



Question 9. Discuss the following as sources of human capital formation

- (a) Health infrastructure
- (b) Expenditure on migration.

Answer.

1. Health Infrastructure. Health is another important source of human capital formation. Preventive medicine (vaccination), curative medicine (medical intervention during illness), social medicine (spread of health literacy) and provision of clean drinking water and good sanitation are the various forms of health expenditure. Health expenditure directly increases the supply of healthy labour force and is, thus, a source of human capital formation.
2. Migration. People sometimes migrate from one place to the other in search of better job. It includes migration of people from rural areas to urban areas in India and migration of technical personnel from India to other countries of the world. Migration in both these cases involves cost of transport, higher cost of living in the migrated places and psychic costs of living in a strange socio-cultural set-up. The enhanced earnings in the new place outweigh the costs of migration. Expenditure on migration is also a source of capital formation.

Question 10. Establish the need for acquiring information relating to health and education expenditure for the effective utilisation of human resources.

Answer. People need to have information on the cost and benefit of investment in health and education. When people know the benefits of their investment in these two areas, they make more expenditure. The result is more human capital formation.

Question 11. How does investment in human capital contribute to growth?

Answer. Role of Human Capital Formation in Economic Growth:

1. Raises Production .
2. Raises Efficiency and Productivity
3. Brings Positive Changes in Outlook and Attitudes
4. Improves Quality of Life
5. Raises Life Expectancy
6. Raises Social Justice.

Question 12. 'There is a downward trend in inequality world-wide with a rise in the average education levels. Comment.

Answer. This is true, because education makes everyone equal and they earn similar salaries. It reduces inequalities of income world wide.

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