



ST. MARY'S CO-ED SCHOOL, HARDA

CLASS - XII (2020-2021)

INDIAN ECONOMIC DEVELOPMENT

CHAPTER – 5

HUMAN CAPITAL FORMATION

IMPORTANT POINTS OF THE CHAPTER

- 1) Human capital refers to the stock of skill, ability, expertise, education and knowledge in a nation at a point of time.
- 2) Physical capital refers to assets which themselves have been manufactured and are used for production of other goods and services.
- 3) Human capital formation is the process of adding to the stock of human capital over a period of time.
- 4) Sources of human capital formation.
 - (i) Expenditure on education.
 - (ii) Expenditure on health.
 - (iii) On the job training.
 - (iv) Study programmes for adults.
 - (v) Migration and expenditure on information.
- 5) Human Resource Development:- It refers to the development of the set of individual that makes up the workforce of an organisation, business sector or economy.
- 6) Role of human capital formation in economic growth.
 - (i) Raises production
 - (ii) Change in emotional and physical environment of growth.
 - (iii) Improves quality of life.
 - (iv) Raises life expectancy.
 - (v) Innovative skills.
 - (vi) Raises social justice and equality.

7) Problems facing human capital formation.

- (i) Rising population
- (ii) High regional and gender inequality.
- (iii) Brain drain
- (iv) Insufficient man power planning.
- (v) Insufficient on the job training in agriculture
- (vi) High poverty levels
- (vii) Low academic standards.

8) Education :- It implies the process of teaching, training and learning especially in schools, colleges, to improve knowledge and develop skills.

9) Importance and objectives of education

- (i) Education produces good citizens.
- (ii) Education facilitates use of resources in the country.
- (iii) Develops science and technology.
- (iv) Expands mental horizon of the people.
- (v) Promotes cultural standard of the citizens.
- (vi) Develops human personality.

10) Problems relating to development of education in India

- (i) Large number of illiterates.
- (ii) Inadequate vocationalisation.
- (iii) Gender bias.
- (iv) Low rural access level.
- (v) Low government expenditure on education.

11) Human capital formation in India

- (i) The seventh five year plan stressed upon the importance of human capital.
- (ii) In India, ministry of education at the Centre and state level, NCERT (National Council of Educational Research and Training), UGC (University Grant commission), AICTE (All India Council of Technical Education) regulate the education sector.

(iii) In India, Ministry of Health at the Union and the State level and ICMR (Indian Council of Medical Research) regulate the health sector.

(iv) World Bank states that India will become the knowledge economy.

Also if India uses its knowledge as much as Ireland does, than the per capita income will rise by \$ 3000 by the year 2020.

12) EDUCATION SECTOR IN INDIA

1. Elementary education:

(A) Elementary education covers students from class 1 to class 8 (primary and middle) in the age-group of 6 to 14 years. The number of primary and middle schools has considerably increased from 2.23 lakhs (in 1950-51) to 11.92 lakhs (in 2011-12). Near about 97% children in the age-group of 6-14 years have been receiving educating in schools.

(B) Various policies such as Sarva Shiksha Abhiyan, mid day meal scheme, district primary education programme, right to education have been playing major role in enhancing primary education in India.

2. Secondary and senior secondary education:

(A) As per a survey, number of secondary and senior secondary schools rose to 2.12 lakhs and number of students getting education at this level rose up to 482 lakhs.

(B) At central level, Navodaya schools and Kendriya Vidyalayas are playing a vital role in promoting education at this level.

3. Higher education:

(A) As per a survey in India near about 665 universities are imparting education at higher level and number of collages imparting general education is 35829.

(B) Number of students getting higher education is about 130 lakhs.

4. In addition to it, since independence, the number of institutions imparting technical and professional education has increased significantly in India in which polytechnical institutions, engineering colleges, medical collages, research centres like IIT, agriculture research institute, India statistical institute, IIM etc. are playing prominent roles.

ANSWER THE FOLLOWING QUESTIONS:

Q1. Mention two government organisations each that regulate the health and education sectors.

Ans. In India, the ministries of education at the Centre and State level, departments of education and various organisations such as National Council of Educational Research and Training (NCERT),

University Grants Commission (UGC) and All India Council of Technical Education (AICTE) regulate the education sector. Similarly, the ministries of health at the Union and State level, departments of health and various organisations like Indian Council for Medical Research (ICMR) regulate the health sector.

Q.2 Discuss the following as a sources of human capital formation

(a) Health infrastructure

(b) Expenditure on migration.

Answer.

a) Health Infrastructure. Health is another important source of human capital formation. Preventive medicine (vaccination), curative medicine (medical intervention during illness), social medicine (spread of health literacy) and provision of clean drinking water and good sanitation are the various forms of health expenditure. Health expenditure directly increases the supply of healthy labour force and is, thus, a source of human capital formation.

b) Migration. People sometimes migrate from one place to the other in search of better job. It includes migration of people from rural areas to urban areas in India and migration of technical personnel from India to other countries of the world. Migration in both these cases involves cost of transport, higher cost of living in the migrated places and psychic costs of living in a strange socio-cultural set-up. The enhanced earnings in the new place outweigh the costs of migration. Expenditure on migration is also a source of capital formation.

Q.3 How does investment in human capital contribute to growth?

Answer. Role of Human Capital Formation in Economic Growth:

Raises Production .

Raises Efficiency and Productivity

Brings Positive Changes in Outlook and Attitudes

Improves Quality of Life

Raises Life Expectancy

Raises Social Justice.

Q.4 What are the two major sources of human capital in a country?

Answer. Two main sources of human capital are investment in education and health.

Q.5 What are the indicators of educational achievement in a country?

Answer. Educational attainment is measured by primary education, youth literacy and adult literacy.

QUESTIONS FOR SELF ASSESMENT

Q.1 Explain in brief about National Programme for Education of Girls at Elementary Education (NPEGEL) ?

Q.2 What are the main problems of Human Capital Formation in India?

Q.3 Differentiate between Physical Capital and Human Capital.

Q.4 What do you understand by ICMR?

Q.5 Trace the relationship between Human Capital and Economic growth?