

Human Capital Formation in India

1. Identify which of the following is not a member nation of G20 : (2024)

- (A) Brazil
- (B) Australia
- (C) Bangladesh
- (D) Argentina

Ans. (C) Bangladesh

2. Elaborate the need to promote women's education in India. (2024)

Ans. Promoting women's education in India is imperative for societal progress and gender equality. Educated women contribute to economic growth by entering the workforce and making informed decisions about their lives. Moreover, educating women makes a favourable impact on the fertility rate and health care of women and children. Hence, investing in women's education uplifts communities and drives sustainable development across India.



Previous Years' CBSE Board Questions

4.1 Human Capital Formation and its Role in Economic Development

MCQ

- Identify, which of the following are associated with the problem of human capital formation in India?
(i) Brain drain
(ii) Low academic standards
(iii) Rising population
(iv) Changes in social outlook
(a) (i) and (ii) only (b) (ii) and (iii) only
(c) (i), (ii) and (iii) only (d) (i) and (iv) only
(2023) (Ap)
- Read the following statements carefully.
Statement I : Economic growth means the increase in real national income of a country.
Statement II : Human capital formation and Human development are one and the same concept.
In the light of the given statements, choose the correct alternative from the following:
(a) Statement I is true but statement II is false.
(b) Statement I is false but statement II is true.
(c) Both statements I and II are true.
(d) Both statements I and II are false. (2023)
- Identify the incorrect statement from the following.
(a) Human capital represents, enhanced labour efficiency and skills, implying economic growth.
(c) Human capital is separable from its owner.
(d) Human capital treats human beings as a means to an end. (Term-I, 2021-22)
- Read the following statements carefully and choose the correct alternative:
Statement I : Modernisation refers to the use of new technology only.
Statement II : To enhance the productivity in an economy, women must be given equal opportunities at work place.
(a) Statement I is true but statement II is false.
(b) Statement II is true but statement I is false.
(c) Both the statements are true.
(d) Both the statements are false.
(Term-I, 2021-22) (Ev)
- Read the following statements - Assertion (A) and Reason (R), choose the correct alternative.
Assertion (A) : In developing countries, growth of human capital has been faster than the growth of per capita real income.
Reason (R) : Empirical evidence to prove that increase in human capital causes economic growth is rather nebulous.

- Both A and R are true and R is the correct explanation of A.
- Both A and R are true but R is not the correct explanation of A.
- A is true but R is false.
- A is false but R is true. (Term-I, 2021-22) (U)

SA I (3 marks)

- Discuss the need for promoting women's education in India. (2023)
- "Human capital formation gives birth to innovation, invention and technological improvements." Do you agree with the given statement? Support your answer with valid arguments. (2020)

SA II (4 marks)

- "Human Capital benefits only the owner and not the society." Defend or refute the given statement. (2023)
- State with valid reasons, whether the following statements are true or false:
(a) "Higher productivity and production are the outcome of investment in human resources."
(b) Rising population is not the cause for quality of human capital formation. (2023)

4.2 Education Sector in India

MCQ

- In the year ____, the Indian government made education free and compulsory for all children between 6-14 years.
(a) 2001 (b) 2009 (c) 2003 (d) 2007
(2020) (R)

VSA (1 mark)

- State whether the following statement is true or false: "Elementary education covers both primary and middle level education." (2020)

SA I (3 marks)

- "Economists believe that India should spend at least 6% of its GDP on Education Commission for achieving desired results." Justify the statement with valid reason. (2020)
- "India has failed to implement the recommendations of Education Commission of 1964-66." Give valid arguments in support of the given statement. (2020)



4.1 Human Capital Formation and its Role in Economic Development

MCQ

1. Read the following statements carefully.
Statement I : On-the-job trainings help to bridge a gap between theoretical concepts and practical experiences.

Statement II : On-the-job trainings update the employees, with the latest changes in their work field. In the light of the given statements, choose the correct alternative :

- (a) Statement I is true but statement II is false.
 (b) Statement I is false but statement II is true.
 (c) Both statements I and II are true.
 (d) Both statements I and II are false. (2022-23)
2. Read the following statements - Assertion (A) and Reason (R), choose the correct alternative.

Assertion (A) : Human capital treats human beings as a means to an end (increase in productivity).

Reason (R) : Human Capital Formation decreases by way of investments in education and health.

- (a) Both A and R are true and R is the correct explanation of A.
 (b) Both A and R are true but R is not the correct explanation of A.
 (c) A is true but R is false.
 (d) A is false but R is true. (Term-I, 2021-22)

3. Selected indicators of Development in Education and Health Sectors :

Particulars	1951	1981	1991	2001	2016-17	
Real Per Capita Income (in ₹)	7,651	12,174	15,748	23,095	77,659	
Crude Death Rate (Per 1,000 Population)	25.1	12.5	9.8	8.1	6.3	
Infant Mortality Rate	146	110	80	63	33	
Life Expectancy at Birth (in Years)	Male	37.2	54.1	59.7	63.9	67
	Female	36.2	54.7	60.9	66.9	70
Literacy Rate (%)	16.67	43.57	52.21	65.20	76	

Source : Economic Survey for various years, Ministry of finance; National statistical Office, Ministry of Statistics and Programme Implementation : Government of India.

The Real Per Capita Income of India (as per the given data) has increased by _____ (approximately) between 1951 and 2016-17.

- (a) 915 % (b) 1015 %
 (c) 815 % (d) 715 %

(Term-I, 2021-22)

4. Match the situations given in Column I with their respective implications given in Column II.

Column I		Column II	
A.	Migration	i.	Reduced in per capita economic growth
B.	Low level of academic standards	ii.	Imbalance between demand and supply of human resource
C.	Population- High Growth rate	iii.	Brain Drain
D.	Lack of proper manpower planning	iv.	Mismatch between skills and academic standards

- (a) A-ii; B-iii; C-iv; D-i (b) A-iii; B-iv; C-i; D-ii
 (c) A-i; B-ii; C-iii; D-iv (d) A-ii; B-iv; C-i; D-iii

(Term-I, 2021-22)

SA II (4 marks)

5. State whether the following statements are true/false, with valid arguments.

- (a) Human Capital and Human Development are one and the same thing.
 (b) India has a poor stock of technical manpower.

(2022-23)

LA (5/6 marks)

6. State, giving valid reasons whether the following statements are true or false.

- (a) Since independence, the benefits of the increase in economic growth in India have trickled down to the people at the bottom of population pyramid.
 (b) Human Capital Formation gives birth to innovation, invention and technological improvements.
 (c) There exists an inverse correlation between infrastructural growth and national income.

(2020-21)

Previous Years' CBSE Board Questions

- (c) : (i), (ii) and (iii) only
- (a) : Statement I is true but statement II is false.
- (c) : Human capital is separable from its owner.
- (b) : Statement II is true but statement I is false. Modernisation does not mean only use of new technology but also to change in social outlook.
- (b) : Both A and R are true but R is not the correct explanation of A.
- It is important to promote education for women in India, due to the following reasons:
 - It helps in improving women's economic independence and their social status.
 - Women education has a favourable impact on fertility rate and women and child health care.
 - Educated woman can provide better guidance to her children.
 - Better education to women led them more informed about nutrition and healthcare.
- Yes, the given statement is correct. Human capital formation gives birth to innovation, invention, and technological improvements.
 - The aforementioned claim is true and accurate since investing in education and research results in the production of high-quality items at lower costs, which supports economic growth.
 - Because innovation, which results in technological

advancement and the subsequent creation of new products, depends on research and development. Only by spending money on education will this be accomplished.

(iii) To produce knowledgeable scientists and researchers in a variety of fields who produce cutting-edge goods, technologies, and processes, human capital formation aids in educating students.

- Human capital benefits only the owner and not the society. This situation can be refuted on the following grounds.
 - Human capital benefits not only the owner but also the society in general. This is called external benefit.
 - An educated person can effectively take part in a democratic process and contribute to the socio-economic progress of a nation.
 - A healthy person, by maintaining personal hygiene and sanitation, stops the spread of contagious diseases and epidemics.
 - Human capital creates both private and social benefits, whereas physical capital creates only private benefit. That is, benefits from a capital good flow to those who pay the price for the product and services produced by it.

9. (a) True, Higher productivity and production are the outcome of investment in human resource. The investment enhanced productivity of human being and contributes substantially towards innovations and creates ability to absorb new technology.

(b) False, Rising population is the cause for inequality of human capital formation. In a popular country, large section is lining below the poverty line, many people cannot afford to access basic education and health care facilities.

10. Investment in human capital is positively related to economic growth. Following points give its importance :

- Increase in Labour Productivity: Investment in human capital through expenditure on education, health, etc enhances the productivity of labour as they become physically fit and skilled at their jobs.

- Innovations: Human capital formation helps in preparing learned scientists and researchers in various subjects who bring out innovative products, technologies, and processes and thus add to economic growth.

- Capacity to Adopt: Advanced technology can be adopted only if the skills and knowledge required for using that technology are present in the country. For example- Investment in education and on-the-job training helps to impart these skills and enhance the knowledge base and thus helps in the absorption of new technologies which leads to higher production and thus economic growth

11. (b) : 2009

12. True

13. This statement is correct because currently government expenditure on education is comparatively low. Following are the reasons to increase investment on education sector.

- The rise in expenditure on education will help improve the educational facilities provided to children in India.

Improving of the quality of education provided to the children will also be possible with this increase in expenditure.

- The improved literacy in the country will help improving the human capital in India. The improved human capital will allow its citizens to live a better life.

Unfortunately, the current expenditure on education in India is about 4%, which is quite a lot less than the required 6%.

- The government has also introduced other programs to help improve the literacy rate of the country.

The Right to Education act was enacted in 2009 to make free education for the age between 6-14 as a Fundamental Right.

14. Investment in education system in India has been a woeful failure. The fact of the matter is that, in 1952 we were spending a mere 0.64% of our GDP on education

that rose to only 4.13% in 2014. This has fallen well short of 6% target as proposed by the Education Commission, 1964. Moreover, throughout this period the increase in education expenditure has not been uniform and there has been irregular rise and fall.

Following points give a brief evidence of our poor education system :

- (i) In India, about 30.3 crore people are still illiterate.
- (ii) The female literacy rate is 65.46%, which is quite low as compared to the male literacy rate of 82.14 percent.
- (iii) There is a disparity in education levels of urban and rural areas.

CBSE Sample Questions

1. (c) : Both statements I and II are true. (1)
2. (c) : Both statements I and II are true. (0.80)
3. (a) : 915%
PCI in 1951 = ₹ 7,651
PCI in 2016-17 = ₹ 77,659
Change in PCI = 77,659 - 7,651
= ₹ 70,008
Percentage change = $\frac{70,008}{7,651} \times 100 = 915\%$ (0.80)
4. (b) : A-iii; B-iv; C-i; D-ii (0.80)
5. (a) The given statement is not true to perfection. These two may sound similar but are not exactly same.

Whereas, human capital considers education and health as a means to increase labour productivity, human development is based on the idea that education and health are integral to human wellbeing. (2)

(b) The given statement is not true. India has a rich stock of scientific and technical manpower in the world. Also, India has taken a number of steps to improve it qualitatively and ensure that they are optimally utilised. (2)

6. (a) The given statement is false as there have been different factors (like massive rate of growth of population, unequal distribution of wealth, skewed benefits accruing from green revolution etc.) due to which benefits of increase in the Gross Domestic Product have not trickled down completely to the people at the bottom of population pyramid. (2)

(b) The given statement is true. Human Capital Formation (investment in education/health) not only increases the productivity of the available human resources but also stimulates innovations and creates ability to adopt and adapt to the new technologies. (2)

(c) The given statement is false, as generally, there exists a positive correlation between infrastructural growth and national income. Infrastructure is the support system for an economy which facilitates greater productive activities, higher levels of output/income and improvement of quality of life in an economy. (2)