

CHAPTER-4 | Human Capital Formation in India

QUIZ
PART-02

1. Which of the following is considered the most effective way of raising a productive workforce?

- A. Expenditure on health
- B. Expenditure on education
- C. Migration
- D. On-the-job training (B)

Explanation : Education enhances an individual's earning capacity and productivity, making it the most effective source of human capital formation.

2. Which statement about investment in education is correct?

- A. It provides only short-term benefits
- B. Its benefits are lower than its costs
- C. It increases future income beyond initial expenditure
- D. It is unrelated to human capital formation (C)

Explanation : Education raises lifetime earnings far beyond initial expenditure, making it a prime source of human capital.

3. How does expenditure on health contribute to human capital?

- A. By lowering GDP contribution
- B. By reducing labour supply
- C. By making workers efficient and productive
- D. By discouraging labour migration (C)

Explanation : Health expenditure increases the supply of healthy labour, boosting efficiency and productivity.

4. Which type of training improves specialised skills of workers?

- A. On-the-job training
- B. Migration
- C. Formal schooling
- D. Expenditure on information (A)

Explanation : On-the-job training sharpens specialised skills and enhances worker productivity, either in-firm or off-campus.

5. Which programme helps enhance productivity apart from formal schooling?

- A. Study programmes for adults
- B. Tariff programmes
- C. Export-import policy
- D. Government subsidies (A)

Explanation : Adult education programmes organised by the government or NGOs improve skills and productivity.

6. Why does migration contribute to human capital formation?

- A. It reduces opportunities for skilled workers
- B. It helps utilise inactive or underutilised skills for better earnings
- C. It lowers the cost of living
- D. It eliminates training needs (B)

Explanation : Migration allows individuals to use their skills more effectively, fetching higher salaries and productivity.

7. Which of the following is a cost associated with migration?

- A. Lower salaries
- B. Increased leisure time
- C. Transport costs and psychic costs of relocation
- D. Reduced productivity (C)

Explanation : Migration involves transport, higher living costs, and emotional costs, though benefits usually outweigh them.

8. What role does expenditure on information play in human capital formation?

- A. It restricts people from entering labour markets
- B. It enables better decision-making regarding jobs and education
- C. It increases cost without benefit
- D. It discourages skill acquisition (B)

Explanation : Spending on job and education-related information helps people make informed decisions and utilise skills efficiently.

9. Which of the following is not a source of human capital formation?

- A. Expenditure on health
- B. On-the-job training
- C. Production process of a firm
- D. Migration (C)

Explanation : While health, training, and migration add to human capital, the production process alone does not.

10. Which source signifies knowledge relating to labour markets and institutions as human capital formation?

- A. Expenditure on information
- B. Study abroad programmes
- C. Health
- D. Education (A)

Explanation : Information on job markets and institutions enables better skill utilisation and investment decisions.