



# Economics and Human Well-being

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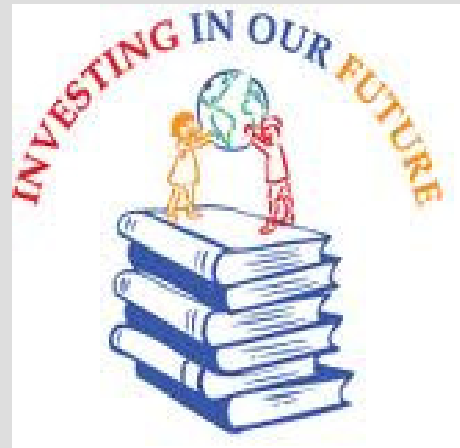


**Instead of asking “Why study Economics?”,  
let us ask ourselves “Is it possible for us to avoid  
Economics?”**

**Some common economic decisions that almost all of us  
have to face in our lives:**

- **Choosing one’s occupation**
  - **Planning one’s monthly family expenditure**
  - **Investing one’s saving**
  - **Voting decision**
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# Like it or not, Economics is a fact of life!



**“Inflation** is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair.”

— Sam Ewing



## Alternative Definitions of Economics

- **Marshall (1920):** Economics is a study of **mankind** in the ordinary business of life.
- **Robbins (1932):** Economics is the **science** which studies **human behaviour** as a relationship between ends and **scarce means** which have **alternative uses**.
- **Cairncross (1944):** Economics is a **social science** studying how **people** attempt to accommodate **scarcity** to their **wants** and how these attempts interact through exchange.

# 1. Scarcity, choice and decision-making

- **Unlimited human wants and limited resources**
- **Resources have alternative uses**
- **Efficient use of resources is necessary**
- **Question of choice or decision-making regarding use of resources**



## Two Branches of Economics

### **MICROECONOMICS**


- **Decision-making** at the individual level; studies behaviour of individual consumers and producers and their interaction through markets

### **MACROECONOMICS**

- **Decision-making** at the aggregate level; concerned with the behaviour of the economy as a whole




## 2. Economics is a *science*

- **Theories built on logical reasoning**
  - **Use of the scientific approach based on observation of economic phenomena and analysis of data using statistical techniques**
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### 3. Economics is a *social science*

- **Economics deals with human behaviour**
  - **The ultimate goal of economic science is to improve the living conditions of people in their everyday lives**
  - **All economic policies are aimed at providing a *good* life to the people of a country**
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## Basic requirements for a good life:

- **SUSTENANCE** → The ability to meet life-sustaining basic human needs (food, shelter, health and protection)
- **SELF-ESTEEM** → Having a sense of worth about one's own life
- **FREEDOM** → To be able to choose



## The Concept of Human Development in Economics

- The Human Development Report (1990), published by the United Nations Development Programme, defines human development as **“a process of enlarging people’s choices”**.
- The Report recognizes that **“in principle, choices can be infinite and change over time. But at all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living”**.

# Where do we stand?



## Still a long way to go for us .....

Countries	Ranking as per the Human Development Index	Life Expectancy at Birth (years)	Mean Years of Schooling	Gross National Income per capita (PPP 2008 \$)
Norway	1	81	12.6	58810
United States	4	79.6	12.4	47094
Japan	11	83.2	11.5	34692
China	89	73.5	7.5	7258
Sri Lanka	91	74.4	8.2	4886
India	119	64.4	4.4	3337



**How can we achieve a desired level of  
human development?**



## **Social sector:**

- **refers to all those sectors that are essential for improving the quality of life of the people**
- **directly affects the level of human development of a region**
- **includes sectors like education, health and nutrition and is concerned with social injustice related to poverty, gender bias, environmental degradation, etc.**



**Countries and states that have given priority to social sector development have not only achieved desired levels of human development but have also attained high rates of economic growth.**

## Three Major Aspects to the Analysis of Social Sector





## Strategic Importance of Education and Health

- **Intrinsic importance** → They are valuable achievements in themselves and can be of direct importance to a person's effective freedom.
- **Instrumental personal roles** → They can help a person to do many other valuable things (e.g, get a good job). The resulting increase in economic means may in turn help in achieving other things that the person values.
- **Instrumental social roles** → Spread of education can increase public awareness and encourage collective demand for public facilities. It can also contribute to better utilization of the existing facilities.



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- **Instrumental process roles** → Education can play a vital role in reducing the distressing phenomenon of child labour. Schooling also brings young people in touch with others and broadens their horizons.
- **Empowerment and distributive roles** → They can increase people's ability to resist oppression and this can be crucial in reducing different types of inequalities.

## Indicators for the Education Sector

### Infrastructure

- **Percentage of govt. schools among recognized schools imparting elementary education**
- **Primary schools per thousand child population (6-11 years)**
- **Upper primary schools per thousand child population (11-14 years)**
- **Percentage of professionally trained teachers**
- **Average Pupil Teacher Ratio and Student Classroom Ratio**
- **Percentage of schools having *pucca* buildings, drinking water facility in school, girls' toilet in school**

### Attainment

- **Gross Enrolment Ratio (Classes I-VIII)**
- **Gross Enrolment Ratio in higher education**
- **Gender Parity Index (GPI) in enrolment for classes I-VIII**
- **Dropout rate at primary level**
- **Percentage of literates with qualification “Graduate and above”**

## Indicators for the Health Sector

### Infrastructure

- **No. of hospitals, dispensaries and beds (excluding private hospitals, dispensaries and beds) per one lakh population**
- **No. of doctors and nurses per one lakh population**

### Attainment

- **Life Expectancy at Birth**
- **Infant Survival Rate**
- **Percentage of women (15-49 years) with anaemia**
- **Percentage of children with anaemia**
- **Persons reporting ailments (number per 1000)**



# **A Look at State Performance in India on the Basis of Some Recent Data**

# Performance of the Education Sector

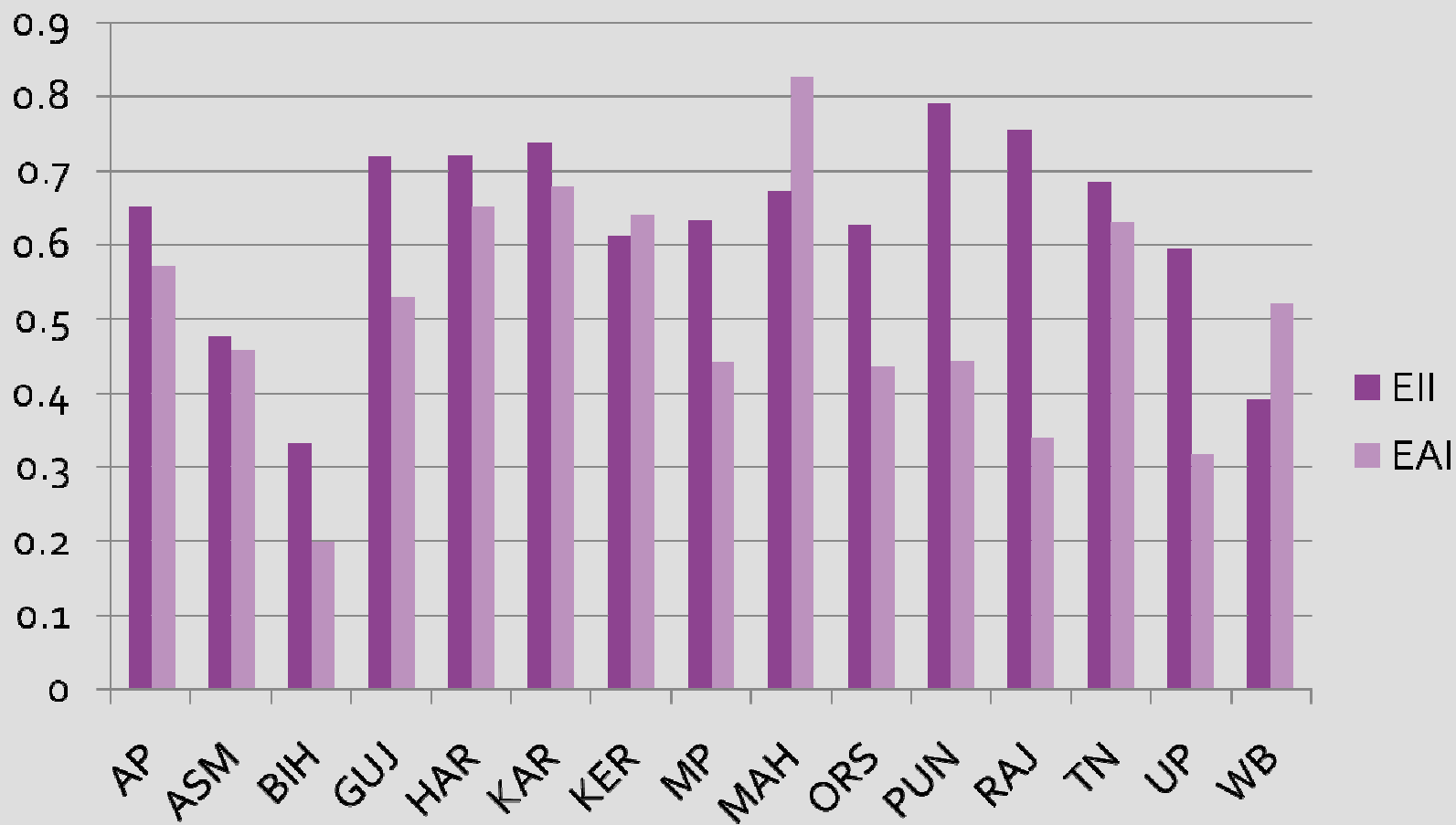
## Infrastructure

- **Good performers** – Punjab, Rajasthan, Karnataka, Haryana
- **Poor performers** – Assam, West Bengal, Bihar

## Attainment

- **Good performers** – Maharashtra, Karnataka, Haryana, Kerala
- **Poor performers** – Rajasthan, Uttar Pradesh, Bihar

# The Education Sector



## Performance of the Health Sector

### Infrastructure

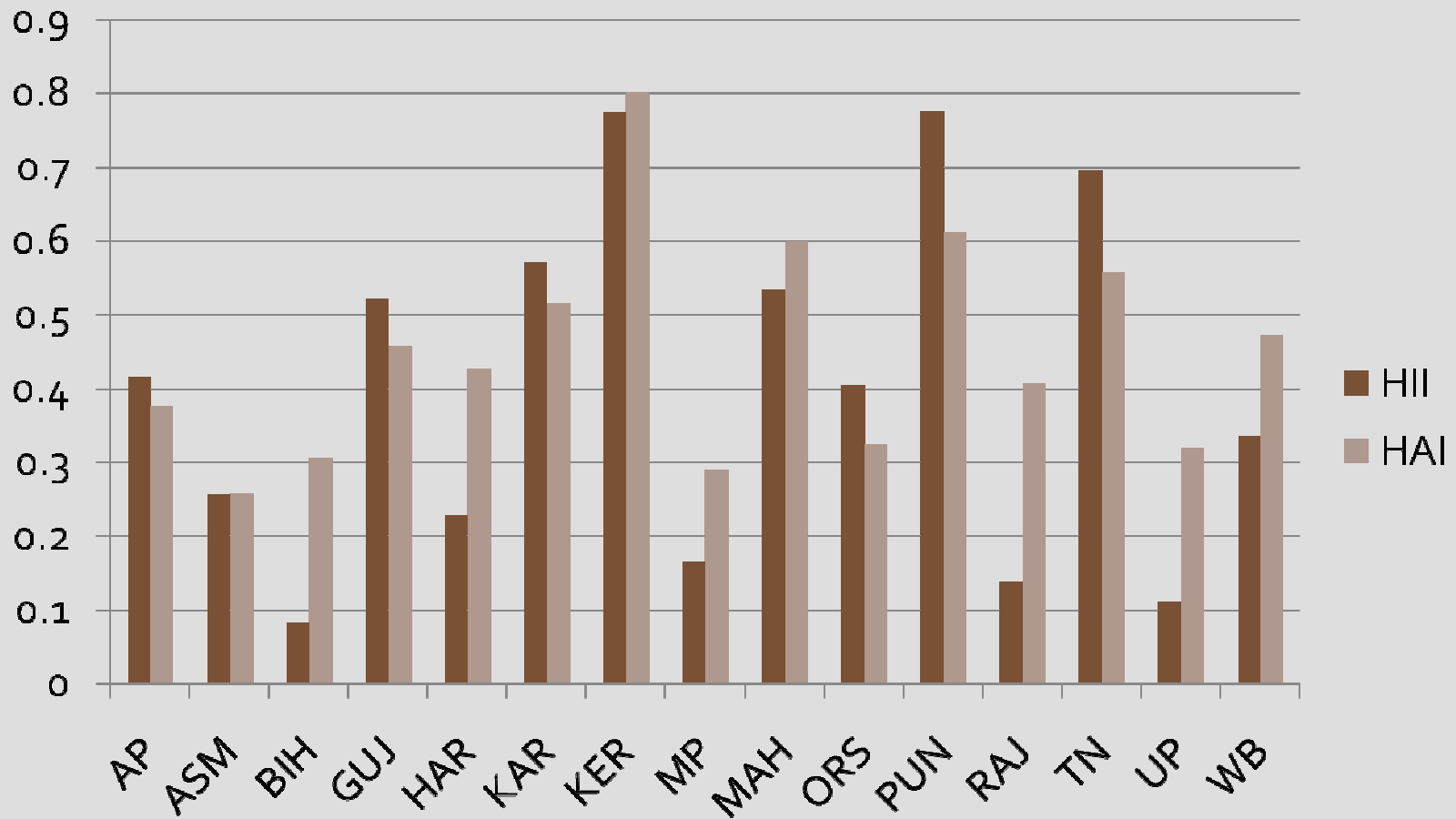
- **Good performers** – Punjab, Kerala, Tamil Nadu
- **Poor performers** – Rajasthan, Uttar Pradesh, Bihar

### Attainment

- **Good performers** – Kerala, Punjab, Tamil Nadu
- **Poor performers** - Bihar, Madhya Pradesh, Uttar Pradesh



## The Health sector






## **A matter of concern:**

- **Public spending on social sector plays a very crucial role in determining the level of development of this sector.**
- **Social sector development is primarily the responsibility of the states.**
- **Many states fail to satisfy the required norms.**
- **Share of social sector allocations has gone down in many states during the post-reform period.**



## **This calls for:**

- **Greater attention to education and health sectors.**
  - **Greater allocation of resources for these sectors.**
  - **Proper utilization of resources.**
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*Thank You*