

A Study On Status Of Human Capital Formation In India

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Abstract

A society's human capital determines its capacity to innovate, compete globally, and adapt to changing economic circumstances; these factors are crucial to economic growth and development. Investment in human capital, often through education and training programs, not only benefits individuals by enhancing their employability and earning potential but also fosters a more productive and resilient economy.

Keywords : Human capital, literacy, health, gender equality, labour force

Introduction

Human capital refers to the collective skills, knowledge, abilities, experience, and attributes possessed by individuals in a workforce or population. It represents the economic value that individuals contribute to an organization or society through their productive capabilities. Human capital encompasses both tangible and intangible qualities. Tangible qualities include formal education, training, certifications, and specific technical skills. Intangible qualities include critical thinking, problem-solving abilities, creativity, adaptability, leadership, and communication skills. Investing in human capital is crucial for the development and success of individuals, organizations, and societies. It involves activities such as education, training, skill development, mentoring, and continuous learning. By enhancing human capital, individuals become more productive, efficient, and innovative, contributing to economic growth, competitiveness, and social progress.

Organizations recognize the importance of human capital and often prioritize recruiting, retaining, and developing talented individuals. They invest in training programs, offer opportunities for professional development, and foster a positive work environment that encourages the growth of employees' skills and knowledge. From a macroeconomic perspective, countries with a well-educated and skilled workforce tend to have higher productivity levels, greater innovation, and stronger economic performance. Governments often implement policies and initiatives to improve human capital, such as investing in education systems, promoting lifelong learning, and supporting vocational training.

Objectives

- To evaluate the role of human capital in India's development.
- To evaluate the government measures in enhancing the growth of human capital.
- To suggest the measure to improve the quality of India's human capital

Human capital plays a vital role in shaping the economic, social, and intellectual advancement of individuals, organizations, and societies. It represents the foundation for sustainable growth, competitiveness, and prosperity in an increasingly knowledge-based global economy. This paper deals with the socio-economic aspects of human capital in India.

Methodology

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The research is based on secondary sources of information through articles, speeches, events, and organized data.

Review of Literature

For a more comprehensive grasp of the many facets of human capital development in India, including the functions of nutrition, gender equality, and larger development obstacles, it is helpful to peruse the existing literature on the subject. Among these, the following are included.

Nutrient demand in rural South Indian homes is studied by Behrman, J. R., and Deolalikar, A. B. (1993). Nutrient intake is an important part of human capital, and it is probable that it investigates the variables that influence it, including personal characteristics, family dynamics, and financial status.

The importance of gender parity in development is the subject of King, E. M., & Mason, A. D.'s (2001) research. It delves at the ways in which achieving gender equality in terms of rights, resources, and voice might impact development results in general. The effects of gender equality on the expansion of human capital and the economy are probably covered in the study.

In their comprehensive study of the obstacles to human development in India, Desai, Dubey, Joshi, Sen, Sharif, and Vanneman (2010) go into. Education, health, gender, and socioeconomic inequality are just a few of the probable subjects covered, providing valuable insights into India's efforts to improve its human capital.

Human capital, education, healthcare, and economic growth are just a few of the topics covered in depth by Dreze and Sen (2013), who investigate the many paradoxes that have plagued India's development path. This book sheds light on the possibilities and threats that India's growth faces.

Workforce Development:

India has a large and diverse labour force, which can be a significant asset for economic growth. According to World Bank Report, as of 2021, the total labour force in India was around 497 million people. Investment in education and skill development programs is crucial for enhancing human capital. The Government of India has launched various initiatives such as Skill India, Digital India, and Make in India to promote skill development and employability.

Innovation and Technological Advancement:

Human capital drives innovation and technological advancements, leading to economic growth. India has emerged as a global hub for information technology (IT) and software services. India produces a significant number of highly skilled professionals in the field of science, technology, engineering, and mathematics (STEM). As of 2021, India had over 3.7 million STEM graduates, contributing to its innovation ecosystem. (Source: Department of Science and Technology, Government of India). The presence of skilled human capital in the IT sector has attracted numerous multinational companies to set up operations in India, boosting economic development.

Entrepreneurship and Startups:

India has witnessed a rapid rise in startups in recent years. According to the National Association of Software and Service Companies (NASSCOM), India had over 50,000 startups in 2021, making it the third-largest startup ecosystem globally. The availability of skilled human capital, particularly in areas like technology, has contributed to the growth of startups, creating job opportunities and driving innovation.

Health and Well-being:

Human capital development encompasses health and well-being. Improvements in healthcare and access to quality education contribute to better human capital outcomes. India has made significant progress in reducing infant mortality rates and improving life expectancy. As of 2021, the life expectancy at birth in India was around 69.7 years, compared to 60 years in 1990. Investments in healthcare infrastructure, skill development for healthcare professionals, and public health programs are crucial for enhancing human capital in the health sector.

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Education:

Formal education, including degrees, diplomas, and certifications, provides individuals with foundational knowledge and skills relevant to their field of study or profession. It includes both general education and specialized training. The literacy rate in India has been improving over the years and stood at approximately 77.7% in 2021.

Skills and Expertise:

Specific technical skills and expertise acquired through training, on-the-job experience, or self-learning contribute significantly to human capital. These can include computer programming, language proficiency, financial analysis, project management, and various other specialized skills.

Following are the elements of human capital that interact and complement each other, contributing to individuals' overall productivity, employability, and success in various domains.

Creativity and Innovation:

The ability to think creatively, generate new ideas, and innovate is a valuable element of human capital. It enables individuals to adapt to changing circumstances, identify opportunities, and contribute to organizational growth and problem-solving.

Communication and Interpersonal Skills:

Effective communication, collaboration, and interpersonal skills are crucial for success in many professional roles. These skills enable individuals to interact effectively with colleagues, clients, and stakeholders, fostering teamwork and facilitating the exchange of ideas.

Adaptability and Flexibility:

The capacity to adapt to new technologies, work environments, and evolving demands is an important element of human capital. It reflects an individual's ability to learn, unlearn, and relearn in response to changing circumstances.

Critical Thinking and Problem-Solving:

The ability to analyze complex problems, think critically, and develop effective solutions is highly valued. These skills involve logical reasoning, data analysis, decision-making, and the application of creative problem-solving techniques.

Leadership and Management Skills:

Leadership skills, including the ability to inspire, motivate, and guide others, contribute to human capital. Additionally, management skills such as planning, organizing, and coordinating resources enhance an individual's ability to lead teams and achieve organizational objectives.

Emotional Intelligence:

Emotional intelligence encompasses self-awareness, empathy, and the ability to manage one's emotions and understand others' emotions. It plays a crucial role in building effective relationships, resolving conflicts, and collaborating with others.

Continuous Learning and Adaptation:

A willingness to engage in lifelong learning, staying updated with industry trends, and embracing personal and professional development opportunities is a key element of human capital. It reflects an individual's commitment to growth, improvement, and remaining competitive in the job market.

Status of human capital in India

Education: India has made significant strides in improving literacy rates and expanding access to education. However, challenges remain in terms of the quality of education, especially in rural areas. Disparities exist between urban and rural education, and between different states.

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Healthcare: The healthcare system in India faces challenges related to accessibility, quality, and affordability. While there have been improvements in healthcare infrastructure, many people still lack access to basic healthcare services, especially in rural areas.

Skill Development: Skill development and vocational training have gained attention in recent years to bridge the gap between education and employment. Initiatives like the Skill India Mission aim to enhance the skills of the Indian workforce and make them more employable.

Employment: India has a large and growing workforce. However, underemployment and unemployment have been concerns. The economy's ability to generate enough quality jobs for the growing workforce has been a challenge.

Gender Equality: Gender disparity remains a significant issue in India. While efforts have been made to promote gender equality and empower women, there are still gaps in areas like education, workforce participation, and representation.

Digital Literacy: With the rapid advancement of technology, digital literacy has become increasingly important. Efforts have been made to promote digital literacy, especially in rural areas, to ensure that people can participate in the digital economy.

Social Development Indicators: India has made progress in reducing poverty and improving various social indicators such as infant mortality rates and life expectancy. However, disparities exist between different regions and communities.

The Human Capital Index

With access to quality healthcare and an adequate education, a girl born in India today has a 49% chance of realizing her full economic potential. South Asian and lower-middle income nations average lower than this. Among this measure's additional features are:

The odds of making it to the fifth birthday: Ninety-six percent of Indian youngsters make it to the fifth birthday.

Projected Number of Years Spent in School: By the time a girl becomes 18, she will have spent 11.1 years in school, starting when she is 4 years old.

On a scale from 300 (lowest attainment) to 625 (advanced attainment), Indian pupils get a 399 on the standardized test.

Expected years of education come to just 7.1 when learning-adjusted years of schooling are included.

Adult Survival Rate: Considering the health hazards that a kid born today would encounter as an adult in the present day, 83% of 15-year-olds in India are projected to survive until the age of 60.

65 out of 100 children do not have stunted growth, but 35 out of 100 children have stunted growth and may have cognitive and physical impairments as they become older.

Utilization and Mobilization of Domestic Resources

Public health expenditure in India amounts to only 1% of GDP in 2017, far below both the regional average of 2% and the average for the country's economic bracket of 2.8%. Furthermore, 17% of people in 2011 had catastrophic health expenditure, which is defined as spending more than 10% of family consumption or income.

Government Investment in Education: In 2018, the Indian government spent 4.4% of its GDP on education. The area average is 3.8% and the average for its income category is 4.5%, therefore this is above average.

Spending on Social aid: In 2016, India's social aid accounted for 1.4% of GDP, which was more than both the regional average of 1.1% and the average for its socioeconomic group.

India's general government revenue was 19.8% of GDP in 2018, which was lower than the average for the area (21%), as well as its income group (27.3%).

COMPLEMENTARY INDICATORS

Education:

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Learning Poverty: While India's learning outcomes are concerning, with 55% of 10-year-olds unable to read a simple text (2017), it performs slightly better than both its region (59%) and income group (59%).

Secondary Education: India bucks the trend in secondary school enrollment, achieving 66% (2018) compared to the regional average of 63% and the income group average of 57%.

Health:

Non-Communicable Diseases: Although India faces a high burden of non-communicable diseases (NCDs) with a 23% mortality rate between 30-70 years old (2016), this is still slightly above the regional average (22%) and income group average (21%).

Family Planning: India demonstrates progress in family planning with 48% of women (15-49) using modern contraceptives (2016), exceeding both the regional average (40%) and income group average (42%).

At terms of social welfare programs, India is at the forefront. In 2011, 96% of the lowest quintile were covered by social safety nets. This is much higher than the norm for both the area (44%) and the income bracket (39%).

Birth Registration: Compared to regional averages of 62% and 75% of economic groups, India's birth registration rate for children under 5 is 80% in 2016.

Human Resources and Physical Facilities:

Human capital utilization: India's involvement in the workforce is below average, even if social indices have shown progress. Compared to regional averages of 51% and income group averages of 54%, the employment rate of 48% among the working-age population in 2018 is much lower.

The regional average is 33% and the income group average is 50%, however the female labor force participation rate in India is still low at 23% in 2017.

93 percent of the population in India has access to safe drinking water, which is a remarkable number (2017). The area average is 90% and the income group average is 81%, so this is better than both of them.

Road Safety: The high number of road traffic fatalities in India, 23 per 100,000 (2016), is a cause for worry.

Compared to the averages for all regions and income brackets, this is much greater (20).

This version condenses the information and emphasizes India's strengths and weaknesses compared to its peers.

Government measures to improve human capital in India

The Skill India Mission is a program that was started in 2015 with the goal of preparing millions of young Indians for jobs in a variety of fields via skill development and vocational training. In an effort to boost employability, it focuses in on the official and informal sectors.

Individuals all around India have access to skill training and certification via the Pradhan Mantri Kaushal Vikas **Yojana (PMKVY)**, a program that is a component of the Skill India Mission. In order to encourage skill development and job opportunities, it focuses on various age groups and sectors.

The goal of the Atal Innovation Mission is to encourage young people in India to think creatively and take entrepreneurial risks. It include initiatives such as the Atal Incubation Centres for entrepreneurs and the Atal Tinkering Labs for schools.

Promoting digital literacy, digital infrastructure, and the use of technology to enhance different services, Digital India was launched with the aim of transforming India into a knowledge economy and digitally empowered society.

One such initiative is the Pradhan Mantri Jan Dhan Yojana (PMJDY), which aims to ensure that all families have access to banking services, insurance, and pensions. Its stated goal is to help the economically disadvantaged get access to conventional banking services.

Housing for the Poor: The Pradhan Mantri Awas Yojana (PMAY) is a government programme that helps low-income people in both urban and rural areas build or buy homes.

The goal of the Swachh Bharat Abhiyan (Clean India Campaign) is to make all homes in India cleaner by reducing or eliminating the need for open defecation and enhancing waste management procedures.

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The Rashtriya Coverage and financial assistance for healthcare are goals of the Swasthya Bima Yojana (RSBY), a social insurance program for families living below the poverty line.

Mid-Day Meal Scheme: This program is designed to enhance kids' nutrition and attendance by providing them with healthy meals while they are in school.

The Beti Bachao, Beti Padhao campaign in India seeks to empower women and girls by eliminating gender bias in education and by combating other forms of prejudice against them.

Healthy People, Healthy Nation (NHM): Rural communities will be able to get high-quality medical treatment that won't break the bank thanks to this initiative. It includes programs like Mission Indradhanush and Janani Suraksha Yojana.

Make in India is mainly an economic project, but it also seeks to improve manufacturing in India, provide employment opportunities, and boost the economy as a whole.

Suggestions to improve human capital in India

Quality Education: Focus on improving the quality of education at all levels. This includes investing in teacher training, curriculum development, and modern teaching methods to ensure that students are equipped with relevant and up-to-date knowledge and skills.

Skill Development: Strengthen vocational training and skill development programs to bridge the gap between education and employment. Align training with the needs of industries to make graduates more job-ready.

Digital Literacy: Promote digital literacy across all sections of society to ensure that everyone can participate in the digital economy and access online resources.

Healthcare Access: Invest in healthcare infrastructure and ensure that quality healthcare services are accessible and affordable to all citizens, particularly in rural and underserved areas.

Nutrition and Maternal Care: Implement programs to improve maternal and child nutrition, as well as access to proper prenatal and postnatal care. Healthy individuals are more likely to contribute effectively to the workforce.

Early Childhood Development: Focus on early childhood education and development to lay a strong foundation for future learning and cognitive abilities.

Gender Equality: Empower women through education and skill development, and address gender-based discrimination to ensure equal participation in the workforce and society.

Entrepreneurship and Innovation: Create an environment that encourages entrepreneurship and innovation. Support startups and small businesses that can drive economic growth and create jobs.

Financial Inclusion: Expand financial services to marginalized populations, promoting savings, investments, and access to credit. This can contribute to economic stability and growth.

Infrastructure Development: Improve basic infrastructure such as roads, electricity, and sanitation, especially in rural areas, to create a conducive environment for economic development.

Effective Social Safety Nets: Develop and implement social safety net programs that provide assistance to vulnerable populations during times of need.

Teacher Training and Professional Development: Enhance the training and professional development opportunities for teachers to ensure that they are well-equipped to deliver quality education.

Industry-Academia Collaboration: Foster collaboration between educational institutions and industries to ensure that curriculum is aligned with industry needs and graduates are job-ready.

Research and Development: Invest in research and development to drive innovation and technological advancement, which can have a positive impact on various sectors of the economy.

Environmental Sustainability: Integrate environmental education and sustainable practices into the curriculum to create a workforce that is conscious of environmental challenges and solutions.

Conclusion

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The concept of human capital emphasizes the idea that individuals are not just labor inputs but valuable assets in themselves. It highlights the importance of lifelong learning and skill development, recognizing that individuals who continually upgrade their human capital are better equipped to succeed in a rapidly evolving and knowledge-based world. Moreover, human capital is not limited to the private sector; it plays a crucial role in the public sector as well, with well-educated and skilled government officials contributing to effective governance and policy formulation. In summary, human capital is a cornerstone of economic progress, representing the collective knowledge and capabilities of a society's workforce and serving as a catalyst for growth, innovation, and social development.

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