

## Short Answer Questions

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### **Q.1. What is 'human capital formation'?**

**Ans.** When the existing 'human resource' is further developed by becoming more educated and healthy, we call it 'human capital through education training and medical care formation' that adds to the productive power of the country.

### **Q.2. How can investment be made in human capital?**

**Ans.** Investment in human capital through education training and medical care yields a return just like investment in physical capital. Higher income is earned because of higher productivity of the more educated or the better trained persons, as well as the higher productivity of healthier people.

### **Q.3. Classify various activities on the basis of its economic benefit?**

**Ans.** Various activities have been classified into three main sectors:

- (i) Primary Sector
- (ii) Secondary Sector
- (iii) Tertiary Sector

### **Q.4. What are Market Activities?**

**Ans.** Economic activities are also called Market activities. Market activities involve remuneration to any one who performs activity performed for pay or profit. These include production of goods or services including government service.

### **Q.5. How is human resource different from other resources like land and physical capital?**

**Ans.** Human resource is different in the following ways:

- (i) Land and other resources are specified, fixed or limited but human resources can be nurtured through education and health.
- (ii) Human resource can bring change in other resources, while other resources cannot change or affect human resource.
- (iii) Human resource can make use of land and capital. Land and capital cannot become useful on its own.

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

**OR**

**How does investment in human capital yield a return just like investment in physical capital?**

**Ans.** Education helps in the human capital formation in the following ways:

**(i)** Investment in education of human resource results in the formation of human capital.

**(ii)** One can earn higher income because of higher productivity of the more educated or better trained persons, thus contributing towards human capital formation.

**(iii)** Investment in human resource via education and medical care can give higher rates of return in the future.

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

**Ans. (i)** Health sector development can prove useful for the economy.

**(ii)** Healthier the people, the more they work, and the more they produce and earn.

**(iii)** As it is said, 'Health is Wealth'; a healthy person's capacity to work increases and he becomes more productive and hence, earns more.

**Q.8. Is it true that educated parents invest more heavily on their children's education and why?**

**Ans.** This is because they have realised the importance of education for themselves and their children. They are also conscious of the proper nutrition and hygiene one needs. They accordingly look after their children's needs for education at school, and good health.

**Q.9. What is the role of health in the working life of an individual?**

**Ans. (i)** The health of a person makes him realise his potential and the ability to fight illnesses.

**(ii)** An unhealthy person becomes a liability for an organisation and hence his country.

**(iii)** Health is an indispensable basis for realising one's own well-being.

**Q.10. What are the differences between Market and Non-market activities?**

**Ans.**

Market Activities	Non-market Activities
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<b>1.</b> Market activities involve the remuneration paid to anyone who performs an activity for earning profit or pay.	<b>1.</b> Non-market activities are those where production is for self-consumption.
<b>2.</b> Include production of goods and services, including government service.	<b>2.</b> These activities can be for consumption and processing of primary products for one's own self.
<b>3.</b> It gets you profit.	<b>3.</b> It doesn't get you any profit.

**Q.11. How do educated women earn at par with their male counterparts?**

**Ans. (i)** Women with high education and skill formation are paid at par with the men.

**(ii)** Among the organised sector, teaching and medicine attracts them the most.

**(iii)** Some women have entered the administrative and other services including those jobs which need high levels of scientific and technological competence.

**Q.12. What is India's national policy for health?**

**Ans.** It aims at improving the accessibility of healthcare, family welfare and nutritional service with a special focus on the underprivileged segment of the population. Over the last five decades, India has built up a vast health infrastructure and manpower required at the primary, secondary and tertiary sectors both at the government level as well as in the private sector.

**Q.13. Explain the term 'unemployment' in the context of India.**

**Ans.**

- Unemployment exists when people who are willing to work at the going wages cannot find jobs. It can be explained as below:
- The workforce population includes people from 15 to 59 years. Therefore, if people below 15 years and above 59 years do not have a job, they cannot be called unemployed.
- In India, unemployment can be categorised as in rural and urban areas. Further, rural unemployment includes seasonal and disguised unemployment and urban unemployment includes educated unemployment.

**Q.14. Why are people of a country referred as resource?**

**Ans.** '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, emphasises its ability to contribute to the creation of the Gross National Product. Like other resources, population also is a resource—a human resource.

**Q.15. Is large population considered a liability rather than an asset?**

**Ans.** For many decades in India, a large population has been considered a liability rather than an asset. But a large population need not always be a liability. It can be turned into productive asset by investment in human capital. It can be done by spending resources on education and health for all, training of industrial and agricultural workers in the use of modern technology and useful scientific researches, etc.

**Q.16. What is the present employment scenario in the three sectors?**

**Ans. (i) Primary Sector:** Agriculture is the most labour-absorbing sector of the economy. In recent years, there has been a decline in the dependence of population on agriculture partly because of disguised unemployment. Some of the surplus labour in agriculture has moved to either the secondary or the tertiary sector.

**(ii) Secondary Sector:** Small-scale manufacturing is the most labour absorbing.

**(iii) Tertiary Sector:** Various new services are now appearing like biotechnology, information technology, media and so on.

**Q.17. What does 'human capital' stand for?**

**Ans. (i)** Population is an asset for the economy rather than a liability.

**(ii)** Population becomes human capital when there is investment made in the form of education, training and medical care.

**(iii)** In fact human capital is the stock of skill and productive knowledge embodied in them.

**Q.18. What is the role of education in human capital formation?**

**Ans. (i)** Investment in human resource can give high rates of return in the future.

**(ii)** A child with investments made on his/her education and health can yield a high return in the future in the form of higher earnings and greater contribution to the society.

**(iii)** Educated parents invest more heavily on the education of their child. This is because they have realised the importance of education for themselves.

**Q.19. What does quality of population imply?**

**Ans. (i)** The quality of population depends upon the literacy rate and health of a person indicated by life expectancy and skill formation acquired by the people of the country.

**(ii)** The quality of population ultimately decides the growth rate of the country.

**(iii)** Illiterate and unhealthy population is a liability for the economy, whereas literate and healthy population is an asset.