

CBSE Class 11 Economics

Revision Notes

Chapter - 13

HUMAN CAPITAL FORMATION IN INDIA

Human capital refers to the stock of skill, ability, expertise, education and knowledge in a nation at a point of time.

Physical capital refers to assets which themselves have been manufactured and are used for production of other goods and services.

Difference between Physical Capital and Human Capital :-

Physical Capital	Human Capital
It is tangible	It is intangible.
It is separable from its owners.	It cannot be separated from its owners.
It is perfectly mobile between the countries.	Its mobility is restricted by nationality and culture.
It depreciates over time due to constant use or due to change in technology.	It though depreciates with ageing but can be made up through continuous investment in education and health.
It creates only private benefit.	It creates private benefit as well as social benefit.

Human capital formation is the process of adding to the stock of human capital over a period of time.

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.

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.

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.

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.

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

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.

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.

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.

Interrelationship between human capital formation and economic growth

Human capital formation raises the process of Economic Growth and economic growth raises the process of human capital formation.

(i) Rise in human capital raise economic growth

Rise in Human Capital

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Modern attitude and outlook, better quality of life, Higher life expectancy

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More Efficiency

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More Production

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More economic growth

(ii) Rise in economic growth raises human capital formation

Rise in Economic Growth

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Rise in per capita income

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More investment in education and health

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Rise in human capital

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.