5 Institution Budget Seminar Human Capital

Multipurpose Hall
India International Centre
February 8, 2019
India needs ‘Human capital’ investment

“I am mindful of presenting this budget in the backdrop of two cross-cutting developments:

a. Proliferation of technologies, specially analytics, machine learning, robotics, bio-informatics and Artificial Intelligence; and
b. The number of people in the productive age group i.e. 15-65 years in India, being at its highest”
Budget announcements 1/3

- Viability Gap Funding window for setting up hospitals in the PPP mode
  - Using proceeds from taxes on medical devices (approximately 2000 crore)

- Jan Aushadhi Kendra scheme in all districts by 2024

- Preventive health care through Swacch Bharat Mission and Jal Jeevan Mission
Budget announcements 2/3

• External commercial borrowings and FDI in education (For profit education?)

• Apprenticeship embedded degree/diploma courses for students in ‘general’ stream (Two-thirds of higher education is in the ‘general’ stream)

• Internships for engineers in ULBs (Is managing a city a job only for engineers?)
“38. There is a shortage of qualified medical doctors, both general practitioners as well as specialists. In order to meet this requirement:”

“39. There exists a huge demand for teachers, nurses, para-medical staff and caregivers abroad ...”
Education and health expenditure

- **Education and Health Expenditure (2015-16 to 2020-21)**
  - **2015-16**: RE 67,239, BE 34,131
  - **2016-17**: RE 72,016, BE 39,005
  - **2017-18**: RE 80,215, BE 52,994
  - **2018-19**: RE 80,345, BE 54,477
  - **2019-20 RE**: 94,854
  - **2019-20 BE**: 63,830
  - **2020-21 RE**: 67,484
  - **2020-21 BE**: 63,122

- **Legend**
  - Green: Education
  - Grey: Health
### Growth in ‘human capital’ investment

**Health**
- CAGR since 2015 – 16 = 12%
- Average inflation = 4.5%
- Population growth rate = 1%
- Per-capita real growth in health expenditure = 6.5%

**Education**
- CAGR since 2015 – 16 = 6.7%
- Average inflation = 4.5%
- Population growth rate = 0%
- Per-capita real growth in education expenditure = 2.2%
Age distribution

2011  2016  2021  2026
But we don’t have money?

• The allocated monies need to be spent efficiently
• Not only would this improve education but also increase demand
• How? Large number of teacher vacancies. So…
Hire teachers!

#100DaysofMHRD
Around 1 Lakh vacant teacher posts have been identified (14000 from Central Government and about 84000 from State Government). Of these, about 14000 posts are notified. Communication with State Governments is underway. #MODified100
#100Dayshttps://t.co/BwnEg9fVbR
pic.twitter.com/dCJeHapEqx
– Ministry of HRD (@HRDMinistry) September 23, 2019
Where are we?

• Untrained, badly educated, very large young population (have we missed the boat with some?)

• High levels of unemployment and underemployment

• Agriculture is losing jobs

• Are we and will we be able to create enough productive jobs?
Where we need to be

• Currently per worker productivity is $5000
• It needs to be around $7900 (for 5 trillion economy)
Should we worry?

QUALITY OF GROWTH

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (Rs. bn)</th>
<th>NREGA demand (mn HHs)</th>
<th>Rural Population (bns)</th>
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<td>2018-19</td>
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- GDP (Rs. bn) - NREGA demand (mn HHs) - Rural Population (bns)