

Human Capital Index (HCI), Objectives, Indicators, India's Performance

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The Human Capital Index (HCI) is a global index developed by the World Bank to measure the level of human capital across countries. First released in 2018 as part of the Human Capital Project, the index assesses how effectively nations invest in the health, education, and overall development of their population.

Human Capital Index

The Human Capital Index provides a new way of understanding human capital by quantifying the impact of health and education on the productivity of the future workforce. It enables countries to estimate the income they may lose due to inadequate investment in human capital.

The index is measured on a scale of 0 to 1, where:

- 1 represents complete health and education potential
- 0 represents the absence of human capital development

Human Capital Index Objectives

The primary objectives of the Human Capital Index are focused on improving national productivity and sustainable development through better human outcomes.

- To measure how health and education shape the future workforce of a country
- To highlight learning gaps, health risks, and skill deficiencies in children
- To encourage governments to invest more in people-centric development policies
- To provide a comparative framework for assessing human capital across countries
- To support evidence-based policymaking aimed at inclusive economic growth

Indicators Used in Human Capital Index

The Human Capital Index is calculated using three major components, which together reflect the quality and quantity of human capital formation.

1. Survival

This indicator measures whether children survive early childhood.

- **Under-5 mortality rate**
- Probability of survival from birth to age 5

2. Education

This component evaluates both the **quantity and quality of education**.

- Expected years of schooling
- Learning-adjusted years of schooling (LAYS), which factor in actual learning outcomes

3. Health

Health indicators reflect a child's ability to be productive as an adult.

- Adult survival rate (ages 15–60)
- Rate of childhood stunting, indicating chronic malnutrition

India's Performance in Human Capital Index 2020

In the **Human Capital Index (HCI) 2020** released by the **World Bank**, **India ranked 116th out of 174 countries**. India's HCI score improved to **0.49 in 2020**, up from **0.44 in 2018**, indicating gradual progress in health and education outcomes. This score implies that a child born in India is expected to achieve **49% of their full human capital potential** by the age of 18, compared to a scenario of complete education and optimal health.

The report serves as a pre-COVID baseline and highlights persistent challenges related to learning quality, child nutrition, and healthcare access, which continue to limit India's overall human capital development.

Government Initiatives to Improve Human Capital in India

The Government of India has launched multiple initiatives aimed at strengthening education, healthcare, nutrition, and skill development, directly impacting human capital growth.

- **National Education Policy (NEP) 2020** – Focuses on foundational literacy, skill-based learning, and higher education reforms
- **Ayushman Bharat** – Expands healthcare access through Health and Wellness Centres and insurance coverage
- **Poshan Abhiyaan** – Targets child malnutrition, stunting, and maternal health
- **Samagra Shiksha Abhiyan** – Integrates school education from pre-primary to secondary level
- **Skill India Mission** – Enhances employability through vocational training and digital skills

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