

People as Resource

Overview

Population is an asset for the economy rather than a liability. It becomes human capital when investments are made in the form of healthcare, training and education. Land and capital are made useful by human capital. That is why human capital is superior to other forms of capital.

People as a resource refers to a country's working people in terms of their existing productive skills and abilities. This productive nature of population helps to develop the Gross National Product¹ (GNP) of a country through its abilities. So, it is also known as Human Resource.

When the existing human resource is further developed by becoming more educated and healthy, it is called human capital formation.

Investment in Human Capital

Investment in human capital through education, training and medical care yields a return just like investment in physical capital.

For example, more educated or better trained persons earn higher income because they give higher productivity to their employers. In the same way, a healthier person can also give higher productivity and earn a good income.

Population can be turned into a productive asset by

- spending resources on education and health for all.
- giving training to industrial and agricultural workers for using modern technology.
- providing useful scientific researches and so on.

¹ Gross National Product A measure to value what the country's citizens produce in a given year, whether or not the production occurred in the country itself.

Chapter Syllabus

- Overview
- Economic Activities by Men and Women
- Quality of Population
- Unemployment

Investment in Education and Health

Investment in human resources through education and medical care can give high rates of return in future. This investment on people is the same as investment in land and capital.

Educated parents are found to invest more heavily on the education of their children. They are also more aware of their children's needs of nutrition and hygiene. A virtuous cycle² is created in this case.

In contrast a Vicious Cycle is created for those parents who are themselves not educated and lacking in hygiene.

Countries like Japan have invested heavily in human resources because they did not have adequate natural resources. They import the natural resources needed by the country.

They have invested on people especially in the field of education and health. These people have made efficient use of other resources like land and capital. Efficiency and technology evolved by people have made these countries developed.

Economic Activities by Men and Women

Activities which add value to the National Income are called economic activities or market activities.

They are classified into three sectors

- Primary Sector** All activities which use natural resources are classified in this sector. Primary sector includes agriculture, forestry, dairy farming, animal husbandry, fisheries, poultry farming, mining and quarrying.
- Secondary Sector** All activities which use products produced in the Primary sector for manufacturing of goods are classified in this sector. All manufacturing processes and construction activities are included in the Secondary sector.
- Tertiary Sector** All activities which support the Primary and Secondary sectors are classified in this sector. These include trade, transportation, communication, sales and services, education, health, tourism, banking, insurance, legal services, government etc.

Economic activities has two parts

- Market Activities** These activities involve paying to the person who performs an activity. For example, payments for the goods or services including government services.
- Non-market Activities** These activities are not paid as production of these activities is for self-consumption. For example, a mother, looking after children. Men working in the fields, earning money, which they spend on rearing their families are market activities. It is generally seen that men earn for their family and women look after the family. This division of labour between men and women in families is due to historical and cultural reasons.

Education and Skill: Determinants of Earning

Education and skill are the major determinants of earning of any individual in the market. A majority of women have low education and low skill compared to men. Most women work in Primary sector which lacks job security, legal protection and provides irregular and low income.

There is also absence of basic facilities like maternity leave, childcare leave and other social security systems. On the other hand, women with high education and skill are paid equally as men. Among the organised sector teaching and medicine attract the women most.

Check Point 01

- 1 Which country has invested heavily in its human resources?
- 2 The sector that manufactures goods is called
- 3 Govinda works as Human Resource Manager in a bank. Which sector of the economy does he work in?
- 4 activities are not paid as their production is for self consumption.
- 5 What are the major determinants of earning.

Quality of Population

The quality of population depends upon the literacy rate³, health of a person indicated by life expectancy and skill formation which is acquired by the people of the country.

The quality of the population ultimately decides the growth rate of the country. Literate and healthy population are an asset for a country.

that subsequently supports the first condition.

² Virtuous cycle A condition in which a favourable circumstance or result gives rise to another that subsequently supports the first condition. Economic growth is one such cycle.

³ Literacy rate This is the percentage of people above the age of 7 years with the ability to read and write with understanding.

Education

Education increases the National Income as well as the cultural richness and efficiency of governance.

Vocational education⁴ has been developed to provide skill-based education, which leads to ready employment.

Education in 12th Five Year Plan

The plan targets to increase the Gross Enrolment Ratio in Higher Education in age group 18-23 years is 27% in 2019-20. The plan also focuses on:

- (i) increasing access, quality, adoption of states-specific curriculum modification, vocationalisation and networking on the use of information technology.
- (ii) distance education as well as merging of formal, non-formal, distance and IT education institutions.

Education Scenario in India

There is provision for providing universal access, retention and quality in elementary education with a special emphasis on girls. Special schools called as Navodaya Vidyalaya have been established in each district in India.

In 2010-11 the literacy rates have increased from 18% in 1951 to 85% in 2018.

Female literacy remains much lower than male literacy all over India. Literacy among males is nearly 16.1% higher than females and it is also about 14.2% higher in urban areas as compared to rural areas.

There is also wide variation in literacy rates from one region of the country to another. For example, there is about 94% literacy in Kerala, but 62% in Bihar.

In 2017-18 the expenditure on education as a percentage of GDP was 2.8% in 2020-21.

Government Steps to Provide Education to All

Government has taken many steps towards providing elementary education to all.

Some important steps are

- * The primary school system has expanded to over 7,78,842 lakh in 2019-20 in India.

- 4 Vocational education An education that prepares people for specific trades, crafts and careers at various levels from a tradesman or craftsman to a professional position in engineering, accountancy, nursing, medicine, architecture, pharmacy, law etc.
- 5 Sarva Shiksha Abhiyan A Government of India programme aimed at the universalisation of elementary education in a time-bound manner making education free to children of ages 6-14 (estimated to be 205 million in number in 2001), a Fundamental Right.
- 6 Life Expectancy It is a statistical measure of the average time an individual is expected to live.
- 7 Infant Mortality Rate (IMR) It is the death of a child under one year of age.
- 8 Birth Rate It is the number of babies born for every 1000 people during a particular period of time.
- 9 Death Rate It is the number of people per 1000 who die during a period of time.

- * Government's initiative of Sarva Shiksha Abhiyan⁵ aims at providing elementary education to all children in the age group of 6 to 14 years.
- * Mid-day Meal Scheme has been implemented to encourage attendance and retention of school children and improve their nutritional status.

Health

Proper healthcare helps a person to realise his potential and ability to fight illness. So, the Government's National Policy on Health aims at improving the access to healthcare, family welfare and nutritional services.

During the last 50 years, India has built up a vast healthcare, manpower and infrastructure.

The results are

- * Life expectancy⁶ has increased to over 69.4 years in 2016.
- * Infant Mortality Rate⁷ (IMR) has come down from 147 in the year 1951 to 36 in the year 2020.
- * Crude Birth Rate⁸ (CBR) has dropped to 20 (2018) and Crude Death Rate⁹ (CDR) to 6.2 (2018) with in the same duration of time.

Unemployment

Unemployment exists when people who are willing to work at the going wages cannot find jobs. The workforce includes all people from the age of 15 years to 59 years.

Children and elderly people (60 years and over) are not included in workforce, so are not to be considered as unemployed.

Nature of Unemployment in India

In the case of India, there is unemployment in both rural and urban areas. In rural areas, there is seasonal and disguised unemployment whereas urban areas have mostly educated unemployment.

Seasonal Unemployment

It happens when people are not able to find jobs during some months of the year. People dependent upon agriculture usually face this kind of unemployment.

Disguised Unemployment

In this kind of unemployment people who are visibly employed are not actually employed.

For example, an agriculture field requires the service of five people but eight people are working in the same field then, these three extra people come under the category of disguised unemployed. Production will not decrease when three people are removed.

Educated Unemployment

In urban areas, many young people with matriculation, graduation and post-graduation degrees are not able to find jobs. This situation leads to educated unemployment. A paradoxical manpower situation (contradictory situation) is observed when there is surplus manpower in some category and shortage of manpower in others.

Effects of Unemployment

Unemployment has a harmful impact on the overall growth of an economy. Increase in unemployment is an indicator of a depressed economy. It also wastes the human resource.

Unemployment affects the economy in the following ways

- * Unemployment leads to the wastage of manpower resource. People who can be an asset for the economy into a liability.
- * Feeling of hopelessness and despair occurs among the youth. People do not have enough money to support their family.

- * Inability of educated people, willing to work to find gainful employment, implies a great social waste.
- * Unemployment tends to increase economic overload¹⁰
- * The dependence of the unemployed on the working population increases.
- * The quality of life of an individual as well as of society is adversely affected.
- * There is a general decline in health status and rising withdrawal from the school system.

Employment Structure

Agriculture is the most labour absorbing sector of the economy, but there is problem of disguised unemployment in this sector. Most of the primary sector activities are self employment i.e. where the whole family contributes in the work.

The secondary sector absorbs labour force in its small scale manufacturing units. Tertiary sector also absorbs labour. Some of the surplus labour in agriculture moves to these two sectors. In tertiary sector, new services like biotechnology and information technology are appearing.

Check Point 02

- 1 Which gender has higher literacy rate in India as per 2011 census?
- 2 The _____ scheme is implemented to encourage attendance and improve nutritional status of children.
- 3 No of babies born every 1000 people during a year is called _____.
- 4 Special schools called _____ is established in each district of India.
- 5 Which is the most labour absorbing sector of Indian economy?

10 Economic overload A situation when less number of employed people are supporting more number of unemployed people.

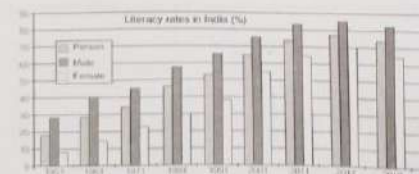
SUMMARY

- People who are part of the workforce are called **human resource**. Any other resource becomes useful only by the effort and skill of the **human resource**. Thus, human resource is a significant part of economy in a country.
- Investment in human capital by providing education, training and healthcare makes people educated and healthy which increases productivity.
- Educated parents invest in their child's education and health to secure a better future for them.
- Uneducated parents are unable to invest on education and healthcare of their children.
- Activities which add value to the national income are called **economic activities**. They are classified into three sectors: Primary sector, Secondary sector and Tertiary sector.
- Economic activities related to agriculture, poultry farming, fishing, horticulture, animal husbandry, mining, quarrying etc are called **Primary sector**.
- Manufacturing and construction are included in **Secondary sector**.
- Economic activities supporting Primary and Secondary sectors are called **Tertiary sector**, e.g. transportation.
- Economic activities are also called market activities as goods and services are produced for selling in the market. Non economic activities are those activities which are not done for selling e.g. mother teaching her children.
- The quality of population depends upon its literacy rate, life expectancy rate and skill formation.
- Government has taken several steps to improve education status in India like Mid Day Meal Scheme, Sarva Shiksha Abhiyan, opening of Navodaya Vidyalaya in each district etc.
- The government health care system consists of Primary Health Centres (PHCs), Community Health Centres and District Hospitals. Further, medical colleges are present in major cities where doctors of all specialities are present.
- **Unemployment** exists when people who are willing to work do not find work. It leads to the wastage of man-power and increases economic overload.
- **Seasonal and disguised unemployment** are commonly found in rural areas and educated unemployment in urban areas.
- Agriculture is still the largest employer in India. However, the percentage of people working in agriculture has declined in recent years.
- In the Secondary sector, small-scale manufacturing employs more labour and hence provides employment to a large number of people.
- In recent years, the IT sector has produced more opportunities for the technically qualified people.

NCERT FOLDER

Let's Discuss on page 21

- 1 Study the graph and answer the following questions.



- Have the literacy rates of the population increased since 1951?
- In which year has India the highest literacy rate?
- Why is literacy rate high among the males of India?
- Why are women less educated than men?
- How would you calculate literacy rate in India?

- What is your projection about India's literacy rate in 2025?

Ans. (i) Yes, the literacy rates of the population have increased since 1951 as shown below

| Literacy in 1951 | Literacy in 2018 |
|------------------|------------------|
| Male-28% | Male-83% |
| Female-11% | Female-65% |

- India has the highest literacy rate in 2017.
- India traditionally has a patriarchal society where more importance is given to males. Culturally, due to division of labour, the males are expected to go out of their homes for work so they have better access to education. Poor families, due to monetary constraints, prefer to send only their sons to school and not their daughters. Therefore, literacy rate is higher among the males.