

Class XI ECONOMICS

CHAPTER - 5

HUMAN CAPITAL FORMATION IN INDIA

IMPORTANT QUESTIONS

MULTIPLE CHOICE AND VERT SHORT ANSWER QUESTIONS (1 Mark)

Question 1

By which year governments was aiming to meet the Millennium Development Goals including halving the rate of global poverty?

- a) 2009
- b) 2013
- c) 2015
- d) 2017

Answer

(c) 2015 was the year expected to meet the Millennium Development goals.

Question 2

The norm AICTE stands for:

- a) All India Council for Technology Education
- b) All India Council for Technical Education
- c) All India Commission for Technology Education
- d) All India Commission for Technical Education

Answer

(b) All India Council for Technical Education

Question 3

What do you mean by human capital formation?

Answer

Human capital formation is the process of transforming the people in a country into workers who are capable of producing goods and services. During this process, relatively unskilled individuals are given the tools they need to contribute to the economy.

Question 4

What is meant by OJT?

Answer

On the job training refers to the training provided to the workers by the firm to hone their specialized skills. It makes them more efficient and productive.

Question 5

Human capital is called investment that brings:

- a) Quantitative improvement in labour**
- b) Qualitative improvement in labour**
- c) Both**
- d) None**

Answer

(b) Qualitative improvement in labour is what investment here.

Question 6

Stocks/shares of the companies are known as:

- a) Human Capital**
- b) Physical Capital**
- c) Financial Capital**
- d) None**

Answer

(c) They are known as financial capital.

Question 7

_____ & _____ are the twin pillars on which rests the edifice of social sector reforms.

- a) Education and Poverty**
- b) Education and Employment**
- c) Education and Health**
- d) Education and Infrastructure**

Answer

(c) Education and health are the twin pillars.

Question 7

Literate refers to

- a) The ability to read and write**
- b) All educated people**
- c) All urban people**
- d) None of these**

Answer

(a) The ability to read and write is what literate means.

Question 8

People of which age group are treated as productive labour force

- a) 0-6**
- b) 15-60**
- c) 20-35**
- d) 60-80**

Answer

(b) 15-30 is known as productive labour force

Question 9

Person becomes a human resource when he or she

- a) Is able to work**
- b) Is willing to work**
- c) Belongs to particular age group**
- d) All the above**

Answer

(d) All the above points make a person human resource

Question 10

Name the movement started by national literacy mission.

Answer

The movement started by national literacy mission is 'Education for all'.

Question 11

What is the literacy rate of India?

Answer

Currently literacy rate of India is 74.04%.

Question 12

Following states have high literacy rate except:

- a) Kerala
- b) Mizoram
- c) Bihar
- d) None of these

Answer

(c) Bihar has less literacy rate compare to other states mentioned.

Question 13

The movement started by national literacy mission is

- a) Education for all
- b) Education for life
- c) Education of children
- d) Education literacy

Answer

(a) Education for all is the movement started by national literacy mission.

Question 14

Which institution guides higher education?

- a) UGC
- b) NCERT
- c) IGNOU
- d) None of these

Answer

(a) University grant commission guides higher education in our country.

Question 15

To provide the educational facilities to the children of transferable central government employees' _____ were established.

- a) Navodaya Vidyalayas
- b) Kendriya Vidyalayas
- c) Both
- d) None

Answer

(b) Kendriya Vidyalayas or Central School is the one which helps in such cases.

SHORT ANSWER QUESTIONS (3 OR 4 MARKS)

Question 16

Write three differences between physical capital and human capital?

Answer

BASIS OF COMPARISON	PHYSICAL CAPITAL	HUMAN CAPITAL
Meaning	Physical capital implies the non-human assets of the company, such as plant and machinery, tools and equipment, office supplies etc. that help in the process of production.	Human capital refers to stock of knowledge, talent, skills and abilities brought in by the employee, to the organization.
Formation	Economic and technical process.	Social process and conscious decision of the possessor.

BASIS OF COMPARISON	PHYSICAL CAPITAL	HUMAN CAPITAL
Financial Statement	It is mainly shown in financial statement.	It is not shown in financial statement.

Question 17

What is meant by financial capital? Explain with examples.

Answer

Financial capital is any economic resource measured in terms of money which is mainly used by entrepreneurs and businesses to buy what they need to make their products or to provide their services to the sector of the economy. For example, retail, corporate, investment banking, etc. Major types are equity, debt and specialty capital and sweat equity.

Question 18

How does human capital formation improve quality of life?

Answer

Investment in education, healthcare, on the job training, migration, etc. are the factors which contribute to human capital formation. Literate, healthy, skilled and trained people are assets for an economy. Thus, it is the quality of population which means more economic growth. the process of acquiring and increasing the number of persons who have the skills, education and experience which are critical for the economic and the political development of the country. Human capital formation is thus associated with investment in man and his development as a creative and productive resource. Manpower planning indicates planning of human resources for meeting the development needs of the economy.

Question 19

What is the difference between literacy and education?

Answer

Literacy mainly involves acquiring the ability to read & write whereas Education is about holistic development of a person making it a complete human, who can not only read or write but also has

the ability to think in broader terms & analyse the things rationally. Literacy cannot turn people wise but Education surely does by enabling people to differentiate between right & wrong & doing right thing at a right time.

Question 20

What do you mean by investment in education?

Answer

The central idea is that undertaking education is investment in the acquisition of skills and knowledge which will increase earnings, or provide long-term benefits such as an appreciation of literature. It is important to remember that when a person excels in his chosen field and improves his income, he also contributes towards the economic growth of the nation. The data discussed in previous question also reveals that investment in education stimulated economic growth.

LONG ANSWER QUESTIONS (5 OR 6 MARKS)

Question 21

'School dropouts are giving way to child labour.' Discuss how this is a loss to human capital?

Answer



School dropout and child labour are associated with low socioeconomic status, as parents are keen to send offspring to the labour market to increase household income. The literature has focused primarily on impaired children but none, to our knowledge, has considered whether impaired parents are associated with children's school dropout, idleness and child labour. Poverty seems to

be the utmost factor that compels parents to send their children to the labour market which, in turn, jeopardizes school attendance.

The main categories of economic impact of child labour are analysed:

- The effects of child labour at the micro family level, particularly on family poverty both in the short and in the long run
- The effects of child labour on long-run growth and social development through a number of different transmission mechanisms.
- The international economic effects of child labour particularly on foreign direct investments.
- The effects of child labour on adult labour market

Micro family level findings:

- In the short-run, child labour increases households' income and probability of survival
- In the long run, child labour perpetuates household poverty through lower human capital
- Child labour and schooling are not necessarily mutually exclusive
- Schooling may not lead to the accumulation of human capital
- Child labour in most wage-employment non-agriculture activities does not lead to skills development
- In the long run child labour perpetuates poverty through enhanced fertility

Macroeconomic level findings:

- Child labour can slow down long run growth and social development through reduced human capital accumulation
 - Child labour occurs mostly in the unorganised sector and in small units with simple technology and little capital equipment. Whether reducing child labour would speed up capital investment and technological change depends on the impact on adult wages. Child labour might affect more girls than boys, fuelling gender inequality in education
 - Child labour does not attract foreign direct investment
 - Child and adult workers can be substitutes for one another
 - Whether children actually do substitute adult workers creating adult unemployment and/or reducing adult wage rates remains an open question
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Question 22

Discuss the educational achievements of India and what are the future prospects in education?

Answer

After the implementation of plans, efforts were made to spread education. To streamline the education, the Govt. implemented the recommendations of Kothari Commission under 'National Policy on Education' in 1968. The main recommendations were universal primary education. Introduction of new pattern of education, three language formula, introduction of regional language in higher education, development of agricultural and industrial education and adult education.

The following points explain the development of education in India after independence:

- 1. Expansion of General Education:** During the period of planning there has been expansion of general education. Primary education – been free and compulsory. Midday meal has been started in schools since 1995 to check drop-out rate.
 - 2. Development of Technical Education:** Besides general education, technical education plays important role in human capital formation. The Govt. has established several Industrial Training Institutes, Polytechnics, Engineering colleges and Medical and Dental colleges, Management institutes etc. examples are IITs, IIMs, NITs, etc.
 - 3. Women education:** In India, literacy among women was quite low. It was 52% according to 2001 census. While the literacy among men was 75.8%. Women education was given top priority in National Policy on Education.
 - 4. Vocational education:** National Policy of Education, 1986, aims at vocationalisation of secondary education. Central Govt. has been giving grants to State Governments to implement the programme since 1988.
 - 5. Adult education:** Simply speaking adult education refers to the education for the illiterate people belonging to the age group of 15-35 years. The National Board of Adult Education was established in the First Five Year Plan.
 - 6. Education for all:** According to 93rd Amendment, education for all has been made compulsory. The elementary education is a fundamental right of all children in the age group of 6-14 years. It is also free. To fulfil this obligation Sarva Shiksha Abhiyan (SSA) has been launched.
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Question 23

What do you think about India's current situation on gender equality?

Answer

Gender equality means that the different behaviour, aspirations and needs of women and men are considered, valued and favoured equally. It does not mean that women and men have to

become the same, but that their rights, responsibilities and opportunities will not depend on whether they are born male or female.



Following points strengthen my view on gender equality in India:-

- Discrimination against women and girls is a pervasive and long-running phenomenon that characterises Indian society at every level. India’s progress towards gender equality, measured by its position on rankings such as the Gender Development Index has been disappointing, despite fairly rapid rates of economic growth.
- In the past decade, while Indian GDP has grown by around 6%, there has been a large decline in female labour force participation from 34% to 27%. The male-female wage gap has been stagnant at 50% (a recent survey finds a 27% gender pay gap in white-collar jobs). There is clearly a need for policy initiatives to empower women as gender disparities in India persist even against the backdrop of economic growth.
- Current literature provides pointers from policy changes that have worked so far. One unique policy experiment in village-level governance that mandated one-third representation for women in positions of local leadership has shown promising results.
- Evaluations of this affirmative action policy have found that in villages led by women, the preferences of female residents are better represented, and women are more confident in reporting crimes that earlier they may have considered too stigmatising to bring to attention.
- Female leaders also serve as role models and raise educational and career aspirations for adolescent girls and their parents. For India to maintain its position as a global growth leader, more

concerted efforts at local and national levels, and by the private sector are needed to bring women to parity with men.

- While increasing representation of women in the public spheres is important and can potentially be attained through some form of affirmative action, an attitudinal shift is essential for women to be considered as equal within their homes and in broader society.

Today, more and more activists and social scientists believe that compulsory gender sensitisation workshops for various civic authorities, including the police and the judiciary, is one of the most significant ways towards achieving a paradigm shift in attitude and behaviour. **Tata Tea's Jaago Re initiative** aims to take this a step further by petitioning government bodies to make such programmes mandatory in schools across the country. By facilitating a behavioural change from the grassroots, such classes inculcate a sense of equality and respect in children, leading to a more harmonious and gender-just future.

Question 24

What is the role of human capital formation in economy?

Or

State the importance of human capital formation in a country.

Answer

Human capital is the fundamental source of economic growth. It is a source of both increased productivity and technological advancement. In fact, the major difference between the developed and developing countries is the rate of progress in human capital. The underdeveloped countries need human capital to staff new and expanding government services to introduce new systems of land use and new methods of agriculture, to develop new means of communication to carry forward industrialization and to build the education system. Human capital is described as the skills, training, and health acquired through on the job training and education. Michael Pakistan Park defines it as, "The skill and knowledge of human beings." It is also defined as the "endowment of abilities to produce that exists in each human being."

To be more precise, if the people of a country are well educated, well nourished, skilled, and healthy, they are said to have more human capital. As underdeveloped countries around the world make investments in human persons, they aim to increase their programming skills, social abilities, ideals, and health. These investments aim to increase productivity. The success of their economies depends upon increasing human capabilities. However, human capital does not exist in a vacuum. To better

understand this complex topic, we must consider the physical/ passive factors that connect to a country's ability to make these investments.

Human capital formation is the act of increasing the productive qualities of the labour force by providing more education and increasing the skills, health, and notarization level of the working population. It is the process of transforming the people in a country into workers who are capable of producing goods and services. During this process, relatively unskilled individuals are given the tools they need to contribute to the economy. It is critical to the long-term economic growth of a country, and provides the same benefits as new technologies or more efficient industrial equipment. While this process takes time, it often results in a greater standard of living for the people within a country in just a few generations, or even sooner. This process can be achieved through the use of public health policies, education or training opportunities.



There are five ways of developing human capital:

1. Provision of health facilities which affect the life expectancy, strength, vigour, and vitality of the people
2. Provision of on the job training, which enhances the skill of the labour force
3. Arranging education at the primary, secondary, and higher levels
4. Study and extension programs for adults

5. Provision of adequate migration facilities for families to adjust to changing job opportunities

Human capital is directly related to economic growth. The relationship can be measured by how much is invested into people's educations. For example, many governments offer higher education to people at no cost. These governments realize that the knowledge people gain through education helps develop an economy and leads to economic growth.
