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The Wall Street Journal

INDIA REALTIME
The daily pulse of the world's largest democracy

March 19, 2013, 10:27 AM

Rising Inequality Hurts India's Human Development

By Kunal Kumar Kundu



Divyakant Solanki/European Pressphoto Agency
Homeless children study on the roadside in Mumbai.

The Human Development Report 2013 showed broad improvements in human development worldwide, as a large number of developing countries transformed into “dynamic major economies with growing political influence.”

Where did India fit in?

Over the past two decades, India has seen a big improvement in its human development index score, from 0.41 in 1990 to 0.554 in 2012, according to the latest report by the United Nations Development Program, released last week. Despite this improvement, India overtook only four of the countries positioned above it in 1990: Swaziland, Kenya, Cameroon and Congo.

The rise in India's HDI score is partly thanks to it starting from a low base (countries with high HDI scores have limited room for improvement), and also a rapid increase in per capita gross national income. Essentially the index score is collated by looking at longevity, knowledge and living standards.

Despite the improvement, India remains in the “medium development” category, 136th in a list of 186 countries that stretches from Norway at the top of the “very high human development” category to Niger at the bottom of the “low human development” group. In 2011, India was 134th in the list.

Since 2011, the UNDP report has included an inequality adjusted HDI, also known as IHDI, which aims to capture the effects of inequality on human development. If there is no inequality the IHDI equals the HDI, while a big difference between the readings means greater inequality. India's IHDI score was nearly 30% lower than its HDI reading.

The most glaring inequality in India is in education, the report says, even though it commends the introduction of the Right to Education Act.

Success stories, such as China, invariably show growth in investment in health and education, with a special focus on rural areas to “enable poor people to participate in growth,” the UNDP report says.

India also fared poorly on life expectancy and gender equality, in the latter coming off worse than any other country in South Asia, apart from Afghanistan. India's performance in maternal mortality is also poor, with 200 deaths per 100,000 births.

India is taking steps forward, but many other countries are running much faster.



The author is an economist based in New Delhi. These are his personal views.