



## World Bank's Human Capital Index Released

The World Bank released its first report on the Human Capital Index (HCI) as part of the World Development Report 2019.

- The theme of the World Development Report (WDR) this year is “The Changing Nature of Work”.
- Human Capital Index (HCI) has placed India at the 115th position, lower than Nepal, Sri Lanka, Myanmar, and Bangladesh.

### Human Capital

- Human capital consists of the knowledge, skills, and health that people accumulate over their lives, enabling them to realize their potential as productive members of society.
- As part of this report, the World Bank has launched a Human Capital Project (HCP).
  - The HCP programme is a program of advocacy, measurement, and analytical work to raise awareness and increase demand for interventions to build human capital.
  - There are three components of HCP-
    - a human capital measurement metric called the Human Capital Index (HCI)
    - a programme of measurement and research to inform policy action
    - a programme of support for country strategies to accelerate investment in human capital.
- This report unveils the World Bank's new Human Capital Index, it seeks to measure the amount of human capital that a child born today can expect to attain by age 18 and also the consequences of neglecting investments in human capital in terms of the lost productivity of the next generation of workers.
- The HCI has been constructed for 157 countries.

### Parameters used in HCI

- The HCI has three components:
  - **Survival**, as measured by **under-5 mortality rates**
  - **Expected years of Quality-Adjusted School** which combines information on the quantity and quality of education:
    - **quality** is measured by harmonizing test scores from major international student achievement testing programs
    - **quantity** from the number of years of school that a child can expect to obtain by age 18 given the prevailing pattern of enrolment rates across grades in respective countries
  - **Health environment** is measured by
    - **adult survival rates**
    - **the rate of stunting for children under age 5**

### How Human Capital Index (HCI) is different from the Human Development Index (HDI)?

- UN Development Program releases HDI while HCI is released by the World Bank.
- The HCI uses survival rates and stunting rate instead of life expectancy as the measure of health.

- HCI uses quality-adjusted learning instead of merely years of schooling as the measure of education.
- HDI uses per capita income whereas it is excluded in HCI.

## Findings of the report at Global Level

- The HCI measures the Index outcomes for each country as a fraction of maximum value of 1.
- The advanced economies such as North America and Europe have HCI value of above 0.75.
- South Asia and Sub Saharan Africa have the lowest HCI among the regions.
- Singapore topped the poll as it was highly rated for its universal health care system, education exams results, and life expectancy figures.
- Singapore is followed by South Korea, Japan, Hong Kong, and Finland.

## Findings with respect to India

- The HCI for India has been estimated at 0.44.
- The key observations regarding HCI for India in the Report are as under
  - **Human Capital Index: A child born in India today will be only 44 percent as productive when she grows up as she could be if she enjoyed complete education and full health.**
  - The **probability of Survival to Age 5**: 96 out of 100 children born in India survive to age 5.
  - **Expected Years of School**: In India, a child who starts school at age 4 can expect to complete 10.2 years of school by her 18th birthday.
  - **Harmonized Test Scores**: Students in India score 355 on a scale where 625 represents advanced attainment and 300 represents minimum attainment.
  - **Learning-adjusted Years of School**: Factoring in what children actually learn, expected years of school is only 5.8 years.
  - **Adult Survival Rate**: Across India, 83 percent of 15-year olds will survive until age 60.
  - **Healthy Growth (Not Stunted Rate)**: 38 out of 100 children are stunted, and so at risk of cognitive and physical limitations that can last a lifetime.
  - **Gender Differences**: In India, HCI for girls is marginally higher than for boys.
  - The HCI in India for females is marginally better than that for males.
  - There has been a marked improvement in the HCI components in India over the last five years.

## Why India Rejected?

- The Government of India has decided to ignore the HCI stating there are major methodological weaknesses and data gaps in the index. Also, the HCI score for India does not impact of the key initiatives by the government that is being undertaken for developing human capital.
- For instance, for the schooling parameter, the quality is assessed by using enrolment rates reported by UNESCO but for quality harmonized test scores from different student achievement testing programs have been used by the World Bank. Instead, country-wide assessments of elementary education, by each country could have been used.
- For India, the data for quality of education belongs 2009 assessment by PISA, which was conducted for Himachal Pradesh and Tamil Nadu only.
- Adult survival rates, stunting, and under 5 mortality are outcome indicators which change at a relatively slow rate as compared to process indicators used in computing, for example, the Ease of Doing Business.
- The differences in development outcomes arising from governance issues, political systems, socio-cultural context have been totally ignored.
- The government of India also mentioned various initiatives like Samagra Shiksha Abhiyan, Ayushman Bharat Programme, Pradhan Mantri Ujjwala Yojan etc. it has undertaken to improve the Human Capital.

