverty

The Incidence of Poverty is another measure of development. Many countries have calculated the number of people, and, even families, living below the poverty line. The simplest and most widely used measure of poverty is the Head Count Index (HCI), which is the ratio of the population living in poor households, with incomes below the poverty line, to total population. The calories norm has been used in India, *i.e.*, a minimum 2400 calories in rural areas, and 2100 calories in urban areas, to determine the poverty line. In 2014, the Rangarajan Committee in its report said that those spending over Rs 32 a day in rural areas and Rs 47 in towns and cities should not be considered poor. Another absolute measure of poverty that has been commonly used by the World Bank and other multilateral organizations for international comparisons is US dollar (\$1.9) purchasing power parity per capita, per day. This yardstick is very simple and easy to use. The UNDP introduced the Human Poverty Index (HPI) in 1997, which is considered a measure of assessing the development of a nation from the angle of poverty. A high incidence of poverty means lower economic development.

Table-5: Percentage of Population Living Below Poverty Line in Selected Countries (Figures in parenthesis show reference year)

Country	Population below Poverty line National Poverty line	Population below poverty line (International poverty line of 2011 PPP \$1.90 a day)
Bangladesh	24.3 (2016)	18.5 (2010)
Cambodia	17.7 (2012)	Not available
China	Not available	1.9 (2013)
India	21.9 (2011)	21.2 (2011)
Pakistan	29.5 (2013)	6.1 (2013)
Sri Lanka	6.7 (2012)	1.9 (2012)

Source: World Development Indicators 2017, The World Bank
<http://povertydata.worldbank.org/poverty/country> (accessed on 28/03/2018)

4. Human Welfare

Economic development can be measured in terms of welfare. Human welfare includes both individual and community welfare. Individual welfare would include access to basic needs, equity in the distribution of income and wealth, literacy, health, sanitation, safe drinking water, and employment. Community welfare measures for human welfare are delivered through the active community participation.

5. Standard of Living

The economic development of a country is also measured in terms of its standard of living. To be comparable across households, the standard of living indicator may be expressed either in terms of consumption, or, income. Although, consumption seems to be a more appropriate measure, yet income is used as a better measure for the purpose of analysis.

6. Green Index

The World Bank's Environmentally Sustainable Division has developed an index, called the Green Index. The Green Index uses a new system of measurement for the assessment of economic development. It attaches a dollar value to the following three components: (i) produced assets, (ii) natural resources, and (iii) human resources. It puts price tags on produced assets, the sum of all machinery, factories, roads, and other infrastructure. It also assigns an economic value to land, water, timber, minerals, and all natural resources. Finally, it takes into consideration, the available human resources, the education level, and the range of skills. All these indicators are not usually taken into consideration in the traditional indicators of economic development.

2.5 THE FACTORS INFLUENCING ECONOMIC DEVELOPMENT

Economic development is influenced by many factors, and these may, broadly, be categorized as economic and non economic factors.

(i) Economic Factors

The economic factors influencing development are

a. Acceleration in Industrialization

Economic growth and development depends increasingly on faster industrialization. Higher industrial growth rates boost the national growth rate. The use of technology is higher in the industrial sector, which enhances productivity, and, also, ensures higher wages to the labour force engaged in the sector. Higher income results in higher purchasing power of the people engaged in a particular sector, which, ultimately influences their quality of life. The developed nations are largely industrially developed, while developing nations are mostly lagging in industrialization.

b. Mechanization of Agriculture

Agriculture is the mainstay of people in many developing countries. However, agriculture, in underdeveloped countries, use traditional methods of cultivation. This affects the productivity and per capita income of the families engaged in agriculture. Because of the low agricultural growth rate, the overall growth rate of a nation is affected. Technological progress and labour productivity is typically lower in primary sector particularly agriculture.

Therefore, with growing urbanization, there is a shift of labour from traditional agriculture sector to the urban industrial sector. This affects agriculture and simultaneously puts pressure on the urban infrastructure. The nation, region, and state that employ a mechanized system of agriculture enjoy higher economic development. For example, Haryana and Punjab, in India's northern region, are economically developed states. The contribution of labour intensive traditional agriculture to economic development will certainly be lower, as compared to the modernized agriculture sector.

c. Climate, Soil and Terrain

Climate plays an important role in the process of economic growth and development. Generally, it seems that most developed countries are situated in temperate climates, while the developing countries are concentrated in tropical and subtropical zones. In the tropical zones, human energy and achievement are low because of the heat and humidity. The countries situated in the tropics face development problems different from those of temperate zones. For example in India, the cold climate of Punjab, Haryana, and Western Uttar Pradesh gives them higher agriculture productivity, compared to the hot and humid climate in eastern region states like Orissa, Bihar, and West Bengal. Moreover, the tropics are also fertile breeding grounds for a variety of agricultural pests and diseases. The low income in the tropical and subtropical zones is a great obstacle for capital formation in other sectors. Cattle and small livestock are also susceptible to diseases in temperate zones. The annual productivity from livestock in hot climate is lower than those of the cold climate. The countries situated in mountainous terrain like Nepal are at a disadvantage with respect to transport and communication. Thus, geography is a vital determining factor in economic development. The non-supportive geographical conditions adversely affect economic development.

d. Capital Formation

Capital is kingpin to development. Both agriculture and industry require capital for their modernization. Therefore, capital formation is a major determinant of economic growth and development. Capital formation means investment in dams, irrigation, canal, highways, power, etc. Of course, these projects take long period for completion, and, therefore, the benefits are indirect and spread out over a long period. However, in the long run, this capital formation directly influences the productivity and development of a nation. For example, after independence, Jawaharlal Nehru's vision of the construction of the Bhakra Nagal Dam in Punjab, Hirakund Dam in Orissa, and similar capital investment in agriculture and large scale industries are now paying dividend to the nation today. The green revolution in Punjab has considerably lessened hunger and ensured reasonable food security to India. Capital formation is measured by an equation called the capital-output ratio = K/O , where K is capital and O is output. The capital output ratio is a relationship between the value of a country in capital stock in a given year, and output in that year. The higher the ratio, the more development there is, and, vice-versa. The vicious circle of poverty, a widely used term, is based on the notion of capital formation. It says that lack of capital is the key factor preventing growth and development. The circle of poverty has two sides, the supply side, and the demand side as given in figures 1 and 2.

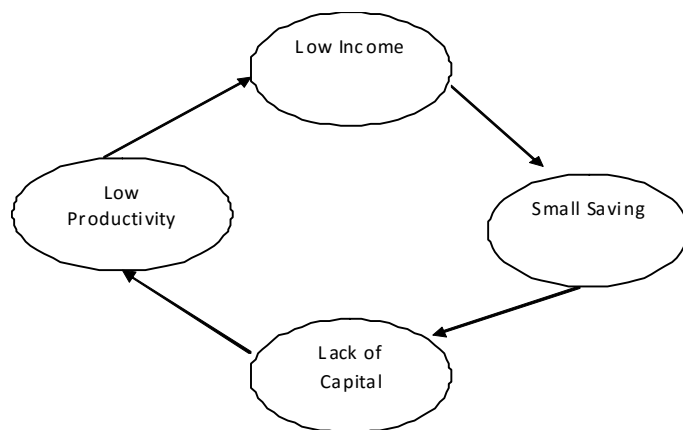


Figure 1: Supply side

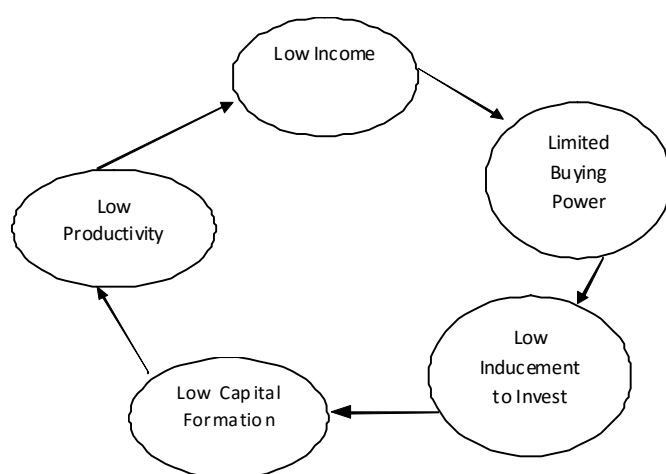


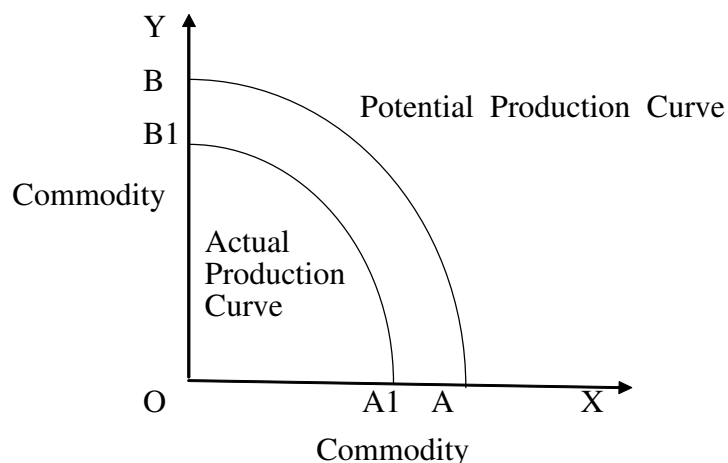
Figure 2: Demand side

The supply side explains how low income leads to lower saving, which, in turn, results in low capital, or, investment, which means lower productivity, ultimately resulting in low income, and, thus, completing the cycle. Similarly, the demand side explains how low income means limited purchasing power, which discourages capital investment, ultimately resulting in low productivity, and lower income.

e. Market Imperfection

Market imperfection is a responsible factor for underdevelopment. It refers to the factors such as price rigidity, factor immobility, ignorance about market conditions, etc., which hinder the smooth functioning of an economy. Market imperfection does not allow a flow of resources from the less productive sector to the more productive sector, which results in underutilization and ineffective utilization of resources. The ineffective utilization, that is, production which is far below the potential of resources, keeps a country on a lower production curve. In other words, market imperfection leads to factors disequilibrium, which, in turn, depresses production potential. The removal of market imperfections is essential for greater level of capital formation and more productivity.

Diagram 1: Market Imperfection and Production Possibility Curve



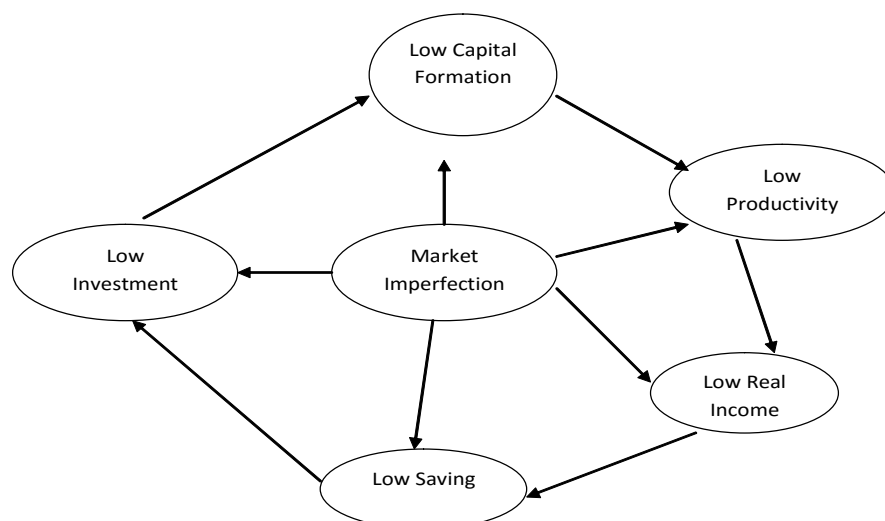
The market imperfection is explained with the help of in diagram-I. Suppose a country produces two commodities A and B. The figure explains that AB is the production possibility curve, which denotes the maximum amount of commodity A and B that a country can produce by allocating resources in the best possible manner. Thus, AB can also be called a potential production possibility curve, or, productive possibility curve.

However, given market imperfections the country cannot make best possible use of its resources, and, therefore, it runs below its potential, shown in the curve A1B1.

The need is to push the production frontier upward, rather than to make adjustments to the existing resources at the margin. Therefore, the removal of market imperfections is essential for the effective utilization of resources, and for faster economic development.

Meier and Baldwin have described a third vicious circle based on capital deficiency due to market imperfection. It is given in figure – 3.

Figure 3



A country caught in the vicious circle of market imperfection cannot achieve rapid development.

f. Appropriate Investment Criterion

Proper selection of investment priorities need to be made, in order to maintain a low capital output ratio, or, to yield the maximum productivity

from a minimum investment. Some of the aspects that need to be taken in to consideration, while investing, are

- (i) Investment may be made in those areas where social marginal productivity is high. By social marginal productivity, we mean investments that are made from the viewpoint of society, and, not an individual.
- (ii) Investment may be made in such a manner that would help to reduce market imperfections, and raise economic externalities. Market imperfection would create constraints in productivity and marketing.
- (iii) Balanced investment in both consumer goods and capital goods sector, between industrial and agricultural sector; between economic and social sector, and, between domestic and the foreign sector, are essential for the balanced economic development of a nation. Imbalanced investment would promote imbalanced growth and development. Since all sectors are interdependent and interrelated, it is necessary that investment should be directed towards a wider vision.
- (iv) Investment should take into consideration the capital output ratio. While selecting investment projects, and in determining the priorities for investment, the capital output ratios of various projects must be compared.

g. Technological Advancement

In the recent era of globalization, development is governed by technology and the higher the technological advancement, the greater is the pace of development. Technological advancement customarily means the application of improved technical know-how in various sectors of development. However, technological manpower, and, enterprising entrepreneurs who are willing to adopt technology in their business and industry, are the keys to development. The three key advantages of technological progress are: (i) capital saving, (ii) labour saving and (iii) time saving. It can be said that a 'High Innovation Nation' generally develops faster than a 'High Investment Nation'.

h. International Economic Relationship

In this globalized world, the dependency among the nations has been amplified. Foreign direct investment plays an important role in the development of the developing countries. China and India are the two illustrious examples. The outsourcing of a number activities from the developed nations to developing nation (in recent years, IT) has promoted mutual development. The important areas of international economic cooperation are

- (i) Trade
- (ii) Foreign direct investment
- (iii) Transfer of technology and technical manpower.

Thus, in the globalized world, international cooperation has become one of the important determinants of development.

(ii) Non-Economic Factors

Some non economic factors influencing economic development are discussed below.

a. Developmental Social Attitude

Traditional societies are conservative by nature, and resist changes. They have a cautious attitude towards change and modernization. In a traditional society, new ideas are viewed with suspicion, and are perceived as threats to the integrity of the existing culture. Inherited beliefs and values rule in traditional societies. These beliefs and values may be obstacles to development. The countryside people see modernization as a threat to their culture, beliefs and values and therefore oppose it. Traditional societies distrust outsiders and outside agencies working for change and modernization. However, changes in traditional societies have usually been caused by outsiders intentionally. The advancement in Goa, which the society talked about, was largely because of Portuguese influence and in Kerala it is because of the gulf and Punjab because of NRI effect.

b. Entrepreneurship

The Government, in general, and those of the developing countries in particular, nowadays, emphasize entrepreneurship as an important factor of production after land, labour, and capital. The entrepreneurs are visionary and innovative actors of development in many countries. Entrepreneurship, both in agriculture and in the industrial sector, is required for the formation of capital. The industrial growth rate has risen after liberalization, because of the rise in entrepreneurship in this sector, compared to the agriculture sector. The government of India is promoting women's entrepreneurship through micro financing in its rural areas. Bangladesh is a classic example of women's entrepreneurship nurtured by micro financing. They are not only actors for economic development, but for social development as well.

c. The Political Environment

Some scientists have observed that one of the obstacles to economic growth and development is political instability. Political instability and the expenses in elections also affect economic development. However, the relationship between political instability and economic growth is not easy to determine. The instability is also associated with poor governance, leading to a high degree of unrest, riots and demonstration. An unstable climate does not encourage investors. In India, the fluctuations in the share market during the change of government is an example of the relationship between political instability and the climate for investment. One school of thought argues that authoritarian leadership is favourable for economic development. The examples cited are China, South Korea, Taiwan, and Yugoslavia.

d. Governance

Economic development is closely linked to governance. The administrative system must have quick delivery mechanism. Bureaucratic red tape creates hurdles in the path of development. Transparency in an administration is essential for the effective implementation of economic policies and programmes. A corrupt administration cannot promote rapid economic development. A former Prime Minister of India, Rajiv Gandhi used to say that when we send one rupee for development, only 20 paisa actually reaches the people, and the rest is siphoned off by middlemen. Therefore, an efficient and result oriented administration is an essential prerequisite for faster economic development.

2.6 THE CHARACTERISTICS OF UNDERDEVELOPED COUNTRIES

It is not easy to define and pinpoint various characteristics of underdeveloped countries. Economists have defined underdeveloped countries differently. Even the word underdeveloped is used in different situations differently, such as, 'less developed', 'developing', 'third world', or 'backward' countries.

Rangar Nurkse says, "Underdeveloped countries are those which, compared to advanced countries, are underdeveloped with capital in relation to their population and natural resources". Colin Clark, a pioneer in the study of underdeveloped economies wrote, that "underdeveloped economies are such in which the primary occupation like agriculture pre-dominates". In the opinion of M.P. Tadaro, "Underdeveloped economy is that economy in which there are low levels of living, absolute poverty, low per capita income, low consumption levels, poor health services, high death rates, high birth rates and dependence on foreign countries". According to Gunner Myrdal, "an underdeveloped country is that country in which there is a constellation of numerous undesirable conditions of work and life, output, income, and levels of living are low; many modes of production, attitude and behaviour patterns are disadvantageous and these are unfavourable institutions".

From these few definitions, we can draw basic characteristics of underdeveloped countries, as given below.

- i. Overdependence on the primary sector
- ii. Low capital formation
- iii. High poverty and malnutrition
- iv. Under utilization of natural resources
- v. Under utilization of labour
- vi. Dualistic economic structure
- vii. Technological backwardness
- viii. Unchecked population growth
- ix. Uneven urbanization and environmental degradation
- x. Poor infrastructure
- xi. Political instability and poor governance

i. Overdependence on the Primary Sector

Agriculture plays a predominant role in the economy of most of the underdeveloped countries. As agriculture is not technically advanced, it absorbs a larger labour force. This is because of the less progressive secondary and tertiary sectors, and the lack of capital formation. However, the contribution of the agricultural labour force in an underdeveloped country is not significant compared to the agricultural labour force in developed countries. On an average, 60 per cent to 80 per cent of the population are engaged in agriculture in underdeveloped countries. The countries depending purely on agriculture are likely to be unprogressive because agriculture alone cannot provide sustainable employment to all its

population. Development of the industrial sector, along with the agriculture sector would complement and supplement each other, and promotes faster economic development.

ii. Capital Formation

The underdeveloped countries face a chronic deficiency of capital. This shortage of capital is one of the factors responsible for low per capita income. Low capital formation creates a vicious circle of under development shown in figure-4.

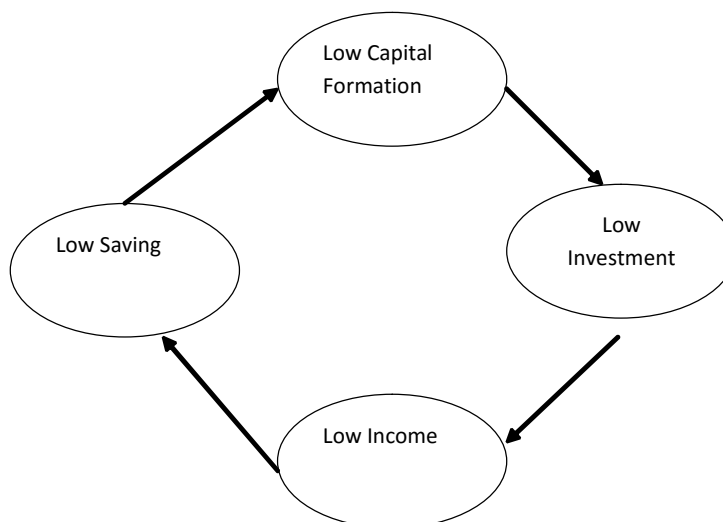


Figure 4: Vicious Circle of Underdevelopment

The underdeveloped countries can be termed capital poor, low saving, and low investment economies. This low level of capital formation is because of lacklustre inducements for investment, and a propensity to save. High population growth affects the saving capacity of the family. Therefore, the underdeveloped economy has a poor capacity to invest in the modernization of agriculture, opening industries, or investing in social overhead capital. Thus, the economy remains in a primitive state. There is a general lack of entrepreneurship among the people living in underdeveloped countries.

iii. High Poverty and Malnutrition

One of the important features of underdeveloped countries is the prevalence of poverty and malnutrition. Poverty and malnutrition are more seen in rural areas, where more than 70 per cent of its population resides. Few earning member and more consuming members affect the per capita income of families in these labour intensive economies. Lower income leads to lower purchasing power. The nutritional anemia among the women and children in the developing countries are much higher, compared to developed countries. The consumption of less than the required calories has promoted nutritional anaemia. Therefore, both, adults and children, look stunted, and the morbidity rate is quite high. The maternal mortality rates in less developed countries like India, Bangladesh, Pakistan, Bhutan, and Nepal is higher than developed countries.

iv. Under Utilization of Natural Resources

Many underdeveloped countries in the world have sizeable natural resources. However, all of these natural resources have not been adequately tapped and have remained either unutilized, or, underutilized. The eastern part of India is endowed with abundant mineral resources, Africa possess large

hydro-power potential. Similarly, the potential of the forests of Africa and South Africa remains unexploited. It is said that focusing on river projects in India would enhance its irrigation potential.

v. Under Utilization of Labour

Generally, underdeveloped countries are labour surplus countries. Most of the labour, particularly in rural areas is unemployed, underemployed, or disguised unemployed as in the agriculture sector. This labour is grossly underutilized. They do not get the required days of employment, and remain idle despite their willingness to work. Underemployment and disguised unemployment affects per capita income. Many agricultural and casual labourers suffer from acute poverty and are unable to provide minimum education and basic health care facilities to their woman and children.

vi. Economic Structure

Another important feature of underdeveloped countries is dualism, where the traditional subsistence sector co-exists with the modern sector. The modern sector is found in the urban areas, and the traditional subsistence sector, in rural areas. There is hardly any technological diffusion from the modern sector to traditional sector. Besides this, other form of dualism found prevailing in these countries are regional dualism and cultural dualism. This dualism is a hurdle in the path of development. Inequality, in underdeveloped countries, is a function of dualism.

vii. Technological Backwardness

Technological backwardness in underdeveloped countries lead to economic backwardness. Many developing countries are still handicapped by very low levels of technological capabilities, owing to inadequate schooling, technical training, and experience. This low level of technological capabilities limits the rate of technological change and economic growth, and keeps developing countries dependent on outside knowledge and expertise.

viii. Unchecked Population Growth

High population growth affects the economic development of underdeveloped countries. The other feature of population growth in developing countries is that it is higher, among the lower income groups and in rural areas, as compared to high income groups and in urban areas. As a result of population growth, a sizable percentage of resources in high population growth underdeveloped countries are spent on consumption rather than on investment and capital formation. Overpopulation affects the income, employment, and capital formation scenario of underdeveloped countries.

ix. Urbanization and Environmental Degradation

Urbanization and urban population growth in underdeveloped countries are largely due to rural to urban migration. Some social scientists term it 'the transgression of rural poverty to urban areas'. This uneven, migrated population resides mostly in urban slum areas that are deficient in basic amenities. This has an adverse impact on environmental sanitation, as well as the employment situation in urban areas. The money which is required to be spent on capital formation is directed toward urban renewal.

x. Poor Infrastructure

Underdeveloped countries are characterized by poor infrastructure. The quantity, as well as quality of infrastructure, such as roads, electricity, drinking water, etc. is poor as compared to developed countries. Infrastructure

is the key to development. Besides, many underdeveloped countries are still to fulfil social infrastructure needs, such as, education and health institutions, because of capital deficiency. These countries are unable to invest in essential infrastructure like irrigation and hydroelectricity projects.

xi. Political Instability and Poor Governance

Many developing countries are marred by political instability. Examples of South Asian countries, like Pakistan and Bangladesh can be cited here. Besides political instability, regional separatism, ethnic and religious extremism, poses serious threats to the development of these developing countries. Lack of political and administrative will towards development is commonly observed in underdeveloped countries. The multiparty system and coalition politics are also gradually developing in these countries. Political stability and integrity, and good governance are prerequisites for rapid development. Corruption in politics and the bureaucracy impedes development in these countries.

In this section you studied about measurement of economic development, the factors influencing economic development and characteristics of underdeveloped countries. Now, answer the questions given in *Check Your Progress-2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1. Explain two measures of economic development?

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2. What are the non-economic factors governing economic development?

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2.7 LET US SUM UP

This unit on economic development discusses various aspects of economic development such as definition of economic development, measurement of economic development, factors governing economic development and characteristics of developing countries. Customarily, economic development is defined as the rise in productivity, growth rate, and national income. However, modern economists have different viewpoints on economic development. The measures of economic development are GNI, standard of living, poverty line, etc. Factors such as a will for development, market imperfections, technological advancement, political and administrative stability, capital formation, international economic relations, govern the economic development of a country. Some important characteristics of underdeveloped countries are: overdependence on agriculture, low capital formation, high poverty and malnutrition, underutilization of natural resources, technological backwardness, economic dualism, and high population growth.

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2.9 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

Answer 1: Economic development has been defined differently by different economists. It is defined as raised output, and a change in the technical arrangements by which it is produced. Second, economic development is defined as a sustainable improvement in wellbeing, reflected in an increasing flow of goods and services. A third definition of economic development : “Economic development is a process of raising real per capita income on a permanent and long term basis”.

Answer 2: Generally economic growth is the quantitative measure of development, while economic development is both a quantitative and qualitative measure of development. The term economic development is used for underdeveloped countries, while economic growth is used for developed countries. However, there are no watertight differences between economic development and economic growth. Today’s economic growth can be tomorrow’s economic development. Therefore, it is remarked that, most often, we refer only to growth, but occasionally, for the sake of variety, to Progress and Development.

Check Your Progress 2

Answer 1: The measures of economic development are Gross National Product (GNP) and Gross National Income (GNI). GNP is the total value of all final products created within a country, regardless of the place of recipient, while GNI is the total value of all income accruing to residents of a country, regardless of the place of recipient. The, GNP/GNI measures tells that higher the value, higher the development.

Answer 2: Poor developmental social attitudes, lack of entrepreneurship, and poor administrative efficiency, or governance, are some of the factors that influence the economic development of a nation. It is said that if the horse is not thirsty no amount of dragging it to the water will make it drink. Likewise, if the people of a country are not interested in development, no coercive means will promote development. Poor governance, such as, lack of political and administrative will, also affect economic development.

UNIT 3 HUMAN DEVELOPMENT

Structure

- 3.1 Introduction
- 3.2 Human Development: Meaning and Approaches
- 3.3 Measurement and Indices of Human Development
- 3.4 The Dimensions of Human Development
- 3.5 Let Us Sum Up
- 3.6 References and Suggested Readings
- 3.7 Check Your Progress - Possible Answers

3.1 INTRODUCTION

In Unit 1 on paradigm of development, you might have come across the human development paradigm of development. In this unit, you will know the details of human development. The study and understanding of Human Development (HD) has gained importance ever since the disjuncture between income growth and human well being was recognized. Income growth alone is inadequate to ensure the well being of all human beings. The income and economic growth based approach lays emphasis upon rising incomes or expanding output. The Human Development (HD) approach treats the well-being of people as the end of human development, and looks at economic growth as a means to human development. In fact, economic growth is a necessary, but not sufficient condition for human development. The expansion of human capabilities, widening choices, enhancement of freedoms and the fulfillment of human rights are well accepted in the development economics literature as elements that define human development. The measurement and monitoring of human development began more systematically with the launch of the global human development reports (HDRs) in 1990s, and the introduction of the human development indices which include the Human Development Index (HDI), Human Poverty Index-I and II, Gender-related Development Index (GDI) and the Gender Empowerment Measure (GEM).

After studying this unit, you should be able to

- Explain the meaning and approaches of human development
- Discuss the measurement and indices of human development
- Establish relationship between economic development and the human development
- Describe the dimensions of human development

3.2 HUMAN DEVELOPMENT: MEANING AND APPROACHES

In this section, you will read about the meaning and approaches to human development.

3.2.1 Meaning of Human Development

The human development aims to enrich people's lives by widening their choices. Through investing in people, in terms of education, health, safety,

and so on, this discipline attempts to build human capability. Capability is basically what people are actually able to do and to be. Equality, sustainability, productivity, and empowerment are the four pillars of human development. This approach emphasizes the belief that though economic growth is essential, its quality and distribution determine the extent to which it enriches people's lives in a sustainable manner. The attempt is to create an environment in which people can enjoy long, healthy, and creative lives. The idea of human development is also linked with the concepts of rights, liberty and justice.

Seeing humans as ends of development process was not the sole purview of human development paradigm. The UN Declaration on Human Rights (1948) put forward that all humans should be free and equal in dignity and rights, such as the right to work, the right to education, the right to health, the right to vote, the right to non discrimination, the right to decent standard of living etc. It was written in the hope that the atrocities committed during the Second World War would never be repeated again. There are significant connections between human rights approach and that of human development and capability. According to the Human Development Report (2000), "Human Rights and Human Development share a common vision and a common purpose – to secure freedom, well being and dignity of all people everywhere". A human right is claimed to be a fundamental benefit that should be enjoyed universally by all people everywhere on the basis of equality and non-discrimination.

The evolution of the concept of human development can be traced to the writings of renowned thinkers and philosophers of ancient times. Aristotle, the great philosopher reflected in his writing that "wealth is not the good that we are seeking for; it is merely for the sake of something else". Another great philosopher, Immanuel Kant argues that human beings are ends in themselves, rather than the means to other ends. Adam Smith, Robert Malthus, Karl Marx, John Stuart Mill, and many other modern economists have also come forward with the similar idea of treating human beings as the real end of all activities. However the undeniable reality is that human beings are the beneficiaries of progress, and, at the same time, they are directly or indirectly, the primary means of production. Thus, human beings are the means through which a productive progress is brought about.

Human Development has been accepted in development economics literature as

- An expansion of human capabilities
- A widening of choices
- An enhancement of freedoms
- A fulfillment of human rights

3.2.2 Approaches to Human Development

The human development approach is inherently multidimensional. The central goal of human development is to enable people to become direct agents in their own lives. People are not passive objects of social welfare provisions but are active subjects with the power to determine how they choose to live. They should be empowered so that they can define their respective priorities, as well as choose the best means to achieve them.

Thus, agency and expansion of freedom go hand in hand. In order to be agents of their own lives, people need the freedom to be educated, to speak in public without fear, or have freedom of expression and association.

The four main pillars of human development are

- i. equity
- ii. efficiency and productivity
- iii. participation and empowerment
- iv. sustainability

i. Equity: The principle of equity encompasses the ideal of equality whereby all human beings should have equal rights and entitlements to human, social, economic, and cultural development, and an equal voice in civic and political life. It also recognizes that those who have unequal opportunities due to various disadvantages may require preferential treatment, or affirmative action. For example, the utility derived from same levels of income or investment will vary for different individuals, depending upon their personal attributes, initial endowments or conversion factors, which facilitate transformation of inputs into outcomes. Since the opportunities available to different sections of society vary, ensuring that the sections deprived of basic opportunities such as health and education are provided access to these benefits, is the goal of equality. Thus, equity aims at equality, not only of economic resources, but of education, health, employment opportunities, democratic participation, etc, too. Realization of the goal of equal opportunities leads to equity outcomes.

ii. Efficiency and Productivity: Efficiency is defined as the least costly method of reaching goals through the optimal use of human, material, and institutional resources to maximize opportunities for individuals and communities, thereby enhancing productivity. Efficient use of scarce national resources leads, for instance, to the building of infrastructure like roads and dams, which in turn lead to better outcomes for human beings. Productivity can be enhanced through efficient use of resources. It also requires investment in people and enabling macroeconomic environment for them to achieve their maximum potential. For human development, people must be enabled to increase their productivity and to participate fully in the process of maximizing opportunities so that they become effective agents of growth.

iii. Participation and Empowerment: Participation and engagement in social and political life is an important aspect of human development. People's participation is crucial in community programmes and government interventions. Mobilization of grassroots support through decentralization in planning will increase people's participation in decision making because it brings government closer to people. Participation also enables people to seek answers from authorities and can go a long way in improving the quality of social service delivery. It pressurizes local authorities to take swift remedial action in situations where gaps or shortfalls are identified in the functioning of institutions. Empowerment can occur through enhanced participation and involvement. For instance, reservations of women in various elected bodies are made to empower them through such participation. Involvement of parents, guardians and/or communities in village education committees is another example.

iv. Sustainability: Human development questions the long-term sustainability of economic growth and aims to ensure that resources are utilized in a manner that meets present day human needs while preserving the environment, so that the needs of future generations can also be met with. Hence, use of resources without degrading the environment is essential to ensure that the improvements made are not temporary in nature and have the potential for future growth as well. For instance, if the development process does not create institutions that are supportive of people's rights, it cannot be sustainable in the long run.

3.2.3 Capability Approach to Human Development

The human development approach has been profoundly inspired by Amartya Sen's pioneering works in welfare economics, social choice, poverty, and famine and development economics. While Sen's works cover an extremely wide range of topics, his 'capability approach' has led to a critical evolution in the field of economics, and in social sciences in general. The roots of the capability approach go back to Aristotle, Adam Smith, and Karl Marx. Aristotle made extensive use of his own analysis of human beings and linked it with his examination of the functions of man. Adam Smith and Karl Marx discussed the importance of 'functionings' and 'capability' as determinants of well being. If life is a set of doings and beings that are valuable, the exercise of assessing the quality of life takes the form of evaluating these functioning's and the capability to function.

But, what actually are 'capability' and 'functioning'? According to Amartya Sen, "Capability is a vector of functioning's, reflecting the person's freedom to lead one type of life or another to choose from possible livings". In other words, capabilities are the substantive freedoms he or she, enjoys to lead the kind of life he, or she, has reason to value. Just as a person with a pocket full of coins can buy many different things, a person with many capabilities can enjoy many different activities, and pursue different life paths. Functioning's are valuable activities and states that constitute people's well being such as healthy body, being safe, being educated, and so on. Functioning is, thus, an achievement of a person: what he or she manages to do, or, to be. For example, when people's basic need for food is met, they enjoy the functioning of being well nourished. Apart from capability and functioning, the third core concept of the capability approach is "agency". It refers to a person's ability to pursue and realize goals he, or she, has reason to value.

However, Martha Nussbaum argues that Sen's 'Capability Approach' is incomplete. Since what people consider to be valuable and relevant can often be the product of structures of inequality and discrimination, and because not all human freedoms are equally valuable – for example, the freedom to pollute is not of equal value to the freedom to care for the environment - she argues that one needs to overcome these limitations, and to go beyond this ambiguity, so that equal freedom for all can be respected. In this context she has proposed a list of ten central human capabilities which constitute the evaluative space for public policy.

The capability approach advocates the removal of obstacles in people's lives, increasing their freedom to achieve the functioning that they value. It recommends progressive social policies which would foster the development

of human capabilities, such as improved health, knowledge, skills and also ensure equitable access to human opportunities.

In this section you studied about human development: meaning and approaches, now you would be able to answer the questions relating to this section which are given in *Check Your Progress- 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1. What do you mean by Human Development?

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2. What are the key constituents of Human Development?

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3.3 MEASUREMENT AND INDICES OF HUMAN DEVELOPMENT

In this section, you will read three important aspects relating to the measurement of human resources. Those are: (i) Emergence of Human Development Report; (ii) Measurement of Human Development; and (iii) Other Human Development Indices.

3.3.1 Emergence of Human Development Reports

After the Second World War, an obsession grew with economic growth models and national income accounts, viewing people as agents of change and beneficiaries of development became secondary. The late 1980's were ripe for a counter offensive as in several countries human lives were shriveling, even as economic production was expanding. The human costs of the structural adjustment programmes in the 1980's undertaken in many developing countries under the aegis of International Monetary Fund and the World Bank had been extremely harsh. These measures prompted questions about the human face of structural adjustment, and about whether alternative policy options were available to balance financial budgets while protecting the interests of the weakest and most vulnerable sections of society.

The idea of human development had been circulated in policy circles and public debates over the past two decades. In this favorable climate, Mahbub-ul Haq, a Pakistani economist presented the idea of preparing an annual human development report. This was a move away from the usual Annual World Development Reports, suggested to the Administrator of the United Nations Development Programme in 1989. He readily accepted the idea that such a report should be independent of any formal clearance through United Nations. The first Human Development Report (HDR) emerged in 1990, and subsequent issues sought to bring the human development

perspective to bear on a wide range of issues. In addition to the annual report, many countries produce their own National and Regional Human Development Reports, intended to assess populations from the perspective of the quality of people's life. The broad themes covered in Human Development Reports from 1990-2016 are given in Table-1.

Table-1: Themes of Global Human Development Reports from 1990 to 2016

1990	Concept and Measurement of Human Development
1991	Financing Human Development
1992	Global Dimensions of Human Development
1993	People's Participation
1994	New Dimensions of Human Security
1995	Gender and Human Development
1996	Economic Growth and Human Development
1997	Human Development to Eradicate Poverty
1998	Consumption for Human Development
1999	Globalization with a Human Face
2000	Human Rights and Human Development
2001	Making New Technologies Work for Human Development
2002	Deepening Democracy in a Fragmented World
2003	MDG's: A Compact Among Nations to end Human Poverty
2004	Cultural Liberty in Today's Diverse World
2005	International Cooperation at Cross Roads
2006	Beyond Scarcity: Power, Poverty and Global Water Crisis
2007/08	Fighting Climate Change: Human Solidarity in a Divided World
2009	Overcoming Barriers: Human Mobility and Development
2010	The Real Wealth of Nations: Pathways to Human Development
2011	Sustainability and Equity: A Better Future for All
2012	Africa Human Development Report 2012 Towards a Food Secure Future
2013	The Rise of the South: Human Progress in a Diverse World
2014	Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience
2015	Rethinking Work for Human Development
2016	Human Development for Everyone

Apart from the global reports produced every year since 1990, many regional and sub-country level reports have also been produced. For

instance, in India, many of the state Human Development Reports are published in collaboration with the respective state governments. In recent times, the process of working in sub state level reports has been launched. Human Development Reports are being prepared for many identified districts across the states of India.

3.3.2 Measurement of Human Development

The Human Development Index became a landmark event when it replaced the hitherto supreme income measure. The search for an alternative measure had been on for a long time, beginning around the period after World War II. Various agencies, organizations and individuals (The UN, The Food and Agricultural Organization (FAO), The Organization for Economic Cooperation and Development (OECD), The UN Research Institute for Social Development (UNRISD), The World Bank and others) made efforts to evolve an alternative measure to replace the economic measure representing income, the GDP.

The focus of these attempts was oriented towards calculating an appropriate measure which took into account the social concerns of any country's development, such as individual security, social adjustment, political participation, freedom, justice, peace, and harmony, in addition to health, literacy, employment, income, consumption, and so on. To conceptualize aspects of living standards and to be able to measure them posed many philosophical, as well as statistical, problems. Most agencies arrived at the conclusion that no single indicator could serve a similar purpose as GDP, nor was it considered feasible. Efforts towards creating a composite index by combining a set of crucial variables were ongoing through this period. Many earlier efforts were abortive, although these endeavours resulted in enriching the conceptual issues surrounding human wellbeing.

3.3.3 The Human Development Index

The search for a new composite index of socio economic progress began in the earnest in preparing the Human Development Report (HDR) under the sponsorship of UNDP in 1989. The new human development index (HDI) would measure the basic dimensions of human development to enlarge people's choices. The HDI measures the average achievements of a country in three basic dimensions:

- a long and healthy life, as measured by life expectancy at birth
- knowledge, as measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary, and tertiary gross enrolment ratio (with one-third weight)
- a decent standard of living, as measured by GDP per capita in purchasing power parity (PPP) terms in US \$

With these three variables the HDI is constructed in three simple steps. The first step is to define a country's measure of deprivation of each of the three basic variables. The minimum and maximum values are defined for the actual observed values of each of the three variables in all countries. The deprivation measure then places the country in 0-1 range, where 0 is the minimum observed value, and 1 is the maximum. So, if the minimum observed life expectancy is 40 years, and the maximum is 80 years, and the country's life expectancy is 50 years, its index value for life expectancy

is 0.25. This index value is derived in the following manner: the difference between the actual value of the indicator for any given country, minus the minimum value (that is, 50 – 40) as the numerator, and the difference between the maximum and minimum values as the denominator (that is, 80 – 40), gives the index value.

The second step is to compile an average indicator by taking a simple average of the three indicators. The third step is to measure HDI as one minus the average deprivation index.

Table 2 gives a glimpse of HDI for various countries in the world using 2016 data. In 2016, the top three countries in the world in terms of HDI were Norway (0.949), Switzerland (0.939) and Australia (0.939). Though it is observed that the HDI is steadily rising, in 2016, India's HDI was 0.624 – ranked 131st out of the 185 countries studied in the Human Development Report.

Table 2: Human Development Index of a Few Countries, 2016

Countries	HDI Values	Rank
Very High Human Development Index		
Norway	0.949	1
Switzerland	0.939	2
Australia	0.939	3
High Human Development Index		
Belarus	0.796	51
Oman	0.796	53
Barbados	0.795	54
Medium Human Development Index		
Republic of Moldova	0.699	105
Botswana	0.698	107
Gabon	0.697	109
India	0.624	131
Low Human Development Index		
Swaziland	0.541	149
South Sudan	0.418	179
Burkina Faso	0.402	185

Source: *Human Development Report, 2016, UNDP*

The value of the HDI shows where a country is placed, relative to other countries. A quick glance at the HDI rankings shows which countries are combining economic progress with social development, and which ones lag behind. The HDI can also reveal the potential for economic growth in a country. If a country has built up considerable human capital, it can accelerate its GNP growth by choosing the right macroeconomic policies. This is true for many formerly socialist countries now transiting to a market

economy. But, if the human capital is missing, it would take considerable time to create the human infrastructure needed for sustainable growth – which is true, for example, for Sub Saharan Africa, today. Moreover, if there is significant investment in education and health, it is reasonable to hope that people will be able to gain access to market opportunities so that economic growth will be more equitable. Even though the HDI was initially extolled as a major policy instrument and a major policy tool, it was soon recognized to neither reflect deprivation, nor to suggest the distributional aspects of development, particularly the issue of inequality. Since the HDI is a measure of average achievements it does not take into account the distribution of achievements.

3.3.4 Other Human Development Indices

Over the years, the HDR sought to enrich the concept, analyse one specific aspect of human development critically, and develop more elegant measures of well-being. Among the many indices introduced in the HDR, some have become annual features, while others have been discarded for want of data, and the feasibility of calculating indices across countries (the Human Freedom Index is one such measure). Among the indices that have gained popularity and widespread acceptance, despite a significant share of critique and debates, are the HDI, the Gender-related Development Index (GDI), the Gender Empowerment Measure (GEM), and the Human Poverty Index (HPI-1 for developing countries, and HPI-2 for selected OECD countries).

Each of these indices is based on a set of chosen indicators. The HPI-1, designed for developing countries, considers the same three dimensions through four identified indicators. As opposed to the HDI, which measures the overall progress in a country in achieving human development, the HPI reflects the distribution of progress, and measures the backlog of deprivations that still exists. HPI-1 is based on

- the probability at birth of not surviving to age 40
- the adult illiteracy rate
- deprivation in overall economic provisioning, public and private, reflected by the percentage of population without sustainable access to an improved water source
- the percentage of children under five years who are underweight.

HPI-2, devised as a measure of human poverty in industrial countries, since human deprivation varies with social and economic conditions of a community, is also based on 4 indicators. They are:

- the probability at birth of not surviving to age 60
- the percentage of adults lacking literacy skills
- the percentage of people living below the poverty line
- the long term unemployment rate.

Another two new indices were introduced in 1995. These are the Gender-related Development Index (GDI), and a Gender Empowerment Measure (GEM). The GDI measures achievements in the same dimensions and variables as the HDI, but takes into account inequality in achievements

between women and men. The greater the gender disparity in human development, the lower is a country's GDI compared to its HDI.

GEM exposes inequality in opportunities in selected areas – the participation of women in economic and political life, and in decision making. This index focuses on women's opportunities and agency, and captures gender inequality in three key areas

- political participation and decision-making power, as measured by women's and men's percentage share of parliamentary seats
- economic participation and decision-making power, as measured by two indicators—women's and men's percentage shares of positions as legislators, senior officials, and managers and women's and men's percentage shares of professional and technical positions power over economic resources, as measured by women's earned income share as a percentage of men's (PPP in US \$).

In the context of the efforts being made to bring gender issues to center stage, GDI and GEM proved important tools to establish the prevalence of gender inequality across the world. With these indices, the HDRs emphasized the importance of mitigating gender disparities as being critical for overall development (HDR, 1995). HDR 1995 argues that achieving gender equality is not a technocratic goal. It is a political process requiring struggle and radical shifts in mindsets.

The HDRs, over the years, admit that while the concept of human development is much broader, the measures of HDI remain limited. Admittedly, the "HDI is not a substitute for the fuller treatment of the richness of the concerns of the human development perspective". To come up with a comprehensive measure is a daunting task and, in fact, impossible, given the fact that many vital dimensions of human development are non-quantifiable.

3.4 THE DIMENSIONS OF HUMAN DEVELOPMENT

After studying the meaning and measurement of Human Development, it is important now to study various dimensions of human development. This section covers dimensions of human development. Broadly, the three main dimensions are: (i) education; (ii) health; and (iii) gender; and (iv) human development: policy perspectives.

(i) Education: Human Capital and Human Capability

Comparing human capital, as given by Gary S. Becker, Theodore Schultz, with the capability approach, Sen argues that education as a human capital concentrates on the agency of human beings, through skill and knowledge as well as effort, in augmenting production possibilities. The capability approach to education focuses on the ability of human beings to lead lives they have reason to value, and to enhance the substantive choices they have. Both approaches are connected because they both are concerned with the role of human beings, and in particular, with the actual abilities that they achieve and acquire. Consider the following example: if education makes a person more efficient in commodity production, then there is clearly an enhancement of human capital. This can add to the value of

production in the economy, and to the income of the person who has been educated. But, even with the same level of income, a person may benefit from education in reading, communicating, arguing, being able to choose in a more informed way, being taken seriously by others, and so on. The benefits of education, thus, exceed its role as human capital in commodity production. The broader human capability perspective would add these roles. Thus, the human capital perspective fits into the broader human capability perspective, which covers the direct, as well as indirect, consequences of human abilities.

Amartya Sen has identified three distinct ways to link the importance of education to the expansion of valuable capabilities. First, education fulfills an instrumental social role. For example, literacy fosters public debate and dialogue about social and political arrangements. Second, education also has an instrumental process role in facilitating our capacity to participate in the decision making process in the household, and at the community, or national level. Finally, education has an empowering and distributive role in facilitating the ability of disadvantaged, marginalized, and excluded groups to organize themselves politically, since, without education, these groups would be unable to gain access to centers of power, and affect redistribution of resources. Overall, education has an interpersonal impact because people are able to use the benefits of education to help others as well as themselves, and can contribute to democratic freedoms, and to the overall good of society as a whole. International declarations such as the Millennium Development Goals, Education for All, and the Decade of Education for Sustainable Development, attempt to look at education beyond simple human capital concerns. The human development perspective, thus, considers the purpose of education to be much wider than simply developing skills that will enhance economic growth. Education nurtures the processes of critical reflection and connection with others that are intrinsically ethical.

Education brings empowerment, and it is central to human growth. Not only does it open the minds of people and further their horizons, it also opens the way for people to acquire other valuable capabilities. The human development reports take into account the central importance of education by incorporating an education indicator – literacy rates – into the first Human Development Index, later versions include education indicators based on enrollment rates.

(ii) Health and the Human Development: The conventional approach argues that health, through its contribution to the quality of human capital, has a strong, and significant effect on economic growth. This approach puts economic growth as an end, and health as a means to achieving this end. The reverse is also argued, where wealth is seen as a necessary input for the achievement of health outcomes. However, these approaches lead to the critical question of whether economic growth is necessary for improving health. Amartya Sen, by quoting the examples of pre-reform China, Sri Lanka, and Kerala (India), describes that improvement in health (without economic growth) can be attained by prioritizing social services especially health care, and basic education. He says that “health is among the most important conditions of human life, and a critically significant constituent of human capabilities which we have reason to value. In addition

to its intrinsic value, health is instrumental to economic growth, educational achievements and cognitive development, employment opportunities, income earning potential as well as for dignity, safety, security and empowerment". One of the distinguishing features of the human development and capability approach is its focus on the process of generating health. The capability approach recognizes that different people may have different values in terms of health and often weigh these against other dimensions of life. Considerable empirical evidence supports the capability approach in substantiating the importance of conversion factors in translating health inputs to valued health outputs. One clear example of a conversion factor in health is education. Numerous studies have demonstrated that educated individuals tend to have lower mortality and morbidity than less educated counterparts. In addition, children of educated mothers fare better in terms of health than those with less education. Yet another conversion factor is the authority an individual has within their household, or community, to assess or convert, a particular resource into a value added health outcome. For example, the unequal rights to property, unequal access to economic assets, restrictions on physical mobility, especially in the case of women, hamper their health situation. Thus, conversion factors include a number of external conditions, the natural and manmade environment in which we operate, the formal and informal rules and regulations to which we subscribe, social and family dynamics that determine our daily lives, and so on. A basic principle of public health is that all people have a right to health. Differences in the incidence and prevalence of health conditions and health status between groups are commonly referred to as health disparities. Most health disparities affect groups that are marginalized because of socioeconomic status, race or ethnicity, sexual orientation, gender, disability, geographic location, or some combination of these. People in these groups not only experience worse health, they also tend to have less access to the 'social determinants' or conditions (e.g., healthy food, good housing, good education, safe neighborhoods, freedom from racism, and other forms of discrimination) that support a healthy life. Health disparities are referred to as health inequities when they are the result of the systematic and unjust distribution of these critical conditions. According to WHO, health equity, is experienced when everyone has the opportunity to "attain their full health potential" and no one is "disadvantaged from achieving this potential because of their social position or other socially determined circumstance."

Health is, thus, a fundamental capability which is instrumental in the achievement of other capabilities. The unfair distribution of health capabilities may affect social justice in several ways. For example, high maternal under nutrition, leads to intra-uterine growth retardation, which leads to a high prevalence of low birth weight babies. This phenomenon contributes to a high prevalence of child under nutrition and adult ailments. Thus, women's deprivation in terms of nutrition and health attainment has serious repercussions for society as a whole. Deprivation in health can cause deprivation in a number of other dimensions such as education, employment, and participation in social spheres. When people are ill or malnourished, their overall capabilities are greatly reduced. Lack of good health can, therefore, be at the heart of interlocking deprivations. The 2005 WHO Report finds a close link between chronic diseases and poverty. Poor health is not just suffering from illness. For those living in poverty, it pushes

individuals and households towards losses in productivity, incomes, assets, and education further entrenching the cycle of poverty. Health deprivations, thus, reinforce deprivations in other dimensions, which in turn reinforce deprivations in health.

(iii) Gender and the Human Development

In no society do women enjoy the same opportunities as men. A widespread pattern of inequality persists among men and women in their access to education, health, and nutrition, and even more, in their participation in the economic and political spheres.

Amartya Sen has identified seven different types of gender inequalities presently existing in this world.

(1) Mortality inequality: In some regions in the world, inequality between women and men directly involves matters of life and death, and takes the brutal form of unusually high mortality rates of women, and a consequent preponderance of men in the total population, as opposed to the preponderance of women found in societies with little, or no gender bias in health care and nutrition. Mortality inequality has been observed extensively in North Africa, and in Asia, including China, and South Asia.

(2) Natality inequality: Given the preference for boys over girls that many male dominated societies have, gender inequality can manifest itself in the form of the parents wanting the newborn to be a boy rather than a girl. There was a time when this could be no more than a wish, but with the availability of modern medical techniques to determine the gender of the foetus, sex-selective abortion has become common in many countries. It is particularly prevalent in East Asia, in China and South Korea in particular, but also in Singapore and Taiwan, and it is beginning to emerge as a statistically significant phenomenon in India and South Asia as well. This is high tech sexism. Sen coined the term, 'missing women', to describe the phenomena of sex ratio imbalances. Sex ratios were viewed as a composite indicator of the status of women in any society by the Committee on the Status of Women in India (CSWI) in its report, "Towards Equality", in 1974.

(3) Basic facility inequality: Even when demographic characteristics do not show much or any anti-female bias, there are other ways in which women can have less than a fair deal. Afghanistan may be the only country in the world where the government is keen on actively excluding girls from schooling (it combines this with other features of massive gender inequality), but there are many countries in Asia, Africa, and in Latin America, where girls have far less opportunity for schooling than boys. There are other deficiencies in basic facilities available to women, varying from encouragement to cultivate one's natural talents, to fair participation in the social functions of their communities.

(4) Special opportunity inequality: Even when there is relatively little difference in basic facilities, including schooling, the opportunities for higher education may be far fewer for young women than for young men. Indeed, gender bias in higher education and professional training is observed even in some of the richest countries in the world, in Europe, and North America.

(5) Professional inequality: In terms of employment, as well as in promotions at work, women often face greater handicaps than men. A country like Japan may be egalitarian in matters of demography, or basic facilities, and even, largely, in higher education, and yet, progress to elevated levels of employment and occupation seems to be much more problematic for women than for men.

(6) Ownership inequality: In many societies, the ownership of property can also be very unequal. Even basic assets, such as homes and land, may be asymmetrically shared. The absence of claims to property can not only reduce the voice of women, but also make it harder for women to enter and flourish in commercial, economic, and even some social activities. This type of inequality exists in most parts of the world, with local variations. For example, even though traditional property rights have favoured men in most of India, in the state of Kerala, there has been, for a long time, matrilineal inheritance for an influential part of the community, namely the Nairs.

(7) Household inequality: Often enough, there are basic inequalities in gender relations within the family, or the household, which can take many different forms. Even in cases in which there are no overt signs of anti-female bias in, say, survival, or son-preference, or education, or even in promotion to higher executive positions, the family arrangements can be quite unequal in terms of sharing the burden of housework and child care. For example, it is common in many societies to take it for granted that while men will work outside the home, their women could work too, if, and only if, they combine work with various inescapable, and unequally shared household duties.

This unequal status leaves considerable disparities between how much women contribute to human development, and how they share its benefits. The human development approach challenges the development models which measure benefits in purely economic terms, and which are based on the old trickledown theory. According to the trickledown theory, the benefits that are fed into the top of social structures, or community organizations, trickle down to everyone in the community. But, as the relationships within the community and the household are not egalitarian, but are governed by power and status, we cannot assume community development will benefit all the people within the community. Within the household, women do not have equal rights with men, and the benefits at the household level are seldom shared equally between males and females. However, the lower status of women in many of the countries is linked to women's inadequate command over assets, which translates into systematically lower access to community governance, health and education facilities, as well as less than optimal participation in economic decision-making. The exclusion of women from the sphere of public decision-making, weak intra-household bargaining power, and a lack of the kind of kin support that men have within their villages after marriage are also other factors which contribute to women's low status in the society. In a household, it is inevitable that both men and women have to make decisions in the various domains of economic activities within which labour, and resource allocations are made. A person's bargaining strength within the family depends on his, or her, ownership of, and control over assets,

access to employment, and other means of earning an income, support from NGOs, support from the state, social perceptions about needs, contributions, and other determinants of deservedness, as well as social norms. The dominance of patriarchal relations in the market sphere, which extend to credit access, can also adversely affect the efforts of women to improve their relative bargaining strength.

The Human Development approach is sensitive to aspects of discrimination that are particularly important in women's lives, but are unrelated to income and economic growth, such as lack of autonomy in decisions about their lives and the ability to influence decision-making within the family, community, and nation. The Human Development approach also has the scope to delve into complex issues, such as the unequal sharing of unpaid work that constrain women's life choices. Given the constraints on women's agency in almost all societies by political institutions such as male-dominated political parties, social institutions such as the family, and social norms such as women's responsibilities for care work, these issues and their underlying causes clearly must be tackled. Gender analysis has kept the approach vibrant, contributing particularly to the development of its agency aspects.

(iv) Human Development: Policy Perspectives

The Human Development approach is a 'robust paradigm' that can be used over time and across countries as development challenges and priorities shift. In the context of the current challenges that face most countries today, five elements of a general human development agenda are proposed. They constitute what might be called a 'New York Consensus', as these points are reflected in many UN agreements

1. Priority to "social development" with the goals of expanding education and health opportunities.
2. Economic growth that generates resources for human development in its many dimensions.
3. Political and social reforms for democratic governance that secure human rights, so that people can live in freedom and dignity, with greater collective agency, participation, and autonomy.
4. Equity in the above three elements with a concern for all individuals, with special attention to the downtrodden and the poor whose interests are often neglected in public policy, as well as the removal of discrimination against women.
5. Policy and institutional reforms at the global level that create an economic environment more conducive for poor countries to access global markets, technology, and information.

This five-point agenda contains a mix of old and new priorities. Social development continues to be important, given that illiteracy is still high and basic health and survival is far from guaranteed in most developing countries. Economic growth also continues to receive attention, since low growth in developing countries is a major obstacle to human development: over sixty countries ended the decade of 1990 – 2000 poorer than at its beginning. At the same time, the human development approach has seen a notable evolution. In the early 1990s, the HDRs emphasized public

expenditure allocations in health and education. Today, priorities in those areas are on service quality, efficiency, and equity of delivery (for which governance reforms are often a precondition), as well as on the level of resources. In education, today's competitive global markets require higher levels than basic primary schooling. Institutional reforms that enable the poor to monitor the use of local development funds also play a significant role in ensuring the equitable and efficient delivery of basic services. Most importantly, the HDRs have placed an increasing focus on social and political institutions that would empower the poor, and disadvantaged groups (such as women), so that they have more voice in public policy-making, and can fight for their interests. Another critical question, now, is how global institutions can be restructured, or created to function on democratic principles mandating the inclusion and participation of all countries, and of all people. For example, what the state could do to expand capabilities in education and health constituted an important pillar of a human development strategy, for both the intrinsic and the instrumental values of education and health. The changes in the human development approach over time highlight its openness to accommodating new concerns, and taking up new policy challenges. The HDRs have reflected these changing circumstances, and they have shifted emphasis in the policy priorities of the human development agenda from public investments to incentives, from economic measures to democratic politics, from education and health to political and civil liberties, and from economic and social policies to participatory political institutions. They also recognize that people's capabilities to undertake collective action in today's era of rapid globalization will play an increasingly important role in shaping the course of development. It is not surprising that, in 1990, advocacy for human development focused on shifts in planning priorities, and on state action.

In this section you studied about the measurement and indices of human development, and dimensions of human development. Now, answer the questions given in *Check Your Progress-2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1. What is HDI composed of?

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2. Gender development is an important component of Human Development. Narrate.

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3.5 LET US SUM UP

Human development is one of the important paradigms of the development paradigm. In this unit you have studied the meaning of human development and various components of human development. The measurement of Human Development through the Human Development Index are nowadays a regular process in many developed and developing countries. The UNDP also calculates the HDI of various countries. According to the 2016 Human Development Report, India ranks 131 out of 185 countries. This unit also covers various factors influencing Human Development.

3.6 REFERENCES AND SUGGESTED READINGS

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3.7 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

Answer 1: The human development generally mean following things:

- An expansion of human capabilities
- A widening of choices
- An enhancement of freedoms, and
- A fulfillment of human rights

Answer 2: The key constituents of Human Development are: (i) equity; (ii) efficiency and productivity; (iii) participation and empowerment; (iv) fulfillment of human right.

Check Your Progress 2

Answer 1: The HDI composed of three basic aspects: (i) a long and healthy life, as measured by life expectancy at birth; (ii) knowledge, as measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary, and tertiary gross enrolment ratio (with one-third weight); and (iii) a decent standard of living, as measured by GDP per capita in purchasing power parity (PPP) terms in US \$.

Answer 2: Human development approach is sensitive to aspects of discrimination that are particularly important in women's lives, but are unrelated to incomes and economic growth, such as lack of autonomy in decisions about their lives and the ability to influence decision-making within the family, community, and nation. The higher HDI is also influenced by the performance of women.

UNIT 4 POLITICAL DEVELOPMENT

Structure

- 4.1 Introduction
- 4.2 Meaning and Definition of Political Development
- 4.3 History of Development of Political System: Democracy
- 4.4 Political Development and its Impact
- 4.5 Let Us Sum Up
- 4.6 References and Suggested Readings
- 4.7 Check Your Progress Possible Answers

4.1 INTRODUCTION

The development of the institutions, attitudes, and values that form the political power system of a society is called Political development. In other words political development means the increased differentiation and specialization of political structures and the increased secularization of political culture. Political development has been especially associated with increasing democratization, with growing bureaucratization and with the professionalization of politics. It enhances the state's capacity to mobilize and allocate resources, to process policy inputs into implementable outputs. Until recently most policy planners and economists ignored the relationships between state formation and economic development. Whereas, political and economic development is closely interconnected, it is well understood that civil strife, political uncertainties and turmoil hamper the development activities. The contemporary notion of good governance also dwells on efficient, effective, and non-corrupt public administration. It is one of the most basic requirements which every nation has to ensure for the existence and continuance as a state, and for political, economic, social and cultural development. A politically sound state can only have faster all round development and protect the interest of its citizens. Although it was certainly possible to study the formation of nations and states across continents and time, political development as a field came to be associated with the new states of Africa, the Middle East, and Asia. Therefore, political development and growth of political evolution became the key to a successful and strong state which, which ultimately promote development.

This unit will familiarize its readers with following basic facts:

- establish relationship between political stability and development;
- elaborate the evolution of democracy and concept new nation state;
- analyze various indicators of political participation and stability;
- explain development and diffusion democratic institutions; and
- role of political will in decision making process

4.2 MEANING AND DEFINITION OF POLITICAL DEVELOPMENT

The origin of the term 'Political Development' can be traced to late 1950's when many political scientists were attempting to study the political dynamics of the newly emerging countries of Asia, Africa, and Latin America. Large quantity of quantitative data and statistical information on the demographic aspects, social, political and economic aspects of these newly formed countries were collected to understand and analyze trend of people's attitude, values and behavior patterns.

Some political scientists like Samuel Huntington, Daniel Lerner, W.W. Rustow and Edward Shils have linked the concept of political development with modernization. Even though definitions of political development are varied, most share two closely related characteristics. According to Samuel Huntington, the first characteristic of political development is that growth is synonymous with the idea of modernization. As such, political development is also defined as political modernization. The second is that there exist many ways to measure political development because modernization and development are broad topics that cover many different areas. Additionally, definitions of political development tend to itemize many different criteria. Even though the rules defining political development used are varied, the characteristics that make up political development are all features of the processes of modernization. Four categories occur in all of the definitions of political development. The first characteristic is that of rationalization, which highlights the focus on functional differentiation and achievement criteria. The second criteria are nationalism, which emphasizes nation-states and nation-building as fundamental aspects of political development. The third criteria are the idea of democratization, which is essentially a focus on competition and equalization of power. The last criteria are mobilization, which is a focus on political participation. Political participation stipulates that the greater the level development, the greater the level modernization.

Lucian W. Pye has vividly examined diversity in the explanation of the concept of political development. Accordingly, political development has been explained as Political prerequisite of economic development; The politics typical of industrial and advanced societies; Political modernization under which advanced nations are regarded as pace setters; The operations of a nation state; administrative and legal development, it includes all colonial practices and authoritative structures; mass mobilization and participation involving new standards of loyalty; the building of democracy.

4.3 HISTORY OF DEVELOPMENT OF POLITICAL SYSTEM: DEMOCRACY

4.3.1 Evolution of Democracy

The Ancient Greeks were the first to use democracy as a form of government. Under Pericles, male citizens in Athens participated in the daily running of government. This form of direct democracy excluded all non-citizens, such as women and slaves. In Ancient Rome, a government where officials were chosen from among eligible citizens was established. A republic, as this form of democratic government is known, is not a direct

democracy. It is called representative democracy, since only a few chosen officials represent the citizens as a whole. As a form of government, democracy was rare in Europe between second and thirteenth centuries. In 1215 CE, the nobility in England forced King John to sign a Great Charter, the Magna Carta, recognizing their rights as land-owners, citizens of England, and subjects of the king. After that, it was not until the late 1600s that democratic ideals began to resurface in Europe, when some English and French philosophers began promoting democratic government in place of the absolute monarchies under which they lived.

In England, the English Bill of Rights was passed by Parliament after the Glorious Revolution of 1688. Power was transferred from Catholic James II to his son-in-law and daughter, William and Mary, both of whom were Protestants. The Bill of Rights ensured the supremacy of Parliament over the monarchy in England. England was not yet a true democracy, but it was taking steps toward becoming one. As English subjects, the colonies in America had the benefit of knowing a democratic form of government. In 1776, the American colonies declared their independence from England based on many real and perceived wrongs that they had suffered. The original revolutionaries wrote a declaration outlining their grievances, and claimed the right to self rule, or sovereignty. The Declaration of Independence included many Enlightenment ideas: the right to life, liberty and property, religious toleration and freedom of speech, separation of powers.

The success of the American Revolution and its guiding principles was a major inspiration of the French Revolution in 1789, and the Latin American Revolutions of the 1790s and early 1800s. Proof that foreign rule and slave chains could be thrown off was extremely encouraging to the mixed-blood inhabitants of the Caribbean islands, and Latin America. In the 1830s and 1840s, a series of democratic revolutions occurred throughout Europe. Most of them were harshly put down. After World War II, most of northern, western and southern Europe, America, Japan, South America and the parts of the former British Empire, practiced some form of democracy. Today, democracy is one of the most widely practiced political systems in the world.

4.3.2 Other Quasi-Democratic Institutions

There are other types of local communities which have developed democratic or quasi-democratic ways of decision-making. City-states in particular have an important place in democratic history. At the basic level, there are many groups or communities that moderns do not often think of in their discussion of government, because these groups are not compact geographical units like villages. For instance, in addition to the more obvious types of village government, described above, the Chinese people have engaged for millennia in a maze of guilds, caste and community sabhas, surname clubs, savings associations, Buddhist sanghas, scripture-reading clubs, and religious and cultural societies, many of which have employed councilor, representative, and quasi-democratic techniques. Even a cursory search of the rest of the world finds a great deal of evidence for voluntary, self-governing associations of various types.

Such groups — including religious congregations, resource management cooperatives, labor unions and financial institutions — meet important common needs for those involved in them, and the way they are run has

much to do with the way power is exercised in the greater society of which they are a part. If bodies of this sort are inclusive and have important democratic elements in their governance, or if new groups can be formed easily by interested parties, there results a freer, more open society than if key resources are dominated by a small group or the officials of a distant central authority.

4.3.3 Recent Analysis of Democracy

Samuel P. Huntington is a well-known thinker on the subject of democracy, he puts the democratization of the late 1980s in a larger perspective, by pointing out that waves of democratization had occurred in the past. He also identified “reverse waves,” in which countries that had for a while been democratic reverted to authoritarian forms of government — sometimes, indeed to redemocratize at a later time. He further concludes that “A twentieth-century political system [is] democratic to the extent that its most powerful collective decision makers are selected through fair, honest, and periodic elections in which candidates freely compete for votes and in which virtually all the adult population is eligible to vote...[Democracy] also implies the existence of those civil and political freedoms to speak, publish, assemble, and organize that are necessary to political debate and the conduct of electoral campaigns.” Huntington’s definition and description of the three waves of modern democratization is only a part of a rich book, but a particularly useful one. He does not take into account many events since early 1991, most especially the splitting of the Soviet Union into its constituent republics. The terminology “democratized,” “authoritarian,” “reverted to authoritarianism”; Huntington’s graphic presentation distinguishes between “democratic or semi democratic phases” or “Non democratic phases of previously democratic countries.”

Countries in Category	Number of Countries in Category	1st Wave 1828-1926 (long wave)	1st Reverse 1922-42	2nd Wave 1942-62	2nd Reverse 1958-196	3rd Wave 1974	3rd Reverse? (to 1991)
Category A Australia; Canada; Finland Iceland; Ireland; New Zealand; Sweden; Switzerland; U.K.; U.S.	10	Democratized in the first wave and have remained democratic since	Democratic	Democratic	Democratic	Democratic	Democratic
Category B Chile	1	Democratized	Democratic	Democratic	Reverted to Authoritarianism	Democratized	Democratic
Category C Austria; Belgium Colombia; Denmark France; W. Germany Italy; Japan; Netherlands Norway	10	Democratized	Reverted to Authoritarianism	Democratic	Democratic	Democratic	Democratic
Category D Argentina; Uruguay Czechoslovakia Greece; Hungary	5	Democratized	Reverted to Authoritarianism	Democratized	Reverted to Authoritarianism	Democratized	Democratic

Development: An Overview

Category E East Germany Poland; Portugal Spain	5	Democratized	Reverted to Authoritarianism	Authoritarianism	Authoritarianism	Democratized	Democratic
Category F Estonia; Latvia Lithuania Authoritarianism	3	Democratized	Reverted to Authoritarianism				
Category G Botswana; Gambia Israel; Jamaica; Malaysia Malta; Sri Lanka Trinidad & Tobago Venezuela	9			Democratized in the second wave and remained democratic since	Democratic	Democratic	Democratic
Category H Bolivia; Brazil; Ecuador India; South Korea Pakistan; Peru Philippines; Turkey	9			Democratized	Reverted to Authoritarianism	Democratized	Democratic
Category I Nigeria tarianism	1			Democratized	Reverted to Authoritarianism	Democratized	Reverted to Authoritarianism
Category J Burma; Fiji; Ghana Guyana; Indonesia Lebanon	6			Democratized	Reverted to Authoritarianism	Authoritarianism	Authoritarianism
Category K Bulgaria; El Salvador Guatemala; Haiti Honduras; Mongolia Namibia; Nicaragua Panama; Romania Senegal	11					Democratized	Democratic
Category L Sudan; Suriname Authoritarianism	2				Reverted to Authoritarianism	Democratized	Reverted to Authoritarianism
Democratic Countries		33 (max.)	11 (min.)	51 (max.)	29 (min.)	62 (max.)	59 (min.)
Net Change		+33	-22	+40	-22	+33	-3
Total Countries	71						

Source: Samuel P. Huntington, 1991. *The Third Wave: Democratization in the late twentieth century*, London

4.3.4 Political Developments and Changes in Type of Governments

When the global economy collapsed in 1929, the older, established democracies rode out the crisis by instituting subsidies and unemployment relief programs, but in nations with shallower democratic roots, the global slump kicked out the underpinnings of liberal democracy and destroyed

its credibility. As the voters turned toward parties with more radical agendas, the number of democracies in the world plummeted as quickly as the economic indicators. For a time it was uncertain whether nations like Germany would swing hard left or hard right, but when it came down to choosing sides, the right wing offered the most and made fewer demands. They promised full employment, consumer gratification and a golden age of national unity of purpose — just like the Communists — but without denouncing God, Homeland and private property. The corporate and military elites supported the Nazis as did a plurality of the voters, so in 1933, Adolf Hitler became chancellor of Germany.

For awhile, the Western democracies themselves had difficulty deciding whether the hard right or left was the greater danger to civilization. Then, in 1936, the Spanish right wing rose against the democratically elected leftist government, and Fascism lost most of its respectability worldwide. Across Asia and North Africa, in the old heartlands of civilizations, there were hints that the old era of imperialism might be coming to an end. In 1932 and 1936, the British set the ancient nations of Iraq and Egypt free, while they also arranged a larger measure of self-government for India in 1935 after a mass protest campaign orchestrated by Mohandas Gandhi. With the 1931 Statute of Westminster, the UK reorganized the Empire into a newer Commonwealth which granted independence to the dominions. The Americans meanwhile set up an autonomous Commonwealth of the Philippines with the passage of the Tydings-McDuffe Act in 1934.

Unfortunately, there were plenty of younger countries which had missed out on the 19th Century frenzy of conquest and had now decided to make up for lost time; however, timing is everything. It was not considered appropriate for them to begin a new round of empire-building now that the civilized world was turning away from that sort of thing, so when Japan invaded Manchuria (1931) and Italy invaded Abyssinia (1935), the rest of the world loudly (but impotently) condemned them. Then Germany started to carve a new empire out of smaller European neighbors (Austria, Czechoslovakia: 1938), but it wasn't until the third nation (Poland: 1939) was overrun that the Western Powers bit the bullet and declared war.

The Second World War changed the political map of the world, it began wiping nations off the earth by the bucketful. Between 1937 and 1942, 18 nations were plowed under by the relentless bulldozer of war. Ten nations (Austria, Czechoslovakia, Poland, Denmark, Norway, Netherlands, Belgium, France, Yugoslavia, Greece) were swallowed up by the Germans in just three years. One country (Albania) was annexed by the Italians, and 3 (Estonia, Latvia and Lithuania) disappeared into the Soviet Union. In addition, 4 theoretically neutral countries (Iceland, Iraq, Egypt, Persia) were occupied by the Anglo-American alliance in order to prevent them from falling into the wrong hands. All in all, 25% of the world's nations disappeared for the duration of the war.

Although the end of the war restored most of the conquered nations, many had had their political structures wrecked. In Eastern Europe, the nations which had been (liberated? conquered? trampled?) by the Soviet Union tried to set up multiparty democracies, but Soviet-sponsored Communist parties quickly gained the upper hand and put an end to that. In China, the Communists and Nationalists resumed the civil war which had been interrupted by the Japanese, while left and right also fought a civil war over who would inherit Greece. In East Asia, a couple of colonies (French Indo-China and the Dutch East Indies) seized the moment and tried to

prevent their former masters from reclaiming control after the Japanese surrendered.

The Dumping of Africa went almost as quickly as the Scramble for Africa of the 1880s. On New Year's Eve, 1955, there were only 5 independent nations in the whole continent; ten years later, there were 38. In most cases, the colonial powers had spent the early 1950s denying that they would ever release their colonies, so they had never bothered to educate a native civil service or middle class, and often forbade natives to travel abroad to seek education on their own. In the Belgian Congo, for example, there was not a single African doctor, lawyer or engineer as late as 1955. Then, suddenly, there were dozens of brand new nations being cut loose with only the slightest preparations — a generic constitution, a hasty election, a red-green-and-yellow flag and a ceremonial salute — before being sent on their way.

In many of these new countries, the local nationalist organization that had been urging the Europeans to quit won the first elections easily — and then postponed the next elections indefinitely. In countries with no local nationalist organization, the army usually took control from whichever poor unfortunate the Europeans had left in chain. Worldwide, the 1960s saw the birth of 45 new nations, and by the decade's end, all the colonial powers had set free any dependency which was big enough to take care of itself. Only Portugal clung to the old ways, but they paid the price with escalating colonial wars in any territory big enough to support rebel strongholds.

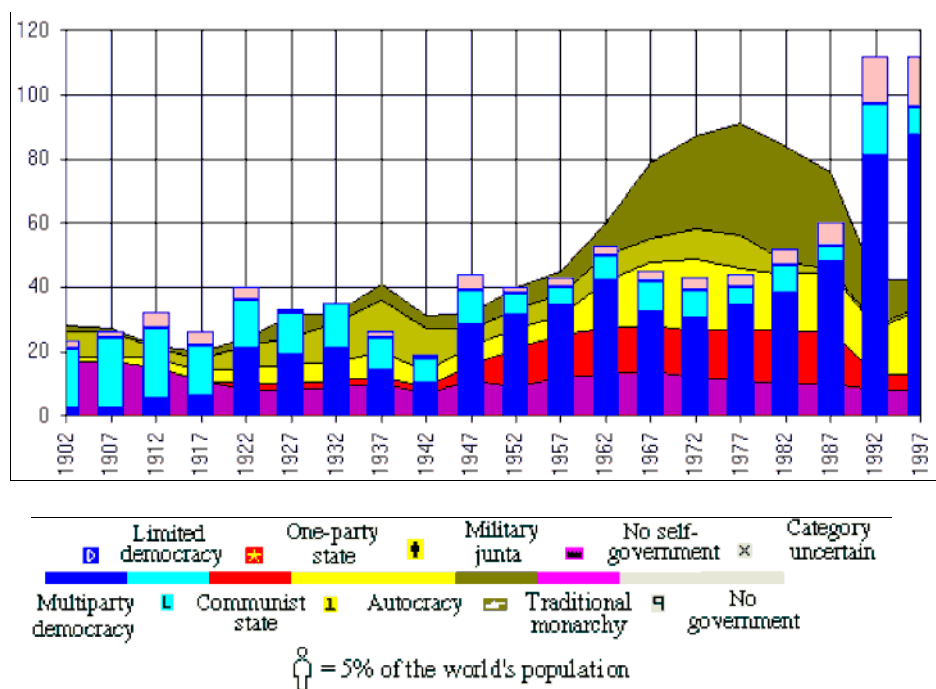
Multiparty democracy hit rock bottom in the 1970s. Whether you measure this decline in absolute numbers (a net loss of 12 visible countries, 1962-72) or percentages (29% fewer), the trend is unmistakable. As a percentage of independent countries, democracies reached their lowest point of the late 20th Century, weighing in at only 30% in 1977. In terms of total population, the post-colonial low of 19% was reached during the period 1975-1977, when Indira Gandhi declared a state of emergency and suspended civil rights in India to avoid being jailed for corruption. What was happening to all these countries? Many were falling to military coups. Of the ten traditional countries of South America, there had been only two military regimes (and eight democracies) in 1962; however, every five years saw the fall of two democracies, reversing the ratio and pushing the number of juntas up to eight by 1977.

In Africa, meanwhile, it had become obvious that the new nations were not going to follow the parliamentary model recommended by their former colonial owners. The lucky ones achieved some semblance of stability under slightly corrupt single-party states, while the unlucky ones lurched from coup to coup under a brutal succession of generals, colonels and sergeant-majors. Throughout the African continent, a net total of eight nations shifted from civilian to military rule between 1967 and 1977. Case by case, each of these authoritarian regimes rose to power based on local circumstances, but overall, the trend towards oppression was boosted by the corrupting influence of the Cold War. Both East and West preferred strong, stable regimes allied to their side and sworn to oppose the other, rather than unstable democracies which might roll left or right without warning. And even if the Western democracies occasionally had moral qualms about arming thugs, they knew that the Soviets didn't, so any nation ostracized by the West stood a good chance of becoming a Soviet ally by default. Therefore, each side had a strong incentive for the superpowers to blindly support their cronies, no questions asked.

The crisis of democracy even touched the United States, normally among the most stable of the world's republics. The failure of the American intervention in Vietnam had polarized national politics, and when the Nixon Administration was caught trying to stifle domestic opposition with a web of illegal activities, the President was forced to resign — an unprecedented event in US history. The trends were not uniformly bleak, however. The Mediterranean rim of Europe — long a stronghold of authoritarianism — finally rejoined the civilized world when Spain, Portugal and Greece all held their first free elections in quite awhile. Another anomaly on the map of West Europe disappeared in 1972 when Switzerland became the last European nation to give women the vote. The liberalization of Portugal led to the hasty withdraw from the world's last overseas empire, followed quickly by exploding civil wars in the successor states.

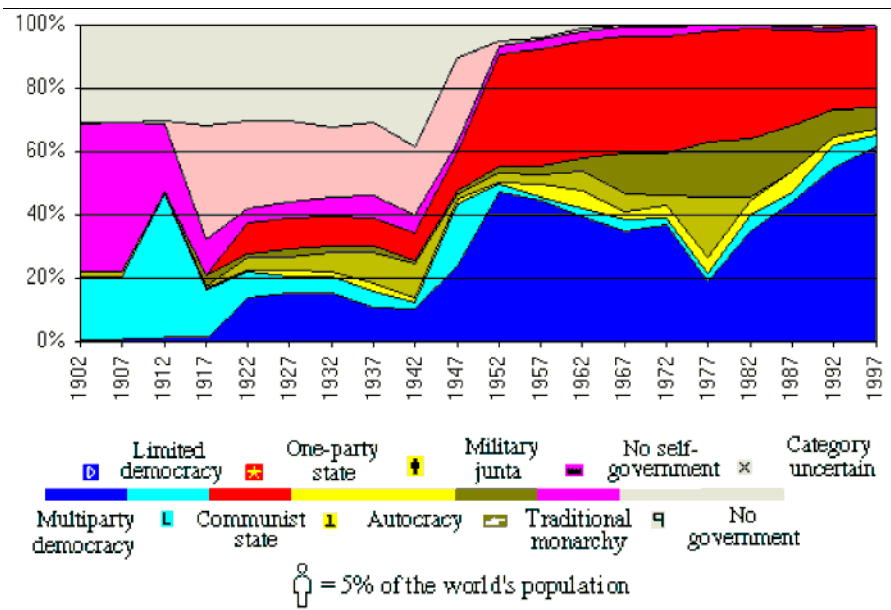
The final year of the decade hinted at the beginning of a change as many of the century's most brutal tyrants were overthrown. In 1979, invading neighbors were driving Pol Pot of Cambodia and Idi Amin of Uganda out of power, while French intervention drove Bokassa out of the Central African Empire. Macias Nguema of Equatorial Guinea was removed and executed by his nephew. Both the Pahlevi dynasty of Iran and the Somoza dynasty of Nicaragua were overthrown by domestic uprisings, and the beleaguered apartheid regime of Rhodesia accepted the inevitability of Zimbabwe. Although the successor regimes were sometimes only slight improvements (if that), the future was looking a bit brighter. The 1980s, however, were a decade of growing freedom in the Third World. In South America, the number of military governments drastically dropped off — from 7 in 1982 to 2 five years later. Along the Pacific Rim of Asia, the pendulum was also swinging back toward democracy as local economies boomed. Meanwhile, pragmatic, reformist regimes had come to power in the Soviet Union and China and were gradually dismantling the Communist state. Then, in the final few months of the decade, the avalanche hit, and the Communists surrendered power throughout Eastern Europe.

Number of Independent Governments

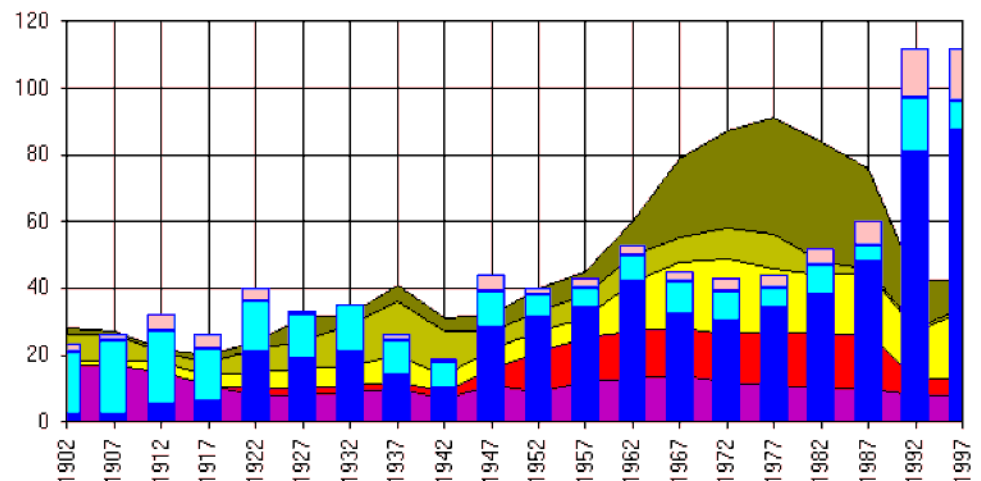


Source: According to Matthew Whites, 1999 *Historical Atlas of the Twentieth Century* (online)

The percentage of the world's population under various political systems



Number of Independent Governments



Source: According to Matthew Whites, 1999 *Historical Atlas of the Twentieth Century* (online)

The crisis and collapse of the Soviet Union brought forth two great surges of democracy, the first in the fall of 1989 when the Communists surrendered their monopoly of power in the satellite nations, and the second in the summer of 1991 when the constituent republics of the Soviet Union seceded. There was also a parallel surge of nationhood as four former Communist unions — the USSR, Czechoslovakia, Ethiopia and Yugoslavia — shattered into 24 ethnic nations. All across the globe, the various petty tyrants who had stayed in power by playing one side against the other in the Cold War were swept away. The pro-Soviet among them were cast adrift, friendless and alone, while the pro-Western soon realized that their former sponsors didn't need anti-Communist thugs anymore. Throughout the Third World, strongmen agreed to relinquish their power. They released opposition leaders from jail, scheduled elections and pilfered national treasuries to set up retirement accounts in off-shore banks.

The end result was a world that has changed unrecognizably from the world twenty years earlier. In the early 1970s, democracies were scattered in a

few small clusters on the edges of the great land masses. By the late 1990s, four continents (Europe, Australia and the Americas) were almost entirely democratic. Africa had gone from almost entirely oppressive to only about half, and even if some of the new “democracies” didn’t quite have the hang of it and occasionally continued to harass the opposition, reward cronies and fudge the ballot counts, at least the jails were emptied of dissidents and the press was allowed to complain more vocally about government abuses. There is no single effect that the end of the Cold War had on hot war worldwide. In Africa, several long smoldering civil wars fizzled out as Soviet-sponsored governments and Western-sponsored guerrillas decided it was time to talk. But this trend toward peace in one part of the world was balanced by new conflicts elsewhere. In the former Communist lands of Eurasia, ethnic hatreds which had been kept under control by Russian hegemony now found an opportunity to flare up.

Till now you have read about the meaning and history of political development. Now try and answer the questions given in *Check Your Progress – 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1. What do you understand by Political development?

.....

2. How democracy helps in sounding people’s requirement/demand?

.....

4.4 POLITICAL DEVELOPMENT AND ITS IMPACT

The concept of political development is also regarded as a process of modernization by many political scientists including Samuel Huntington. Though, the definitions of political development are varied, but most share two closely related characteristics. The first characteristic is that growth is synonymous with the idea of modernization. As such, political development is also defined as political modernization. The second is that there exist many ways to measure political development because modernization and development are broad topics that cover many different areas. The characteristics that make up political development are all features of the processes of modernization.

The paradigm of modernization, which was inspired by Weber, and which is a departure from the premise that economic development flows a series of change in the social order, that in return transforms the political systems.

With the process of urbanization, migrants shift their orientations toward politics, away from parochial loyalties of their villages and their strongmen and toward their nations and the legitimate state bureaucracies that govern them. These transformations of traditional subjects into realm of modern democratic systems were deeply personal, and it did not appear to involve a redistribution of power, and were apparently not subject to being suppressed. Although modernization literature had a dichotomous view of society as either traditional or modern, the political development literature of the 1960s also exhibited ambivalence about precisely how separate the traditional and modern spheres were and even how beneficial or detrimental each was to political development (Hagopian, 2000).

The three great trends in political development at the century's end were modernization, followed by globalization and the third wave of democratization—have led scholars to return to the large question of the nature of the relationship between economic and political development and even to revive modernization theory. Relentless globalization appears to be making world politics as homogenous as popular culture, to the point where one may reasonably wonder today whether distinctions between the First World, Second World, and Third World retain any conceptual validity. International norms (and blue-bereted troops), moreover, are making the world safer for democracy than at any time in history. Indeed, it would be difficult not to be tempted to see in the growth of middle classes, the dissemination of new technologies bringing more information more quickly to more of the globe's inhabitants than ever before, and in the toppling of dictatorships, some connection between socioeconomic change and the march of so many nations toward Western-style democratic governance. If the field of political development depends on the success of political development, then these trends that dominated the 1990s may have breathed new life into political development.

There are as many views as many political scientists on the content, perspective and nature of political development. Most of the scholars and political scientists see political development as something which is dependent on other variables like modernization and westernization. Much of the debate on political development fails to arrive at conclusion due to value judgment, different variables and unidirectional approach to the understanding of political development. There is complete neglect of a country's history and its various political traditions. Paradoxically, these startling developments that render the concept of modernization somewhat problematic at the same time help to make the case that political development deserves to survive as a legitimate subfield of inquiry of comparative politics. At its best, the field of political development will study questions that other subfields would eschew, in an encompassing political context that other subfields might judge overly ambitious. The new and renewed roles of states in development, the resurgence of ethnic identities and conflict and the challenges they pose to the integrity of nations, and the establishment of new democratic political institutions in former authoritarian countries all constitute compelling reasons to revitalize the field of political development (Hagopian, 2000). Political development has been associated with increasing democratization, with growing bureaucratization with decentralization, governance issues, with political values and development of democratic institutions.

4.4.1 Decentralization

Decentralization can be usefully understood as a political process whereby administrative authority, public resources and responsibilities are transferred from central government agencies to lower-level organs of government or to non-governmental bodies, such as community-based organizations (CBOs), 'third party' non-governmental organizations (NGOs) or private sector actors. Decentralization also called departmentalization is the policy of delegating decision-making authority down to the lower levels in an organization, relatively away from and lower in a central authority. A decentralized organization shows fewer tiers in the organizational structure, wider span of control, and a bottom-to-top flow of decision-making and flow of ideas. In a centralized organization, the decisions are made by top executives or on the basis of pre-set policies. These decisions or policies are then enforced through several tiers of the organization after gradually broadening the span of control until it reaches the bottom tier. In a more decentralized organization, the top executives delegate much of their decision-making authority to lower tiers of the organizational structure. As a correlation, the organization is likely to run on less rigid policies and wider spans of control among each officer of the organization. The wider spans of control also reduces the number of tiers within the organization, giving its structure a flat appearance. One advantage of this structure, if the correct controls are in place, will be the bottom-to-top flow of information, allowing all decisions among any official of the organization to be well informed about lower tier operations. For example, an experienced technician at the lowest tier of an organization might know how to increase the efficiency of the production, the bottom-to-top flow of information can allow for this knowledge to pass up to the executive officers.

Decentralized governance

Decentralization is generally defined as the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations. It embraces a variety of concepts. Different types of decentralization show different characteristics, policy implications, and conditions for success. Typologies of decentralization have flourished. For example, political, administrative, fiscal, and market decentralization are the types of decentralization. Drawing distinctions between these various concepts is useful for highlighting the many dimensions of successful decentralization and the need for coordination among them. Nevertheless, there is clearly overlap in defining these terms and the precise definitions are not as important as the need for a comprehensive approach. Political, administrative, fiscal and market decentralization can also appear in different forms and combinations across countries, within countries and even within sectors.

Political decentralization

Political decentralization aims to give citizens or their elected representatives more power in public decision-making. It is often associated with pluralistic politics and representative government, but it can also support democratization by giving citizens, or their representatives, more influence in the formulation and implementation of policies. Advocates of political decentralization assume that decisions made with greater participation will be better

informed and more relevant to diverse interests in society than those made only by national political authorities. The concept implies that the selection of representatives from local electoral constituency allows citizens to know better their political representatives and allows elected officials to know better the needs and desires of their constituents. Political decentralization often requires constitutional or statutory reforms, creation of local political units, and the encouragement of effective public interest groups.

To summarize, international experience suggests three broad conditions under which

decentralization has been found to foster more accountable forms of governance:

- active participation among broad elements of society, including voting, campaigning, attending meetings, running for office, lobbying representatives, etc.;
- fiscal and political support from higher level authorities within government;
- the existence of competitive political parties whose legitimacy depends at least in part on the support of the poor.

4.4.2 Political Stability

There exists a strong relationship between a country's development strategy and its political system. Authoritarianism or democracy has an unfailing influence on the pace of development and justice. Political institutions always dominate the fate of nations in many ways. The strategy of economic development pursued by a country is the outcome of its political system, which, in turn also determines its success or failure. The rate of economic growth and the level of economic and social development represent the well-being and prosperity of an economy and political stability indicates the well-being of its political institutions. When one looks at the economy and politics of a country, there arise a number of questions. For example, what is the role of political institutions in economic growth and development? Which kind of political institutions (democracy or dictatorship) help or hinder economic growth and its 'trickle-down' effect? Is there a trade-off between economic, political and civil liberties and economic growth? What is the role of income distribution, poverty alleviation and other social welfare provisions in determining economic performance?

The conventional economics, somehow, fails to answer these questions mainly because it is devoid of the role of the state or that of political institutions, which are treated exogenously in all discussions. The answer can only emerge if the role of the state is treated endogenously. This is done in what is termed as the 'New Political Economy', which is, in fact, a revival of what, at one time back in history, was known as political economy. The 'New Political Economy' unlike the mainstream conventional economics, incorporates government's impact on the economic system and its components, without going into the questions of the development of political systems, constitutions and their processes. In essence, it accounts for the behavior of the electorate, the legislatures and the bureaucracy. It is only then that we are able to answer various questions related with the

behavior of the state and its impact on the economic functioning of a given system.

There is a strong relationship between economic growth, capital accumulation and democracy on the one hand and between political instability and income inequality on the other. Let us now find answers to the question with regard to the linkages between the well-being of an economy and its political set-up. These answers emerge from the experience of different countries and take the form of distinct hypotheses as given below:

- Democracy retards economic growth (India's experience up to the eighties)
- Democracy helps achieving high rates of economic growth
- Authoritarian regimes lead to faster economic growth (East Asian experience)
- Dictatorial regimes lead to poor economic growth (African and Latin American experience)

All this leads to the conclusion that whether it is a democracy or a dictatorial regime, what matters is its political stability. The degree of political stability cannot be measured directly. It depends on a number of factors like, political upheavals; riots, strikes and lockouts; crime and (political) assassinations; coups and change of power; infighting amongst political parties; scams including rent-seeking and directly unproductive profit seeking activities; lack of people's faith in the government; poverty and income disparities. One may use these indices to work out the degree of political stability in different countries/regions over different periods. This would lead to a number of interesting hypotheses establishing a link between the indices of political stability and economic growth. For example, during the periods of political unrest, or coups, or change of power, or even intense infighting within the ruling party, the rate of growth has been seen to slow down and even become negative, essentially through lower savings and investment rates and also through a lack of vision in the part of the bureaucracy. It is now understood that the magnitude of these activities and political instability reinforce and strengthen each other to quite a great extent with the result that taken together, they work against the growth process. They require being neutralized, weakened and counter-acted.

4.4.3 Political Values

Politics in a liberal, democratic democracy cannot long proceed or survive simply by inertia; instead they must be constantly fed by people who are engaged in the political process and who share some of the basic values necessary for such a democracy to thrive. None of these values depend in any way upon religion or theism; this means that they necessarily "godless" — that they exist independently of people's religions and gods.

Rule of Law

Perhaps nothing is as fundamental as the rule of law: liberal democracy simply cannot exist unless everyone, from the lowest citizen to the highest official, is equally subject to the same laws. As soon as some people or groups are exempted from neutral, generally applicable laws, they are

essentially placed outside the political process and made superior to the rest of us. In the end, the law means nothing unless it is fairly and equally applied to all.

Political Harmony

Something we don't hear much about is "harmony" in politics, which may be one reason why it's been so lacking lately. In music, harmony requires multiple voices singing parts of the same piece; in politics, then, harmony requires the presence of multiple perspectives that all are moving towards the same general goal. Valuing political harmony means opposing efforts to reduce "dialog" to a single perspective as well as efforts to tear the group apart into wildly different directions.

Compromise

Politics is the "art of the possible," which means that it is a pragmatic efforts to find the best possible means for achieving particular goals. In a diverse, pluralistic community, this means that politics cannot exist without compromise: people and groups will generally get some of what they want, but almost never all of what they want because there will always be groups with different desires. Those who categorically oppose compromise thus oppose the political process of democracy.

Liberty & Autonomy

Democracy, which is "government by the people," cannot exist unless people are free, and moreover have the freedom to govern themselves. If sovereign power ultimately rests with the people, it can only be because the people are free to be sovereign over themselves and to explore the various options available for structuring their common government. Otherwise, it's just another dictatorship masked as a democracy.

Secularism

Often derided by those who don't understand or believe in it, secularism is a critical component of liberal democracy. Secularism is the political principle or philosophy that there must exist some sphere of knowledge, values, institutions, and action that is independent of religious authority. If there is no such secular sphere, then everything is under ecclesiastical control and this undermines the possibility for liberty and autonomy.

Dispersed Power & Authority

The more power that is concentrated into fewer hands, the greater the threat to people's liberty and autonomy. This is true even when power is in the hands of those of good will, which is why we must guard against too much concentration of power in the government, in religious entities, and in private groups like corporations. Liberal democracy is best preserved by ensuring that social and political power is distributed as widely as possible, even if unevenly.

Openness & Honesty

If democracy is going to work, then the people must be well informed about what their government is doing in their name. This means, therefore, that the ability of the government to keep secrets from the people must be sharply limited. If the government is given too much latitude to keep

secrets, then it's impossible for the people to make informed, educated decisions, and this means that those in power can retain power without appropriate consent from the governed.

Equality & Justice

Two closely connected political values are equality and justice. A liberal democracy requires equality because otherwise only the privileged portion of the population ends up being truly sovereign. A liberal democracy requires justice because that is the basis for an equitable application of the law. An unjust society is one where the rule of law, morality, and equality are all violated. Neither equality nor justice, though, require any gods or religions to defend them.

Politics without Religion

Labeling these values “godless” simply means that they are not founded upon the alleged will of any gods and do not depend upon belief in any gods for their validity. Many religious theists can adopt them and many godless atheists may reject them; doing so, however, must occur independent of one's religious beliefs and assumptions. At the same time, though, it might be argued that by pursuing political values independent of any gods and religion, then one is also essentially pursuing politics without gods or religion. This would mean that liberal, representative democracy must itself be godless and irreligious in some basic way.

Politicians and voters may have religious values which inform their decisions, but the political system *itself* cannot — the political system itself must be independent of any one group's claims about what their god wants or demands. Only in the absence of such demands can the individuals who participate in the system act with complete freedom regardless of the beliefs of those around them. This is why the godlessness of the political system is good not just for the system, but also for the religious and theistic participants in it.

4.4.4 Development of Democratic Institutions

The problem of efficiency and dynamism of democratic institutions is very relevant for many countries, including Russia. As we know from the history, democracy has often degenerated into different types of autocracies with previous form, but not on the content of political institutions, which gradually lost its democratic nature and acquired a totally different character. Considering the fact that during the democratic process in 1970 – 1990 a lot of countries in the democratic institutions fostered on the top of existed form, not relying on a strong agreement (pact), the main political forces, the probability that in a crisis situation, these institutions may be ineffective.

It might be a kind of vicious circle: the new democratic political institutions cannot be effective enough because they did not provide the necessary support of the mass and elite groups in society, and they cannot gain support and legitimacy of these institutions, because in the eyes of most people this system is not effective to help solve problems which faced by the society. It is quite difficult to break this cycle, especially in a time of the weakness of civil society and the inevitable coming after the first period of disappointment euphoria by popular democracy. The constant reference to the inadequacy and lack of democratic political institutions that lead

to panic exclamations already shows alleged failure of democracy to dictatorship established, etc., can only further reduce the credibility of democratic or semi-democratic institutions, making them fully ineffective and incompetent. In turn, such an atmosphere in society, created by extreme democrats with their statements that democracy is no longer the case and the extreme authoritarianism with their statements that democracy is not needed, only makes it easier for anti-democratic-minded faction of the ruling elite, a faster and easier emasculation of democratic content of the main political institutions, leading to a gradual transformation of them into something else, resulting in an instrument of authoritarian rule. This applies primarily to the institution of elections in the institution of political parties, parliament, etc.

So the main issue in the transition and in the more crisis situation is not so the purity of principles and a full democracy of major political institutions, but their democracy which coupled with efficiency. The main argument of supporters of authoritarianism has always been the adoption of the principle of inefficiency of democratic institutions, allegedly do not conform to national traditions and characteristics of this state, this civilization, etc. Countered this argument cannot just claim that democracy is important and valuable in itself (this point can be received only by part of intellectuals, but not a majority of the population), but the real confirmation of the effectiveness of democratic institutions and the inefficiency of authoritarian or totalitarian regimes.

However, exactly the confirmation of the actual effectiveness of key democratic institutions are the most difficult problem in theory or in practical terms. This applies mainly to Russia, with its small experience of the institutions of democracy, but, of course, not only to it: there is a lot of problems in Latin America, South and South-East Asia, Middle East, including such large states like China, Pakistan, Indonesia, Iran. It should be noted that in the scientific and especially publicist literature effectiveness of democratic institutions is often considered as self-evident, and it does not require proof and justification. Meanwhile, the issue of efficiency and effectiveness of democratic institutions in relation to countries not belonging to the western and other civilizations that seemed to be insufficiently developed. In the context of modernization theory, the modern society and modern political system (which is usually meant as democratic) appears as the most effective, dynamic, adapt to rapidly changing conditions of modern development. But unlike earlier studies of modernization, in more recent work was found that effective modernization could occur only by relying on existing in this society traditions and traditional institutions - otherwise, upgrading will split society and it will increase the social and internal political tensions it means it will lead to the unstable political and economic system. However, the key question consists in how to combine with this consistently upgrading the reliance on tradition with the efficiency of democratic political institutions, in the theory of modernization often remains in the shadows. To a large extent, this issue remains outstanding and, in most theories of democratic transit.

In this section you have read about the impact of political development. Now try and answer the questions given in *Check Your Progress – 2*.

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1. What do you understand by Decentralization?

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2. Write short note on political stability?

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4.5 LET US SUM UP

The definitions of political development are varied, different political scientists have given different views and understanding, but, all share two closely related characteristics. The first characteristic is that growth is synonymous with the idea of modernization, and as such, political development is also defined as political modernization. The second is that there exist many ways to measure political development because modernization and development are broad topics that cover many different areas. Additionally, political development tends to itemize many different criteria. Even though the rules defining political development used are varied, the characteristics that make up political development are all features of the processes of modernization. Political development has been associated with increasing democratization, growing bureaucratization and with the formalization of politics. Building of nation states has also been equated with political development, and we have seen how the formation of states and evolution of different systems of governance have evolved and survived the time.

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4.7 CHECK YOUR PROGRESS POSSIBLE ANSWERS

Check Your Progress 1

Answer 1: political development has been explained as Political prerequisite of economic development; The politics typical of industrial and advanced societies; Political modernization under which advanced nations are regarded as pace setters; The operations of a nation state; administrative and legal development, it includes all colonial practices and authoritative structures; mass mobilization and participation involving new standards of loyalty; the building of democracy.

Answer 2: The quasi democratic institutions including religious congregations, resource management cooperatives, labor unions and financial institutions meet important common needs for those involved in them. If bodies of this sort are inclusive and have important democratic elements in their governance, there results a freer, more open society than if key resources are dominated by a small group or the officials of a distant central authority.

Check Your Progress 2

Answer 1: Decentralisation can be usefully understood as a political process whereby administrative authority, public resources and responsibilities are transferred from central government agencies to lower-level organs of government or to non-governmental bodies, such as community-based organisations (CBOs), 'third party' non-governmental organisations (NGOs) or private sector actors. Decentralization also called departmentalization is the policy of delegating decision-making authority down to the lower levels in an organization, relatively away from and lower in a central authority.

Answer 2: Whether it is a democracy or a dictatorial regime, what matters is its political stability. The degree of political stability cannot be measured directly. It depends on a number of factors like, political upheavals; riots, strikes and lockouts; crime and (political) assassinations; coups and change of power; infighting amongst political parties; scams including rent-seeking and directly unproductive profit seeking activities; lack of people's faith in the government; poverty and income disparities. One may use these indices to work out the degree of political stability in different countries/regions over different periods.

MDV-101: INTRODUCTION TO DEVELOPMENT AND DEVELOPMENT THEORIES (6 CREDITS)		
Block	Unit Nos	Unit Titles
1	Development: An Overview	
	1	Development – Concept and Paradigms
	2	Economic Development
	3	Human Development
	4	Political Development
2	Classical and Neo-Classical Theories	
	1	Classical Theories
	2	Neo-Classical Theories
	3	Marxian Theory
	4	Schumpeter Theory
3	Developmentalist Theories	
	1	Balanced Development Theories
	2	Unbalanced Development Theories
	3	Rostow's Stages of Economic Growth and Development
	4	Developmental State Theory
4	Heterogeneous Theories	
	1	Neo-Liberal Theories
	2	Dependency Theory
	3	Human Capabilities Theory
	4	Gandhian Theory