

CBSE Test Paper-02
Chapter 10 Human Capital Formation in India

1. Still ___ of population in India population is illiterate **(1)**
 - a. Two fourth
 - b. One third
 - c. One fourth
 - d. Three fourth
2. AICTE stands for: **(1)**
 - a. All India Council of Training and Education
 - b. All India Council of Training and Entertainment
 - c. An Indian Council of Training and Education
 - d. All India Council for Technical Education
3. According to India Vision report 2020, ____ percent literate India is paramount importance to realise the vision for the country in 2020 **(1)**
 - a. 80
 - b. 60
 - c. 75
 - d. 100.0
4. It is an apex body which provides academic and technical support for qualitative improvement of school education **(1)**
 - a. NCERT
 - b. None
 - c. IGNOU
 - d. UGC
5. Write those elements which enable people to live a better life. **(1)**
6. What are the two forms of health expenditures? **(1)**

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7. What are the indicators of educational achievements in a country? **(1)**
 8. What is the main purpose of human capital formation? **(1)**
 9. Why is human capital more important than physical capital? **(3)**
 10. Write a brief note on National Literacy Mission. **(3)**
 11. Explain briefly two main sources of human capital formation. **(4)**
 12. Argue in favour of the need for different forms of government intervention in the education and health sectors. **(4)**
 13. How does education and training lead to technological improvement? **(4)**
 14. What are the main problems of human capital formation in India? **(6)**
 15. Discuss the following as a source of human capital formation.
 - i. Health infrastructure
 - ii. Expenditure on migration **(6)**

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Answers

1. c. One fourth

Explanation: As per the 2011 census, India's literacy rate is 74.04%. So around 25% or one-fourth of our population is illiterate.

2. d. All India Council for Technical Education

Explanation: AICTE stands for All India Council for Technical Education. It is the statutory body and a national-level council for technical education, under Department of Higher Education, Ministry of Human Resource Development. AICTE is responsible for proper planning and coordinated development of the technical education and management education system in India.

3. d. 100.0

Explanation: The Vision India Document envisages a 100% literacy rate to make India a developed country.

4. a. NCERT

Explanation: The National Council Of Educational Research and Training was established in 1961 by the Government of India to assist and advise the Central and State Governments on qualitative improvement in school education.

5. Elements that enable people to live a better life are Education and health.

6. Two forms of health expenditures are

- i. Preventive medicine (vaccination)
- ii. Social medicine (spread of health literacy)

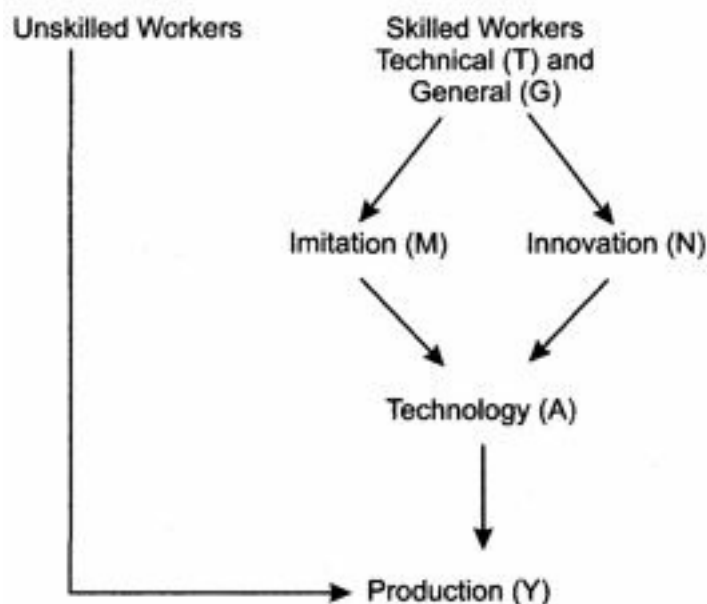
7. The indicators of educational achievements in a country are

- i. Adult literacy level,
- ii. Primary education completion rate
- iii. Youth literacy rate.

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8. To make human beings more productive.
 9. Human capital is more important than physical capital because the latter is an effect of the former. All physical capital that we have today is subject to the acquisition of human capital. The more qualitative human capital, the more qualitative physical capital.
 10. **National Literacy Mission:**
 - i. National Literacy Mission (NLM) was set up by the Indian government on 5 May, 1988. NLM works under the guidance of the National Literacy Mission Authority, an independent wing of the Ministry of Human Resources and Development.
 - ii. Its objective is to promote adult education. A women education council was also established to promote women education in our country.
 - iii. The National Literacy Mission has been recast as 'Saakshar Bharat' with a central focus on female education. The programme covers all citizens in the age group of 15 years and above.
 11.
 - i. Health Infrastructure. Health is an 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.
 - ii. 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.
 12. There is a need for different forms of government intervention in education and health sectors due to the following reasons:
 - i. Private sector is governed by the profit motive and hence does not provide

education and health facilities at a reasonable cost which may be affordable to all.

- ii. Standard of education and health needs to be maintained in order to develop human resources effectively and government intervention is needed for this.
 - iii. Education and health are essential for social upliftment of backward and weaker sections of the society and government intervention in terms of policy and provision of infrastructure are required in education as well as health sector.
 - iv. 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.
 - v. Government should set up or encourage private institutions to set up their educational and health care centres in remote and rural areas.
 - vi. Regional disparities are prevalent in education and health in India which can be corrected only through government intervention at all levels as the private sector would not be forthcoming for establishing schools or hospitals in remote or backward areas.
13. We know that a person needs a good deal of training and skill to do things efficiently. The labour skill of an educated person is more than that of an uneducated person. Education and training enables a person to make better choices in life. It creates people who innovate and imitate technology. It is shown in the diagram given below:



14. The main problems of human capital formation in India are as follows

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- i. **Rising Population** Rapidly rising population adversely affects the quality of human capital in under developed and developing countries like India. It reduces per head availability of existing facilities like sanitation, employment, drainage, water system, housing, hospitals, education, food supply, nutrition, roads, electricity, etc.
 - ii. **Brain Drain** Migration of highly skilled labour to foreign countries is termed as 'brain drain'. This slows down the process of human capital formation in the domestic economy.
 - iii. **Inefficient of Manpower Planning** There is inefficient manpower planning in less developed countries where no efforts have been made either to raise the standard of education at different stages or to maintain the demand and supply of technical labour force. It is a sad reflection on the wastage of human power and human skill.
 - iv. **Long-term Process** The process of human development is a long-term policy because skill formation takes time. The process which produces skilled manpower is thus, slow. This also lowers our competitiveness in the international market of human capital.
 - v. **High Poverty Levels** A large proportion of the population lives below poverty line and do not have access to basic health and educational facilities. A large section of society cannot afford to get higher education or expensive medical treatment for major diseases.
15. i. **Health Infrastructure:** Health is an important source of human capital formation. It means investment in health facilities to build a physically as well as mentally strong human capital. It is essential for increasing productivity. Preventive medicine (vaccination), curative medicine (medical intervention during illness), social medicine (a spread of health literacy) and provision of clean drinking water and good sanitation are the various forms of expenditures done on health infrastructure. Expenditure on health increases the 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 life expectancy but also improve the quality and standard of living. Health expenditure directly increases the supply of healthy labour force and is, thus, a source of human capital formation.

ii. **Expenditure on Migration:** People migrate in search of better job opportunities and higher salaries. It includes migration of people from rural areas to urban areas in India and the migration of technical personnel from India to other countries of the world. Technically qualified persons, like engineers and doctors, migrate to other countries because of higher earnings in such countries. Migration involves cost of transport, higher cost of living in the migrated places and psychological costs of adapting to a new socio-cultural setup. The enhanced earnings in the new place outweigh the costs of migration. Hence, expenditure on migration is a source of human capital formation.