

## Economics chp 2 People as Resources

### Question-1

What do you understand by 'people as a resource'?

#### **Solution:**

'People as Resource' is a way of referring to a country's working people in terms of their existing productive skills and abilities. Human resource is an asset for the economy rather than a liability. Population becomes human capital when there is investment made in the form of education, training and medical care. In fact, human capital is the stock of skill and productive knowledge embodied in them.

### Question-2

How is human resource different from other resources like land and physical capital?

#### **Solution:**

**Human resource is different in the following ways:**

1. Land and other resources are fixed, limited and specified whereas human resources can be nurtured through education and health.
2. Human resources can bring a change in other resources whereas other resources can not change or affect human resource.
3. Human resource can make use of land and physical capital whereas land and physical capital can not become useful on its own.

### Question-3

What is the role of education in human capital formation?

#### **Solution:**

Educated people find jobs in private firms while the uneducated people continue with the same work as their parents. They earn a meagre income like their parents, which is just enough to support a family. Several years of education adds to the quality of labour. This enhances their total productivity. Total productivity adds to the growth of the economy. This in turn pays an individual through salary or in some other form of his choice. It is a known fact that with investments made on education and health; one can yield a high return in the future in the form of higher earnings and greater contribution to society.

### Question-4

What is the role of health in human capital formation?

#### **Solution:**

**The role of health in human capital formation is as follows:**

1. Healthier people have higher productivity because the health of a person helps him to realise his potential and the ability to fight illness. On the other hand, an unhealthy person becomes a liability for an organisation.
2. It improves the quality of life. A healthy person is able to do his work in a proper and efficient way.

3. A healthy person makes greater contribution to society as compared to an unhealthy person.
4. Good health enables a person to earn more and to be more regular in his work.

#### Question-5

What part does health play in the individual's working life?

##### **Solution:**

Health plays a very important role in an individual's life because as we all know health is wealth and only a healthy person can work or perform to his full potential. An unhealthy person can not work efficiently. A healthy person is able to work harder and better, thus, earning more and living a better life. If the body is healthy, only then one can perform well. So, we can say that health plays a vital role in an individual's life.

#### Question-6

What are the various activities are undertaken in the primary sector, secondary sector and tertiary sector?

##### **Solution:**

The various activities have been classified into three main sectors i.e., primary, secondary and tertiary. The primary sector includes agriculture, forestry, animal husbandry, fishing, poultry farming, and mining. Quarrying and manufacturing is included in the secondary sector. Trade, transport, communication, banking, education, health, tourism, services, insurance etc. are included in the tertiary sector.

#### Question-7

What is the difference between economic activities and non-economic activities?

##### **Solution:**

**Economic Activities** Non-Economic Activities The activities in the third sector result in the production of goods and services. Activities, which are not performed to earn money but to get some satisfaction, are called non-economic activities. These activities add value to the national income. These activities are called economic activities. These activities are performed to discharge social obligation or for physical fitness or for recreation. Economic activities have two parts — market activities and non-market activities.

Market activities involve remuneration to anyone who performs. People visiting places of worship, providing relief to the victims of flood and earthquake, engaging in sports activities, gardening, listening to radio or watching television are all examples of non-economic activities Non-market activities are the production for self-consumption. The three activities most often reported are cleaning, cooking, and childminding.

#### Question-8

Why are women employed in low paid work?

##### **Solution:**

Women are paid for their work when they enter the labour market. Their earning, like

that of their male counterpart, is determined on the basis of education and skill. A majority of the women have meager education and low skill formation and hence women are paid low compared to men. Most women work where job security is not there.

#### Question-9

How will you explain the term unemployment?

##### **Solution:**

Unemployment is said to exist when people are willing to work at the going wages but cannot find jobs.

#### Question-10

What is the difference between disguised unemployment and seasonal unemployment?

##### **Solution:**

**Disguised Unemployment.** In case of disguised unemployment, people appear to be employed but they are not actually employed. Sometimes, in agricultural families, eight people are working on a farm, whereas only four people are needed to do that work. Thus, four persons are surplus and they are not needed on the farm. They also do not help to increase the production. If these four extra persons are removed from the farm, the production from the farm will not decrease. Therefore, these four persons appear to be employed but are actually disguisedly unemployed.

**Seasonal Unemployment.** Seasonal unemployment happens when people are not able to find jobs during some months of the year. People dependent upon agriculture usually face such problems. There are certain busy seasons when sowing, harvesting, weeding and threshing are done. When the plants are growing, there is not much work. During this period, they remain unemployed and are said to be seasonally unemployed.

#### Question-11

Why is educated unemployed, a peculiar problem of India?

##### **Solution:**

In the case of India educated unemployment has become a common phenomenon. Many youths with matriculation, graduation and post-graduation degrees are not able to find jobs. A study shows that the unemployment of graduates and post-graduate has increased faster than among matriculates. A paradoxical manpower situation is witnessed as a surplus of manpower in certain categories coexist with a shortage of manpower in others.

#### Question-12

In which field do you think India can build the maximum employment opportunity?

##### **Solution:**

Since agriculture is the backbone of India, India can build maximum employment opportunities in agriculture-based industries.

### Question-13

Can you imagine some village that initially had no job opportunities but later came up with many?

#### **Solution:**

**Some of the measures in the education system to mitigate the problem of the educated unemployed are:**

1. Vocational education should be encouraged so that people do not have difficulty getting jobs because they will be better trained for work.
2. More use of information technology should be made in giving education.
3. Education should be job-oriented.
4. More employment opportunities should be made available to the educated people in the tertiary sector.

### Question-14

Which capital would you consider the best — land, labour, physical capital and human capital? Why?

#### **Solution:**

The capital I consider the best is Human Capital because there are countries like Japan that have invested in human resources as they did not have any natural resources. These countries are developed and rich countries. They import the natural resource needed in their country. They have invested in 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 rich and developed.