



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
WORKSHEET: 1	Topic: Human Capital Formation

- Which of the following statements is true about human capital?
 - Human resource and human capital are related to each other
 - Human development and human capital are related to each other
 - Both a and b are correct
 - Both a and b are incorrect
- Which of the following is a major source of human capital formation in India?
 - Expenditure on on-the-job training
 - Expenditure on education
 - Both a and b are correct
 - Both a and b are incorrect
- Which of the following is not a source of transformation of human capital?
 - Expenditure for building factories and machines
 - Expenditure for migrating elsewhere looking for better employment opportunities
 - Expenditure for training on the job to increase productivity
 - All of the above
- Which of the following is not a merit of human capital formation?
 - Improves technical knowledge
 - Enlarges the size of business
 - Increases cost of production
 - Changes social outlooks
- Which of the following is not an indicator of education level?
 - Years of schooling
 - Life expectancy
 - Teacher-pupil ratio
 - Enrollment rate
- Which of the following is not the role of on-the-job training?
 - Eradicates inequality
 - Encourages innovation
 - Promotes modern methods
 - Enhances productivity

7. Which 5-year plan recognised the importance of Human Capital?
a. 8th Plan
b. 5th Plan
c. 4th Plan
d. 7th Plan
8. Who prepares the Human Development index?
a. WB
b. UNDP
c. IMF
d. RBI
9. Which bank said that India will emerge as one among four major growth centres in the world by 2020?
a. Asian Development Bank
b. Reserve Bank
c. World bank
d. Deutsche Bank
10. As per census 2011, the literacy rate in rural India is:
a. 74%
b. 69%
c. 85%
d. 60%
11. Which level of education takes the major share of educational expenditure in India?
a. Elementary
b. Secondary
c. Tertiary
d. Higher
12. When was the Right to Education Act enacted?
a. 2008
b. 2009
c. 2010
d. 2012

Assertion-Reasoning Questions:

Alternatives:

- a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion.
b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion.
c) Assertion (A) is true but Reason (R) is False.
d) Assertion (A) is False but Reason (R) is true.
1. **Assertion (A):** Expenditure on migration is a source of human capital formation.
Reason (R): Migration to other countries involves the cost from one place to another and the higher cost of living in the migrated places.
2. **Assertion (A):** The facilities for the formation of human capital have remained adequate

Reason (R): The resources allocated to human capital formation have been much less than the resources required.

3.. **Assertion (A):** Human Capital Formation is required for the effective use of physical capital.

Reason (R): The formation of human capital raises the life expectancy of the people.

4. **Assertion (A):** Human Capital Formation is a stock concept.

Reason (R): Stock refers to the variables which are measured at a particular point of time.

Match and choose the correct combination.

(i) Preventive medicine	(A) medical intervention during illness
(ii) Curative medicine	(B) vaccination
(iii) Social medicine	(C) the spread of health literacy

(A) (i) – (B); (ii) – (A); (iii) – (C)

(B) (i) – (A); (ii) – (B); (iii) – (C)

(C) (i) – (C); (ii) – (B); (iii) – (A)

(D) (i) – (B); (ii) – (C); (iii) – (A)

Answer

Answer: (A) (i) – (B); (ii) – (A); (iii) – (C)

Basis of Difference	Human Capital	Human Development
Concept	Human capital is a comparatively narrow concept	Human development is a comparatively broader concept
Central theme	It considers that health and education are the best means to improve the productivity of the labour force	It considers that health and education help in the overall development of the individual, as a healthy individual with proper education can take decisions that will help them lead a happy and healthy life
Welfare	In case of human capital, health and education are not useful as long as they do not result in improved productivity	Human development considers that human welfare is increased by having good health and proper education even if they do not result in any improvements in productivity

CASE BASED QUESTIONS: 1

Both forms of capital formation are the outcomes of conscious investment decisions. The decision regarding investment in physical capital is taken on the basis of one's knowledge in this regard. The entrepreneur possesses the knowledge to calculate the expected rates of return to a range of investments and then rationally decides which one of the investments should be made. The ownership of physical capital is the outcome of the conscious decision of the owner the physical capital formation is mainly an economic and technical process. Human capital formation takes place in one's life when she/he is unable to decide whether it would maximize her/his earnings. Children are given different types of school education and health care facilities by their parents and society. Moreover, the human capital formation at this stage is dependent upon the already formed human capital at the school level. Human capital formation is partly a social process and partly a conscious decision of the possessor of the human capital.

On the basis of the above, answer the following:

- 1) Which of the following does not correctly differentiate between the physical and human capital?
 - a) Human capital is intangible whereas physical capital is tangible.
 - b) Human capital can cope up with the changing technology whereas physical capital cannot.
 - c) Human capital generates both personal and societal benefits whereas physical capital generates only personal benefit.
 - d) Human capital gets obsolete with time whereas physical capital does not.
- 2) In the context of the paragraph, it can be argued that human capital depreciates faster than the physical capital. The given statement is:
 - a) True
 - b) False
 - c) Partially true
 - d) Can't comment due to lack of proper estimation mechanism
- 3). Machines and industrial tools are examples of _
 - a) Physical capital
 - b) Human capital
 - c) Both physical and human capital
 - d) Natural capital
- 4.) Investment in education by parents is the same as _____
 - a) Investment in intermediate goods by companies
 - b) Investment in CSR activity by companies
 - c) Investment in capital goods by companies
 - d) None of the above

CASE BASED QUESTIONS: 2

Just as a country can turn physical resources like land into physical capital like factories, similarly, it can also turn human resources like nurses, farmers, teachers, students into human capital like engineers and doctors. Societies need sufficient human capital in the first place —in the form of competent people who have

themselves been educated and trained as professors and other professionals. Investment in education is considered as one of the main sources of human capital. There are several other sources as well. Investments in health, on- the job training, migration and information are the other sources of human capital formation. Education by individuals is similar to spending on capital goods by companies with the objective of increasing future profits over a period of time. Likewise, individuals invest in education with the objective of increasing their future income.

1. A person becomes a human resource when he or she: *
 - a) Is willing to work
 - b) Is able to work
 - c) Belong to a particular age group
 - d) All the above

2. Stock of capital measures production capacity of a nation.
Financial / Physical

3. Human capital refers to the stock of _____
 - a) Wealth
 - b) Assets
 - c) Expertise
 - d) All of above

4. Which of the following problem of human capital formation in India.
 - a) Brain drain
 - b) High population
 - c) Low academic standard
 - d) All of these