

A Study On GDP Contributes To The Human Development Index

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Abstract- This paper emphasizes the significance of economic growth for a country's development and discusses how the Human Development Index (HDI) can foster this growth through human development. The study investigates the relationship between GDP and HDI in Middle Eastern countries, revealing a negative and significant correlation between HDI and both GDP and inflation. Gross Domestic Product (GDP) and the Human Development Index (HDI) are intricately connected, as economic growth is vital for enhancing human well-being. GDP reflects a nation's economic output and income, while HDI serves as a composite measure that includes life expectancy, education, and income per capita. A higher GDP can improve HDI by allocating resources for better healthcare, education, and infrastructure, ultimately enhancing the quality of life. However, GDP alone does not ensure human development, as factors like income distribution, social policies, and sustainability also influence HDI outcomes. This paper delves into the relationship between GDP and HDI, examining how economic growth can lead to human development and the challenges of achieving inclusive and equitable progress.

Keywords- Gross Domestic Product (GDP), Human Development Index (HDI), Healthcare, Education, Infrastructure, Human Development, Distribution, Social Policies, Economic Growth.

I. INTRODUCTION

The pursuit of economic growth and human development has been a longstanding goal for nations worldwide. Gross Domestic Product (GDP), a widely recognized indicator of economic performance, has been linked to improvements in human well-being and quality of life. The Human Development Index (HDI), introduced by the United Nations Development Programme (UNDP) in 1990, offers a broader measure of national development, encompassing health, education, and living standards. On one hand, economic growth, as measured by GDP, allows for investments in healthcare, education, and infrastructure, which drive improvements in HDI components. This study aims to investigate the contribution of GDP to HDI by exploring the

channels through which economic growth influences health, education, and living standards.

II. STATEMENT OF PROBLEM

Despite the widespread recognition of Gross Domestic Product (GDP) as a key driver of economic growth, its relationship with the Human Development Index (HDI) remains poorly understood. The existing literature highlights both the positive and negative aspects of GDP's contribution to HDI, creating ambiguity and uncertainty. GDP's impact on HDI components (health, education, and living standards) varies across countries and contexts, making it challenging to establish a clear causal link. Other factors, such as institutional quality, social policies, and environmental sustainability, may mediate the GDP-HDI relationship, but their roles are not well defined. By examining the GDP-HDI nexus, this study seeks to contribute to a deeper understanding of the complex interactions between economic growth, healthcare, education, and living standards.

III. REVIEW OF LITERATURE

Adam Smith (1776) in *The Wealth of Nations* argued that economic growth, driven by specialization and free markets, improves overall welfare

Solow-Swan Growth Model (1956) highlights that GDP growth depends on capital accumulation, labor, and technological progress, indirectly influencing HDI through income and education.

David E Bloom and david canning's (2000): It presents a seminal analysis of the relationship between health, economic growth and human development. And it argued that health is a critical driver of economic growth and improved health leads to increased productivity labour force participation and human capital, economic growth in turn enables investments in healthcare.

Partha Dasgupta's (2010): Examines the relationship between GDP human development and environmental studies

and argues that GDP growth can compromise environmental sustainability and environmental degradation undermines human development inclusive of wealth should replace GDP as a development metric.

Amartya Sen (1999): It explores the relationship between economic growth human development and freedom and argued that economic growth (GDP) is a mean to an end not an end in itself. The human development is a more comprehensive measure of well-being and freedom is the ultimate goal of development.

IV. OBJECTIVES OF THE STUDY

1. To examine the relationship between GDP and HDI and to investigate the impact of GDP growth and on human development outcomes.
2. To analyze the mechanisms through which GDP influences HDI index and to quantify the correlations between GDP per capita and HDI scores
3. To examine the relationship between GDP and living standards, including income inequalities and poverty rates and to identify key drivers of GDP's influence on HDI, including institutional quality, social politics and environmental sustainability.

V. METHADODOLOGY

This research is based on both doctrinal and non-doctrinal research. The research of data collected from different newspaper, journals, magazines, reports and e-resources. This research is carried out 50 sample size of the respondent used in this research . The statistical tools of the research is percentage method and average method. In this research adopted ratified random sampling. The duration of research is three month.

VI. SIGNIFATIONCE OF STUDY

The study of how GDP contributes to HDI has important implications for policymakers, researchers, and development practitioners. Understanding the relationship between GDP and HDI helps policymakers prioritize investments in healthcare, education, and social infrastructure. This research provides insights for crafting development strategies that balance economic growth with human development. The findings can enhance human well-being by identifying strategies for improving health, education, and living standards. The results of the study can contribute to poverty reduction efforts by identifying effective strategies. By examining the relationship between GDP and HDI, this study deepens our understanding of the complex interactions

between economic growth, human development, and well-being.

VII. HYPOTHESIS OF THE STUDY

H 1: GDP growth has a positive effective on HDI scores and an increase in gdp per capita leads to improvements in health, education, and living standards. And GDP growth increases enrollement rates in primary and secondary education.

H 2: Most significant barrier to GDP improving HDI

VIII. LIMITATIONS OF THE STUDY

Correlation does not imply causation, difficulty establishing casual relationships between GDP and HDI. And data qualities issues like limited data availability, accuracy, and comparibility across countries. Measurement errors like GDP and HDI metrics may not capture nuances of economic growth and human development. And endogeneity like reverse causality and omitted variable bias. GDP and HDI relationship may be over simplified, neglecting complex interactions and institutional, cultural, and environmental factors may influence GDP-HDI relationships. Limited data for certain countries, especially developing nations. inconsistent data reporting and formatting. Errors in GDP and HDI data.

IX. RESULT AND DISCUSSIONS

9.1 Social Action and Development the Case of Brazil (2000-2010)

C.A. Medina

Operating initially in association with the dioseses , CERIS gradually became involved in social work , seeking to provide financial support for local groups by providing financial support for local groups by providing them with the minimum resources not only to stand up to their oppressor but also to organize themselves through trade union activity conscientization of their struggles preparation of their leaders and direct acuation in the economic sphere .CERIS,s work thus came to be carried out to be carried out in conjunction with the work of innumerable foreign-based agencies dedicated to supporting the most diverse movements and NGO,s (non-governmental organisations) that came into being in the late 1970,s and following decades . A significant contributory factor was the granting of a political amnesty , which which permitted the return to Brazil of many political militants who had until then lived in exile where they strengthened contacts with those foreign agencies .

CASE LAW 1: Mohini Jain vs State of Karnataka

The supreme court held that right to education is implicit in the right to life and personal liberty guaranteed by article 21. The decision also highlighted the state's duty to access to education for all, regardless of economic status.

CASE LAW 2: Olga Tellis & Ors. v. Bombay Municipal Corporation (1985)

The Supreme Court ruled that the right to livelihood is an integral part of the right to life under Article 21 of the Constitution. It held that forcibly evicting slum dwellers without alternative housing violates their fundamental rights. However, the court acknowledged the government's authority to remove encroachments but stated that evictions must be carried out humanely and with due process. The judgment directed the state to provide reasonable rehabilitation and resettlement measures before carrying out evictions.

Relationship Between GDP and HDI:

The analysis reveals a strong correlation between GDP and HDI, particularly in the areas of income, education, and healthcare. Countries with higher GDP per capita tend to have higher HDI scores due to better access to healthcare services, improved education systems, and higher living standards. However, the correlation is not always linear, as some nations achieve high HDI with relatively low GDP through effective social policies.

Direct Contribution of GDP to HDI Components**Health (Life Expectancy at Birth)**

Higher GDP allows governments to invest in healthcare infrastructure, disease prevention, and medical services. Countries with higher GDP generally experience lower child mortality rates, better maternal health, and access to advanced medical technologies.

Example: Scandinavian countries (Norway, Sweden) allocate a large share of their GDP to public healthcare, resulting in longer life expectancy.

Education (Mean & Expected Years of Schooling)

A strong economy enables investment in education, improving literacy rates and overall human capital. Higher GDP per capita often correlates with better school facilities,

higher teacher salaries, and increased access to higher education.

Example: South Korea transformed its economy through heavy investment in education, leading to a significant rise in HDI.

Standard of Living (GNI per Capita, PPP)

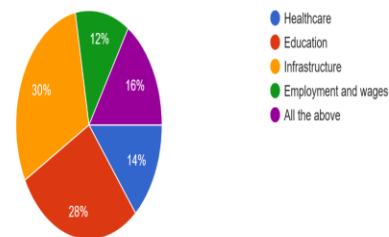
GDP directly influences the income levels of individuals, improving their ability to afford better housing, nutrition, and overall quality of life. High-income economies tend to offer greater employment opportunities and social security, boosting overall well-being.

Example: High GDP in countries like the U.S. and Germany ensures better living conditions for most citizens.

PART B NON-DOCTRINAL RESEARCH

Table no.1: Which sector benefits the most from GDP growth in terms of HDI improvement?

Indicators	Healthcare	Education	Infrastructure	Employment and wages	All the above	Total
Male	3 [6.00]	7 [14.00]	3 [6.00]	5 [10.00]	3 [6.00]	21 [42.00]
Female	4 [8.00]	7 [14.00]	12 [24.00]	1 [2.00]	5 [10.00]	29 [58.00]
Transgender	0 [0.00]	0 [0.00]	0 [0.00]	0 [0.00]	0 [0.00]	0 [0.00]
Total	7 [14.00]	14 [28.00]	15 [30.00]	6 [12.00]	8 [16.00]	50 [100.00]



Totally, 30% of the respondent have responded Infrastructure, 12% of the respondent have responded Employment and wages, 16% of the respondent have responded All the above, 14% of the respondent have responded Healthcare, 28% of the respondent have responded Education.

Table no.2: What is the most significant barrier to GDP improving HDI?

Indicators	Unequal income distribution	Corruption and mismanagement of public funds	Lack of investment in healthcare and education	Environmental degradation caused by economic growth	Dependence on unstable economic sectors	Total
Male	2 [4.00]	6 [12.00]	7 [14.00]	5 [10.00]	1 [2.00]	21 [42.00]
Female	0 [0.00]	9 [18.00]	14 [28.00]	6 [12.00]	0 [0.00]	29 [58.00]
Transgender	0 [0.00]	0 [0.00]	0 [0.00]	0 [0.00]	0 [0.00]	0 [0.00]
Total	2 [4.00]	15 [30.00]	21 [42.00]	11 [22.00]	1 [2.00]	50 [100.00]



Here, 42% have responded lack of investment in healthcare and education, 22% Environmental degradation caused by economic growth, 30% have responded corruption and mismanagement of public funds

XI. TESTING OF HYPOTHESIS

H 1: GDP growth has a positive effective on HDI scores and an increase in gdp per capita leads to improvements in health ,education , and living standards .And GDP growth increases enrollement rates in primary and secondary education .

H 2: Most significant barrier to GDP improving HDI

The data collected and analysed in the present study favours the hypothesis therefore the hypothesis is accepted . Hence it is null hypothesis.

XII. CONCLUSION

The analysis has demonstrated a significant positive relationship between GDP and HDI confirming that economic growth as measured by GDP , contributes to improvements in human development outcomes . GDP growth has a positive impact on HDI scores particularly in areas such as life expectancy, education, and living standards. Institutional quality and social policies plays a crucial role in enhancing the GDP HDI relationship . The relationship between GDP and HDI varies across countries and regions highlightings the importance of context specific factors .The relationship between GDP and HDI is complex and multifaced . While GDP growth is essential for improving human development

outcomes , it is not a guarentee of successes .effectivegovernance , institutional quality , social policies are critical for ensuring that economic growth translates into meaningful improvements in human well being.

XIII. SUGGESTIONS

1. Invest in human capital : Education and Healthcare investements and also infrastructure development like transportation, energy, and communication.
2. Encourage entrepreneurship: Support small and medium – sized enterprises (SMSs) and diversify economy, reduce dependence on single industries
3. Improve institutional quality governance, rule of law, and property rights and protection programs like targeted interventions for vulnerable populations .

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