

Chapter 2 People as Resource

1. What is meant by human capital? When does population become human capital?

Human capital is the stock of skill and productive knowledge embodied in people of a country. Population becomes human capital when there is investment made in the form of education, training and medical care. When the existing 'human resource' is further developed by becoming more educated and healthy, we call it 'human capital formation' that adds to the productive power of the country just like 'physical capital formation'.

2. What do you understand by 'people as a resource'?

- i) 'People as Resource' is a way of referring to a country's working people in terms of their existing productive skills and abilities. Looking at the population from this productive aspect emphasizes its ability to contribute to the creation of the Gross National Product.
- ii) Like other resources population also is a resource — a 'human resource'. This is the positive side of a large population that is often overlooked when we look only at the negative side, considering only the problems of providing the population with food, education and access to health facilities.
- iii) When the existing 'human resource' is further developed by becoming more educated and healthy, we call it 'human capital formation' that adds to the productive power of the country just like 'physical capital formation'.

3. Give two examples to prove that investment in human capital yields a rich return.

Investment in human capital (through education, training, medical care) yields a return just like investment in physical capital. This can be seen directly in the form of higher incomes earned because of higher productivity of the more educated or the better trained persons, as well as the higher productivity of healthier people.

4. How is human resource different from other resources like land and physical capital?

Human capital is in one way superior to other resources like land and physical capital: human resource can make use of land and capital. Land and capital cannot become useful on its own!

5. Prove by giving example that population is an asset for the economy rather than a liability.

A large population need not be a liability. It can be turned into a productive asset by investment in human capital (for example, by spending resources on education and health for all, training of industrial and agricultural workers in the use of modern technology, useful scientific researches and so on).

6. What is the role of education in human capital formation?

- i) Education adds to the quality of labour. This enhances total productivity. Total productivity adds to the growth of the economy.
- ii) Investment in human resource (via education and medical care) can give high rates of return in the future. This investment on people is the same as investment in land and capital.

- iii) A large population need not be a liability. It can be turned into a productive asset by investment in education and health for all, training of industrial and agricultural workers in the use of modern technology, useful scientific researches and so on.
- iv) Education helps individual to make better use of the economic opportunities available before him. Education and skill are the major determinants of the earning of any individual in the market.

7. What is the role of health in human capital formation?

- i) Health adds to the quality of labour. This enhances total productivity. Total productivity adds to the growth of the economy.
- ii) Investment in medical care can give high rates of return in the future. This investment on people is the same as investment in land and capital.
- iii) A large population need not be a liability. It can be turned into a productive asset by investment in health for all, training of industrial and agricultural workers in the use of modern technology, useful scientific researches and so on.

8. How does education create a virtuous cycle and a vicious cycle of development? Virtuous cycle:

Educated parents are found to invest more heavily on the education of their child. This is because they have realised the importance of education for themselves. They are also conscious of proper nutrition and hygiene. They accordingly look after their children's needs for education at school and good health. A virtuous cycle is thus created in this case.

Vicious cycle: In contrast, a vicious cycle may be created by disadvantaged parents who, themselves uneducated and lacking in hygiene, keep their children in a similarly disadvantaged state.

9. How did Japan become a rich country in spite of shortage of natural resources?

Countries like Japan have invested in human resource. They did not have much natural resource. They import the natural resource needed in their country. They have invested on people especially in the field of education and health. These people have made efficient use of other resource like land and capital. Efficiency and the technology evolved by people have made these countries rich/developed.

10. What are the various activities undertaken in the primary sector, secondary sector and tertiary sector?

Primary sector includes agriculture, forestry, animal husbandry, fishing, poultry farming. Mining. Quarrying and manufacturing is included in **the secondary sector**. Textile industry is an example of secondary sector.

Trade, transport, communication, banking, education, health, tourism, services, insurance etc. are included in the **tertiary sector**. The activities in this sector result in the production of goods and services.

11. What are the two parts of economic activities? Or Distinguish between marketed and non-marketed activities.

Economic activities have two parts — market activities and non-market activities. Market activities involve remuneration to any one who performs i.e., activity performed for pay or profit. These include production of goods or services including government service. Non-market activities are the production for self-consumption.

These can be consumption and processing of primary product and own account production of fixed assets.

12. What is the difference between economic activities and non-economic activities?

All activities that generate income are called economic activities. All activities in primary, secondary and tertiary activities are economic activities. These are normally paid. Carpenters work, farmers work, teacher's job etc are economic activities. Noneconomic activities are those activities that do not generate any income. Helping the poor people, charity activities, doing work freely are non economic activities.

13. Describe the division of labour between men and women in the family.

Due to historical and cultural reasons there is a division of labour between men and women in the family. Women generally look after domestic chores and. cooks food, cleans utensils, washes clothes, cleans the house and looks after her children. Men work in the fields, sell the produce in the market or engage in any work outside and earns money for the family.

14. Why are women employed in low paid work?

A majority of the women have meager education and low skill formation. Women are paid low compared to men.

15. How are women exploited in unorganized sector? Or What are the problems faced by women in employment sector?

A majority of the women have meager education and low skill formation. Women are paid low compared to men. Most women work where job security is not there. Various activities relating to legal protection is meager. Employment in unorganized sector is characterized by irregular and low income. In this sector there is an absence of basic facilities like maternity leave, childcare and other social security systems..

16. What determine the quality of population?

The quality of population depends upon the literacy rate, health of a person indicated by life expectancy and skill formation acquired by the people of the country. The quality of population ultimately decides the growth rate of the country. Illiterate and unhealthy population is a liability for the economy. Literate and healthy population is an asset.

17. What are the various measures taken by the government to spread education in India?

- i) There is a provision made for providing universal access, retention and quality in elementary education with a special emphasis on girls.
- ii) There is also an establishment of pace setting of schools like Navodaya Vidyalaya in each district. Vocational streams have been developed to equip large number of high school students with occupations related to knowledge and skills.
- iii) The plan outlay on education has increased from Rs 151 crore in the first five year plan to Rs 43,825 crore in the tenth plan. The expenditure on education as a percentage of GDP rose from 0.64% in 1951–52 to 3.98% in 2002–03.
- iv) The primary school system has expanded to over 5,00,000 villages in India.

Unfortunately, this huge expansion of schools has been diluted by the poor quality of schooling and high dropout rates.

- v) 'Sarva Siksha Abhiyan' is a significant step towards providing elementary education to all children in the age group of six to fourteen years by 2010.
- vi) Bridge courses and back-to-school camps have been initiated to increase the enrollment in elementary education.
- vii) Mid-day meal scheme has been implemented to encourage attendance and retention of children and improve their nutritional status. These policies could add to the literate population of India.

18. What is the target of tenth five year plan in the field of education?

The tenth plan endeavoured to increase the enrollment in higher education of the 18 to 23 years age group from the present 6% to 9% by the end of the plan period. The strategy focuses on increasing access, quality, and adoption of states-specific curriculum modification, vocationalisation and networking on the use of information technology. The plan also focuses on distant education, convergence of formal, non-formal, distant and IT education institutions.

19. What part does health play in the individual's working life?

The health of a person helps him to realize his potential and the ability to fight illness. It increases the longevity of life and increases self confidence. It also reduces infant mortality rate. An unhealthy person becomes a liability for an organization indeed; health is an indispensable basis for realizing one's well being. Henceforth, improvement in the health status of the population has been the priority of the country. Add answer 7

20. What is the aim of India's national health policy?

Our national policy, aimed at improving the accessibility of health care, family welfare and nutritional service with special focus on underprivileged segment of population. Over the last five decades India has built up a vast health infrastructure and man power required at primary secondary and tertiary care in Government as well as in the private sector.

21. How will you explain the term unemployment?

Unemployment is said to exist when people who are willing to work at the going wages cannot find jobs.

22. What is the difference between disguised unemployment and seasonal unemployment?

- i) Seasonal unemployment happens when people are not able to find jobs during some months of the year. People dependant upon agriculture usually face such kind of problem. There are certain busy seasons when sowing, harvesting, weeding, threshing is done. Certain months do not provide much work to the people dependant on agriculture.
- ii) In case of disguised unemployment people appear to be employed. They have agricultural plot where they find work. This usually happens among family members engaged in agricultural activity. The work requires the service of five people but engages eight people. Three people are extra. These three people also work in the same plot as five people. The contribution made by the three extra people does not

add to the contribution made by the five people. If three people are removed the productivity of the field will not decline.

23. Why is educated unemployed, a peculiar problem of India?

In case of urban areas educated unemployment has become a common phenomenon. Literacy rate in India has increased. Many youth with matriculation, graduation and post-graduation degrees are not able to find job. A study showed that unemployment of graduate and post-graduate has increased faster than among matriculates.

24. What is the paradoxical manpower situation in India?

A surplus of manpower in certain categories coexist with shortage of manpower in others. There is unemployment among technically qualified person on one hand, while there is a shortage of technical skills required for economic growth.

25. What are the consequences of unemployment?

- i) Unemployment leads to wastage of manpower resource. People who are an asset for the economy turn into a liability.
- ii) There is a feeling of hopelessness and despair among the youth. People do not have enough money to support their family.
- iii) Inability of educated people who are willing to work to find gainful employment implies a great social waste.
- iv) Unemployment tends to increase economic overload. The dependence of the unemployed on the working population increases. The quality of life of an individual as well as of society is adversely affected.
- v) When a family has to live on a bare subsistence level there is a general decline in its health status and rising withdrawal from the school system. Hence, unemployment has detrimental impact on the overall growth of an economy.
- vi) Increase in unemployment is an indicator of a depressed economy. It also wastes the resource, which could have been gainfully employed. If people cannot be used as a resource, they naturally appear as a liability to the economy.

26. Why is the unemployment rate in India lower than the actual situation?

In case of India, statistically, the unemployment rate is low. A large number of people represented with low income and productivity are counted as employed. They appear to work throughout the year but in terms of their potential and income, it is not adequate for them. The work that they are pursuing seems forced upon them. They may therefore want other work of their choice.

27. How is the hardship of unemployment in rural sector reduced?

- i) Poor people cannot afford to sit idle. They tend to engage in any activity irrespective of its earning potential. Their earning keeps them on a bare subsistence level.
- ii) Moreover, the employment structure is characterized by self-employment in the primary sector. The whole family contributes in the field even though not everybody is really needed. So there is disguised unemployment in the agriculture sector. But all the family also have a share in what has been produced. This concept of sharing of work in the field and the produce raised reduces the hardship of unemployment in the rural sector.