



NCERT Solutions for 11th Class Economics: Chapter 5-Human Capital Formation In India



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Exercises

1. What are the two major sources of human capital in a country?

Answer

Two main sources of human capital in a country are:

→ Education: Education not only raises the standard and quality of living but also encourages modern attitude of the people. It increases the productive capacity and productivity of a nation's workforce by enhancing their skills.

→ Health: It helps economic development indirectly by supplying active, energetic and healthy workforce which activates the entire production process.

2. What are the indicators of educational achievement in a country?

Some indicators of educational achievement in a country are:

→ Adult Literacy Rate: This rate indicates the percentage of the literate adult population who are aged 15 years and above.

→ Youth Literacy Rate: This rate indicates the percentage of literate people between the age of 15-24 who can read and write.

→ Primary Education Completion Rate: This rate indicates the percentage of students completing the last year of primary school.

3. Why do we observe regional differences in educational attainment in India?

Answer

There is great regional differences in educational attainment in India. Some states like Kerela, Tamil Nadu and Uttranchal have higher literacy rates

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while states like Bihar, Rajasthan, U.P and Arunachal Pradesh have low literacy rates. This is due to inequalities of income and wealth on large scale also lack of investment by government on education. The people of these states give less importance to education and are mainly employed in agricultural sector or informal sector that has very less to do with education.

4. Bring out the differences between human capital and human development.

Answer

Human capital considers education and health as a means to increase labour productivity. It is a narrow concepts which treats human beings as means to achieve an end which is higher productivity, failing which the investment is not considered to be productive. Investment in education and health is unproductive if it does not enhance output of goods and services.

Human development is the based on the idea that education and health are integral part of human well being because only when people have the ability to read and write and lead a long and healthy life. It is a broader concept which considers human beings as ends in themselves. Human development occurs when majority of people in the economy are educated and healthy.

5. How is human development a broader term as compared to human capital?

Answer

Human development is far boarder concept than Human capital. Human development includes all those factors which lead to welfare and development of society and its members whereas Human Capital focuses only on Human beings and their contribution to the economy. Human development includes overall prosperity of human beings through

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education and health while Human capital considers human beings as a source of increasing productivity of the economy.

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6. What factors contribute to human capital formation?

Answer

The factors that contribute to human capital formation are:

→ Education: It not only helps in increasing individual's productivity but also stimulates innovation and creates ability to absorb new technologies. It enhances the present economic condition and improves the future prospects of a country.

→ Health: Expenditure on health increases efficiency, efficacy and productivity of a nation's workforce. A healthy person is more productive and asset for a nation than an unhealthy person. Good health and medical facilities not only increase the life expectancy but also improve quality and standard of living. It includes provision of clean drinking water, good sanitation facilities, better medical facilities etc.

→ Training: Job training is a source of human capital formation as the return of such expenditure in the form of enhanced labour productivity is more than the cost of it. It is the most effective kind of training to a trainee, imparting him the technical skills and know-how at the actual work site. This helps the trainee not only to acquire the theoretical and practical skills simultaneously but also enables him to learn from the experiences of his trainer.

→ Migration: People migrate in search of better job opportunities and higher salaries. Migration involves cost of transportation and higher cost of living at migrated place. The enhanced earnings outweigh the costs of

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migration so, expenditure on migration is also a source of human capital formation.

→ Information: The degree of availability of jobs, salaries and admissions related information also play an important role in the determination of human capital. This information is necessary to make decisions regarding investments in human capital as well as for efficient utilization of the acquired human capital stock.

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7. Mention two government organisations that regulate the health and education sectors.

Answer

National Council of Education Research and Training (NCERT) and All India Council for Technical Education (AICTE) are two government organisations that regulate education sectors.

Indian Council for Medical Research (ICMR) and National Institute of Health and Family Welfare are government organisations that regulate health sectors.

8. Education is considered an important input for the development of a nation. How?

Answer

Education is an importance input for the development of a nation because:

→ It provide necessary knowledge and skills to people which helps in increasing their productivity.

→ It creates social awareness and develops mental abilities of people to make right choice at the time of need.

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- It enhances the earnings capacity of an individual which ultimately improves the quality of living of people.
- An educated person understand the problem of population growth which brings decline in population growth rate. This makes more resources available per person.
- It helps in acceptance of modernisation and modern techniques which gives boost in development of a nation.

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9. Discuss the following as a source of human capital formation

(i) Health infrastructure

(ii) Expenditure on migration.

Answer

(i) Health means a state of complete physical, social and mental soundness. It involves preventive and curative medicine, supply of clean drinking water and good sanitation etc. Investment in health sector acts as a good source of human capital formation as it provides a healthy labour force.

(ii) People migrate from one place to other in search of better job facilities. The cost of migration involves cost of transportation, and cost of living at the migrated places. The enhanced earnings outweigh the costs of migration so, expenditure on migration is also a source of human capital formation.

10. Establish the need for acquiring information relating to health and education expenditure for the effective utilisation of human resources.

Answer

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The information about availability of jobs, salaries and admissions related information are important for growth of human capital. They enable the people to make better choice between various options available to them and leads to the effective utilisation of human skills and knowledge.

Also, investment made on health information improves health, efficiency, quality of living and life expectancy of people. The use of medical information and family welfare programmes ensures the supply of healthy workforce. Various health measures are not adopted due to lack of information can be minimised and helps in effective utilisation of human resources.

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11. How does investment in human capital contribute to growth?

Answer

Investment in human capital contribute growth by:

→ Raising productivity: The skilled and healthy labours make utilisation of the material inputs and capital effectively which increases the productivity and ultimately faster the rate of growth.

→ Innovation: An educated person has the ability develop new skills and innovate new techniques that can be more efficient and productive and adds to economic growth.

→ High participation rate: If more people became able to do work through education and health, it will increase the participation rate of people which will accelerate the process of economic growth and development.

12. There is a downward trend in inequality world-wide with a rise in the average education levels. Comment.

Answer

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The access to better education reduces the inequalities of income. Educated person has more ability and skills hence, the income is also higher. This improves the living standard and quality. The importance of education is felt worldwide and governments of nations have been investing heavily in the education sector. When the education rate rises it automatically reduces the inequalities.

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13. Examine the role of education in the economic development of a nation.

Answer

The role of education in the economic development of a nation are:

→ Knowledge and skills: It provides people quality skills and knowledge which enhances their productivity. This gives a greater opportunity to do work and earn high income.

→ Acceptability of modern methods: An educated individual is more able to adopt new modern techniques which boost the economy of a nation.

→ Eradication of inequality: Education proves to be an effective tool for reducing inequality. It increases the income earning capacity of economically backward sections of people in a country which reduces the slanted distribution of income.

→ Innovation: An educated person has the ability to develop new skills and innovate new techniques that can be more efficient and productive which helps in the economic development of a nation.

→ Participation rate: If a nation has more educated workforce, it will increase the participation rate of people which will accelerate the development of nation.

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14. Explain how investment in education stimulates economic growth.

Answer

Education is an important source of human capital formation. Investment in education endows people with quality skills and knowledge which enhances their productivity. It makes people more able to adopt new modern techniques which helps the economy to grow. It raises the income of people and provides them a better standard of living. It generates national development consciousness. Education meets cultural needs and develops human personality. Thus, investment in education increases the economic growth.

15. Bring out the need for on-the-job-training for a person.

Answer

On-the-job training is the most effective kind of training to a trainee, imparting him the technical skills and know-how at the actual work site. The worker trained in the firm itself under the assistance of senior and experienced workers. This is needed because:→ It improves the efficiency and morale of employees.

→ It enables the person to absorb values, norms and standards of an organisation.

→ It facilitates the better utilisation of raw materials.

16. Trace the relationship between human capital and economic growth.

Answer

There is a positive relationship between human capital and economic growth. Human capital formation raises the process of economic growth

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and economic growth raises the process of Human capital formation. If we want to increase economic growth then we must have to increase our human capital. An unhealthy or uneducated labour can't add much value to economic growth. We must have to make people educate, healthy and skilled in order to accelerate our economic growth. It also contribute to innovation and more participation of people.

17. Discuss the need for promoting women's education in India.

Answer

Women have always been neglected in the field of education. If a nation wants to accelerate its economic growth then the role of women can't be neglected. There is need for promoting women's education in India because:→ It is important to raise the social and moral status of women.

→ It plays a significant role in maintaining favorable fertility rate.

→ Health care of women and children can be enhanced with education imparted to women.

→ An educated women can infuse good moral values and can impart quality education to her children.

18. Argue in favour of the need for different forms of government intervention in education and health sectors.

Answer

There is a need for different forms of government intervention in education and health sectors because:

→ Both private and public institutions are involved in health and education sectors. Therefore, there should be some authority which should monitor their functioning.

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- Private institutions are guided by profit motive so the education and health facilities provided by them is higher.
- Investment on education and health is to be carried out simultaneously by all different forms of government Central, State and Local as per the federal structure of India.
- Government should set up or encourage private institutions to set up their educational and health care centers in remote and rural areas.
- Government must maintain standard of education and health to develop human resources effectively.

19. What are the main problems of human capital formation in India?

Answer

The main problems of human capital formation in India are:

- Rising population: Rapidly rising population exerts pressure on the limited resources hence reduces per capita available resource.
- Less Quality: Human capital must be made qualitatively. But to provide education, a lot of education institutions set up which provide inferior quality of education and skills. This is also happening with health care facilities.
- Brain Drain: People migrate from one place to another in search of better job opportunities and handsome salaries. Migration of highly skilled labour is termed as Brain Drain which adversely affect the economic development.
- Improper Man Power Planning: India lacks in proper man power planning. No major efforts have been taken to maintain the demand-supply

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balance of the rising labour force. So, it leads to the wastage and misallocation of human skills.

20. In your view, is it essential for the government to regulate the fee structure in education and health care institutions? If so, why?

Answer

Yes, the government must regulate the fee structure in education and health care institutions. Education and health sectors are the two major sources for the formation of good quality human capital. The economic growth of a country depends on human capital formation. There is a great contribution of private institutions in educational and health care facilities. Also, the fees of both are very high in private institutions as these are guided by profit motive. Therefore, intervention in the health and education sector to regulate the fees structure is must in order to enhance the quality of human capital.



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About NCERT

The National Council of Educational Research and Training is an autonomous organization of the Government of India which was established in 1961 as a literary, scientific, and charitable Society under the Societies Registration Act. The major objectives of NCERT and its constituent units are to: undertake, promote and coordinate research in areas related to school education; prepare and publish model textbooks, supplementary material, newsletters, journals and develop educational kits, multimedia digital materials, etc.

Organise pre-service and in-service training of teachers; develop and disseminate innovative educational techniques and practices; collaborate and network with state educational departments, universities, NGOs and other educational institutions; act as a clearing house for ideas and information in matters related to school education; and act as a nodal agency for achieving the goals of Universalisation of Elementary Education.

Its headquarters are located at Sri Aurobindo Marg in New Delhi.

[Visit the Official NCERT website](https://www.ncert.nic.in/) to learn more.

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