



Impact of Covid-19 on Human Capital

Prelims: World Bank, Covid-19, Cognitive Deficit.

Mains: Impact of Covid-19 on Human Capital.

Why in News?

Recently, the [World Bank](#) has released a report titled- **“Collapse and Recovery: How COVID-19 Eroded Human Capital and What to Do”**, stating that the [Covid-19](#) caused a massive collapse in human capital, primarily affecting children and young people.

- It analyzed global data on the pandemic's impacts on young people at key developmental stages: early childhood (0-5 years), school age (6-14 years) and youth (15-24 years).

Note: Human capital consists of the **knowledge, skills, and health** that people invest in and accumulate throughout their lives, enabling them to realize their potential as productive members of society.

What are the Findings of the Report?

- **Impact of Pandemic:**
 - The Covid-19 caused massive damage to human capital **at critical moments in the life cycle**, primarily affecting children and young people in **underdeveloped and developing countries**.
 - The development of millions in **low- and middle-income countries has been derailed**.
- **Impact on School Children:**
 - Preschool-age children in multiple countries have **lost more than 34% of learning in early language** and literacy and more than 29% of learning in mathematics compared to pre-pandemic cohorts.
 - In many countries, even after schools had reopened, **preschool enrollment had not recovered by the end of 2021**; it was down by more than 10% in multiple countries.
 - Children also faced greater [food insecurity](#) during the pandemic.
- **Reductions in Healthcare:**
 - Millions of children faced reductions in health care—including missed critical vaccines.
 - They also faced **more stress in their care environments**—orphanhood, domestic violence, suboptimal nutrition—which led to declines in school readiness and declines in social and emotional development.
- **Youth Employment:**
 - Forty million people who would have had a job in the absence of the pandemic **did not have one at the end of 2021**, worsening youth unemployment trends. Youth earnings contracted by 15% in 2020 and 12% in 2021.

- New entrants with lower education will have 13% fewer earnings during their first decade in the labour market.
 - In Brazil, Ethiopia, Mexico, Pakistan, South Africa, and Vietnam **25% of all young people were neither in education, employment, nor training in 2021.**
- **Challenges in Future:**
 - The cognitive deficit in today's toddlers **could translate into a 25% decline in earnings** at their prime working age.
 - Today's students in low- and middle-income countries could lose up to 10% of their future average annual earnings due to the COVID-related education shocks. Globally, this generation of students risks **losing USD 21 trillion in potential lifetime earnings.**
 - Losses of lifetime earnings at this scale **can mean lower productivity, greater inequality, and possibly greater social unrest** for decades to come.

What are the Recommendations?

- Countries should **act urgently to recover these losses and invest better** in their people.
- Human capital is a key driver of poverty reduction and inclusive growth. It is imperative for **building resilience in the face of current and future crises** and shocks.
- Some of the **Policy Actions can include,**
 - Vaccinations and nutritional **supplementation campaigns**; increasing coverage of parenting programs; increasing access to pre-primary education, **expanding coverage of cash transfers for vulnerable families.**
 - Increasing instructional time; **assessing learning and matching instruction to students' learning level**; and streamlining the curriculum to focus on foundational learning.
 - For youth, **support for adapted training, job intermediation**, entrepreneurship programs, and new workforce-oriented initiatives are crucial.
- In the longer term, **countries need to build agile, resilient, and adaptive human development systems** that can better prepare for and respond to current and future shocks.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q. Consider the following statements: (2018)

Human capital formation as a concept is better explained in terms of a process which enables

1. individuals of a country to accumulate more capital.
2. increasing the knowledge, skill levels and capacities of the people of the country.
3. accumulation of tangible wealth.
4. accumulation of intangible wealth

Which of the statements given above is/are correct?

- (a) 1 and 2
- (b) 2 only
- (c) 2 and 4
- (d) 1, 3 and 4

Ans: (c)

Mains

Q. COVID-19 pandemic accelerated class inequalities and poverty in India. Comment. (2020)

Source: DTE

PDF Refernece URL: <https://www.drishtias.com/printpdf/impact-of-covid-19-on-human-capital>

