



CLASS – 11

ECONOMICS

Indian Economy Development

CH-4 : Human Capital Formation in India

Part – 4

Problems in Human Capital
Formation

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1. Introduction to Human Capital
2. Sources of Human Capital Formation
3. Roles of Human Capital Formation
4. Problems in Human Capital Formation
5. Education Sector in India



Problems of Human Capital Formation

① Rising Population

② Brain Drain
(Migration)

③ Deficient Manpower Planning

④ Insufficient On-the-Job
Training in Primary Sector

⑤ Low Academic Standards

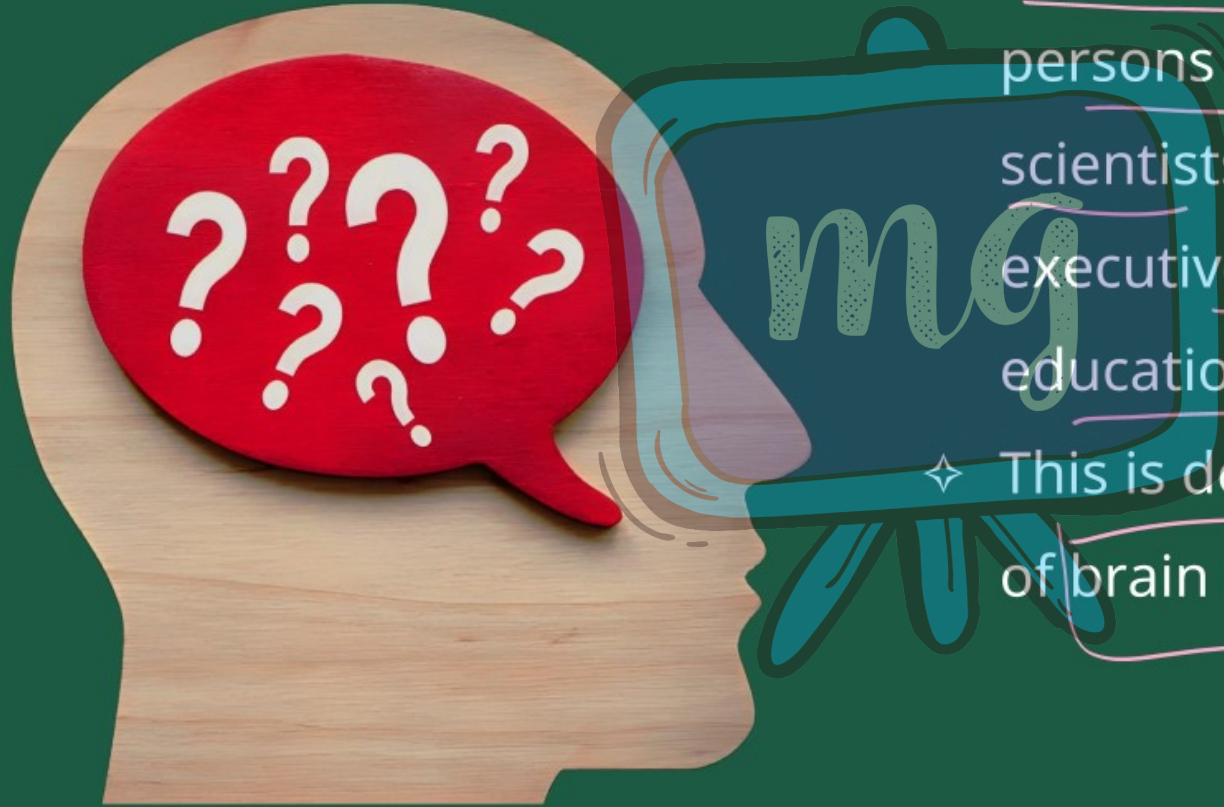
1. Rising Population

- ✦ The rapidly rising population adversely affects the quality of human capital.
- ✦ It reduces the per-head availability of the existing facilities relating to housing, sanitation, drainage, water-system, hospitals, education, power supply, etc.

2. Brain Drain

✧ Migration of persons (born, educated, and trained in India) to developed countries is a serious threat to the process of Human Capital formation in the country.

— School
— colleges
— train } HC —> other

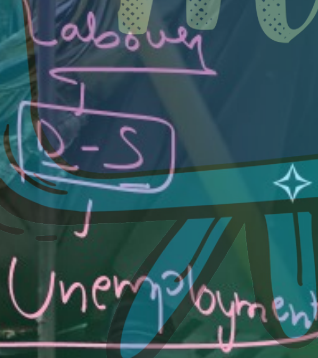


- ✧ Those who decide to migrate are persons of high calibre such as scientists, administrators, executives, engineers, physicians, educationists, etc.
- ✧ This is described as the problem of brain drain.

3. Deficient Manpower Planning

✧ Not enough efforts have been made to maintain the demand-supply balance of the ever-rising labour force in the country.

✧ As a result, India is facing an explosive problem relating to graduate unemployment.



✧ It is a sad reflection on the
wastage of human power and
human skill.



4. Insufficient On-the-Job

Training in the Primary Sector

- ✧ There is insufficient on-the-job training in agriculture sector.
- ✧ This creates the problem of unskilled labourers, hence reducing human capital formation.
- ✧ This makes the growth of primary sector stagnant.

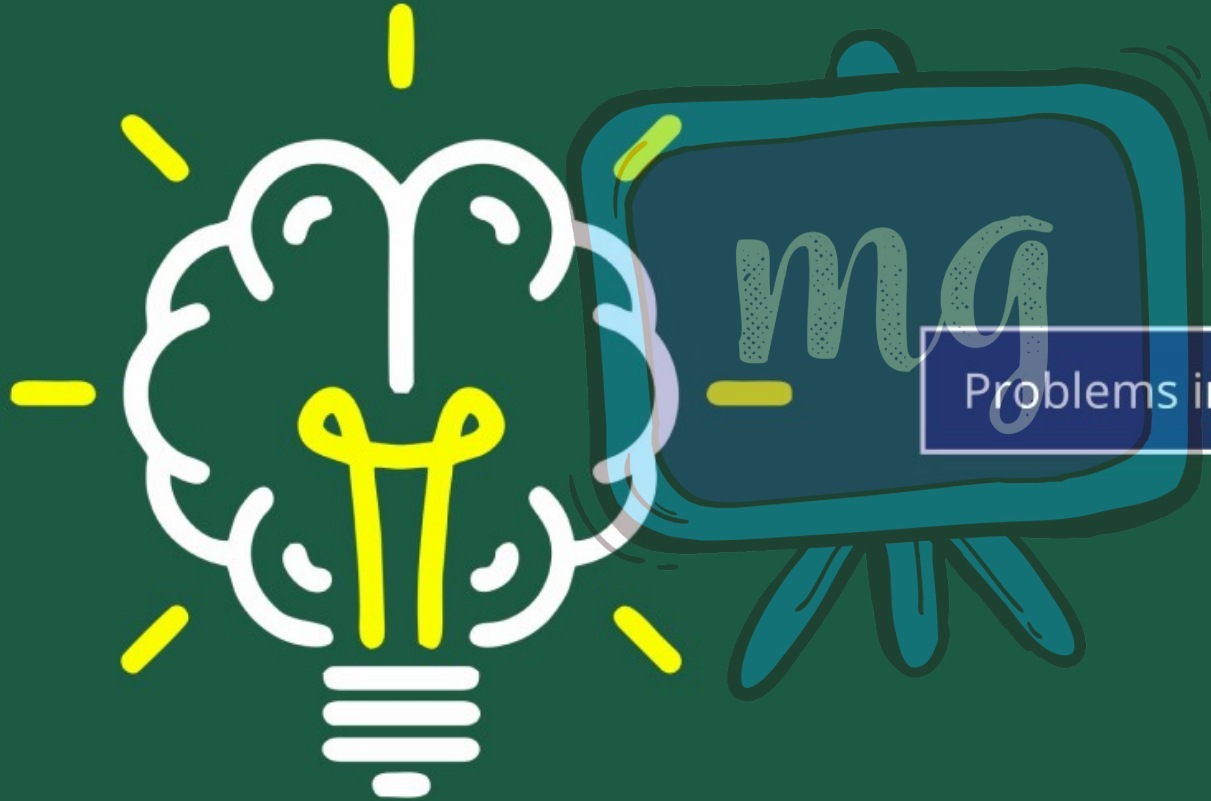
5. Low Academic Standards

✦ In our enthusiasm to spread higher education, we have been opening many universities, unmindful of their academic standards.



✧ Consequently, we have a large
army of half-baked graduates and
post-graduates whose deficient
skills only lowers the level of
efficiency/productivity.





Problems in Human Capital Formation

1 Which of the following is a primary problem in India for Human Capital formation?

- ☒ A Rapidly growing population
- ☐ B Increase in Education facilities
- ☐ C High academic standards
- ☐ D All of the above

2

Which of the following is not a problem in India for Human Capital formation?

- ☒ A Rapidly growing population
- ☒ B Insufficient on-the-job training
- ☒ C Low academic standards
- ☐ D All of the above

3

Migration of people to other developed countries is a threat to human capital formation, this is called

- ☐ A Deficient man power planning
- ☒ B Brain Drain
- ☐ C Lack of educational awareness
- ☐ D Lack of health facilities

4

Ineffective management of demand and supply of labor in India indicates which problem?

- ☒ A Brain drain
- ☒ B Deficient manpower planning
- ☒ C Rising Population
- ☒ D None of the above