

# Human Capital Index 2020

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## In News

- The World Bank released the Human Capital Index (HCI) report for 2020. The index benchmarks key components of human capital across countries.
- India has been ranked at the 116th position in the HCI 2020.

## Important Points

- **Human Capital:** It consists of the knowledge, skills, and health that people accumulate over their lives, enabling them to realize their potential as productive members of society.
- **Parameters Used in HCI:** The HCI 2020 includes health and education data of children for 174 countries up to March 2020. Thus providing a pre-pandemic baseline. It covers 98% of the world's population.
- **Outcome:** The HCI 2020 shows that pre-pandemic, most countries had made steady progress in building human capital of children, with the biggest strides made in low-income countries.

However, despite this progress, a child born in a typical country could expect to achieve just 56% of their potential human capital, relative to a benchmark of complete education and full health.

## Impact of the pandemic

- The analysis shows that pre-pandemic, most countries had made steady progress in building the human capital of children, with the biggest strides made in low-income countries.
- The pandemic puts at risk the decade's progress in building human capital, including the improvements in

health, survival rates, school enrollment, and reduced stunting.

- The economic impact of the pandemic has been particularly deep for women and for the most disadvantaged families, leaving many vulnerable to food insecurity and poverty.
- Due to the pandemic's impact, most children – more than 1 billion – have been out of school and could lose out, on average, half a year of schooling, adjusted for learning, translating into considerable monetary losses.
- Data also shows significant disruptions to essential health services for women and children, with many children missing out on crucial vaccinations.

### **India's performance**

- India's score increased to 0.49 from 0.44 in 2018, as per the Human Capital Index report released by the World Bank.
- Last year, India had raised "serious reservations" over the Human Capital Index, wherein India was ranked 115 out of 157 countries.
- This year India finds itself at 116th from among 174 countries

### **Human Capital Index (HCI)**

- The HCI has been constructed for 157 countries.
- It claims to seek to measure the amount of human capital that a child born today can expect to attain by age 18.
- 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
  - Health environment: Using two proxies of (a) adult survival rates and (b) the rate of stunting for children under age 5.

## **Human Capital Project**

- As part of this World Development Report (WDR), the World Bank has launched a Human Capital Project (HCP).
- The HCP programme is claimed to be 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 cross-country 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.

## **Other Important Reports Published by World Bank:**

- Global Economic Prospects
- Ease of Doing Business
- World Development Report