ISAS Insights

No. 215 – 25 July 2013

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South Asia: A Story of Key Development Indices

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South Asia is now home to almost one-quarter of the world's population. Consequently, the development trends in South Asian countries have not only regional but also global ramifications. In particular, the spectacular economic growth in India, the largest South Asian country, over the past two decades has made it a global economic power-house. The Indian economy is currently the third largest economy in the world by purchasing power parity (PPP), after the United States and China. What are the developmental consequences of this surging economic growth for India's 1.2 billion people? Has economic growth benefited the living conditions of its citizens? An exploration of this aspect is one of the aims of this paper.

We first examine the impact of India's economic growth between 1990 and 2011 on the Indian society, using nine key indicators of health and social wellbeing. We then examine how India is faring in its immediate 'neighbourhood', that is, how it compares with its four larger South Asian neighbours namely, Pakistan, Bangladesh, Nepal and Sri Lanka. Finally we examine how India compares with its largest neighbour, China whose economy has experienced stellar growth over the past two decades.

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Table 1 - Indicators of Health and Socio-economic Wellbeing in India, 1990-2011

Description of Indicators	**1990**	**2011**
GNI per capita, PPP (current international $)	860	3620
Life expectancy at birth, total (years)	58	65
Mortality rate, infant (per 1,000 live births)	81	47.2
Percentage of children under-weight for their age (below 5 years)	59.5	42.5 [b]
Maternal mortality ratio (deaths per 100,000 live births)	600	200 [b]
Improved sanitation facilities (% of population with access)	18	34 [b]
Immunization, DPT (% of children ages 12-23 months)	70	72
Mean years of schooling	3	4.4
Literacy rate, youth female (% of females ages 15-24)	49 [a]	74 [b]

[a] Data is for 1991 [b] Data is for 2010

Source: World Development Indicators, The World Bank (2013) & International Human Development Indicators, The United Nations (2012).

India's economic growth since the 1990s has been spectacular. Between 1990 and 2011 India's economy grew at a compound rate of around 7 per cent per year in current US dollars, and the per capita income (in current dollars) has increased over four times from $860 to $3,620. The rapid rise of the urban middle class in India illustrates the magnitude of economic growth and income levels. According to the Asian Development Bank, one-quarter of India's 1.2 billion people can now be classified as 'middle class'. They are all the top-third of Indians by wealth, and in numbers they are as big as the entire American population. A study by India's National Council of Applied Economic Research estimates that the Indian

'middle class' more than doubled in size from 5.7 to 13.8 per cent of all Indian households between 2001 and 2010. This corresponds to 28.4 million households with a total population of 153 million people (Shukla 2010). It is estimated that by 2015 the size of the 'middle class' will double to 25 per cent of all Indian households. (Mustafi 2013).

Economic development has obviously boosted household incomes of the 'middle class'. But, have the fruits of India's economic growth been shared widely and enhanced the wellbeing of its masses? We examine this question by focusing on nine widely-used indicators of social wellbeing listed in Table 1. The evidence shows that health and education indicators have displayed significant improvements, with maternal mortality, infant mortality and youth female literacy showing the fastest improvements. Maternal deaths at the time of childbirths have fallen three times, while infant mortality rates have declined from 81 to 47. Youth female literacy rates have increased to 74 per cent. Average life expectancy, the percentage of the population with access to sanitation facilities, immunization rates and average years of schooling have all increased over the last twenty years, but not as rapidly as India's per capita income increase. These trends clearly indicate that economic growth between 1990 and 2011 has significantly enhanced the health and wellbeing of the wider Indian society.

India's Indicators in relation to its Neighbours (1990-2011)

Are these beneficial changes related to India's surging economic growth or, largely, a consequence of the country's ongoing public policies? We explore the answer to this question by contextualising India's development and comparing the relevant indicators with its neighbours'. While economic growth is absolutely crucial in raising the living standards of the population, the nature of growth and the public policies with respect to basic education, public health and other associated welfare also determine the development trends and how much welfare citizens enjoy. The data in Table 2 gives an overview of the Gini coefficients and income distribution among the top 20 per cent and bottom 20 per cent of population in the five South Asian countries in 2010. Sri Lanka had the highest Gini coefficient of 36.4. The top 20 per cent had a share of 44.6 per cent of income while the bottom 20 per cent had just 7.7 per cent, indicating that Sri Lanka was the most-unequal country in South Asia. A large fraction of national income is concentrated among the few, and income distribution is heavily skewed towards the rich. India was the second most-unequal country, while Pakistan

was the most-equal country in South Asia with a Gini index of 30.0. Bangladesh's and Nepal's Gini coefficients were 32.1 and 32.8 respectively.

Table 2 - Income Distribution in South Asia (2010)

Country	Gini Index	Income Share (Top 20%)	Income Share (Bottom 20%)
Bangladesh	32.1	41.4	8.9
India	33.9	42.8	8.5
Pakistan *	30.0	40.0	9.6
Nepal	32.8	41.5	8.3
Sri Lanka	36.4	44.6	7.7

**Data as of 2008*
Source: World Development Indicators (2013).

Do the income inequalities among South Asian countries impact the health and social wellbeing of their citizens? India is the second most-unequal country in South Asia, but as noted above its social indicators show significant improvements. The data in Table 3 compares India with its four neighbours on various indicators between 1990 and 2011. Sri Lanka, the most-unequal South Asian country, appears to be well ahead of India and other countries on all indicators. Compared with its four neighbours, the health and social development trends in India have not been proportional to either the rate of economic growth or its high per capita income. India has enjoyed the fastest growth in per capita income among the four countries. Incomes in Nepal and Pakistan have grown at an annual average rate of four per cent, while incomes in Bangladesh and Sri Lanka have grown at six per cent and 6.6 per cent respectively.

Despite India's rapid per capita income growth**,** Nepal and Bangladesh have overtaken India on various basic social indicators. In 1990 the average life expectancy in India was comparable to Bangladesh's and higher than Nepal's. In 2011 life expectancy in India was lower than that in Nepal and Bangladesh. A similar pattern holds for infant mortality. In 1990 India's infant mortality rate was about 20 per cent lower than that of Bangladesh's, Nepal's and Pakistan's. By 2011, India's infant mortality rate was higher than both Nepal's and

Bangladesh's, but lower than Pakistan's. India has also fared poorly in providing sanitation facilities and increasing its immunisation rates. In 2010 only about one-third of its citizens had access to improved sanitation facilities. While its neighbours achieved almost universal DPT immunisation coverage of children aged two years (with the exception of Pakistan), India barely increased its immunisation rate to 72. Furthermore, India's efforts in curbing maternal deaths pale in comparison to Nepal's impressive achievements in that area. Nepal's maternal mortality ratio was 170 in 2010, compared to India's 200. India has also fallen behind on the schooling indicators such as average years of schooling and youth female literacy rates. Bangladesh has overtaken India on both measures despite being some way behind a few decades earlier.

Table 3 - Indicators of Health and Socio-economic Wellbeing in India, Bangladesh, Nepal, Pakistan and Sri Lanka

Description of Indicators	Years	India	Bangladesh	Nepal	Pakistan	Sri Lanka	China
GNI per capita, PPP (current international $)	1990	860	550	520	1220	1450	800
	2011	3620	1940	1260	2870	5520	8390
Life expectancy at birth, total (years)	1990	58	59	54	61	70	69
	2011	65	69	69	65	75	73
Mortality rate, infant (per 1,000 live births)	1990	81	96.5	93.5	94.6	24.2	38.7
	2011	47.2	36.7	39	59.2	10.5	12.6
%Children under-weight for their age (below 5 years)	1990	59.5	61.5	-	39	29	13
	2011	42.5[1]	41[1]	38.6[1]	31.3[1]	21.1[1]	3.8[1]
Maternal Mortality ratio (per 100,000 live births)	1990	600	800	770	490	85	120
	2011	200[1]	240[1]	170[1]	260[1]	35[1]	37

Improved sanitation facilities (% of population with access)	1990	18	39	10	27	70	24
	2011	34[1]	56[1]	31[1]	48[1]	92[1]	64
Immunization, DPT (% of children ages 12-23 months)	1990	70	69	43	54	86	97
	2011	72	96	92	80	99	99
Mean years of schooling	1990	3	2.9	2	2.3	8.3	4.9
	2011	4.4	4.8	3.2	4.9	9.3	7.5
Literacy rate, female (% of females ages 15-24)	1990	49[2]	38[2]	33[2]	-	93	91
	2011	74[1]	78.5[1]	78[1]	61[1]	99[1]	99

[1] *Data for 2010.* [2] *For India, Nepal and Bangladesh, data is for 1991*

Source: World Development Indicators, The World Bank (2013) & International Human Development Indicators, The United Nations (2012).

Table 4 presents India's ranking in South Asia on the various social indicators in 1990 and in 2011. India's per capita income is very high when compared to the others excluding Sri Lanka; it is currently ranked second, up from third place in 1990. However, with respect to other indicators, India's rank has actually fallen. Its rate of social development has lagged behind Nepal and Bangladesh. During the 1990s, India was ranked near the top-two in most of the indicators. Two decades later and notwithstanding its stellar economic performance, India was in the bottom-two and for some indicators (proportion of underweight children and immunisation rates) it is the worst-performing country. Despite Bangladesh's per capita income being almost half of India's, it performed much better on most of the basic indicators and it has exhibited the most dramatic improvements in basic living standards among the five countries. Nepal has also caught up with India and has surpassed India in curbing maternal mortality, immunisation rates, youth female literacy and life expectancy at birth, and this in spite of Nepal's average income being one-third of India's.

Table 4- India's Rank in South Asia 1990-2011

Description of Indicators	1990	2011
GNI per capita, PPP (current international $)	3	2
Life expectancy at birth, total (years)	4	3
Mortality rate, infant (per 1,000 live births)	2	4
%Children under-weight for their age (below 5 years)	3 to 4[a]	5
Maternal mortality ratio	3	3
Improved sanitation facilities (% of population with access)	4	4
Immunization, DPT (% of children ages 12-23 months)	2	5
Mean years of schooling	2	4
Literacy rate, youth female (% of females ages 15-24)	2	4

[a] *Rank is estimated due to missing data for Nepal*

Source: World Development Indicators, The World Bank (2013), and International Human Development Indicators, The United Nations (2012).

From these trends it appears that compared to its much-poorer neighbours India has performed poorly and has gone backwards**.** One can postulate that India's comparatively poor performance was due to inadequate funding in areas such as health and education. This is indeed the case. Despite the small size of the Bangladesh and Nepalese economies compared to India's, the share of total government spending on education and health in these two countries is quite significant. Bangladesh and Nepal spend around 25 per cent (2009) and 29 per cent (2010) respectively of the total government expenditure on health and education. By contrast India spends only 17 per cent of total government expenditure on education and health (WDI, 2013). It can be argued that the quality of service delivery has been hampered by inadequate public allocations for social welfare services, resulting in the modest performance of India in improving the health and wellbeing of its citizens over the past two decades.

Some factors that can partly explain this phenomenon have been observed over time. For instance, India still does not quite address the concerns of women, the relevant gender issues and the other social issues in which women have a much stronger stake than men. Furthermore, the rise of the corporate sector, although a boon in many ways, has led to its

influence being extended to many spheres of public policy. Jean Dreze and Amartya Sen have argued that the "unrestrained search for profits" has resulted in corporate interests taking precedence over public policies that should be reoriented towards addressing the needs of the underprivileged. (Dreze and Sen, 2011). In India, the corporate interests threaten to derail the susceptible public policies that are already beset by the political influence of the upper-caste, landowning and professional urban classes.

It will be useful to assess how Bangladesh has succeeded in increasing its level of socio-economic development. Bangladesh has witnessed a social mobilisation at the local level, led by female empowerment in household decision-making and the prevalence of small-scale entrepreneurship due to the success of microfinance loans. Studies have shown that the improvements in women's welfare in rural areas have contributed to improved maternal care, better family planning, higher levels of child-literacy and increased household-incomes (Comings et al 1994; Sandiford et al 1995; Burchfield 1997 and 2002). In addition, the rise of non-governmental organisations (NGOs) has facilitated numerous development activities in Bangladesh in tandem with government policies; these NGOs run small health clinics in rural areas, operate primary schools for dropouts, provide prenatal and postnatal care, among other services. While incomes have grown at a much slower pace than in India, this has been more than compensated by the NGOs' being involved in promoting socio-economic development. Development has taken place on a "micro-scale" at the household level; rural households particularly have been empowered to improve their own welfare, and increased public awareness about health and education has enabled them to make informed choices, thereby further maximising their welfare. One conclusion that can be drawn from Table 4 is that the rate of economic growth and per capita incomes appear to be not related to a country's performance in enhancing the basic living standards of its citizens. The implementation and efficacy of public policies appear to play a more vital role in this.

India in relation to China

India and China had similar income levels in the 1990s – India's GNI was higher than China's (see Table 3) – but over the past two decades China has galloped ahead and in 2011 its per capita income was ten times higher compared to 1990. This surging economic growth has led to very high income inequality in China. Its Gini coefficient in 2009 at 42.1 was significantly higher than India's. The income distribution was also highly skewed in favour of

the rich. The top 20 per cent had 47.1 of the income and the bottom 20 per cent only 4.7 per cent. These statistics are significantly higher compared to India's. Notwithstanding these inequalities, China has done much better than India in improving the living conditions of its people (Table 3). It is difficult to conclude that these improvements were directly a result of China's economic growth. China's centralised and authoritarian political system allows it to implement and enforce its public policies more efficiently. Whereas in the democratic setting of India, the state does not enjoy the same kind of authority and is amenable to public and political pressures of various kinds.

The evidence also suggests that unlike India, China has utilised its rapid economic growth to increase public resources for social development. For instance, China devotes around 2.9 per cent of its GDP on public health expenditure, while India spends approximately 1.2 per cent of GDP. While India is competing strongly with China with respect to economic growth, it is still behind in terms of using government resources to stimulate concrete social development. India appears to have performed poorly when it comes to translating impressive economic growth to improving the social welfare of its population. The Chinese evidence also supports the key conclusion of this paper that planning and efficient implementation of public policies that seek to enhance collective wellbeing are more pivotal than the scale of economic growth. But it cannot be denied that economic growth does help in generating state revenues for public-welfare expenditures.

Concluding Remarks

The aim of this paper is to present a broad comparative picture of the development trajectories of South Asian countries. Our study shows that in the case of India, indicators of social wellbeing did improve in the period of India's rapid economic growth. But when examined in the context of its South Asian neighbours, India has gone backward, not forward**.** With respect to the indicators examined in this paper, India's ranking has slipped badly in comparison to its South Asian neighbours. India cannot afford to have the living standards of many millions of its citizens at levels comparable to those of some of the poorest countries in the world and, at the same time, aspire and compete for global economic supremacy. The development strategy that is being implemented is not working. This paper shows discrepancy between economic growth and living standards. Economists take the causal relationship of these two indicators as given, but the case of India and its neighbours

tells us something different. The realm of civil society organisations and NGOs knows well that growth does not translate into better living conditions and human development, as the growth is not equal. We have argued that it is the planning and implementation of public policies that seek to advance collective wellbeing which appear to be more important than the scale or rate of economic growth. It is likely that given India's size, there may be significant regional variations in development trajectories. This, however, may also be true in the case of other South Asian countries and requires further study.

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