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Economic Growth and Human Development in South Asia: Experience of Selected Countries

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ABSTRACT

The market fundamentals in a knowledge-driven economic environment are closely associated with the quality of human resources. The differences in the stock of human resources determine the process of convergence or divergence among countries and in turn the overall position and power of the country in the world. The countries that fail to increase their share in global knowledge market face marginalization.

South Asia, in general, and countries in the region (especially India), in particular, have experienced unprecedented growth since 1990s. It helped in poverty reduction and raised the human development index. However, though there is hardly any improvement in the relative HDI ranking. Despite the high growth rate, the absolute number of people in poverty has not gone down, and health and education are still areas of serious concern. The region is still grappling with the problems of human development, both in absolute and relative terms.

India, Pakistan, Bangladesh and Nepal ranked between 124 and 152 in terms of Human Development Index (HDI) during all these years. Sri Lanka ranked between 90 and 99. However, in terms of real per capita GDP (US $ PPP) their ranking was between 143 and 179 in 2005. It is, thus, worth noting that South Asia could not attain any note-worthy improvement in its relative ranking.

India's rank went up to 124 in 2000 from 139 in 1995 but later went down to 128 in 2005. Similarly, Pakistan's rank went down from 128 in 1992 to 136 in 2005. Bangladesh, however, registered a marginal improvement, from 147 in 1995 to 140 in 2005. Nepal seems to have done better a little better during this period. Also worth noting is the fact that the ranking of these South Asian countries went down in 2007, as compared to 2000. This means some other countries have outperformed South Asian countries in improving their HDI.

This paper, organized into nine sections, attempts to provide some insight into few of the factors that are responsible for the above mentioned trends. Section 1 dwells on rationale of human development. Section 2 presents GDP growth rate. Status of human development in South Asia is discussed in section 3. Section 4 and 5 present health and educational parameters in South Asia. Inter-country inequality in human development is discussed in section 6. Human development and priorities of public spending in South Asia are the subject matter of section 7. Section 8 highlights rural-urban gap in human development. The last section summarizes the main findings and the policy implications.

South Asia, thus, needs to learn from the history and experience of the present day developed countries and high-performing economies. The region must develop the human capabilities, along with human freedoms, while moving towards a high growth trajectory. With huge amount of human resources they possess seamless possibilities of economic growth.

Key Words: Economic Development; Human Development Index; Human Capital; South Asia

I. Introduction

The new growth theories have amply established that economic growth and development can not attain an optimum and self-sustenance path without the development of human resources (Romer, 1990, 1993a and 1993b; Lucas, 1993; Srinivasan, 1993 and 1995; Stiglitz, 1993; Nelson, 1997 and 1998; Pack, 1994; Benhabib and Spiegel, 1994; Barro and Sala-i-Martin, 1995; Barro, 2001; Kruger and Lindahl, 2001). Education and training enhances the skills and capabilities of the people and brings them to the centre stage of economic development of a country (Agarwal, 2006). All those countries who had been focusing on human capital formation in the past have achieved a higher growth trajectory in their GDP and per capita income (OCED/UNESCO, 2002). And higher education, especially professional is certainly associated with economic returns and rising stock of human capital (Qian and Smyth, 2007).

In the words of Stiglitz "Improvements in education or health are not just means to an end of increased output, but are an ends in themselves" (Stiglitz, 1997, p. 19). "If a government reduces its fiscal deficit by cutting back vital investments in infrastructure or in human capital, growth may actually suffer" (Stiglitz, 1997, p. 29). Improved education and health are, thus, essential means of increasing GDP.

The works of Schultz and Becker (Schultz, 1961; and Becker, 1964) have literally revolutionized the main contours of development economics and have led to resurgence of economics of education as the most important discipline of research in the emerging knowledge economy. Based on a cross-country analysis, Krueger (1968) shows that human capital differences had the most important role in explaining per-capita income

differences between the US and developing countries. Even within the strictly neoclassical framework sophisticated growth accounting works such as by Jorgenson and his associates (Jorgenson, 1995; and Jorgenson, Gollop, and Fraumeni, 1987), have revealed that there are large contributions of human capital accumulation to growth (Islam, 2004). The men's skills and knowledge have the capacity to produce increasing returns (Marshall, 1920). The nation's ability to adopt and implement new technology from abroad is a direct function of its domestic human capital stock (Nelson and Phelps, 1966).

"The real wealth of a nation is its people. And, the purpose of development is to create an enabling environment for people to enjoy long, healthy and creative lives. This simple but powerful truth is too often forgotten in the pursuit of material and financial wealth". These are the opening lines of the first Human Development Report (UNDP, 1990). The main engine of growth is the accumulation of human capital and/or knowledge and the main source of difference in living standards among nations is a difference in human capital. Physical capital plays an essential but decidedly a subsidiary role in development.

The market fundamentals in the knowledge – driven economic environment are closely associated with the quality of human resources. The differences in the stock of human resources determine the process of convergence or divergence among countries. Thus, the national share in global education stock is very crucial in determining the overall position and power of the country in the world. The countries which would fail to increase their share in global knowledge market would face marginalization in the world affairs.

Technological progress emanates from the knowledge, which, in turn, is generated by the human capital. Thus, upward shifts in production function occur due to continuous improvement in knowledge and technology. In its absence, the production function is subject to diminishing returns.

The development is eventually about expanding human potentialities and enlarging human freedoms. It is about developing and enhancing the capabilities of the people. This, in turn, empowers the people to make choices and lead the lives they have reason to value (Sen, 2000, p. 293). Expansion of freedom is thus viewed as both the primary end and the principal means of development. Human development is closely connected with the GDP growth rate, and vice-versa. If growth is not reflected in raising the level of educational attainment and health standards (which is the substrate of human development) then the very growth and development process needs a serious review. The low level of human development is a drag on the growth and development. At the same time, if growth and development adversely impact the environment then the environment, in turn, would have unfavourable impact on growth.

The human development, thus, goes beyond 'growth' and development. Human development is an umbrella which encompasses both growth and development. The growth and development could be sustainable only on the substrate of human development and vice-versa. And, of course, unsustainable growth would eat up every thing, which nature has bestowed upon mankind on which future generations have the legitimate right.

"Three great development waves have swept over Asia in the last five decades. The first wave started in Japan in the 1940s and 1950s when Japan combined its cheap

labour with education and technical skills and took over rapidly the global markets in the export of low and medium technology consumer goods. Then came the second wave, as the low-income East Asian societies stepped into this growing void in the 1960s and 1970s following the same simple but brilliant model where low wages became a powerful engine of competition and growth as they are combined with an educated and skilled labour force and open economies. The third wave emerged in China in the 1980s and 1990s and still continues unabated, based on simple human development models, as followed by Japan and East Asian countries in the past. An intriguing question remains: will the fourth great wave of development touch the shores of South Asia? Can South Asia become the next economic frontier in the 21st century?" (Haq, 1998).

South Asia is grappling with the problems of human development even after a lapse of more than ten years when Mahbub-ul Haq raised this question. Nevertheless, the region has made significant progress in human development during these years. And there is a ray of hope that the region would not disappoint Mahbub-ul Haq.

South Asia, thus, needs to learn from the development history and experience of the present day developed countries and high-performing economies. The region must develop the human capabilities, along with human freedoms, while moving towards a high growth trajectory. With huge amount of human resources they possess the seamless possibilities of economic and social change.

The South Asia in general and some countries in the region (especially India), in particular, have experienced unprecedented growth since 1990s. It has helped in poverty reduction and raised the human development index, though there is hardly any improvement in the relative HDI ranking. Despite the high growth rate, the total number

of people in poverty has not gone down and health and education are still areas of serious concern.

This paper has been organized into nine sections. Section I dwells on the rationale of human development. Section II presents GDP growth rate. Status of human development in South Asia is discussed in section III. Sections IV and V present health and educational parameters, respectively. Inter-country inequality in human development is discussed in section VI. Human development and priorities of public spending are the subject matter of section VII. Section VIII highlights rural-urban gap in human development. The summing up and policy implications are given in the last section.

II GDP and Per Capita Growth in South Asia

The GDP growth rate in South Asia registered an upward trend since 1970s through the first decade of the 21st century (table 1). The annual average growth rate increased from 3.5 per cent during 1970s to 5.5 per cent during 1980s and 1990s. It further reached at 7 per cent during 2000-06. However, all the countries have not experienced the same level and pattern of growth. It is interesting to note that some of the high growth countries (Pakistan) during 1960s and 1980s slipped down during 1970s and 1990s. Its growth rate varied between 6.3 per cent to 6.7 per cent during 1960s and 1980s. During 1970s and 2000-06, its growth rate was 4.7 per cent and 5.5 per cent, respectively.

Bangladesh, however, registered an upward trend since 1980s. Its growth rate rose from less than 4 per cent during 1970s and 1980s to nearly 5 per cent during 1990s. Its growth rate increased to 5.5 per cent during 2000-06.

India attained a remarkable success in its journey towards higher growth rate. Its growth rate during 1960s and 1970s was much lower than that of Pakistan. Even Bangladesh had an edge over India during this period. In fact, India's growth rate was almost around the average growth rate of South Asia.

Nevertheless, India started looking up during 1970s and achieved distinctively high growth rate (5.7 per cent annum) than that in the past. Its growth rate further rose to 5.9 per cent during 1990s and to 7.4 per cent during 2000-06. Its growth rate crossed 8 per cent and even touched 9 per cent during 2006-07 and 2007-08.

Thus, all the countries except Pakistan, displayed an upward trend in GDP growth rate during 1970s and through 1990s. Their growth rate during the first six years of the 21st century has also been quite high by South Asian and Global standards. Nepal experienced a lower growth rate during 2000-06. The global recession, since 2007, has certainly dampened the growth performance of these countries; though less severely than many other regions and countries of the world.

The good performance of GDP growth rate, along with the declining population growth rate, during 1980s and 1990s is reflected in per capita GDP and its growth rate as is visible in table 2. The per capita GDP increased from US $460 in 2002 to US $ 692 in 2005. The real GDP per capita (PPP US$) increased from PPP$ 2460 to PPP$ 3142 during the same period. Compared to it, high income countries' per capita income increased from US $ 26490 to US $ 35264 during this period. The middle income countries' per capita income increased from US $ 1850 to US $ 2467 during the same period.

As regards, India, Pakistan and Bangladesh, the per capita income of all the three countries registered an increase during 2002 to 2005. The experience during 1992-2002, was, however, not the same. India's per capita income increased from US $ 310 in 1992 to US $ 470 in 2002 and that of Bangladesh, it increased from US $ 220 to US $ 380 during the same period. Compared to it, Pakistan's per capita income remained stuck to US $ 420 in both the years. It was mainly because of lower GDP growth rate during 1990s. The per capita income in Nepal registered a slow growth.

The long term growth rate in per capita GDP also reflects the higher level of GDP growth rate and a lower level of population growth rate (Table 2) South Asia as a whole registered a growth rate of 2.6 per cent per annum in its per capita GDP during 1975-2005 and 3.4 per cent per annum during 1990-2005. Such an improvement in per capita income may be termed a welcome step.

Clearly, higher GDP growth rate has been reflected in higher per capita growth rate, which, of course, is broadly a mathematical exercise. Nevertheless, the population growth rate, declining at various rates, also affects the per capita GDP growth rate. Taking per capita income as a general indicator of average living standards, we may conclude that South Asia as a region has witnessed an improvement during the period under discussion.

The long-term trend of economic development in South Asia (table 3) largely supports the preceding discussion about the role of agricultural growth in overall growth rate of the economy. The GDP growth rates during a period of 34 years (1965-98), have been reasonably high in India and Sri Lanka and quite high in Pakistan.

Even, the low-performing South Asian economics (Bangladesh and Nepal) attained a higher GDP growth rate than the world average of 3.2 per cent per annum during this period. The GDP growth rate (5.9 per cent) of low-income economies (excluding China and India) was, however, higher than the South Asian countries, under discussion. South Asia, as a whole, registered 4.9 per cent GDP growth, which was lower than the GDP growth rate (7.5 per cent) of East Asia and Pacific, during this period (The World Bank, 2000).

The per capita GDP growth rate was however, quite low in Nepal and Bangladesh during 1965-98, largely attributed to high population growth rates and low GDP growth rates. Bangladesh's per capita GDP growth rate (1.4 per cent) was, however, equal to the world average. The per capita GDP growth rates in India, Pakistan and Sri Lanka have nearly tripled during this period. But for the high population growth, it would have been even higher. The high growth rate in agricultural sector in most of the countries, under discussion, provides an explanation of high GDP growth rates during the period of more than three decades. The gross domestic fixed investment (GDFI) grew at an annual growth rate of 3.7 per cent (Bangladesh) and 7.65 per cent (Sri Lanka) during this period. The world GDFI, however, grew at an annual growth rate of 3.2 per cent during this period.

III Status of Human Development in South Asia

Though the economic growth in South Asia has resulted in improvement in human development index yet it is still grappling with the problem of low human development, both in absolute and relative sense. India, Pakistan, Bangladesh and Nepal ranked between 124 and 152 in terms of Human Development Index (HDI) during all these years. Sri Lanka ranked between 90 and 99. However, in terms of real per capita GDP (US $ PPP) their ranking was between 143 and 179 in 2005 (table 4). It is, thus, worth noting that South Asia could not attain any note-worthy improvement in its relative ranking among the countries of the world.

Nevertheless, some of the South Asian countries have witnessed a marginal improvement in their HDI world ranking. India's rank went up to 124 in 2000 from 139 in

1995. After wards, its relative position went down and its rank was 128 in 2005. The HDI ranking of Pakistan went down from 128 in 1992 to 136 in 2005. Bangladesh, however, registered a marginal improvement, from 147 in 1995 to 140 in 2005. The relative achievement of Nepal seems to be better than other countries. India's HDI ranking, among 182 countries, slide down to 134 in 2007, from 124 in 2000 (UNDP, 2009). In fact, it is the same ranking which was in 1992. The ranking of other South Asian countries also went down in 2007, as compared to 2000. This means some other countries have registered a relatively higher improvement in their HDI value.

Over the period of three decades (1975-2005), the HDI value of India improved from 0.419 in 1975 to 0.619 in 2005. Its value further improved to 0.612 in 2007. Given the size of population, it may be considered as a note worthy improvement. Similarly Pakistan, too, registered an improvement in HDI, from a low value of 0.367 in 1975 to 0.551 in 2005. It further improved to 0.572 in 2007 (table 5).

Bangladesh also witnessed a rise in its HDI value, from 0.347 in 1975 to 0.547 in 2005. Its value, however, slipped down to 0.543 in 2007. The other South Asian countries also experienced an improvement in the average living standards, as shown by HDI value in table 5.

Table 6, highlights that the South Asian countries are far behind the countries with high HDI value, though the gap is getting narrowed down. In 1975, India was lagging behind the highest HDI country by 0.464. This gap decreased to 0.359 in 2007. Pakistan, too, moved up to narrow-down the gap from 0.516 in 1975 to 0.399 in 2007. Almost similar is the case with Bangladesh. Evidently, the improvement in HDI value is

relatively better in the case of India than that of Pakistan and Bangladesh, in spite of the fact that India's population size is much bigger than that of Pakistan and Bangladesh.

It is evident from table 6 that the South Asian countries have been able to narrow down the gap between them and the high HDI countries over the period of time. And the upward trend is being maintained. At the same time the South Asian countries have been increasing their gap from the countries having lowest HDI value. Nevertheless, some of the low HDI countries have also been trying to catch up with the South Asian countries.

IV Health Status in South Asia

All the South Asian countries have registered an improvement in life expectancy, adult literacy rate and the infant mortality rate (IMR). In the case of South Asia, life expectancy increased from 50 years during 1970-75 to 63 years during 2000-05 (Table 7). As compared to it, the average life expectancy of all the developing countries went up from 56 years to 66 years during the same time period. The life expectancy in the case of high HDI countries increased from 69 years to 76 years and in the case of medium HDI countries, it increased from 57 years to 67 years during the same period. The countries with low HDI value are far behind South Asia and all the developing countries. Their life expectancy was 48 years even during 2000-2005. The world average life expectancy increased from 58 years during 1970-75 to 66 years during 2000-05. Clearly, South Asia is below the world average life expectancy.

In the case of IMR, South Asia is much behind the high HDI countries, in spite of attaining a note worthy success in other parameters. Its IMR declined from 130 in 1970 to 60 in 2005, whereas the world average IMR was 52 in 2005. South Asia is also not far

behind than the average IMR of all the developing countries (Table 7). The medium HDI countries are, however, better placed than the South Asian countries.

South Asia has also registered a good improvement in the case of adult literacy. Its literacy rate increased from 47.6 per cent during 1985-94 to 59.7 per cent during 1995-2005 (Table 7). The critics would say that still 40 per cent adult population in South Asia is illiterate but at the same time the upward movement in literacy is a no mean achievement. It is also a fact, that the South Asian literacy rate is still much behind the developing countries and the world average. The literacy rate in the high HDI countries, on the other hand, is very near to hundred per cent. Even the countries with medium HDI are having quite a high literacy rate.

South Asia's achievement in using improved sanitation is, however, below the world average and the developing countries' average in this context. The high HDI countries have attained a much higher level of success in sanitation while countries with low HDI value are lagging far behind. The access to improved water, an other essential component of human life, and longevity, however, is quite good in South Asia. The region's 85 per cent population was using improved water sources in 2004.

V Educational Parameter in South Asia

The level of educational attainment is very significant component of human capabilities. It empowers the persons with skill, earning capacity, economic opportunities and civic sense. It also provides the freedom to choose. At the bottom of educational attainment, it is the literacy rate, particularly the youth literacy rate. Table 8 reflects back on the literacy rate and enrolment ratio at various levels of education.

The data reveals that South Asia is on the move to attain higher literacy rate. Its youth literacy rate increased from 61 per cent during 1985-94 to 75 per cent during 1995-2005. This is an indication that a very high proportion of workforce in the sub-continent has acquired literacy. Even then, its youth literacy rate is quite below the youth literacy rate in developing countries and that of the world average. The literacy rate in high HDI countries is much higher than that in South Asia. As such, we are to make earnest efforts to attain a literacy rate equal to the high HDI countries.

The net primary enrolment (NPE) ratio in South Asia was 87 per cent in 2005 while it was 85 per cent in developing countries and 87 per cent in the world. The NPE in India, Pakistan and Bangladesh was 89, 68 and 94 per cent, respectively in 2005. Thus, the NPE in India has been considerably higher than the average NPE in South Asia, as well as the world average.

The information about the net secondary enrolment (NSE) ratio is not available for the relevant period. It, however, declined from 60 per cent in 1997 to 49 per cent in 2004. In Pakistan, it increased from 16 per cent in 1995 to 21 per cent in 2005. In Bangladesh, it doubled from 22 per cent in 1997 to 44 per cent in 2004. The average NSE ratio, however, declined from 56 per cent in 1997 to 46 per cent in 2004. In the case of developing countries it increased from 48 per cent in 1999 to 53 per cent in 2004. The world average NSE ratio was 59 per cent in 2005. The proportion of students, in the eligible age group, thus declined during the reference period in South Asia. India registered a decline of 11 percentage point. It may be result of high drop out rate in the

pre-secondary classes. It is revealing to note that 27 to 35 per cent of the children taking admission in grade-1 are not reaching to grade-5 in India, Pakistan and Bangladesh.

Further, the number of out of school children is quite high in these countries. In 2006, nearly 28 lakh male children were out of school in India. The number of female children was approximately 47 lakh. The corresponding number of children in Pakistan was 27 lakh and 41 lakh, respectively. In Bangladesh, their number was 8.5 lakh and 5.3 lakh, respectively. It is significant to note that India and Pakistan are suffering from gender bias against the female-children as the number of out of school female children is much higher than the male children. The situation is reverse in the case of Bangladesh. Another important point to be noted is that Pakistan's population under 18 years was 72 million and that of India was 421 million (MHHDC, 2008, p. 294) i.e. Pakistan has only 17 per cent that of India. Compared to it, the number of out of school male children in Pakistan and India is nearly equal and that of female such children are only 6 lakh less than that in India. Clearly, the situation is quite unfavourable in Pakistan as far as child education is concerned.

Pakistan has seriously neglected investment in human capital and has paid the price for it not only in persistently high population growth for a long period but also slowing rate of growth. A much greater commitment to human development and much more effective public intervention in education are imperative to exploit the elements of Pakistan's long term economic strength (Hasan, 1998).

The gender inequality is not confined only to out of school children but also reflected in literacy rate and the gross enrolment ratio at all levels of education (Table 9). The literacy rate among adult females was only 81 per cent of the literacy rate among

adult males during 1995-2005. Pakistan recorded the lowest ratio (56 per cent) and Bangladesh the highest ratio (76 per cent), among the three countries – India, Pakistan and Bangladesh. The world average was 92 adult female literates for every 100 adult male literates. In fact, the ratio of female to male literacy rate in three countries under study was even lower than that in the low HDI countries.

VI Inter-Country Inequality in Human Development in South Asia

Poverty and inequality go beyond income. The extent of deprivation in terms of health and education are serious concerns as these are important determinants of human development. It is clear from table 10, that 29 per cent South Asians were facing deprivation on account of health parameters in 1996, with highest percentage in Nepal, followed by Pakistan. Such a deprivation, however, declined to 21 per cent in 2005 in South Asia as a whole. Among three countries – India, Pakistan and Bangladesh – the extent of health deprivation was still 32 per cent in Bangladesh in 2005.

The educational deprivation in South Asia declined from 36 per cent in 1996 to 29 per cent in 2005. The decline was from 35 to 27 per cent in India; from 42 to 37 per cent in Pakistan; and from 41 to 39 per cent in Bangladesh during the same period. It is important to note that income deprivation in South Asia has been higher than the other two types of deprivations. Similarly human deprivation has been lower than the income deprivation in 1996 as well as in 2005. The human deprivation declined from 37 per cent in 1996 to 27 per cent in 2005. As compared to it, the income poverty declined from 43 per cent to 32 per cent during the same period. Clearly, economic growth has been able to achieve a marginal success in scaling down the human deprivation. But, again, human

deprivation is an average measure. Accordingly it has been beset with all those limitations which an average measure is subjected to.

The health deprivation, depicted in table 10, is much pronounced in the poorest and poor sections of population, across all the South Asian countries. Nevertheless, the intra-country and inter-country gaps do vary, both in degree and intensity. Such a huge gap in health care system, in fact, has been an instrument in explaining the high degree of human deprivation. The high level of human deprivation in turn, is responsible for both low value of HDI and low ranking of South Asian countries, except Sri Lanka, among all the countries of the world. Besides, the human deprivation is more pronounced among the poorest of the poor section of people in various countries of South Asia. In fact, inequality is not confined to income but is also prevalent in health and education.

Table 11 is a classic illustration of causal relationship between poverty and educational attainment. The data pertaining to India, highlights that 88.4 per cent illiterates belonged to poor and vulnerable strata of population in 1993-94. After a gap of 11 years (i.e. in 2004-05) 86 per cent illiterates were from this poor strata of population. Again in 1993-94, 86 per cent people with up to primary level education were from this section of population. This share registered a marginal decline (83.3 per cent) in 2004-05. The share of people with middle standard qualifications from among the poor and vulnerable sections was 74.7 per cent in 1993-94 and 71.2 per cent in 2004-05. The table reflects that the percentage share of people from among these poor strata of population goes on diminishing as we move to higher levels of education.

Out of the total persons with educational attainment of secondary and above but below graduation, nearly 60 per cent were from poor and vulnerable sections in 1993-94. Their share in 2004-05 declined to 52.4 per cent in 2004-05. Their share in graduates and above level of education was 37.6 per cent and 29.7 per cent, respectively, in 1993-94 and 2004-05. It is, thus, evident that "the common people belonging to the poor and vulnerable group are mostly illiterates or with educational level up to primary. A small proportion of them have gone through middle and secondary level of education and a minuscule fraction are graduates and above". (Sengupta, et al, 2008, p. 53)

VII Human Development and Priorities of Public Spending in South Asia

In low income economies, like South Asian countries, the access to and affordability of education are mainly dependent on the extent of public spending on education. The people, who are living in absolute poverty, simply cannot have access to education as they do not have the capacity to pay for this essential social service. It is, thus, essential to examine the public input in education sector.

Table 12 reveals that the public expenditure as share of GDP in South Asian countries has been very low. In India the share of public expenditure on education, has been between 3 to 3.5 per cent of GDP, during 1980-2004. It was 3.8 per cent in 2006. It is significant to note that more than four decades ago, the Education Commission (GOI, 1968) recommended that the public spending on education should at least be 6 per cent of the GDP. The subsequent policy (GOI, 1986) also reiterated the same recommendation. The UPA-led Union government (2004-09) made a public commitment to increase the public spending on education to 6 per cent of GDP. However, so far, it never crossed 4 per cent.

The situation is rather worse in Pakistan and Bangladesh. Their shares of public expenditure on education were 2.1 per cent and 1.1 per cent of GDP, respectively, in 1980. The respective shares increased to 2.5 per cent and 1.9 per cent in 1985. In Pakistan, this share rose to 3.4 per cent in 1990 but again declined to 2.6 per cent in 2006. The share in Bangladesh remained between 2.3 per cent in 1995 and 2.5 per cent in 2006. The situation in Nepal and Sri Lanka is almost similar. The share of education in the government budget has also been very low.

It is significant to note that the average world share of public spending on education in world GDP remained around 5 per cent during 1985-95 and 4.6 per cent in 2006. The world share was 3.9 per cent in 1985. The high income countries have been spending well above 5 per cent of their GDP on education. In 1980, the share of public spending on education was 5.6 per cent in the high income economies. Even the World Bank in its study on higher education did emphasize the need for public funding of higher education (World Bank, 2000). The low and middle income economies, too, have been spending well above 3.5 per cent of their GDP as public expenditure on education.

The high degree of education deprivation among the poor and vulnerable strata of population in the South Asian countries is mainly attributed to two factors: extreme income poverty and low proportion of public spending, on education, in the GDP. It strongly indicates that if these countries want to include the poor and vulnerable sections of their population in education domain then they would have to raise their share of public spending on education. That is the only way to attain higher level of human development and the higher level of growth and economic development.

Table 13 presents cross-country expenditure on health. It is revealing to note that the total expenditure on health in India remained around 5 per cent of the GDP yet public expenditure on health has been very small proportion. During 1990-98, the public expenditure on health in India was mere 0.6 per cent of GDP, rose to 0.9 per cent in 2001 and 1.0 per cent in 2005. Clearly, the component of private expenditure on health has been around 4 per cent of GDP. Significantly, the average world public health expenditure was 2.5 per cent during 1990-98, 5.6 per cent in 2001 and 6 per cent in 2005. The world expenditure increased from 5.5 per cent of GDP during 1990-98 to 9.8 per cent in 2001 and further to 10.1 per cent in 2005. However, the Indian expenditure on health has almost been half of the world average, as percentage of GDP. The component of private expenditure in India, as per cent of GDP, has been double than the world average during 1990-98.

Pakistan and Bangladesh are even spending a smaller proportion of their GDP on health, as compared to India. It is disappointing to note that the total expenditure on health declined to 2.1 per cent of GDP in 2005; and the public health expenditure was a meagre 0.4 per cent of GDP in Pakistan. Bangladesh also suffered a decline in its total expenditure on health in 2005. The public and private components were 0.8 per cent and 2 per cent of GDP, respectively, in 2005. The situation in Nepal and Sri Lanka is no better as far as the public expenditure on health is concerned.

Even the average health expenditure of low and middle income economies was above 5.5 per cent of their average GDP during 2001 and 2005. And the public component was around 2.8 per cent of GDP. It is, thus, clear that health care services in South Asia are lagging behind the world average and the high income economies. More

over, the lower proportion of public expenditure, as percentage of GDP, has been a serious set back to the access and affordability of health services for the poor and vulnerable sections of population. The proportion of this section of population in South Asia is very very high. These two facts together explain the health deprivation and a wide-ranged health gap in these countries. As health is one of the three components of HDI it also explains the low HDI ranking of these countries.

An extraordinary high percentage of private expenditure on health is another serious limitation of the health services in South Asia. More than 80 per cent of the total health expenditure in India is private expenditure (Table 14). Almost same is the situation in Pakistan. The proportion of private health expenditure in Bangladesh also increased from 71 per cent in 2001 to 88 per cent in 2005. Compared to it, the proportion of average world private health expenditure was around 41 per cent during the same period. Evidently, the share of average world public health expenditure, in the total health expenditure, is much higher than that in South Asian countries. And the public health expenditure, as proportion of total health expenditure in high income countries was higher than 61 per cent. It is, thus, clear that the public funding of health services in the developed countries is quite high as compared to developing and less developed countries.

The significantly high proportion of out of pocket expenditure, as per cent of total private expenditure on health is another serious concern in South Asia. The out of pocket proportion of private expenditure ranged between 86 per cent (Sri Lanka) and 98 per cent (Bangladesh) across South Asian countries in 2005. Compared to it, the world average was 43.5 per cent. The proportion of out of pocket health expenditure in the total private

health expenditure in low and middle income economies was 77 per cent and in the high income countries, it was 37 per cent. Evidently, the governments of South Asian countries have almost with drawn from the health sector. As a consequence, people have been left to avail private health services which are so expensive that majority of people cannot avail those services and are facing a serious neglect.

The high share of defence expenditure in GDP and the total government expenditure in South Asia, compared to their expenditure on education and health, reveals the priorities of public spending in these poor countries. The world expenditure on defence during 1995-2006, has been around 2.5 per cent of the world GDP on defence. Compared to it, Pakistan has been spending around 6 per cent of its GDP on defence during 1995-2002 and 3.8 per cent in 2006. In the case of India, it hovered around 2.7 per cent of its GDP (Table 15). During the decade of 1980s, India and Pakistan have been spending around 3 per cent and 5.5 per cent, respectively, of their GDP. By any parameters, such a high proportion of defence expenditure is not only a drag on growth and development but would also not be sustainable.

It is evident from the foregoing discussion that South Asia as a region especially, India, Pakistan and Sri Lanka, has put education and health at the back burner and defence at the top. It is, rather, more true about India and Pakistan. Military expenditure in India and Pakistan grew at 5.6 per cent and 1.7 per cent per annum, respectively, in real terms, during 1947 and 1961-62 (Haq, 1997, p. 81). The respective annual growth rates were 12 per cent and 8.6 per cent during 1962-72. The average annual growth rate of defence expenditure in Pakistan (3.3 per cent) was higher than the 1.8 per cent growth rate in India, during 1973-80. During 1980-90, the annual growth rate of defence expenditure was nearly

9 per cent in both the countries. During 1991-96, India registered a negative (minus 2.2 per cent per annum) growth rate, in real terms, in defence expenditure while it was 1.1 per cent in Pakistan. The average annual growth rate of defence expenditure in India was 6.2 per cent during 1947-1996 and in Pakistan it was 5.2 per cent, in real terms (Haq, 1997, p. 81). It is evident that both India and Pakistan have registered much higher growth rate in defence expenditure than their GDP growth rate in real terms during 1947-96.

And much of this expenditure has been incurred to meet the threat perception emanating from the fear psychosis between both the neighbouring, but poor, countries. The poor economies like India and Pakistan can ill-afford such a costly luxury. Both must understand that the real and sustainable strength of a country lies in growth and development (of course human development) and not in military might (Ghuman, 2005). Sheikh Hasina, the Prime Minister of Bangladesh, has very aptly emphasized that it is only through common poverty eradication programmes and sustained human development that the region could come out of the vicious circle of poverty (Hasina, 2003).

The cost of acrimonious relations has many other dimensions. The South Asian Association for Regional Cooperation (SAARC) has also been suffering because of the acrimonious relations among the countries of the region, (for detailed discussion, see: Ghuman, 1986; 2005; and 2006). The region might have foregone enormous amount of social and economic opportunities because of their obsession with defence expenditure (Haq 1997).

VIII Rural-Urban Gaps in Human Development in South Asia

The improved economic conditions, owing to certain success stories of green-revolution in many South Asian countries, were expected to have a favourable impact on

social conditions in the rural areas. It was a general expectation, and rightly so, since the higher agricultural growth rate and increased agricultural income would enhance the educational attainment, reduce the infant mortality rate (IMR) and increase access to improved sanitation and drinking water in the rural South Asia. To a certain extent it was on the expected lines. However, the rural-urban divide remained much wider, in certain respects it has rather increased.

As regards mean years of schooling the comparable data are available for one or the other point of time, across the South Asian countries. The rural-urban divide is prominently visible in the mean years of schooling (table 16). The mean years of schooling in rural area varies from 2.09 years (Nepal) to 3.93 years (India). As compared to it, the mean years of schooling in urban area vary between 5.38 years (Nepal) and 7.78 years (India). Evidently, the green revolution has not been able to bridge up the rural-urban gap; it may however, have improved the rural mean years of schooling with reference to some earlier point of time.

The urban-rural gap in the case of infant mortality rate (IMR) is also very prominent in India, Nepal and Pakistan (Table 17). There is, however, a significant improvement in IMR, both for rural and urban areas during 1990s. It shows that the increase in rural income mainly, due to green revolution, inter alia, have a favourable impact in this regard. The rural-urban divide in India, Pakistan and Nepal, however, continues to be still very wide.

Some sub-regional studies have revealed that there is a wide spread rural-urban-divide in terms of the level of educational attainment. The share of rural students in the

Universities of Indian Punjab was only 4 per cent, during the academic session of 2005-06 (Ghuman, et. al., 2006). The proportion of rural students in degree level professional and technical courses in Indian Punjab was merely 3.7 per cent during the academic session of 2007-08, (Ghuman, et al, 2009).

It is significant to note that in Punjab (a rich state of India), 69 per cent rural households did not have even one member with educational attainment up to secondary (10^{th} standard) level in 2006-07. Amongst the labour-households, about 90 per cent were without any matriculate member (Ghuman et al, 2007). One can very well imagine the scenario of educational attainment in other states of India; Kerala is an exception.

Exclusion of such a large section of population from education, more so from higher education, can put breaks on the pursuit towards higher growth rate. It should be remembered that the turnaround in the growth trajectory of India since 1980s is the result of the cumulative impact of economic policies or public actions over the preceding three decades or so. The development of the higher education system, inter alia, has played a significant role. "The real failure, throughout the second half of the 20^{th} century, was India's inability to transform its growth into development, which would have brought about an improvement in the living conditions of ordinary people" (Nayyar, 2006, p. 1451 and 1457).

It is important to note that the proportion of rural population in Indian Punjab was 66 per cent as per population census 2001. There is a virtual exclusion of rural students from higher education in Punjab. One of its serious manifestations would be an increasing rural-urban divide. Consequently, it would adversely affect the economic growth and human development in the rural area. The rural areas in other parts of India

and that in other countries are largely having the same scenario. It is, thus, clear that the South Asian countries are facing a serious rural-urban divide in terms of educational attainment and health parameters. If went unaddressed this divide would adversely affect the economic growth and human development of these countries.

IX Summing Up

As Justice cannot be indifferent to the lives that people can actually live (Sen, 2009, P. 18), growth, too, cannot be indifferent to the actual living conditions of the people. If the protagonists of growth do not understand this powerful truth then more and more people would be bypassed by the growth and the benefits of growth. And eventually people would reject the strategy growth and the society may not remain livable.

The South-Asia as a region has been lagging behind in terms of human development. In terms of HDI ranking their position in the world did not improve during a period of 15 years. Nevertheless, they have registered a definite improvement in their respective value of HDI and narrowed down their gap with the high HDI countries.

Despite the fact, that the region has attained a remarkable improvement in certain indicators related to health and education yet the extent of inequality among the various strata of people is quite disturbing. The prevalent of malnutrition among the poorest and poor people is far higher than those in the higher income strata.

The education gaps by income and gender are also very glaring in these countries. There is a wide spread inequality between the poorest quintile and the richest quintile of population. In terms of gross primary enrolment ratio and the primary completion rate the females in the poorest strata are far behind the females in the richest strata of population.

The low level of income, along with poor public funding to education and health, turns the situation from bad to worse. As a consequence, the share of out of pocket expenditure on education and health has been very high. How can the poor and vulnerable people afford the high cost private education health services? This is a clear indication of wrong priorities of public spending.

Astonishingly, the expenditure on defence was higher than that on education and health, both as percentage of GDP and percentage of central government expenditure.

In such a scenario, there are two way outs: redistribution of the benefits of growth with public policy intervention and making the very growth process more and more inclusive. The second path would require raising human capabilities and, hence, is a medium and long-run process. The first path cannot be adopted by the state and the government if they could not understand that it is also in the enlightened-self-interest of the influential and affluent sections of society. However, in the face of large-scale exclusion of people from the growth process, this path may not sustain in the long run. The ultimate solution then is the inclusion of all the people in the growth process. That would require empowering all the people with human capabilities. That, in turn, would require widespread access and affordability to quality education health, sanitation and clean water. And here comes the role of the State and the Government.

The very quality and sustainability of growth, eventually, depends on the human development and vice-versa. There is, no doubt, that the causal relationship between growth and human development needs to be viewed in this spectrum. The daunting challenge of poverty and inequality and the human development may not be addressed only with growth, though growth is a pre-requisite to it.

The two-pronged policy recommendation would then be to strengthen the redistributive mechanism and empower the people with quality education and health.

TABLES

Table 1: Annual average GDP growth rate in South Asia

Country/Region	Average Annual growth rate (per cent)				
	1960-70	1970-80	1980-90	1990-2000	2000-06
India	3.4	3.6	5.7	5.9	7.4
Pakistan	6.7	4.7	6.3	3.5	5.5
Bangladesh	3.7	3.9	3.7	4.8	5.6
Nepal	2.5	2.5	4.6	4.9	3.3
Sri Lanka	4.6	4.1	4.0	5.3	4.8
South Asia	...	3.5	5.5	5.5	7.0

Source: 1. The World Bank (1982): *World Development Report* (2004; 2008)
2. The World Bank (2004; 2008): *World Development Indicators*.

Table 2: Growth rate of per capita GDP in South Asia and selected countries: long term view

Country/Region	Per Capita GDP						Annual avg. growth rate of per capita GDP (%)	
	US $			US $ PPP			US $	
	1992	2002	2005	1992	2002	2006	1975-2005	1990-2005
India	310	470	730	1230	2650	3452	3.4	4.2
Pakistan	420	420	690	2890	1960	2350	2.5	1.3
Bangladesh	220	380	430	1230	1770	2090	2.0	2.9
Nepal	170	230	270	1170	1370	1530	2.0	2.0
Sri Lanka	560	850	1160	2850	3510	4520	3.2	3.7
South Asia	...	460	692	....	2460	3142	2.6	3.4
High Income countries	16065	26490	35264	15324	28480	32550	2.1	1.8
Middle income countries	...	1850	2467	....	5800	7199	2.1	3.0
Low income countries	213	430	585	886	2110	2486	2.2	2.9

Source: 1. UNDP (1995): *Human Development Report*.
2. The World Bank (2004 and 2007): *World Development Indicators 2004 & 2007*.
3. UNDP (2007): *Human Development Report 2007/2008* (for long term GDP growth rate and CPI).

* Industrial countries.

Table 3: Trends in long-term economic development: 1965-98 (average annual growth rate, %)

	India	Pakistan	Bangladesh	Nepal	Sri Lanka
GDP	4.9	5.6	3.9	3.7	4.6
Per Capita GDP	2.7	2.7	1.4	1.1	3.0
Population	2.1	2.8	2.3	2.4	1.6
Labour Force	2.0	2.9	2.3	2.0	2.2
Value Added					
Agriculture	2.9	4.1	2.1	2.3	2.7
Industry	5.5	6.7	4.1	8.0	5.1
Services	5.8	6.2	4.7	4.6	5.2
Private Consumption	4.4	5.1	3.7	3.9	4.1
GDFI	5.5	4.4	3.7	6.2	7.6
Export of goods and services	7.1	6.4	7.6	8.8	4.4

Source: World Bank (2000). *World Development Indicators.*
GDFI: Gross Domestic Fixed Investment.

Table 4: Ranking of South Asian Countries in terms of Human Development Index (HDI): 1992-2007

	1992	1995	2000	2004	2005	2007	PC/GNI (US$) rank (2005)	PC/GNI ($ PPP) rank (2005)
India	134	139	124	126	128	134	158	143
Pakistan	128	138	138	134	136	141	160	157
Bangladesh	146	147	145	137	140	146	175	165
Nepal	151	152	142	138	142	144	195	179
Sri Lanka	97	90	89	93	99	102	144	132

Source: 1. UNDP (1995, 1998, 2000, 2006, 2007/08 and 2009) *Human Development Report.*
2. The World Bank (2008); *World Development Indicators 2007/2008.*

Note: 1. The ranking is in the descending order and is from amongst 173 to 177 countries of the world. The ranking for the year 2007 is out of 182 countries.
2. PC/GNI: Per Capita gross national income (US$); PC/GNI (PPP$)
3. The ranking of countries in terms of PCI is from amongst 209 countries; out of them 56 countries are such whose population ranges from 30,000 to one million.

Table 5: Value of Human Development Index (HDI) in South Asia: 1975-2007

Country/Year	1975	1980	1985	1990	1995	2000	2005	2007
India	0.419	0.450	0.487	0.521	0.551	0.578	0.619	0.612
Pakistan	0.367	0.394	0.427	0.467	0.497	0.516	0.551	0.572
Bangladesh	0.347	0.365	0.392	0.422	0.453	0.511	0.547	0.543
Nepal	0.301	0.338	0.380	0.427	0.469	0.502	0.534	0.553
Sri Lanka	0.619	0.656	0.683	0.702	0.721	0.731	0.743	0.759
Highest HDI Country	0.883	0.895	0.902	0.931	0.938	0.958	0.968	0.971
Lowest HDI Country	0.245	0.264	0.261	0.279	0.296	0.321	0.336	0.340

Source: UNDP (2008): *Human Development Report 2007/2008*; Table 2, pp. 234-37; *Human Development Report, 2009*.

Table 6: HDI Gap of South Asian Countries from the highest and lowest HDI Countries: 1975-2007

Country/Year	1975	1980	1985	1990	1995	2000	2005	2007
India	-0.464 +0.174	-0.445 +0.186	-0.415 +0.226	-0.410 +0.242)	-0.307 +0.255	-0.380 +0.257	-0.349 +0.283	-0.359 +0.272
Pakistan	-0.516 +0.122	-0.501 +0.130	-0.475 +0.166	-0.464 +0.188	-0.441 +0.201	-0.442 +0.195	-0.417 +0.215	-0.399 +0.232
Bangladesh	-0.536 +0.102	-0.530 +0.101	-0.510 +0.131	-0.509 +0.143	-0.485 +0.157	-0.447 +0.190	-0.421 +0.211	-0.428 +0.203
Nepal	-0.582 +0.056	-0.557 +0.074	-0.522 +0.119	-0.504 +0.148	-0.469 +0.173	-0.456 +0.181	-0.434 +0.198	-0.418 +0.213
Sri Lanka	-0.264 +0.374	-0.239 +0.392	-0.219 +0.422	-0.229 +0.423	-0.217 +0.425	-0.227 +0.410	-0.225 +0.407	-0.212 +0.419
Lowest-Highest HDI	-0.638	-0.631	-0.641	-0.652	-0.642	-0.637	-0.632	-0.631

Source: Same as in table 6.2 (Computations made by the author).

Notes: 1. The figures with minus sign indicate the difference from the highest HDI country.

2. The figures with + sign indicate the difference between South-Asian Countries and the country with the lowest HDI value.

3. Highest HDI value for 2007 is that of Norway (0.971) and the lowest (0.340) is that of Nigeria.

Table 7: Life Expectancy and Infant Mortality Rate in South Asia

	Life expectancy at birth (Years)		Infant mortality rate (per 1000 live births)		Adult literacy rate (%)	
	1970-75	2000-05	1970	2005	1985-1994	1995-2005
India	50.7	62.9	127	56	48.2	61.0
Pakistan	51.9	63.6	120	79	49.9	65.1
Bangladesh	45.3	62.0	145	54	35.3	47.5
Nepal	44.0	61.3	165	56	33.0	48.6
Sri Lanka	65.0	70.8	65	12	...	90.7
South Asia	**50.3**	**62.9**	**130**	**60**	**47.6**	**59.7**
Developing Countries	55.8	65.5	109	57	68.2	77.1
High HDI countries	69.4	75.7	43	13	....	94.1
Medium HDI countries	56.6	66.9	106	45	....	78.3
Low HDI countries	43.7	47.9	155	108	43.5	54.1
World	58.3	66.0	96	52	76.4	82.4

Source: UNDP (2008): *Human Development Report 2007/08*, pp. 261-64

Table 8: Literacy and enrolment ratio in South Asia: 1985-2005

	Youth lit. rate (% aged 15-24)		Net Primary enrolment ratio (%)		Net Secondary enrolment ratio (%)		Children out of school in 2006 (Thousand)		Children reaching Grade-5 (% of G-1 students)
	1985-1994	1995-2005	1991	2005	1991	2005	Male	Female	2004
India	61.9	76.4	...	89.0	60*	49**	2780	4713	73.0
Pakistan	....	65.1	33.0	68.0	16@	21.0	2705	4116	70.0
Bangladesh	44.7	63.6	....	94.0	22*	44.0	842	529	65.0
Nepal	49.6	70.1	....	79.0	...	...	267	436	61.0
Sri Lanka	....	95.6	.....	97.0	...	....	...	...	>94.0
South Asia	**60.7**	**74.7**	**....**	**87.0**	**56***	**46****	**...**	**...**	**...**
Developing Countries	80.2	85.6	88.0	85.0	48[1]	53.0	...	...	...
High HDI countries	....	98.1	93.0	95.0	...	...	...	....	...
Medium HDI countries	....	87.3	....	87.0	...	...	...	...	....
Low HDI countries	55.9	66.4	45.0	69.0	...	...	...	...	....
World	83.5	86.5	83.0	87.0	...	59.0	...	...	....

Source: UNDP (2008): *Human Development Report 2007/2008*, pp. 269-72
World Bank (2008): *World Development Indicators 2008*.

Note: **Children out of School** are the number of primary school age (6-11 years) children not enrolled in primary or secondary school. **Net primary enrollment ratio is** the ratio of total enrollment of children of official school age based on the inter national standard classification of education (ISCE) 1997 to the population of the age group that officially corresponds to the level of education shown.

* for the year 1997; ** for the year 2004 (Source: MHHDC, 2007, p. 276)

@ for the year 1995 (Source: MHHDC. 2008, p. 276)

1. for the year 1999 (Source: MHHDC, 2008, p. 276)

Table 9: Gender inequality in education in South Asia: 1995-2005

	Female Adult Literacy rate	Female Youth Literacy	GPE (Female) 2005	GSE (Female) 2005	GTE (Female) 2005
India	47.8 (0.65)	67.7 (0.80)	116.0 (0.94)	50.0 (0.80)	9.0 (0.70)
Pakistan	35.4 (0.56)	53.1 (0.69)	75.0 (0.76)	23.0 (0.74)	4.0 (0.88)
Bangladesh	40.8 (0.76)	60.3 (0.90)	111.0 (1.03)	48.0 (1.03)	4.0 (0.53)
Nepal	34.9 (0.56)	60.1 (0.75)	108 (0.91)	42.0 (0.86)	3.0 (0.40)
Sri Lanka	89.1 (0.97)	96.1 (1.01)	101.0 (0.99)	83.0 (100.0)	... ...
South Asia	**47.4** **(0.81)**	**66.6** **(0.81)**	**109.0** **(0.93)**	**48.0** **(0.83)**	**9.0** **(10.74)**
Developing countries	69.9 (0.91)	81.4 (0.91)	104.0 (0.94)	58.0 (0.93)	16.0 (0.91)
High HDI countries	93.6 (1.01)	98.4 (1.01)	... ...	....	....
Med. HDI countries	71.2 (0.92)	83.2 (0.92)	... ...	... ...	... ...
Low HDI countries	43.8 (0.80)	58.9 (0.80)	....	....	....
World average	72.7 (0.92)	82.5 (0.92)	104.5 (0.95)	64.0 (0.94)	25.0 (1.05)

Source: UNDP (2008): *Human Development Report 2007/2008*, pp. 334-33

Note: 1. Adult literacy rate: % age 15 and older; youth literacy rate: % 15-24 years; **GPE**: gross primary enrolment; **GSE**: gross secondary enrolment; **GTE**: gross tertiary enrolment

2. Figures in brackets indicate female to male ratio

Table 10: Human Deprivation in South Asia: 1996-2005

Country	Health deprivation measure		Education deprivation measure		Income deprivation		Human deprivation measure	
	1996	2005	1996	2005	1996	2005	1996	2005
India	26	20	35	27	47	34	37	27
Pakistan	47	16	42	37	31	17	41	25
Bangladesh	28	32	41	39	29	41	33	38
Nepal	58	24	45	36	50	24	52	28
Sri Lanka	47	25	7	7	29	6	32	14
South Asia (Weighted0	29	21	36	29	43	32	37	27

Source: MHHDC (2008): *Human Development in South Asia: A Ten Year Review*.

Note: *Human Development Measure (HDM)* (developed by Mahbub ul Haq), is a composite measure consisting of three variables: *Health deprivation* (measured by safe drinking water and under weight children under five); *education deprivation* (measured by adult illiteracy and out of school children); and *income deprivation* (measured by the percentage of population below poverty line).

Table 11: Percentage distribution of population (Age 15 + years) in different educational status by poverty: 1993-94 and 2004-05

Poverty Status	Illiterate	Up to primary	Middle	Secondary & above but below graduate	Graduate & above	Total (Rows)
1993-94						
Poor & Vulnerable	88.4	86.1	74.7	59.7	37.6	79.1
Middle & High Income	11.6	14.0	25.3	40.3	62.4	20.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
2004-05						
Poor & Vulnerable	86.1	88.3	71.2	52.4	29.7	72.6
Middle & High Income	13.9	16.7	28.8	47.6	70.3	27.4
Total (Columns)	100.0	100.0	100.0	100.0	100.0	100.0

Source: Sengupta et al (2008): "India's Common People: Who Are They, How Many Are They and How Do They Live?" *Economic and Political Weekly*, Vol. 43, No. 11, p. 53, Table 8.

Table 12: Public expenditure on education in South Asia: 1980-2006

Country	As % of GDP						As % of Govt. Expenditure			
	1980	1985	1990	1995	2002-04	2006	1990	1993-95	2001-02	2006
India	3.0	3.4	3.5	3.5	3.3	3.8	11.2	12.1	12.7	10.7[@]
Pakistan	2.1	2.5	3.4	...	2.0	2.6	...	....	7.8	12.2
Bangladesh	1.1	1.9	2.0	2.3	2.2	2.5	10.3	8.7	15.8	14.2
Nepal	1.8	2.6	...	2.9	3.4	3.4[@]	...	13.2	13.9	14.9[@]
Sri Lanka	2.7	2.6	2.7	3.1	..	...	8.1	8.1	...	...
Low & Middle income countries	3.5	...	...	...	...	4.1	...	...	....	...
High income countries	5.6	5.1	...	5.2	...	5.4	....	...	11.5	12.5
All developing countries	...	4.1	...	3.8	...	..	....	..	...	...
World	3.9	4.9	...	4.9	...	4.6	...	...	...	...

Source: 1. World Bank: *World Development Indicators* 2000; 2004; 2007 and 2008.
2. UNDP: *Human Development Report,* 1995, 1998 and 2006
@ for the year 2005

Table 13: Expenditure on health in South Asia during 1990-2005 (% of GDP)

	1990-98			2001			2005		
	Total	Pub.	Pvt.	Total	Pub.	Pvt.	Total	Pub.	Pvt.
India	5.2	0.6	4.1	5.1	0.9	4.2	5.0	1.0	4.0
Pakistan	3.9	0.9	3.0	3.9	1.0	2.9	2.1	0.4	1.7
Bangladesh	3.5	1.6	2.0	3.5	1.5	2.0	2.8	0.8	2.0
Nepal	5.5	1.3	4.2	5.2	1.5	3.7	5.8	1.6	4.2
Sri Lanka	2.6	1.4	1.2	3.6	1.8	0.8	4.1	1.9	2.2
World	5.5	2.5	2.9	9.8	5.6	4.2	10.1	6.0	4.1
Low & Middle Income Countries	4.6	1.9	2.7	5.8	2.7	3.1	5.6	2.7	2.9
High Income Countries	9.8	6.2	3.7	10.8	6.3	4.5	11.4	7.0	4.4

Source: World Bank: *World Development Indicators*, 2000, 2004; 2008
Note: ***Total Health expenditure*** *is the sum of public and private health expenditure. It covers the provision of health services (preventive and curative) family planning and nutritive activities, and emergency and for health but excludes provision of water and sanitation;*
Public health expenditure *is recurrent and capital spending from central and local governments, external borrowings and grants (including donations from international agencies and non-governmental organizations) and social (or compulsory) health insurance funds.*

Table 14: Public and private health expenditure in South Asia: 2001-2005

	Public Expenditure			Private Expenditure		
	% of total health expenditure		% of total Govt. expenditure	% of total health expenditure		Out of pocket % of Pvt. expenditure
	2001	2005	2005	2001	2005	2005
India	17.9	19.0	3.5	82.1	81.0	94.0
Pakistan	24.4	17.5	1.5	75.6	82.5	98.0
Bangladesh	44.2	29.1	5.5	55.8	70.9	88.3
Nepal	29.7	28.1	8.4	70.3	71.9	87.0
Sri Lanka	48.9	46.2	7.8	51.1	53.8	86.0
World	59.2	59.3	10.4	40.8	40.7	43.5
Low & Middle Income countries	47.0	48.1	7.3	53.0	51.9	77.4
High Income countries	62.1	60.9	10.9	37.9	39.1	36.8

Source: World Bank: *World Development Indicators***,** 2004 and 2008

Note: Out of pocket health expenditure: part of private health expenditure, is direct household outlays including gratuities and in-kind payments to health practitioners and pharmaceutical suppliers, therapeutic appliances, and other goods and services whose primary intent is to contribute to health restoration or enhancement.

Table 15: Share of defence expenditure in GDP and Central Government expenditure in South Asia: 1980-2006

Country	As % of GDP					As % of Central Govt. Expenditure				
	1980	1990	1995	2002	2006	1980	1990	1995	2002	2006
India	2.8	3.2	2.7	2.6	2.7	19.4	17.0	18.4	...	17.7
Pakistan	5.0	5.8	6.0	6.1	3.8	30.6	30.9	31.4	27.7	24.9
Bangladesh	...	1.0	1.4	1.1	1.1	...	10.1	...	...	13.6
Nepal	0.9	0.9	0.9	1.4	1.9	7.1	6.0	..	6.4	12.8
Sri Lanka	...	2.1	5.3	3.9	2.4	...	7.4	20.3	11.3	11.0
World	...	...	2.5	2.4	2.5	...	...	...	11.0	...
Low & Middle income countries	3.8	...	2.4	2.6	2.1	15.6	...	...	12.3	....
High income countries	...	...	2.5	2.4	2.6	...	....	...	11.0	10.6

Source: The World Bank : *World Development Report*, 1983 and 1992;
: *World Development Indicators*, 2004, 2007 and 2008
UNDP : *Human Development Report*, 2007/2008

Table 16: Mean Years of Schooling in South Asian Countries

Country/Year	Mean Years of Schooling	
	Rural	Urban
India (1998-2000)	3.93	7.78
Pakistan (2001)	2.43	5.95
Nepal (2001)	2.09	5.38
Bangladesh (1999-2000)	3.29	6.31
Sri Lanka (2002)	N.A.	N.A.

Source: *World Bank (2001), World Development Report.*

Table 17: Infant mortality rate in South Asian countries (deaths under age 12 months per 1000 live births)

Rural	India		Pakistan	Bangladesh		Nepal		Sri Lanka
Urban	1992-1993	1988-99	1990	1993	1999-2000	1996	2001	1987
R-U gap	94.3	79.7	102.2	102.6	80.7	95.3	79.3	32.2
	59.4	49.2	74.6	80.9	74.2	61.1	50.1	34.4
	34.9	30.5	27.6	21.7	6.5	34.2	29.2	-2.2

Source: Mahbub up Haq (1997), *Human Development in South Asia*, Oxford University Press; World Bank (2004), *World Development Indicators*.

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