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SOUTH INDIA'S PREMIER INSTITUTION FOR
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ECONOMY

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GLOBAL ECONOMIC INDICES / REPORTS

Human Development Report (HDR)

Human Development Index (HDI)

Inequality-adjusted HDI (IHDI)

Gender Inequality Index (GII)

Multidimensional Poverty Index (MPI)

Technology Achievement Index (TAI)

Gender Development Index (GDI)

Human Poverty Index (HPD)

Gender Empowerment Measure (GEM)

World Development Report (WDR)

Global Competitiveness Index (GCI)

World Investment Report

World Population Report

World Economic Outlook (WEO)

Global Financial Stability (GFS) Report

Human Development Report (HDR)

Annually published by **United Nations Development Programme (UNDP)**

Report was first launched in 1990, by Pakistani economist Mahbub ul Haq and Indian Nobel laureate Amartya Sen.

Goal: To place people in centre of development process in terms of economic debate, policy and advocacy.

Major evaluation Indices

1. Human Development Index (HDI)
2. Inequality-adjusted Human Development Index (IHDI)
3. Gender Inequality Index (GII)
4. Multidimensional Poverty Index (MPI)
5. Technology Achievement Index (TAI)

In 2010, IHDI, GII and MPI were added and following 3 indices were discontinued

1. Gender Development Index (GDI)
2. Human Poverty Index (HPD)
3. Gender Empowerment Measure (GEM)

Human Development Index (HDI)

- * Human development is a process of enlarging People's capabilities and choices to achieve a **Longer life, Literate life and a decent Standard of Living.**
- * This implies that Human Development does not have any correlation with Per capacity income necessarily.

Parameters = 3 (as per revised formula in 2010)

1. **Longevity:** Life expectancy **at birth**. The range is between **20 and 85**.

$$\text{Life Expectancy Index (LEI)} = \frac{\text{LE}-20}{(85-20)}$$

- * Now if Life expectancy at birth is 85 then LEI is 1, if its 20 years the LEI is 0, countries are placed on their varying level of expectancy.

Indian Life expectancy (2012) is 66.21, so LEI is 0.71 [Pak 65, China 72, 1st Japan 84]



2. **Literacy:** Mean years of schooling and Expected years of schooling.

$$* \text{ Education Index EI} = \frac{(\text{MYSI} + \text{EYSI})}{2}$$

EI is calculated from

- * **'Expected years of schooling'** EYS (Number of years a child of school entrance age can expect to spend in a given level of education) and
- * **'Mean years of schooling'** MYS (Average number of completed years of education of a population [25 years and older]).
- * **EYSI = EYS/15,**
- * 18 is the Projected maximum EYS and 0 is minimum, so if Expected years is 15 the EYSI is 1 (highest) and varies accordingly.
- * (18 is equivalent to achieving a master's degree in many countries)
- * **MYSI = MYS/15,**
- * 15 is the Projected maximum MYS and 0 is minimum, so if Mean years is 15 the MYSI is 1 (highest) and varies accordingly.

Indian EI = 0.473 (2013) [Pak 0.302, China 0.61, 1st Australia 0.92]

3. **Standard of Living:** Measured by Gross National Income (GNI) Per Capita

$$* \text{ Income Index (II)} = \frac{[\ln(\text{GNI/Capita}) - \ln 100]}{[\ln 75,000\$ - \ln 100]}$$

- * If GNI is 75,000\$ then II = 1, and 0 for GNI 0 (Range of calculation is 0 to 75,000\$)

Now HDI is calculated by Geometric mean (GE) all the above

$$\text{HDI} = \sqrt[3]{\text{LEI} \cdot \text{EI} \cdot \text{II}}$$

Value evaluated from 0 to 1

Classification based on 0 to 1

- * Low Human development < 0.555
- * Medium 0.555 to 0.699
- * High 0.7 to 0.799
- * Very High 0.8 and above

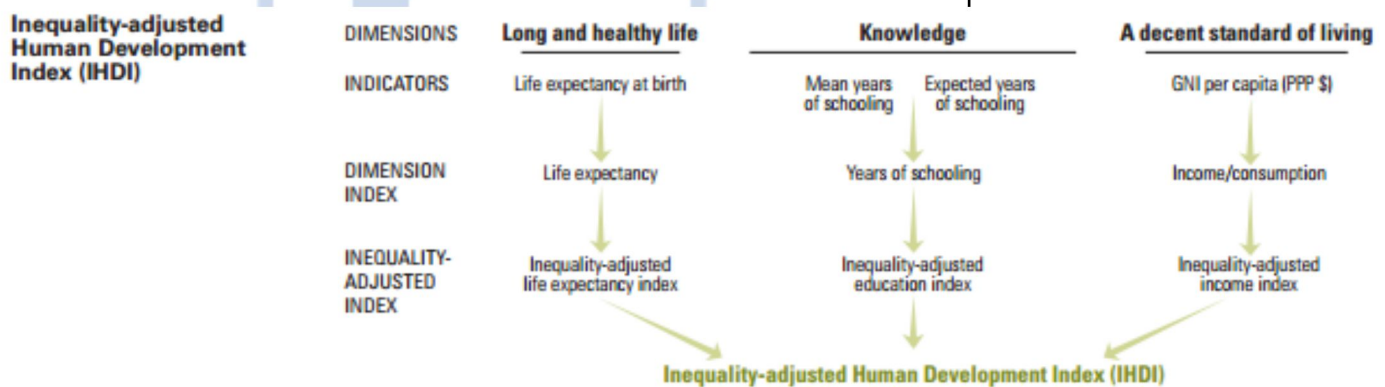
Indian HDI = 0.609 (2015) (0.005 higher than 2014) Rank 130
Medium Human Development



[Pak = 0.53, China = 0.72, 1st Norway = 0.944, in Asia Singapore = 0.912]

Inequality-adjusted HDI (IHDI)

- * IHDI is calculated by comparing an average (normal) person's HDI in society with the Aggregate HDI of the society. (me vs all)
- * So if the difference is more then inequality is more. In a equal society HDI = IHDI
- * IHDI denotes inequality in the society in the distribution of health, education and income.
- * Same parameters as that of HDI in calculation but with inequality
- * Range of IHDI is 0 to 1; 1 = Highest Equality, 0 = Highest Inequality, Here Loss % is important denote.



India IHDI = 0.435,

Now HDI of India = 0.609

So, difference (called as Loss) = 0.174,

Loss % = $0.174 / 0.609 = 28.5\%$,

So, 28.5% are deprived of the needs as mentioned above which other India can afford proving $\frac{1}{4}$ Indian Inequality.

Note: This doesn't mean other Indians are rich with the world, it means only above those 28.5% who can't even afford what the rest of Indian's can.



Gender Inequality Index (GII)

Captures the loss of achievement due to Gender Inequality using 3 dimensions:

1. Reproductive health for women

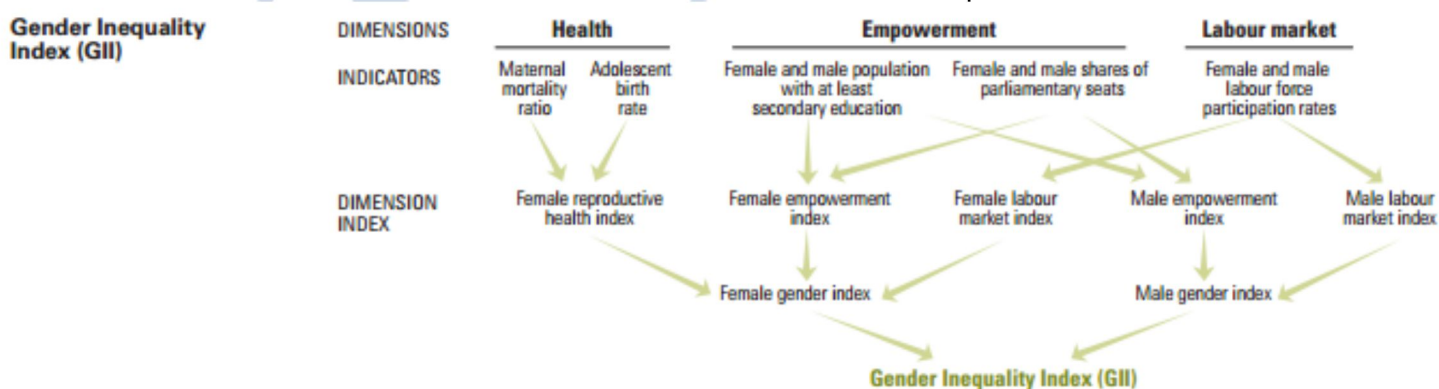
- * It is measured by Maternal mortality rate (MMR) and Adolescent birth rate (ABR),
- * Less MMR due to accessible, adequate health needs.
- * ADR measure early child bearing.

2. Empowerment

- * It is based on the share of parliamentary seats held by them + per cent of 25 year plus population with secondary education.

3. Labour Market participation (Economic status).

- * Labour force participation rate of female and male populations aged 15 years and older.



Range of GII is 0 to 1; 1 = Highest InEquality, 0 = Highest Equality

India GII = 0.563, Rank = 130

[Bangladesh, Pakistan, Nepal and Myanmar all above India in Rank though less in HDI]

- * According to UNDP, Reproductive health accounts for largest loss due to gender inequality, among all regions
- * GII does not include Income levels as a component, which was a components in GDI and GEM.
- * It also does not allow for high achievements in one dimension to compensate for low achievement in another.



Multidimensional Poverty Index (MPI)

Notes

- * MPI replaced HPI, MPI makes effort to understand the relative poverty over absolute poverty on a Household level
- * MPI can help effective allocation of resources by making possible the targeting of those with the greatest intensity of poverty.
- * MPI measure both intensity of poverty and Head count

MPI uses same the parameters of HDI but interms of Deprivation with **10 Indicators**

Education (each indicator is weighted equally at 1/6)

1. **Years of schooling:** deprived if, No household member has completed 5 years of schooling
2. **Child school attendance:** deprived if, Any school-aged child is not attending school up to class 8

Health (each indicator is weighted equally at 1/6)

3. **Child mortality:** deprived if, Any child has died in the family
4. **Nutrition:** deprived if, any Adult or child with nutritional information as malnourished

Standard of Living (each indicator is weighted equally at 1/18)

5. **Electricity:** deprived if, Household has no electricity
6. **Sanitation:** deprived if, Household's sanitation facility is not improved (according to MDG guidelines), or improved but shared with other households
7. **Drinking water:** deprived if, Household does not have access to safe drinking water (according to MDG guidelines) or safe drinking water more than 30-min walk.
8. **Floor:** deprived if, Household has a dirt, sand or dung floor
9. **Cooking fuel:** deprived if, Household cooks with dung, wood or charcoal
10. **Assets ownership:** deprived if, Household does not own more than 1 radio, TV, telephone, bike, motorbike or refrigerator and does not own a car or truck

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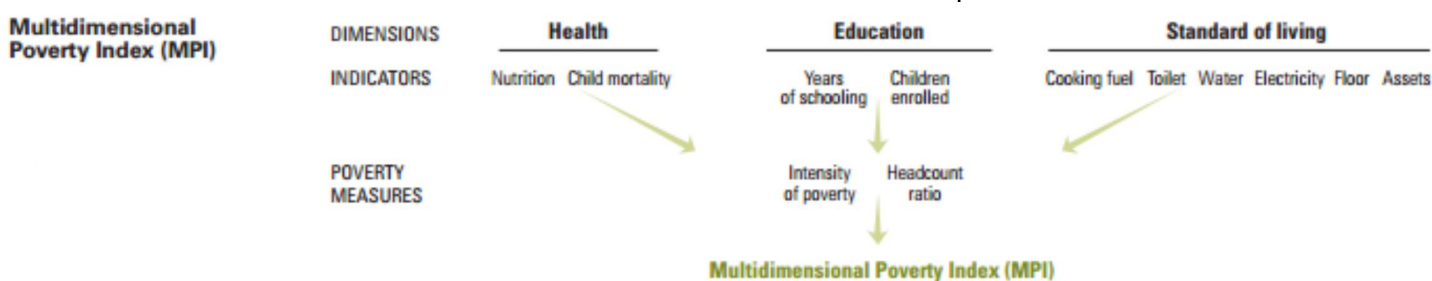
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MPI levels of India are alarming with 54% (2005-06 calculation)

Technology Achievement Index (TAI)

Measures achievement of a country in terms of creation and diffusion of technology.

4 Parameters:

1. Creation of New Technology:

- * No of patents per capita.
- * Royalty and license fees per capita.

2. Diffusion of Recent innovations.

- * No of Internet hosts.
- * Share of high and medium technical exports in the local exports of a country.

3. Diffusion of old innovations:

- * No of telephone lines.
- * Per capita consumption of electricity.

4. Human skill base

- * Mean Years of schooling.
- * Gross enrollments at the tertiary levels in science, engg, maths.

Based on a TAI, countries are classified into

Potential leader e.g. Finland.

Dynamic adaptor e.g. India.

Marginalized.

Discontinued HDR Indices

GDI, HPD and GEM

Gender Development Index (GDI)

- * Measure of achievements between Man and Woman in terms of HDI, adjusted downwards for gender disparities in a country.
- * Parameters: Longevity - Male 80.5 -> 22.5 yrs, Female 87.5 -> 27.5 yrs
- * Rest of the values namely Literacy, decent Standard of living are same as HDI.



Human Poverty Index (HPD)

- * Measure of the Extent of Deprivation in terms of HDI parameters as an Average study.
- * HPI of 2 Types: HPI for developing countries, HPI for developed countries.

Gender Empowerment Measure (GEM)

- * GDI measure capabilities and achievements of woman in a society, GEM measures the opportunity available for woman in a society.
- * Parameters: Economic participation, Political participation, Women's share of earned income as compared to men's.

World Development Report (WDR)

Report Annually Published by **World Bank**.

- * WDR provides in-depth analysis of a specific aspect of economic development.
- * Every year one aspect is dealt. Past reports have considered agriculture, youth, equity, public services delivery, the role of the state, transition economies, labour, infrastructure, health, the environment, risk management

2015 report on Human behaviour for development

2016 on Digital Dividend

2017 on Governance and the Law

Global Competitiveness Index (GCI)

Report Annually Published by **World Economic Forum**.

- * GCI integrates Macroeconomic and Micro/business aspects of competitiveness into a single index.
- * It assesses the ability of countries to provide high levels of prosperity to their citizens. This in turn depends on how productively a country uses available resources. And study various factors influencing competitiveness

There are **12 Pillars** of competitiveness

1. Institutions
2. Appropriate infrastructure
3. Stable macroeconomic framework



4. Good health and primary education
5. Higher education and training
6. Efficient goods markets
7. Efficient labor markets
8. Developed financial markets
9. Ability to harness the benefits of existing technologies
10. And its Market size (Domestic and International)
11. By producing New and Different goods using the most Sophisticated production processes
12. Innovation

The 12 pillars are made of 110 variables of which 2/3 comes from Empirical survey and 1/3 from public available data (ex: UN)

India GCI = 55 (2015, 16 places up from 2014)

[Pak = 126, China = 28, 1st Switzerland]

World Investment Report

Report Published Annually by **United Nations Conference on Trade and Development (UNCTAD)**

- * WIR also works on same line of WDR, taking a single agenda every year.
- * Each year's report covers latest trends in Foreign Direct Investment(FDI) around the World and analyses in depth one selected topic related to foreign direct investment and development.

2015 Report - Reforming International Investment Governance

2014 Report - Investing in the SDGs: An Action Plan

2013 Report - Global Value Chains: Investment and Trade for Development

World Population Report

Annually Published released by **United Nations Population Fund (UNFPA)**.

- * The report states the Prospects of World population growth incorporating new population censuses and specialized demographic surveys.
- * The report analysis demographic dividend, Socio-Economic progress, Future prospects etc providing a policy guide.

World Economic Outlook (WEO)

A Survey twice a year by **International Monetary Fund (IMF)**

- * It presents IMF staff economists' **analyses** of Global **Economic** Developments during the near and medium term. (with projections upto 4 years)
- * WEO forecasts includes key Macroeconomic indicators, such as GDP, Inflation, Current Account and Fiscal balance etc of more than 180 countries around the globe.

Global Financial Stability (GFS) Report

Report published twice a year by **International Monetary Fund (IMF)**

- * It provides an **assessment** of Global Financial System and markets, and addresses emerging market **Financing** in a global context.
- * It focuses on current market conditions, highlighting systemic issues that could pose a risk to financial stability and sustained market access by emerging market borrowers.
- * Report draws out the **Financial Ramifications** of Economic imbalances highlighted by the IMF's World Economic Outlook.

While WEO studies world' economy, GFS reports the effects(/shocks) of it.

Millennium Development Goals and Sustainable Development Goals will be dealt separately

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