

Relationship between Economic Growth and Human Development: An Empirical Analysis

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Abstract – The connection between human asset and monetary advancement has been broadly perceived at all level. Human asset improvement is imagined to be an essential piece of the procedure of financial advancement of any locale. Along these lines advancement in the nature of person particularly of the working populace facilitates the improvement exercises. An informed, sound and well off individual has better prospect for creation, development and enterprise than another person without those traits. Change in every one of those qualities additionally raises the ability to better oversee and use the accessible assets and in this way improve the utility of those assets. The paper endeavours to dissect the connection between financial development and human advancement.

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1. INTRODUCTION

Human capital and financial development have a solid relationship. Human capital influences financial development and can build up an economy through the information and abilities of individuals.

Human capital alludes to the information, ranges of abilities and inspiration that individuals have, which give financial esteem. Human capital understands that not every person has a similar ranges of abilities or information and that nature of work can be enhanced by putting resources into individuals' training.

Monetary development is an expansion in an economy's capacity, contrasted with past periods, to create merchandise and enterprises. It can be measured by measuring the rate in the genuine total national output (GDP) of a nation. For instance, assume a nation expanded its genuine GDP at a yearly rate of 2.5%. This nation is encountering financial development and has an expansion in the estimation of all products and enterprises.

Human capital is specifically identified with monetary development. The relationship can be measured by what amount is put into individuals' instructions. For instance, numerous legislatures offer advanced education to individuals at no cost. These administrations understand that the information individuals increase through instruction builds up an economy and prompts financial development.

An organization can help build human capital and increment financial development also. For instance, consider a PC software engineer works at an innovation organization; she gets nearby preparing, goes to in-house workshops and the organization pays for part of her educational cost for advanced education. In the event that she chooses to remain at the firm, she may grow new thoughts and new items for the organization. Be that as it may, she may leave the organization later in her vocation and utilize the learning she achieved begin another organization. This interest in human capital, at that point, inevitably prompts financial development.

2. REVIEW OF LITERATURES:

To value the hugeness of the term HRD 'numerous market analysts, scholars, social researchers, and industrialists approach to characterize the term from various viewpoints. Certain famous meanings of HRD are: —Human Resources Development (HRD) as a hypothesis is a system for the extension of human capital inside an organization through the advancement of both the organization and the person to accomplish execution improvement (Kelly: 2001). In the expressions of M.N. Khan —HRD is the way toward expanding learning, abilities, capacities and constructive work state of mind and estimations surprisingly working at all levels in a business undertakings (Khan:1987). Dr. Len Nadler says, —HRD implies a composed learning knowledge, with a goal of delivering the likelihood of execution change (cited by Gupta and Gupta: 2008).

India is rich in both common and HR, even as it faces gigantic difficulties in its endeavors to upgrade financial development and advancement. It is assessed that around 200 million individuals in the nation contain the white collar class, which is getting to be noticeably bigger with the progression of Indian economy. This class is likewise seen by the created nations as an imperative market for sending out their merchandise from a long haul perspective. The nation has increased its outside direct speculation (FDI) a few times since receiving the New Economic Policy (NEP) in July 1991, however is still a long ways behind its neighbor China and nations in South-East Asia in such manner. There are currently more than 15000 multinational firms working in India and this number is expanding quickly (Budhwar, 2001).

3. HUMAN RESOURCE DEVELOPMENT (HRD):

Human Resource Development (HRD) is a positive idea as a range of overseeing HR. It depends on the conviction that it is basic and useful for an organization to put resources into individuals to get significant advantages the long run. It goes for the general advancement of the human asset with a specific end goal to contribute for the prosperity of the workers, organization and the general public on the loose. Out of the major territories of Management, Human Resource Management is pronounced as the most essential zone of study and concern. In the Management of four Ms i.e. cash, machines, materials and men, the administration of men is the most noteworthy and testing. The effectiveness of the entire parcel of exercises completed in an organization beginning from the creation procedure to the administration of different territories of organization depends to a huge degree on the level of Human Resource Development. (Swarajaya lakshmi: 2004). The worldview of overseeing representatives has experienced fast change in the most recent decade, from near preferred standpoint to a condition of ceaseless development, savvy structure and key purpose for upper hand. The present work force are additionally requesting and have high yearnings. They request right on time up-degree of their abilities and capabilities. This suggests the organizations ought to create proper HRD approaches and take mind in defining and actualizing such arrangements by remembering the target of the firm and coordinating those destinations with that of the organization (Deb: 2010).

The writing on human capital development is swarm with halfway balance examinations of generation and cost elements of training (see Shri Prakash and Chowdhury (1994), Tilak (1985) and Tilak (1988), and in addition of determinants of family unit use on instruction (see Tilak (2001a), Tilak (2001b)), Tilak (2001c), Tilak (2002), and Shri Prakash and Chowdhury (1994)). The examinations managing the generation capacity of training (say, for instance, Shri Prakash and Chowdhury (1994) measure yield as far as enrolments' and

contributions to terms of 'number of educators utilized' and 'value of non-instructing inputs'. Such generation capacities are clearly valuable in deciding if the —production of instruction is liable to expanding, steady or unavoidable losses and the connections between the peripheral productivities of the educating and non-educating inputs. (The cost elements of training are basically a dual of the generation capacity and fill the need of simply affirming the outcomes acquired from the creation capacities). Be that as it may, from these basically specialized depictions of the production of training no strategy finish of outcome is resultant. At the end of the day, in so far as these examinations decide neither the private nor social comes back to instruction, their arrangement essentialness is restricted. The investigations worried about the determinants of family use on training (for instance, Tilak (2002) additionally regard instruction as an end in itself and miss the mark concerning clarifying use on training as far as the normal private profits for training. Utilizing state-wise cross-sectional state level information for his relapses, Tilak (2002) clarifies family unit consumption on instruction regarding family unit wages, and other family qualities, for example, instructive level of the leader of the family, occupation, position, religion. The general balance 'thinks about on instructive capital development have a more extensive target, in particular, surveying the effect of venture on training on profitability (development) as well as value (wage-disparity).

Key Approach to HRM

Research prove (Budhwar and Khatri, 2001) with respect to the key idea of HRM in Indian national firms propose that there is a low portrayal of the faculty work at board level, and couple of organizations have conceived formal corporate methodologies. Of these, a modest bunch appear to counsel the work force work at the start (this thinks about to a standard of around 50 percent in European organizations), many include faculty in early discussion while creating corporate system and many likewise include staff amid the execution of their corporate methodology. It appears that the status of the work force work in India has enhanced over a limited ability to focus 10 years or somewhere in the vicinity. The quantity of staff experts moving to the position of CEO has expanded in the course of the most recent couple of years, with the end goal that one out of each six CEOs of the best 50 Indian organizations has been accounted for as a work force pro (Venkata Ratnam, 1996). Then again, it appears that Indian firms are seeing a noteworthy devolvement of obligation of HRM to line supervisors. One can see this in the territories of pay assurance, enlistment, preparing, mechanical relations, wellbeing and security and extension/diminishment choices. Also, Indian firms have been demonstrating an expanded accentuation on preparing and advancement of HR (Budhwar and Sparrow, 2002b). In any case, if a system of devolvement is not related with a nearer coordination of HRM into the business arranging forms, it might make a

circumstance of bedlam in organizations as they endeavor to adapt to HRM ramifications of progression. Subsequently, the route forward is the appropriation of a more key way to deal with HRM. Maybe this motivation is as of now moving and is being put to rehearse (Agarwala, 2003; Singh, 2003). Unquestionably, this is the situation with the MNCs working in the nation (Budhwar and Bjorkman, 2003).

4. RELATIONS BETWEEN HUMAN DEVELOPMENT AND ECONOMIC GROWTH

The wonder of financial development is distinguished just like the most effective motor that can create long haul development of the way of life. The procedure of monetary development is thought to be to a great degree complex, affected by an assortment of institutional, strategies, social and social variables. In correlation with the writing which is contemplating the idea of human advancement from the point of view of a constructive outcome of development, particular writing presents a broad arrangement of these elements, the commitment of each of them being bolstered by solid contentions.

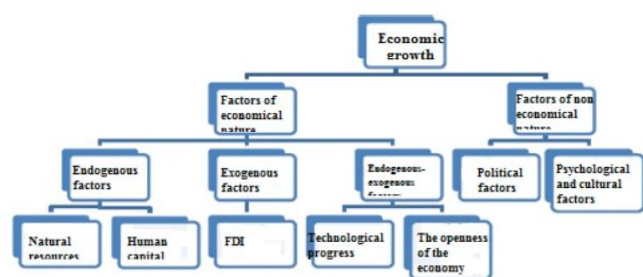


Figure 1: Determinant factors of economic growth

Source: Mihut Ioana Sorina, (2013), Growth and convergence criteria in the emerging economies of Central and Eastern Europe, doctoral thesis, Cluj-Napoca, p. 19.

In the elaboration of the established speculations of financial development, Adam Smith had a noteworthy impact, in who vision the aggregation of human capital, mechanical progression and specialization of work are viewed as the principle wellsprings of monetary development. Beginning from this thought, Thomas Malthus, David Ricardo, and John Stuart Mill, shared a portion of the thoughts contained in the Wealth of Nations, as to the part and place of proprietorship in monetary development and they affirmed that the private advantage gets from the quest for private interests, which directs the choices of people and their exercises, an idea that Adam Smith named it "the imperceptible hand ". The vision of monetary development in the 1980s does not put extraordinary accentuation on the utilization of inside elements or

outside circumstance, however generally as a segment whose effectiveness relies upon the level of state mediation and direction and institutionalization of the economy. This approach bolsters the viability of open economies and privatization of incapable open organizations. Mid 1990s brings another approach known as the new monetary development hypothesis: Barro (1991). Barro and Sala-i-Martin (1992) and G. Mankiw, Romer and Weil (1992). This proposes to enlarge the instigated extent of traditional speculations and clarifying the marvels, which discovers that specific economy to develop quickly and other to stagnate.

Organization between financial development and human improvement

Research did for exploring the connection between monetary development and human advancement, for example, that of Ranis (2004), clarified that the augmentation of the limit and flexibility prompt expanded financial execution, and human improvement would significantly affect improvement. Likewise, on the degree in which the income increment increments additionally the scope of alternatives and abilities that advantage on a similar degree family units yet in addition the legislatures; along these lines development will upgrade human advancement.

Ranis and Steward (2005), affirms the significance of the numerous exact organizations in the two headings along the time, from financial development to human improvement, human advancement, including speculation report. Financial development, which makes an essential commitment to human improvement, can be synchronous or need, in this manner, conventional political measures, which contend that enhancing human advancement should hold up until the point that monetary development grants, appear to be a mistake.

Ramirez et al. (1998) investigating organizations between monetary development and human advancement, distinguishing two bearings, one of the financial development to human improvement and the other, the other way, from human advancement toward financial development, they found that there is a solid positive relationship in the two headings, and open spending on social administrations and training are vital organizations that decides the connection between monetary development and human advancement, while speculation rate and wage conveyance organizations are essential to decide the connection between human advancement and financial development.

We can contend that human advancement can be characterized as a procedure of growing individuals' chances to pick. As indicated by the new worldview,

human advancement can be viewed as a procedure of growing the genuine flexibilities delighted in by the general population (Sen, 2004). 'The attention on flexibilities individuals appears differently in relation to the more restricted dreams about improvement, for example, recognizing the advancement with the development of gross national item, with an expansion in individual salary or with social modernization. The expansion of GNP or individual wage can be, obviously, imperative as methods for expanding the opportunity for individuals, similarly as broad industrialization, mechanical advance or social modernization. Be that as it may, opportunities likewise rely upon different components, for example, social and monetary game plans (for instance, access to training, wellbeing and social administrations, access to the work showcase), and also affable and political rights (for instance, flexibility to participate in the exchange and open civil argument)".

One of the numerous methods for measuring human improvement which has delighted in awesome achievement is that proposed by UNDP, (United Nations Development Program), in particular, the estimation of the Human Development Indicator (HDI) to feature the advancement of expectations for everyday comforts. It incorporates a three-dimensional approach covering points of interest, for example, future, education and per capita genuine GDP. Featuring improvements in the three zones is expected to related markers, in particular future list, training file and GDP list.

CONCLUSION

The investigation demonstrates that there is a surprising advancement in the professionalization of HRM in the sorted out area; this is going on in spite of the propensity towards a contracting level of the composed segment work in the nation. Endeavors towards more prominent demonstrable skill can be ascribed mostly to the dynamic arrangements brought along and sought after by the MNCs and the professionally oversaw Indian organizations including a portion of general society area ventures.

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