

**CBSE Test Paper-01**  
**Chapter 10 Human Capital Formation in India**

1. Which Five Year Plan recognised the importance of human capital? **(1)**
  - a. Tenth
  - b. Seventh
  - c. Ninth
  - d. Sixth
  
2. Which of the following is an example of a curative medicine? **(1)**
  - a. Spread of health literacy
  - b. All of these
  - c. Vaccination
  - d. Medical intervention during illness
  
3. Physical capital refers to **(1)**
  - a. All of these
  - b. Stock of produced means of production
  - c. Process of acquiring and increasing the number of persons who have skill
  - d. Stock/shares of the companies
  
4. People of which age group are treated as productive labour force **(1)**
  - a. 15-35
  - b. 60-70
  - c. 15-60
  - d. 0-6
  
5. How does human capital formation improve quality of life? **(1)**
  
6. Bring out the difference between literacy and education. **(1)**
  
7. Literacy rates in India have increased but so has the absolute number of illiterates. Why? **(1)**

8. Why was educational cess imposed by the government on all union taxes? **(1)**
9. How is health a source of human capital formation? **(3)**
10. Explain the concept of vocationalisation of education. **(3)**
11. Discuss the weaknesses of education sector in India. **(4)**
12. Education is a challenging proposition for Indian economy. Discuss. **(4)**
13. What is migration? What are its costs and benefits? **(4)**
14. How does investment in human capital contribute to growth? **(6)**
15. Give an account of human capital of India. **(6)**



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**Answers**

1. b. Seventh

**Explanation:** India recognised the importance of human capital in economic growth long ago. The Seventh Five Year Plan says, 'Human resources development has necessarily to be assigned a key role in any development strategy, particularly in a country with a large population'.

2. d. Medical intervention during illness

**Explanation:** Medical intervention during illness Curative care refers to a specific style of medical treatment and therapies provided to a patient during illness with the main intent being to improve or eliminate symptoms that the patient is experiencing and to cure the patient's overall medical problems.

3. b. Stock of produced means of production

**Explanation:** Physical capital refers to man-made goods that help in the production process. It is one of the four main factors of production. Examples of physical capital are plant and machinery, buildings, computers, etc

4. c. 15-60

**Explanation:** People falling in the age group of 15-60 have the education and health and can be trained on-the-job as well. They thus contribute extensively to the society.

5. Human capital formation improves quality of life as it provides better job, high income and improves health. It results in better standard of living.

6. Education is a much wider concept than literacy. Literacy refers to the ability to read and write. Education includes three parameters, viz. primary education, secondary education and higher education.

7. Literacy rates in India have increased mainly because of the growth in the educational facilities. However the absolute number of illiterates have also increased with tremendous increase in the population.

8. Educational cess of 2 percent has been imposed by the government on all union taxes so that the revenue generated by the government from this provision can be spent on financing elementary education.
9. There is a saying that 'The greatest wealth is health'. The wealth of a country can be increased with the efforts of healthy workforce. Investment in health sector increases efficiency and productivity of a nation's workforce. In contrast to an unhealthy person, a healthy person can work better with more efficiency and consequently, can contribute relatively more to the GDP of the country. Good health and medical facilities not only extends life expectancy but also improves quality and standard of life. Investing in health sector ensures the supply of healthy workforce.
10.
  - i. When vocational education is mixed with general education, it is called vocationalisation of education. Vocationalisation of education is designed to introduce manual skills in general education. Vocationalisation of education means training in some vocations at the secondary, Higher Secondary level with general education.
  - ii. To relate education with work, the government now lays stress to provide vocational education, at 'plus 2' level, specially to children in rural areas and to girl child.
  - iii. Practical knowledge of a specific work is given to children, so that they possess necessary skills needed and are able to find employment.
11.
  - i. **High Illiteracy:** According to 2001 census, the literacy rate of 64.8 percent is still far off the 100 percent mark.
  - ii. **Gender Bias:** Education in India is gender-biased. The enrolment of girls in both primary and upper primary classes is much below the boys.
  - iii. **Low-Quality Education and Lack of Vocational and Technical Training:** The quality of education in terms of its contents is low. Besides, the course contents of education are less relevant to the needs of the country. For example, there is too much emphasis on general education as compared to technical and vocational education.
  - iv. **Low Level of Government Expenditure:** Actual level of expenditure is only 3.46% compared to the desired level of 6%.
  - v. **Imbalances:** The education system also suffers from various imbalances. For

instance, a greater proportion of resources is allocated to elementary education and higher secondary education meant for the common people. The university and other higher education have low priority in allocation of funds, which is a matter of concern. There are inequalities in enrolment in higher education across various social groups, rural and urban areas, and different gender. Women belonging to SCs and STs are the most disadvantaged lot.

12. Indian Constitution has provided for free and compulsory education for all children aged between 6-14 years. It is a big challenge for our economy, because of the following reasons:
- Gender Bias:** There is still a significant "gender bias" in offering the opportunities of education to male and female children. The enrolment ratio is relatively low for the female candidates and their drop out ratio is very high.
  - Urban-Rural Bias:** There is a large gap between access to education in rural and urban areas. Even till present day, only 75% of rural kids are attending school.
  - Higher education-a few takers:** Very few people are going for higher education in India. The rate is considerably low in rural areas.
  - Less government expenditure on education:** Education Commission had recommended spending 6% of GDP on education. Even at present little over 4% is being spent on education.
  - A large number of illiterate persons :** About 26% of India's population live below poverty line. Due to this they are deprived of literacy
13. Migration is shifting of a person from one place to another with the intentions of settling, permanently or temporarily in a new location. The movement is often over long distances and from one country to another . When people migrate from one country to another country it is known as external migration, on the otherhand when people shift from one state to another state it is known as internal migration.
- Costs of Migration:**
- It involves higher cost of living in migrated area.
  - It involves cost of transportation.
  - It involves psychological cost of living in a foreign culture.
- Benefits of Migration:**
- Higher earnings

b. Better social status

14. Human capital and economic growth goes hand- in-hand. Human capital formation accelerates the economic growth whereas economic growth in turn facilitates human capital formation. The inter-relationship between economic growth and human capital formation can be explained as follows:

i. **Increases the productivity of physical capital:**

Physical capital refers to the stock of produced means of production. It consists of production plants, machines, tools and equipments. The skilled workers handle the productive assets in such a manner that these not only enhance their productivity but also lead to an efficient utilization of the physical capital. When the productivity increases, the pave of growth is automatically accelerated.

ii. **Innovation of skills :**

An educative person is more productive and skillful. He has the potential to develop new skills and innovate new techniques that can be more efficient and productive. Greater the number of skilled and trained personnel, greater will be probabilities of innovations.

iii. **High participation rate and equality:** Human capital endowed with higher technical skills and innovating power is more productive and efficient. This increases the participation of more people in the process of economic growth and development. Higher the participation rate, higher is the degree of social and economic equality.

Thus, we can conclude that human capital and economic growth goes hand-in-hand. Human capital formation accelerates the economic growth whereas economic growth also facilitates human capital formation.

15. **Size of Population in India**

At the time of independence India's population was only 38.4 million but it has become now 1210 million. In terms of global ranking, India's status is as follows:

Category	Area	Population	Labour force	HDI	Real GDP per Capital
Global Rank	7th	2nd	2nd	134th	127th

It shows poor usage of human resource in India.

**Growth of Population**

Till 1981 population was growing very fast thereafter, the rate of growth slowed down.

Year	1891-1921	1921-1951	1951-1981	1981-1991	1991-2001	2001-2011
Growth rate	0.19	1.22	2.15	2.11	1.93	1.64

**Life Expectancy:** It refers to the number of years, on an average; a human being is expected to survive. It is 65.6 years for females and 64 years for males in 2007.

**Infant Mortality Rate:** IMR refers to the number of children dying before attaining the age of 1. It is 44 per thousand in urban areas and 70 per thousand in rural areas.

**Density of Population:** It refers to the number of people living per square kilometer on an average. It has become 324 persons per sq. km. Therefore, a higher population will mean higher burden on land.

**Age-Composition:** Age composition is determined by fertility. With fall in birth rate we can expect fall in dependency ratio, increase in working population and hence more GDP and savings.

**Sex-Composition:** In India, almost in every state except Kerala, Sex ratio is favourable to men. It stood at 940 per thousand in 2011. Reasons for this adverse sex ratio are under count of women, gender inequality, feiticide, female selective termination of pregnancy and natural lag in young ages being reflected in long run.

**Rural Urban Divide:** There has been an increase in population living in urban areas but still rural areas are dominating with 68% population. Urban population has risen from 17.1 % in 1951 to 32% in 2011.

**State of Literacy:** Literacy rates have also increased. It has become 74.04% in 2011 with 82.14% for males and 65.46% for females.

As mentioned above that at the time of independence human resource usage was poor. Though India may be a late starter, there are signs that it will soon begin to take huge strides in this area. According to a 2017 India Human Capital Trends survey report by Deloitte, 96 percent of companies believe they need to redesign their organisations to succeed in the digital age and look for strategic intelligence and leadership from human resources professionals to become a digitally-inclusive and people-centric organisation.