

CHAPTER-4 | Human Capital Formation in India

QUIZ PART-03

1. Which environment becomes more conducive to growth due to human capital formation?
A. Political environment
B. Emotional and material environment
C. Natural environment
D. Legal environment (B)

Explanation : Human capital formation fosters a growth-oriented attitude (emotional) and skilled workforce (material), aiding economic growth.

2. How does human capital formation improve the productivity of physical capital?
A. By reducing the number of workers
B. By ensuring machines are handled by skilled personnel
C. By discouraging the use of technology
D. By lowering the quality of capital (B)

Explanation : Skilled engineers and workers use machines more efficiently, raising output per unit of capital.

3. What is considered the lifeline of growth?
A. Labour migration B. Innovation
C. Public sector expansion
D. Agricultural subsidies (B)

Explanation : Human capital formation enhances innovative skills, which are regarded as the lifeline of growth.

4. Which role of human capital formation increases the rate of participation in production?
A. Higher productivity of physical capital
B. Change in emotional environment
C. Higher rate of participation and equality
D. Innovation (C)

Explanation : Human capital increases labour force capacity, creating more employment and boosting participation.

5. What kind of relationship exists between human capital and economic growth?
A. No relation
B. One-way relation only
C. Cause-and-effect relation
D. Inverse relation (C)

Explanation : Human capital fosters growth, while growth further enhances human capital investment — showing a cause-and-effect link.

6. What does economic growth imply in this context?
A. Reduction in human capital stock
B. Increase in per capita real income and goods/services
C. Decline in employment opportunities
D. Stagnation in education and skill levels (B)

Explanation : Growth implies higher per capita income, allowing more investment in education and skills.

7. Which of the following is not a step of human capital formation?
A. Increase in human capital stock
B. Increase in employment
C. Ineffective use of physical capital
D. Higher level of income (C)

Explanation : Ineffective use of physical capital hinders progress, unlike the other three which are part of human capital formation.

8. Why is human capital formation necessary?
A. To encourage only industrialisation
B. For environmental growth, higher productivity, and innovations
C. To restrict education
D. To promote unemployment (B)

Explanation : It fosters growth-friendly environment, improves productivity, and boosts innovation — making it essential for development.

9. Which factor facilitates higher investment in education and skills?
A. Falling income
B. Higher income due to growth
C. Limited resources
D. Stagnant productivity (B)

Explanation : Growth increases income, enabling households and government to invest more in education and skill formation.

10. Which of the following roles is directly linked with technological progress?
A. Emotional growth
B. Innovation through human capital formation
C. Equality of participation
D. Material environment only (B)

Explanation : Human capital formation strengthens innovation, which drives technological progress and productivity.