



## ECONOMICS

### CHAPTER 14: HUMAN CAPITAL FORMATION IN INDIA

**Class: 11 (ISC)**  
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#### **Meaning:**

Human capital formation or human resource management refers to the process of improvement in the knowledge, skill, ability and physical capacity of the people.

#### **How people of a country can become resource?**

Population of a country can become human resource through investments like *provisions of education, health services, water supply, housing, nutrition and family welfare facilities*. *Human capital formation is generally confined to expenditure on education and health*. Education and health not only generate productive human resources but also contribute directly to the wellbeing of the people. They are, therefore, known as social infrastructure.

#### **Role of Human Capital in Economic Development:**

##### 1. Helps in absorbing new techniques-

Modern techniques have become more complex and sophisticated. It is necessary to absorb these techniques so as to increase production and productivity. Knowledgeable and skilled workers can make better use of resources at their disposal by using new techniques more efficiently and will easily understand the problems involved in the use of these techniques. This enhances productivity and accelerates pace of economic growth.

##### 2. Increase in labour efficiency-

Human capital formation helps in increasing the efficiency and productivity of labour, hence yields higher income to the people. Skilled and technically knowledgeable workers are much more efficient than the unskilled workers. Moreover, availability of adequate health facilities increase physical capacity and stamina of the labourers. They can work longer and harder.

##### 3. Adds to productive capacity-

There are a number of ways. First, skilled labourers are helpful in updating and modernizing the existing indigenous technique through their skill and experience. Secondly, Skilled and knowledgeable workers can adapt and modify the imported techniques to suit the local requirements. Thirdly, they can help in developing new techniques of production.

##### 4. Instrument of Economic changes-

Human capital formation is an important tool for bringing about economic change in the society. Education helps people in changing their attitude and values. It is no longer traditional and custom bound and is replaced by modern attitude. Their attitude to work and save undergoes a radical change so as to promote economic growth. People tend to acquire growth-oriented attitude and aspirations. Educated and skilled people are helpful in innovating new ideas and new methods of production.

##### 5. Improves quality of life-



Human capital formation helps in improving the quality of life by increasing life expectancy, literacy ratio, level of per capita income and by providing adequate water supply, housing facilities etc, to the people.

## **Education – A Source of Human Resource Development**

Education is a crucial investment in human beings. Learning can be acquired in three different ways, namely, Formal education, Non-formal education and Informal education.

**Formal Education** is a systematic and organized education which is imparted according to a given *curriculum and set of laws and norms*. It involves *interaction of students with teachers in the educational institutions*. It is received in educational institutions like *schools, colleges and universities*. Thus, formal education involves education process normally adopted by educational institutes.

**Non-Formal Education** is a systematic and organized educational activity which is conducted *outside formal system*. It consists of the form of teaching and education that is related to formal education to a limited extent. It was launched for the children of 6-14 years age group children living in rural, tribal, desert, hilly, remote areas and urban slums. It is *imparted according to a flexible curriculum* depending on the *learning group like children, women* etc. It involves *voluntary schools, evening schools, day folk schools*, etc. It may be provided by government or by non- government organizations (*NGOs*).

**Informal Education** includes all forms of education that *takes place outside standard educational setting*. It is usually *gained through experience in social environment and surroundings* in places such as home, workplace through daily interaction among workers of the society. It also involves learning through various activities like listening to radio, watching televisions, etc.

### **Contribution of Education to Economic Development:**

#### 1. Useful in Developing Scientific Outlook-

Education develops human personality by widening the mental horizon and raising the level of understanding of the people. It promotes *a rational and scientific outlook, developing appropriate values and attitudes*.

#### 2. Helpful in Raising Efficiency:

Education is helpful in raising efficiency and productivity by developing science and technology. It enables people to *acquire skills and talents*.

#### 3. Increasing Participation of People in the Process of Economic Development-

Education helps people to participate in developmental activities, making them more conscious of their responsibility towards society and development of the country.



#### 4. Ensuring Equity and Social Justice-

Education is an important instrument in ensuring equity and social justice. Better education facilities for the common people help them to earn higher incomes and thereby reduce the incidences of poverty and inequalities.

#### 5. Improvement in Quality of Life:

Education improves quality of life as it is a necessary input for better living. It helps in bringing about improvement *in health, hygiene, productivity and other components of quality of life.*

#### **Growth of Education Sector in India:**

In our Indian Constitution, Education is placed under the concurrent subject i.e., responsibility of both the central government (in formulating education policies and funding centrally-sponsored plan schemes) and state government (for expansion of education in respective states).

#### **The education profile in India is as follows-**

**1. Literacy-** *Literacy is a state of persons who can read and write a simple passage in any language with understanding.* The ratio of literate persons to total population of age seven or more is known as **literacy ratio**. An increase in literacy is generally accepted as an indicator of spread of education.

**National Literacy Mission** programme was set up in 1988 to provide meaningful education to the youths in the age group of 15-25 years. In 2009, this programme was recast as **Saakshar Bharat** with a focus on female literacy.

**2. Elementary Education-** It covers students from classes I-VIII in the age group of 6-14 years. It comprises of two parts- first, Primary school (class I-V) corresponding to age group of 6-10 years and second, Upper primary (middle) school (VI-VIII) corresponding to the age group 11-14 years.

**Universalisation of Elementary Education** have been given high priority in India. An amendment of *Education for All* was passed in November 2001 to make the right to free and compulsory education for children of the age group of 6-14 years as a fundamental right. A landmark in the Indian education came in the year 2009 with the enactment of **Right of Children to Free and Compulsory Education Act 2009 (RTE Act)**. The Act provides for *free and compulsory education for all the children of the age group of 6-14 years.*

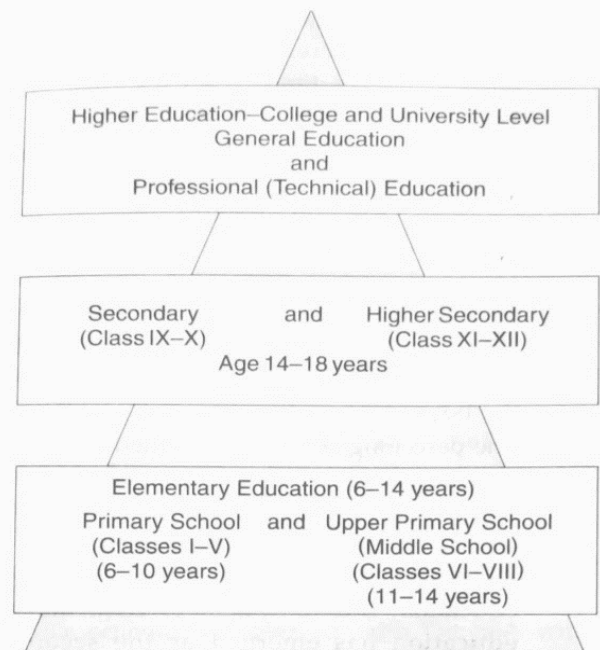


Fig. 1: Indian Education System



As per the provision of this Act, it is the responsibility of the Government and the local authorities to establish neighbourhood schools to provide free elementary education. It is the responsibility of the parents/ guardians to admit their children for elementary education in these schools.

#### Programmes for Expansion of Elementary Education by Government-

- a. **Sarva Shiksha Abhiyan (SSA)**- Launched in 2001 with the objective to focus on elementary education covering all the children of 6-14 years age in schools so as to improve the quality of elementary education. SSA is the programme of opening new schools, constructing of additional classrooms, toilets, providing drinking water facilities, providing additional teachers, free textbooks and uniforms.
- b. **National Programme for Education of Girls at Elementary Level (NPEGEL)**- Aims at developing model schools for girls in educationally backward areas, involving people in increasing the enrolment of the girls in these schools.
- c. **Kasturba Gandhi Balika Vidyalaya (KGBV)** - Its objective is to ensure access of quality education to the girls of less privileged groups of society. It was launched in July 2004 for setting up residential schools at upper primary level for girls predominantly belonging to the scheduled castes, scheduled tribes, other backward classes, minority communities and families below the poverty line in educationally backward blocks. It later got merged with the SSA from 1<sup>st</sup> April, 2007.
- d. **National Programme of Mid-day Meals in schools** – Under this programme, cooked nutritious mid-day meal is provided to children in the primary and upper primary schools. It covers all the children studying in local bodies and government- aided primary and upper primary schools. It has not only led to the improvement in nutritional levels among children but has also resulted in increase in school enrolment and attendance.
- e. **Beti Bachao, Beti Padhao (Save Girl Child, Educate Girl Child)** – Launched in 2015, it aims at preventing gender bias against the girls, ensuring survival and protection of the girls and promoting education of the girls. It also aims at addressing the issue of lower ratio of girls to boys. It promotes survival, protection and education of the girl child resulting in increased awareness and conscious building on the critical issues of gender bias.

**3. Secondary Education-** The secondary education sector prepares students in the age group of 14-18 years for entering into higher education as well as the labour market. It comprises secondary education for classes IX-X and senior secondary education for classes XI-XII.

- a. The number of secondary and senior secondary schools has increased along with increased student enrolment.
- b. There has been an emphasis on vocationalisation and employment-oriented courses in recent years in order to make secondary education more meaningful and to enhance the employability of youth.



- c. Open schools provide educational opportunities up to pre-degree level to school dropouts, working adults and housewives. National Institute of Open Schooling (NIOS) was set up in 1989 as an autonomous body by the Government of India.
- d. A scheme of Kendriya Vidyalayas (Central Schools) under the Ministry of Human Resource Development was launched in 1965 to cater to the needs of the children of transferable central government employees and defense personnel.
- e. Establishment of pace-setting schools like Jawahar Navodaya Vidyalayas (JNVS) were started to impart modern education of good quality to talented and gifted children largely from rural areas. JNVs are fully residential and co-educational schools affiliated to CBSE with classes from VI to XII standard.
- f. High quality model schools in educationally backward block was launched in 2008 to bring about excellence in school education. It aims to provide quality education to talented rural children. This centrally sponsored scheme is operated by the state governments.
- g. Important examination reforms were announced in 2009-10 comprising of introduction of grades system in place of marking system in the Class X examination, a system of continuous and comprehensive evaluation for the assessment of students of Class IX and X and abolition of Class X Board examination in the CBSE schools. However, Class X Board examination has been reintroduced with effect from 2017-18.
- h. National Council of Education Research and Training (NCERT) was set up in 1981 to assist and advice the Ministry of Human Resource Development, Government of India, in implementing policies and programmes in the field of school education. The council conducts, promotes and coordinates research in school education. It also develops, prints and distributes school textbooks.

#### **4. Higher Education**

Higher education is a powerful tool to build knowledge-based 21st century society comprising of both the general and technical education. University level education has shown a phenomenal progress since 1950-51 with increase in the number of colleges and universities. There has been development of higher educational institutions like Indian Institutes of Technology (IITs), National Institutes of Technology (NITs), Indian Institute of Management (IIMs). The number of polytechnical institutions, engineering colleges, agricultural universities has increased significantly.

#### **INSTRUCTIONS TO STUDY THIS CHAPTER:**

- Please read your book for detailed information of the above topics.
  - The length of the answer depends on the marks in the question paper.
  - Draw diagram wherever necessary.
  - Examples can be used to elaborate your points for this chapter.
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