

Education, Human Development and Economic Growth in Punjab: A Causal Analysis

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This paper has evaluated the relative performance of 12 major districts of Punjab in terms of Human Development and Economic Growth and examined the two-way link between them during 1981-2001. Expectation of life at birth positively but non-significantly affected inter-district variations in EG. For EG induced HD, per capita NDP negatively and significantly affected inter-district variations in literacy rate and positively and non-significantly affected inter-district variations of life expectancy. Classification of districts based on their performance on HD and EG reveals that out of 12 districts, only four districts were in the category of lopsided HD and six districts were in the category of virtuous cycle as per the indicators of HD (HDI, literacy rate and expectation of life at birth) in 2001. The results suggest that the policy should be such that HD induced growth process is strengthened for lifting the districts to the virtuous cycle category.

The development of human capital is a prerequisite for a country's socio-economic and political transformation. The differences in the level of socio-economic development across nations are attributed not so much to natural resources and the stock of physical capital but to the quality and quantity of human resources. Therefore, human capital is considered an important factor for a country's economic development.

Since 1990s, human development which has been defined by UNDP as 'enlarging people's choices in a way which enables them to lead longer, healthier and fuller lives' has been considered as the ultimate object of human activity in place of economic growth. However, there exists strong connection between economic growth (EG) and human development (HD). While EG provides resources to permit sustained improvements in the quality of labour force (HD), the latter in turn is an important contributor to the former. EG contributes to HD mainly through allocation of GNP among various institutions (households, government, civil society, community organization and other Non-Governmental Organizations (NGOs)). The relationship between EG to HD is stronger if lower

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