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DEVELOPMENT  
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5 Institution  
Budget  
Seminar  
Human Capital

Imperial Hotel  
22<sup>nd</sup> July 2019

## India needs 'Human capital' investment

- Need investments in education, health, R&D and labour market infrastructure
- Will investments in traditional capital be enough?
- Need to move away from a private RoI logic

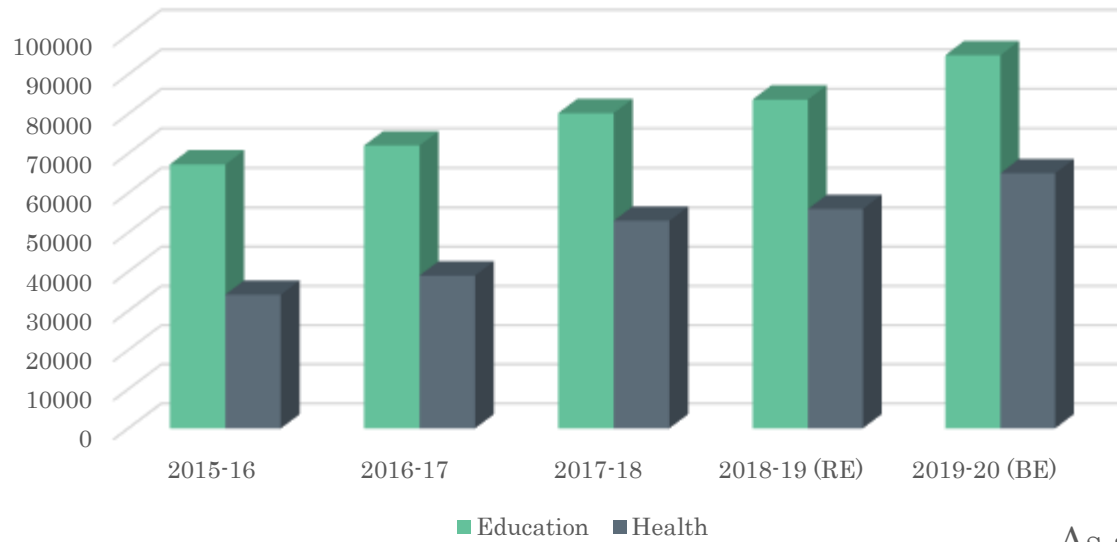
## The situation right now

- Percent of labour force with any tertiary education
  - 7.73 in 2004 – 05
  - 10.79 in 2011 – 12
  - 11.54 in 2017 – 18
- FLFP in 15 – 59 years is 25.3 (2017 – 18)
- Are credit constraints the only reason why enterprises in India do not grow?

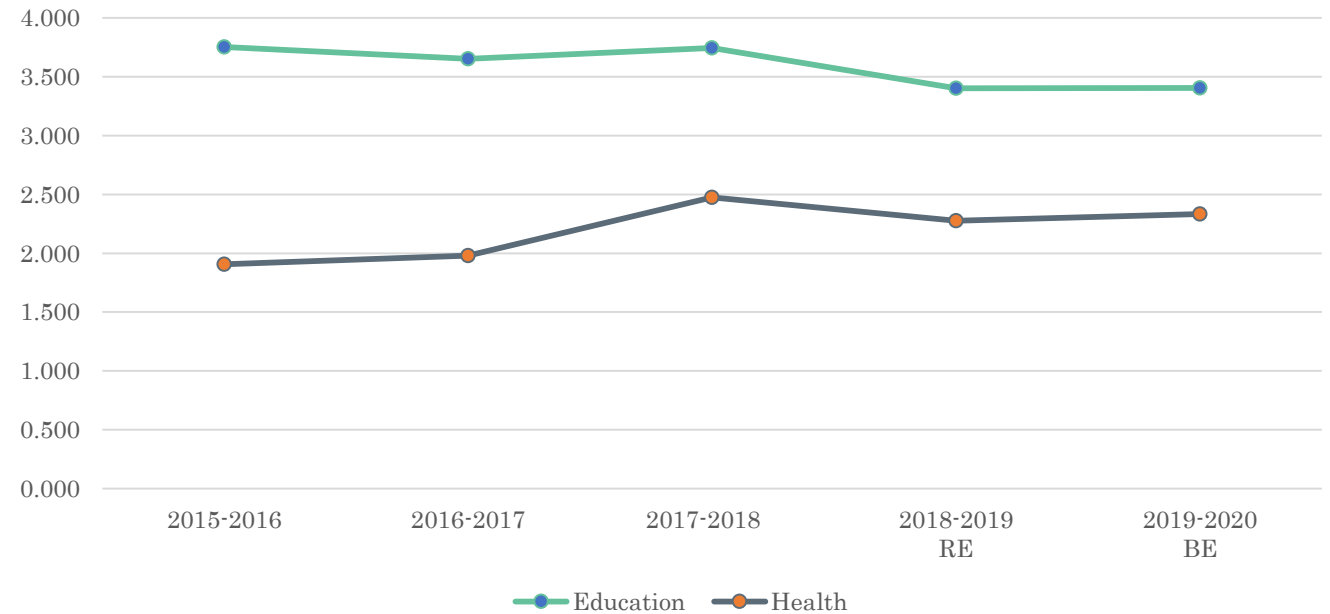
## Budget announcements

- Come out with the new National Education Policy (focus on world class higher education)
- National Research Foundation to assimilate research grants across departments
- INR 400 Cr for “World Class institutions”
- Increased focus on skill-sets needed abroad
- Streamline labour laws into **four** labour codes

## Education and health expenditure



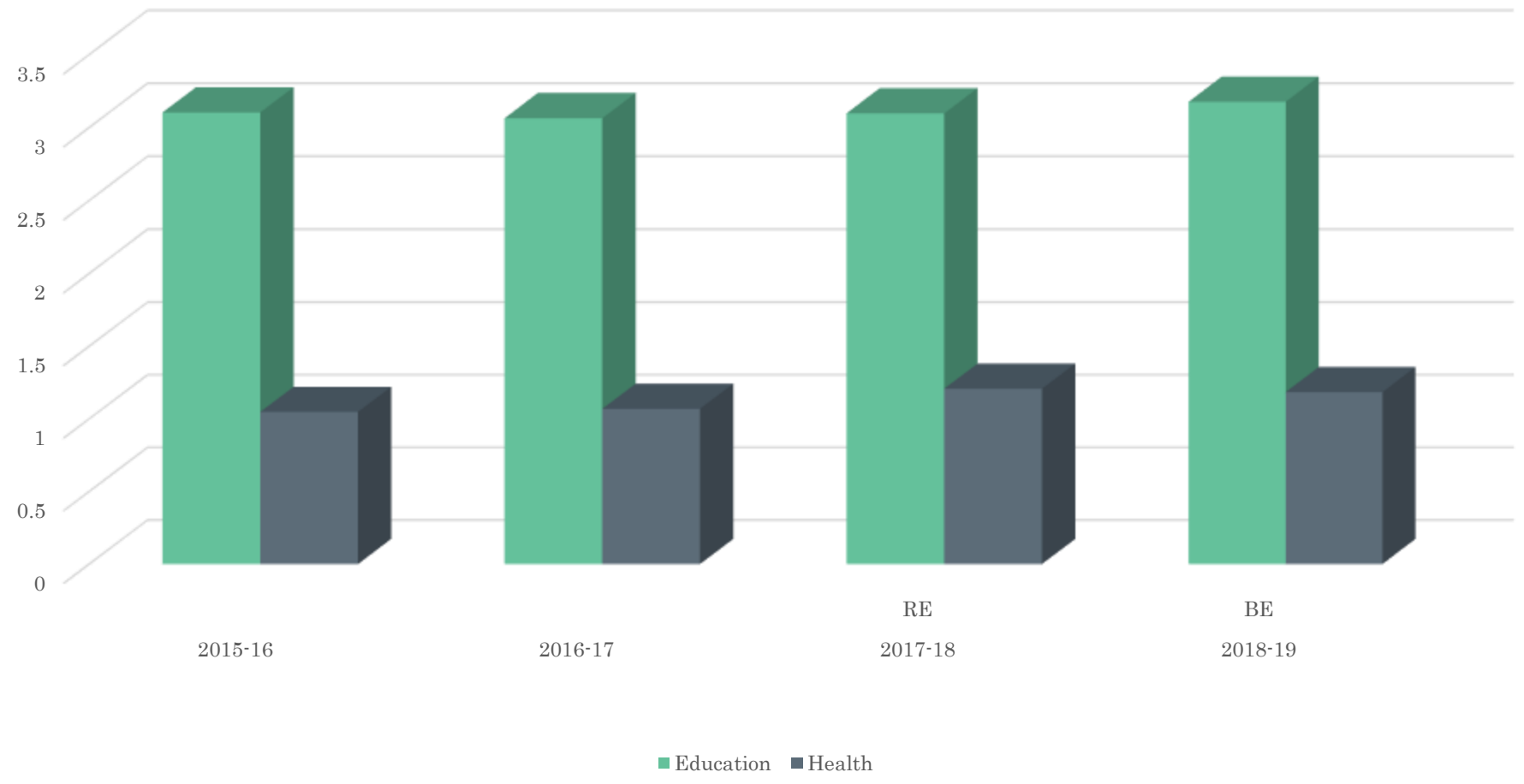
## As a proportion of aggregate expenditure



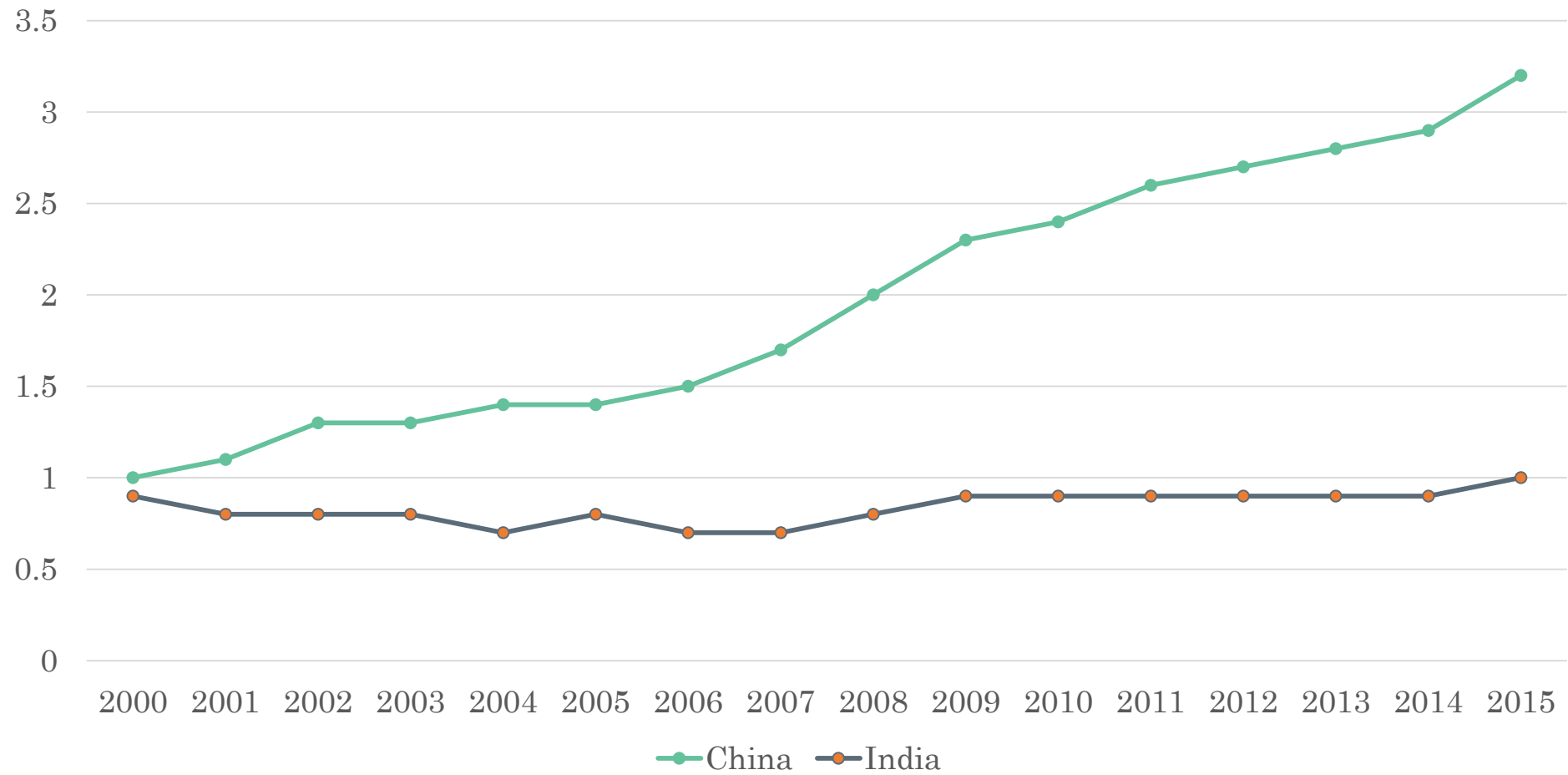
## Central vs. State spending

- Central spending on social sector is a small proportion of overall public expenditure
- About 15 percent of education expenditure and 25 percent of health expenditure is central. The rest is by states.

### Expenditure as a proportion of GDP

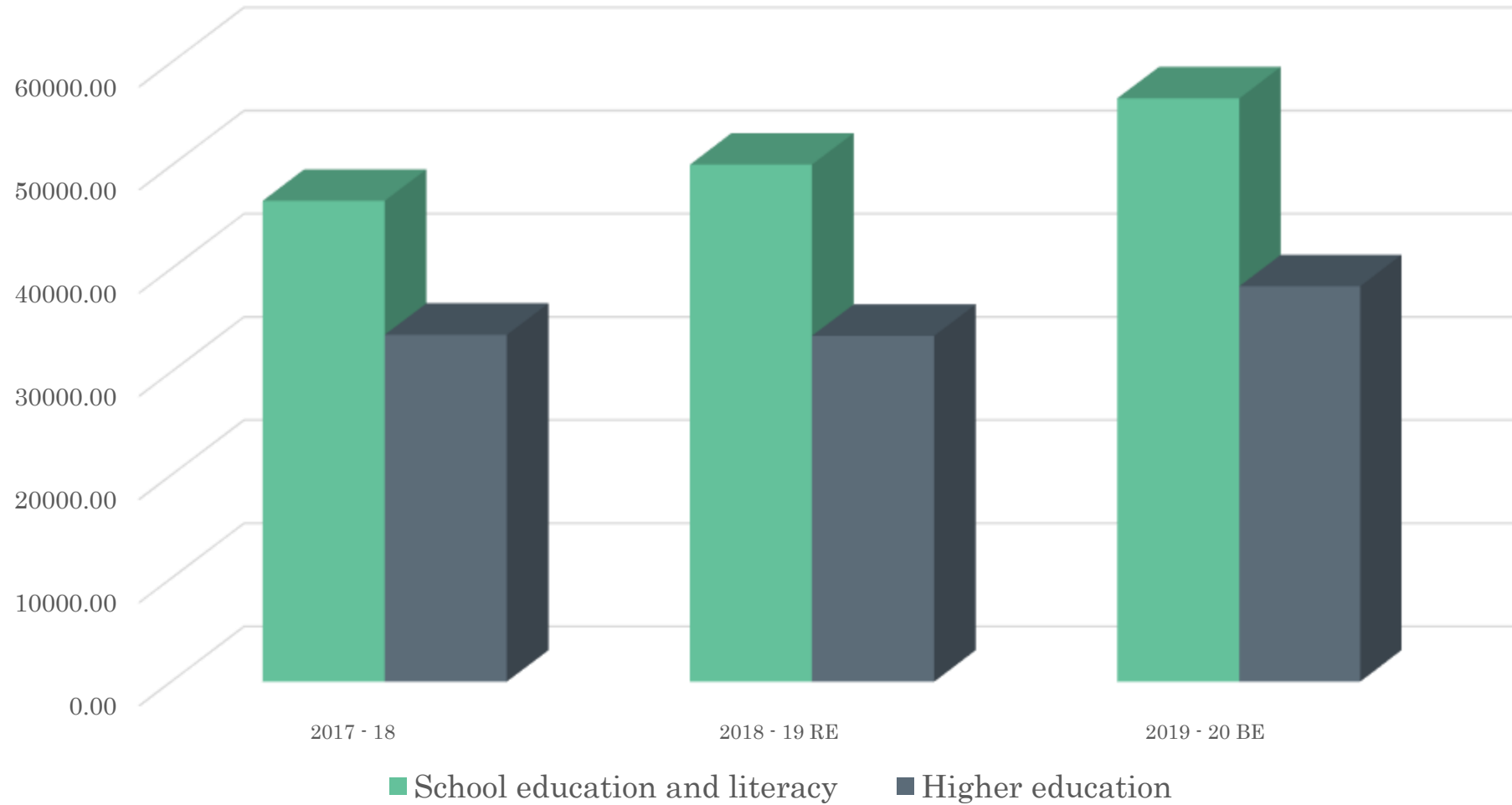


## Government health expenditure as % GDP



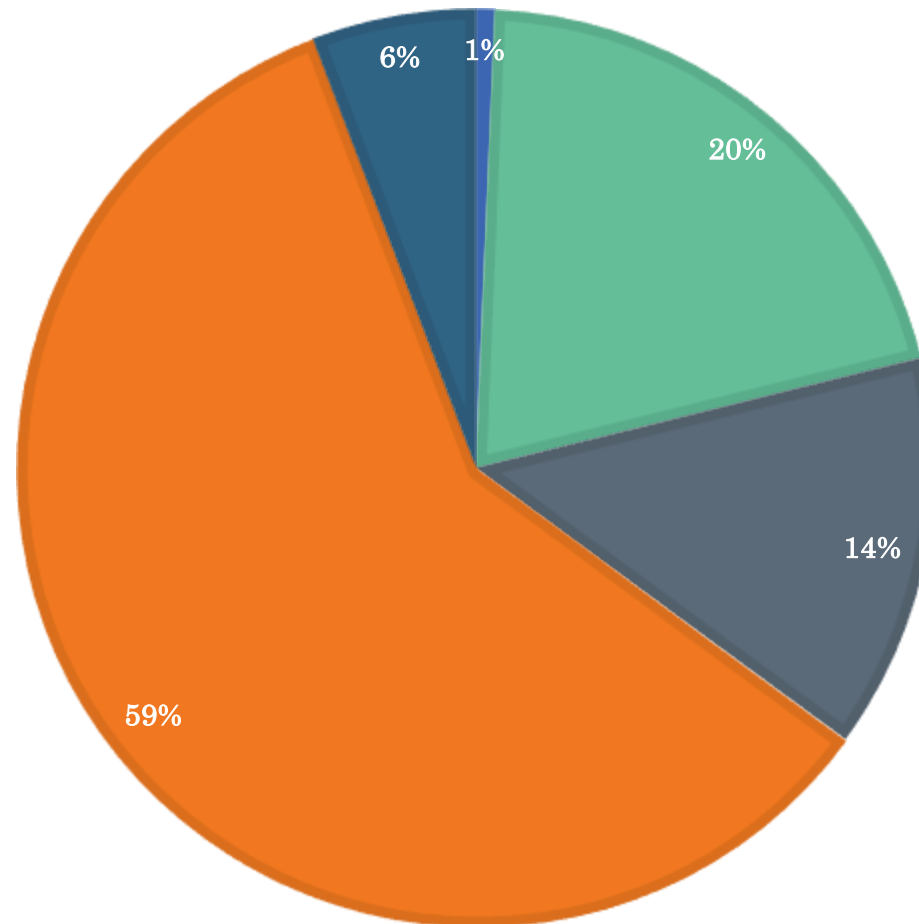


## School vs. higher education



## BREAKDOWN OF HIGHER EDUCATION EXPENDITURE

- Establishment Expenditure
- Central Sector Schemes/Projects
- UGC and AICTE
- Autonomous Bodies
- Centrally Sponsored Schemes



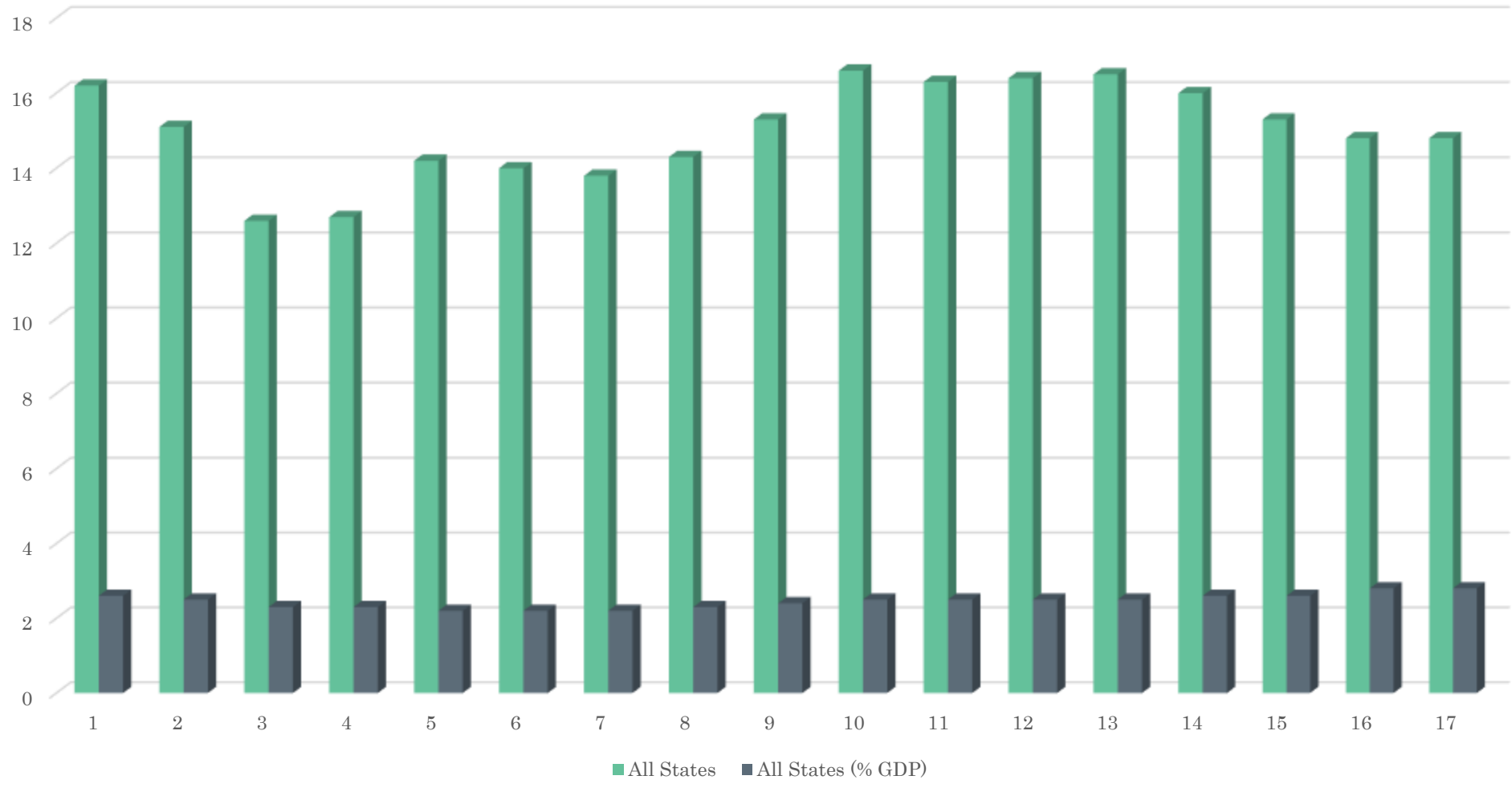
## What do students study?

- Enrollments at the undergraduate level
  - 36.4% of students are enrolled in Arts/Humanities/  
Social Sciences courses
  - Science 17.1%,
  - Engineering and Technology 14.1%
  - Commerce 14.1%

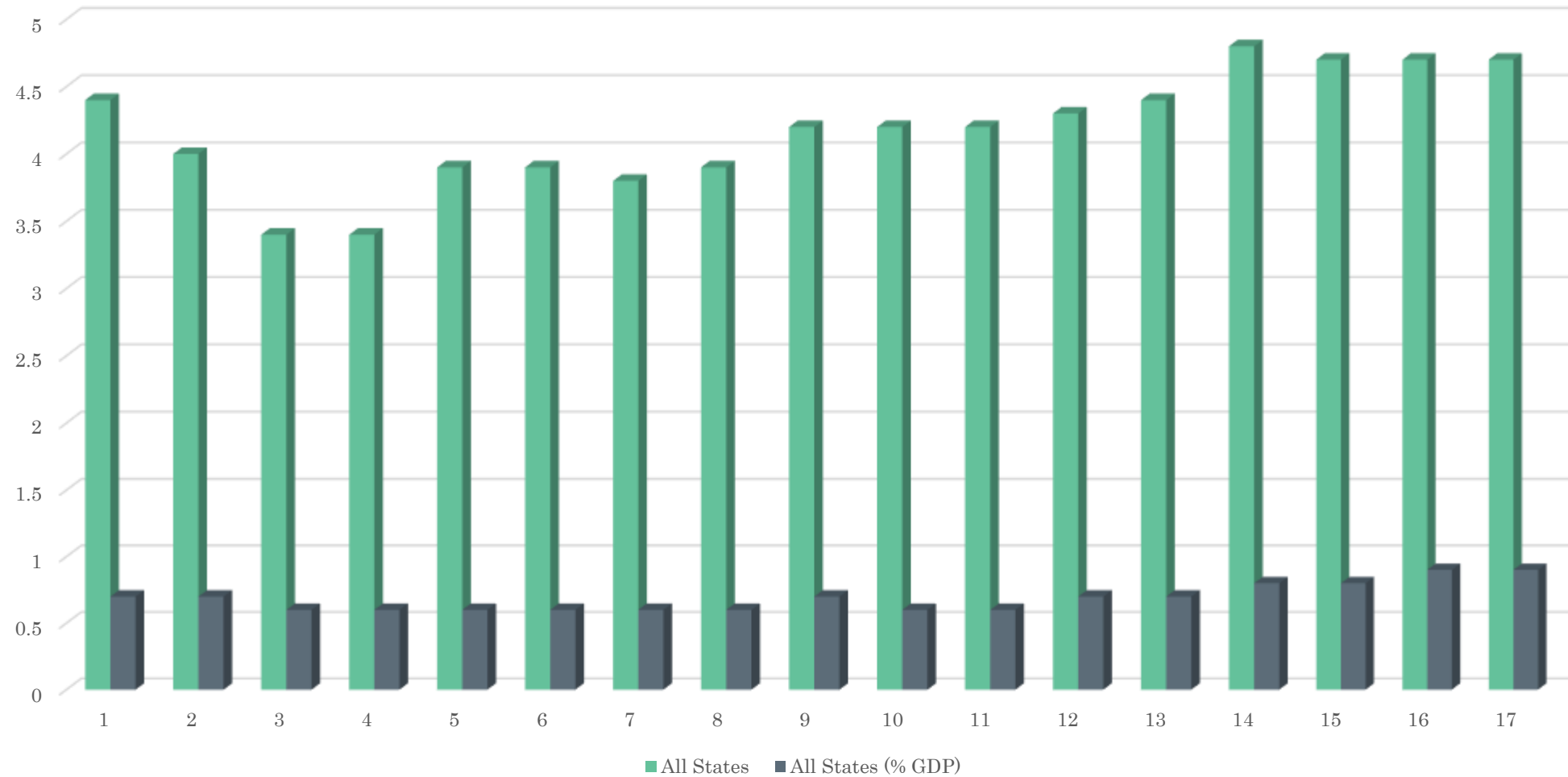
## What do students study?

- At Ph.D. level, maximum number of students are enrolled in science streams followed by engineering
- At post graduate level maximum students are enrolled in social sciences followed by management studies

### Education spending

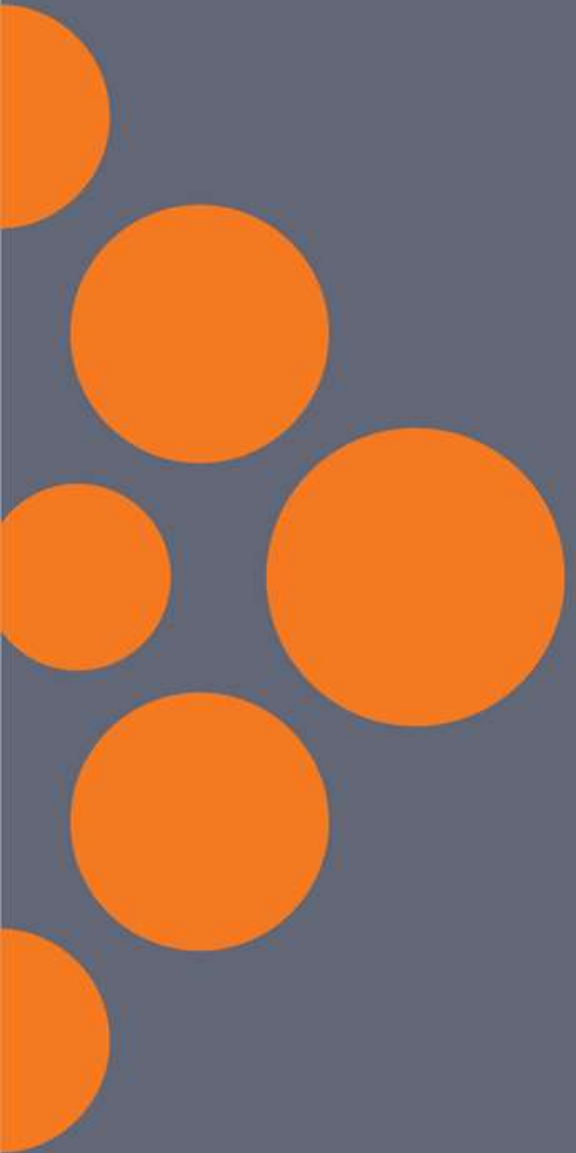


### Medical and Public Health and Family Welfare spending



## To conclude

- Need more investment in human capital
- Investments in school education, higher education and R&D should not be considered ‘substitutes’
- Investments can not be targeted at only creating outliers. Need improvements in average productivity levels too.



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