



I ♦ D ♦ F INDIA  
DEVELOPMENT  
FOUNDATION

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

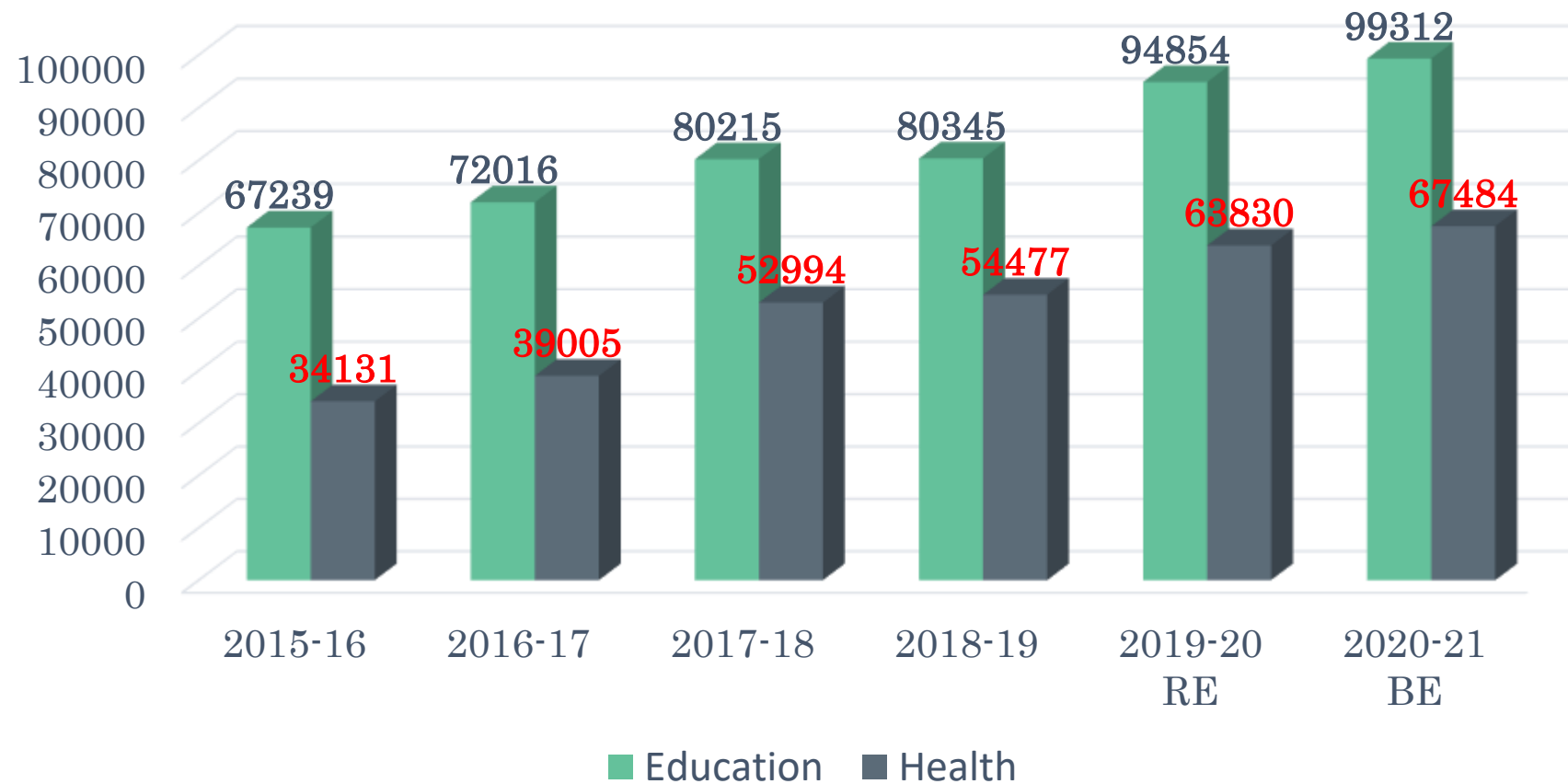
- External commercial borrowings and FDI in education  
(For profit education?)
- Apprenticeship embedded degree/diploma courses for students in 'general' stream  
(Two-thirds of higher education is in the 'general' stream)
- Internships for engineers in ULBs  
(Is managing a city a job only for engineers?)

## Budget announcements 3/3

“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 care-givers abroad ...”

## Education and health expenditure



# 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

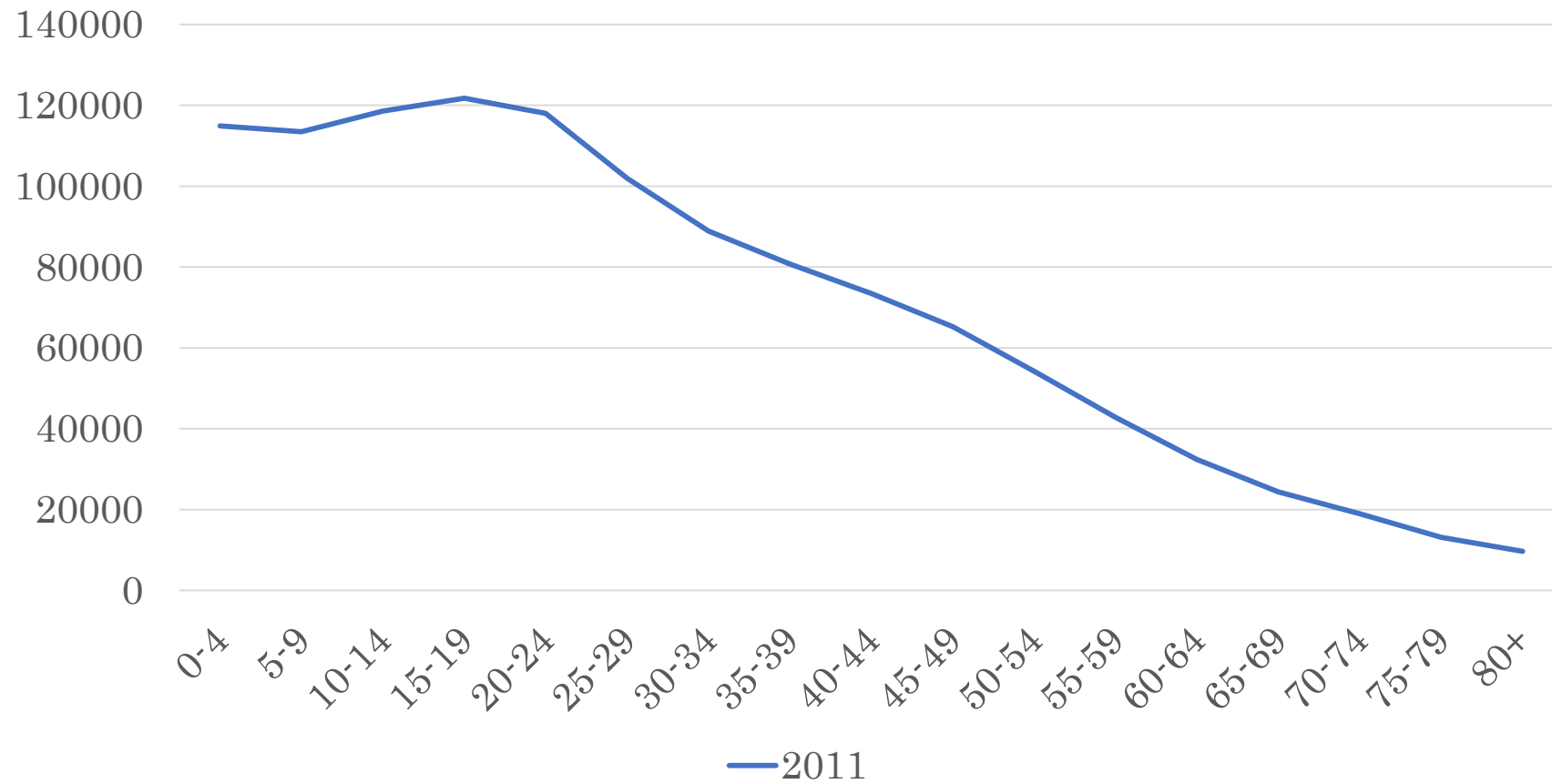
CAGR since 2015 – 16 = 6.7%

Average inflation = 4.5%

Population growth rate = 0%

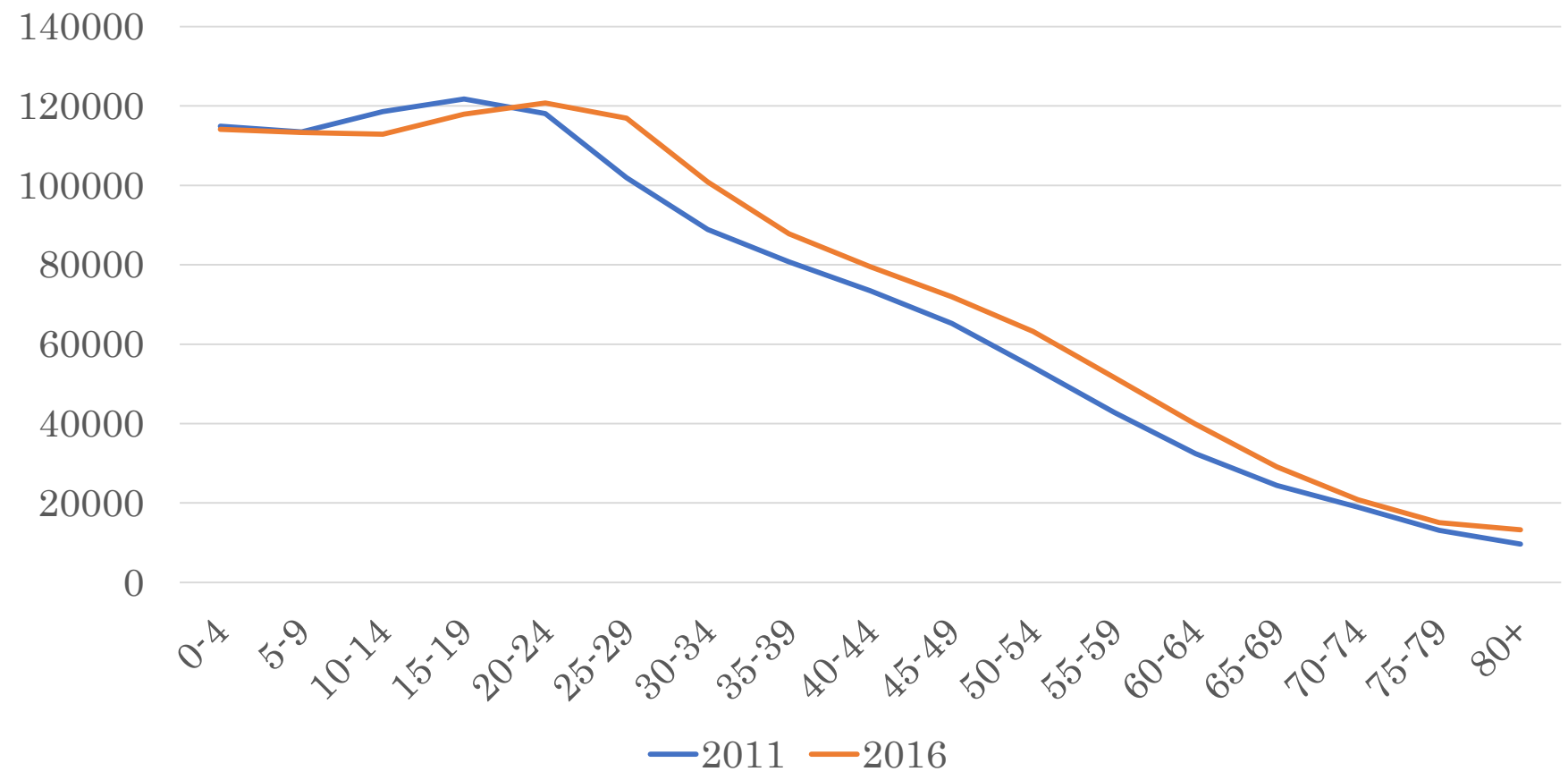
Per-capita real growth in  
education expenditure = 2.2%

## Age distribution

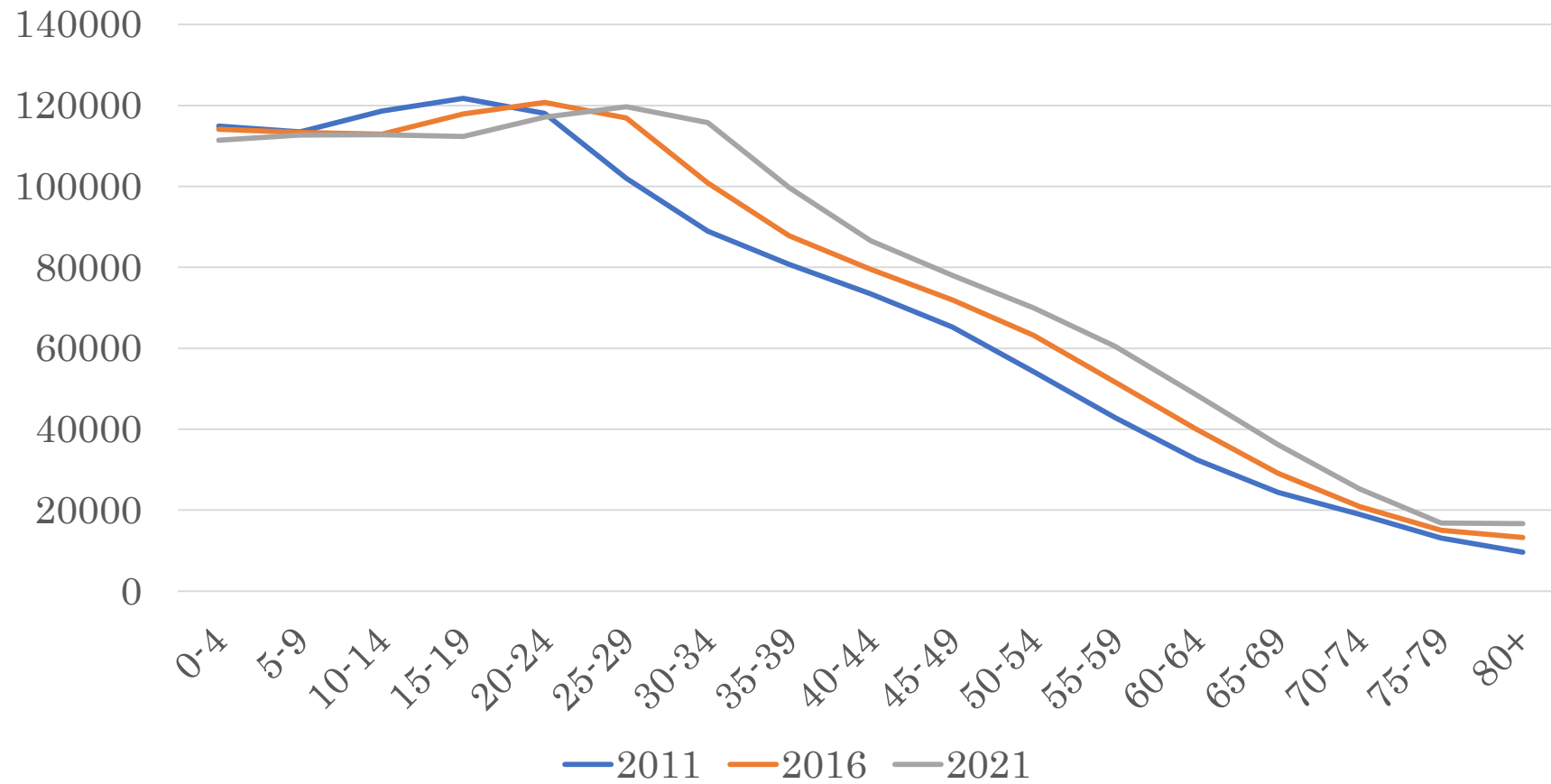




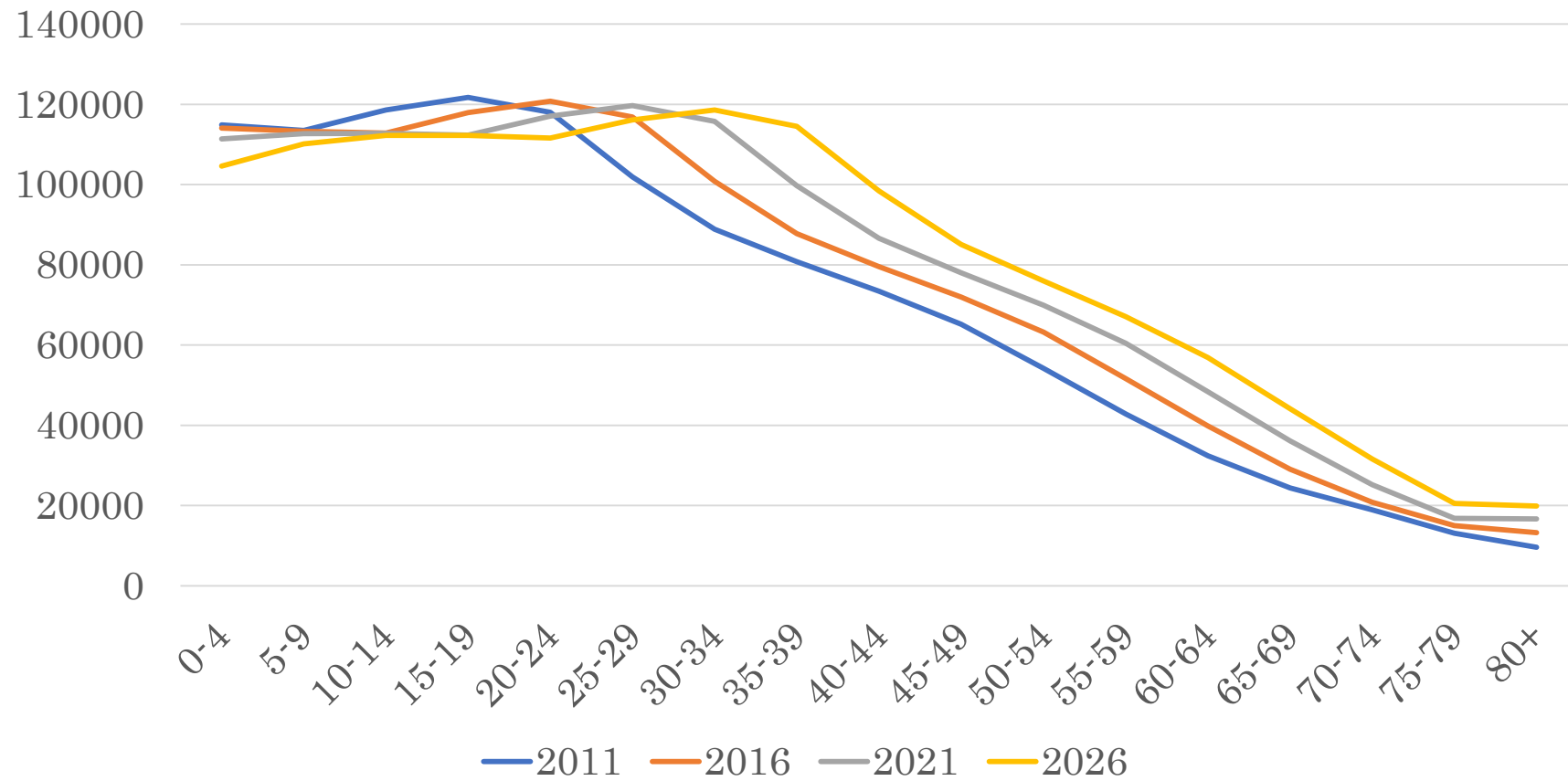
### Age distribution



## Age distribution



## Age distribution



## 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

#100Days <https://t.co/BwnEg9fVbR>

[pic.twitter.com/dCJeHapEqx](http://pic.twitter.com/dCJeHapEqx)

– Ministry of HRD (@HRDMinistry) September 23, 2019

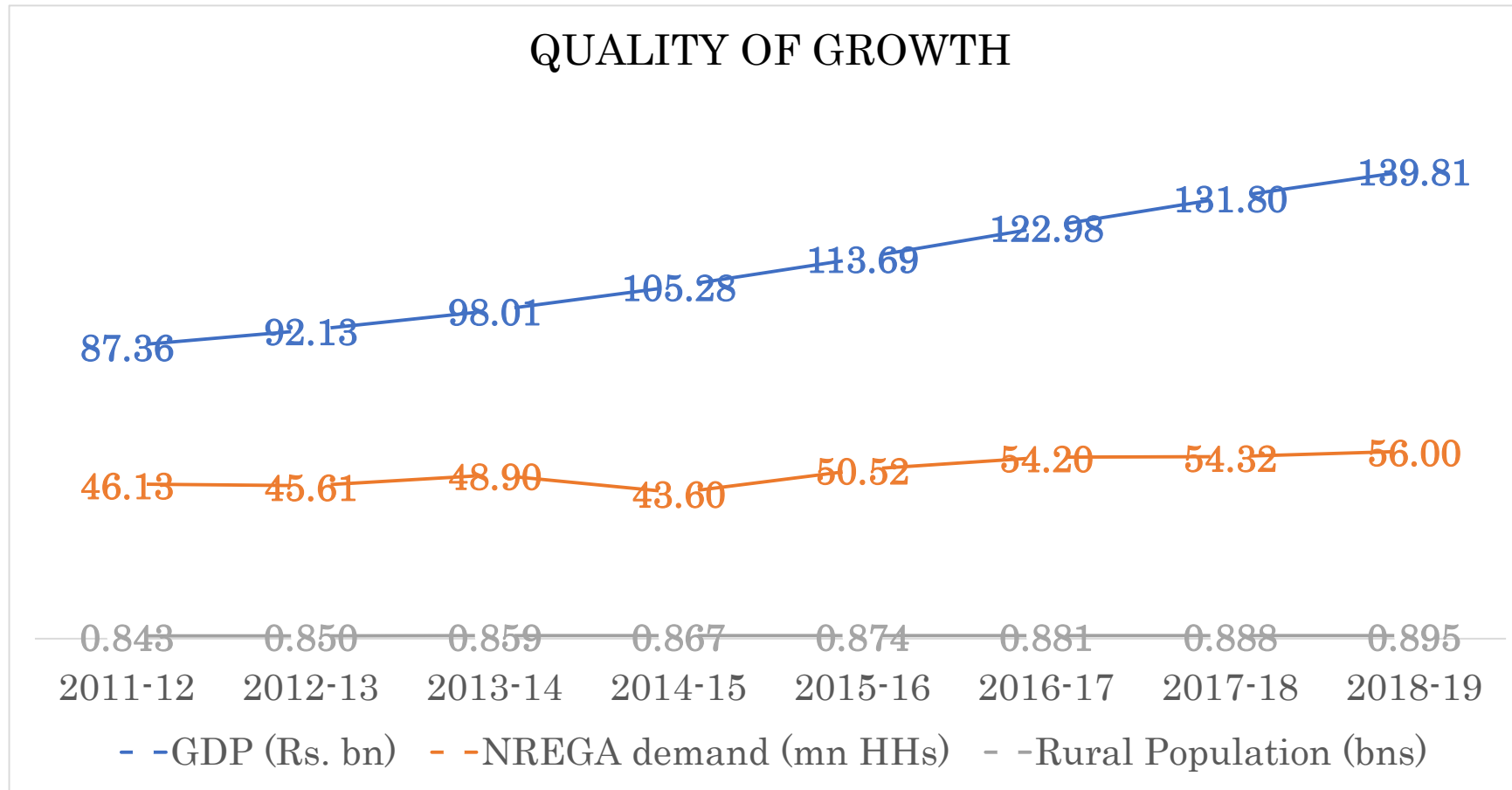
## Where are we?

- 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?

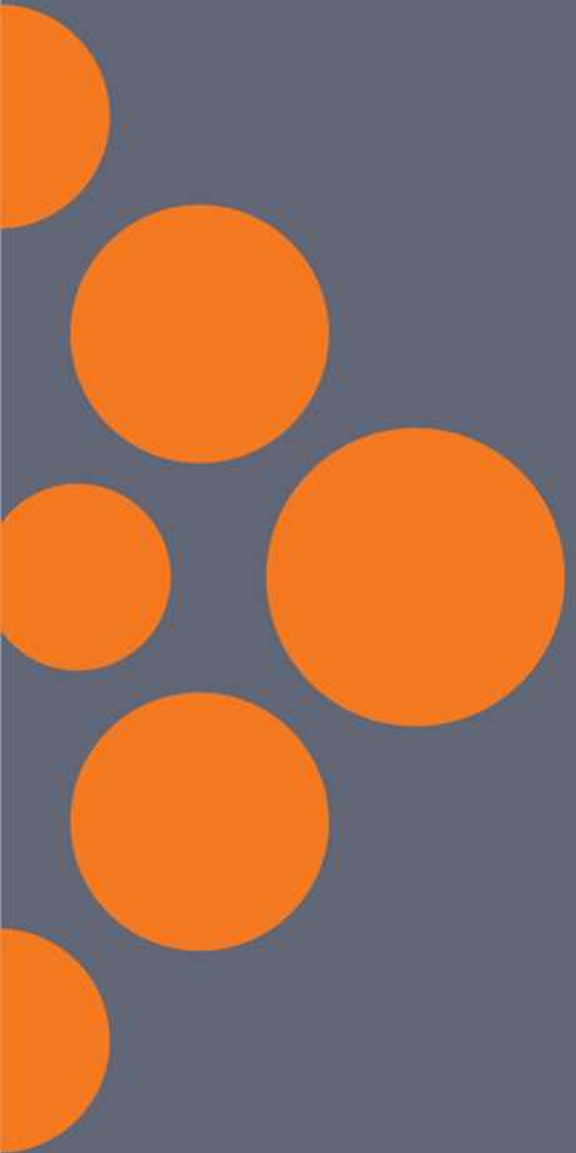
## Where we need to be

- Currently per worker productivity is \$5000
- It needs to be around \$7900 (for 5 trillion economy)

# Should we worry?







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