

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

LOK SABHA

UNSTARRED QUESTION NO.2857

TO BE ANSWERED ON FRIDAY, DECEMBER 28, 2018/ PAUSHA 7, 1940 (SAKA)

Human Capital List

2857. SHRI RATTAN LAL KATARIA:

ADV. NARENDRA KESHAV SAWAIKAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether World Bank has recently released its report on Human Capital Index (HCI), if so, the details thereof;
- (b) whether the Government agrees with the ranking given to India by the World Bank in HCI if so, the details thereof and if not, the areas of disagreement with the report;
- (c) whether India has made any progress in HCI relating to life expectancy, year at schooling, learning and health care etc., if so, the determinants in this regard;
- (d) whether even after independence of 71 years India is ranked at 158 among 195 countries; and
- (e) if so, India's global South Asia and BRICS countries ranking on the above parameters?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON RADHAKRISHNAN)**

(a) to (e): The Human Capital Index (HCI) of the World Bank, released on October 11, 2018, is supposed to measure the amount of human capital that a child born today can expect to attain by age 18, given the risks of poor health and education

that may exist in the country where she lives. The HCI has three components, namely (i) Survival, as measured by under-5 mortality rates; (ii) Expected years of Quality-Adjusted School which combines information on the quantity and quality of education; and (iii) Health environment using two proxies i.e. adult survival rates and the rate of stunting for children under age 5. HCI measures the outcomes for each country as fraction of a maximum value of 1. With an index estimated at 0.44, India is ranked 115 out of the 157 countries for which the HCI has been constructed. India is ranked four amongst both South Asian and BRICS countries. As the HCI has been released for the first time, the question of progress made in various indicators does not arise. The Government has reservations about the HCI primarily on account of the following:

- 1) Major methodological weaknesses and substantial data gaps;
- 2) Slow moving nature of some of the indicators, on account of which, one of the stated purpose of the Index, namely to create political incentive for increased spending on health and education, may not be achieved;
- 3) Non availability of a means to measure and improve the cost-effectiveness of spending on health and education, which would have been relevant especially for developing countries; and
- 4) Key initiatives being taken for developing human capital in India not reflected in the HCI score.

The Government has, therefore, decided not to take cognizance of the HCI.
