

SOCIAL STUDIES (ECONOMICS)

CHAPTER 02: PEOPLE AS RESOURCE

(Notes)

HUMAN RESOURCE

Population is an asset for the economy rather than a liability. Population becomes human capital when an investment is made in the form of education, medical care and required training. Population has an ability to contribute to the creation of the Gross National Product.

Investment in Physical Capital

Investment in human capital yields a return just like investment in physical capital. Highly educated, better trained and healthier people are highly productive for an economy. Human capital is superior to other resources such as land and physical capital. Human resource can make use of land and capital, but land cannot be useful on its own.

One who invests in shares and bonds expects higher returns in the future. Similarly, a child's education and health investment can yield a high return in the future in the form of higher earnings and contribution to society. When parents realize the importance of children's education, a virtuous cycle is created. In contrast, a vicious cycle is created by disadvantaged parents who did not look after their children's education and health.

Economic Activities by Men and Women

Economic activities are development and wealth producing activities. It creates economic and financial gain by producing goods and services and adds value to the national income.

Sectors under economic activities

- (i) Primary Sector - It is also known as agriculture sector. This sector considers directly using of natural resources. This sector includes agriculture, forestry, animal husbandry, fishing, poultry farming, mining, and quarrying.
- (ii) Secondary Sector - It is also known as manufacturing sector. This sector considers manufacturing of goods.
- (iii) Tertiary Sector - This sector provides service. This sector includes trade, transport, communication, banking, education, health, tourism, services, insurance.

These sectors contribute value to the national income.

It refers to the inputs one needs to make or produce a good or service

4 FACTORS OF PRODUCTION?

LAND

- It is a broad term that includes all natural resources
- Includes both renewable or non-renewable
- Earning is in the form of rent

LABOR

- It is individual's physical & mental efforts to make product/offer services
- It can be skilled/ unskilled
- Earning is in the form of wages

CAPITAL

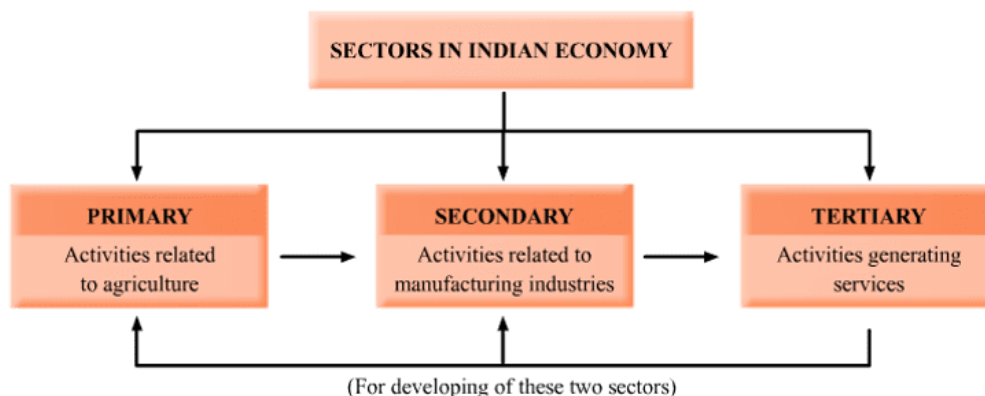
- Capital stands for money as well as capital goods
- Capital goods are used in production of goods
- Earning is in the form of interest

ENTREPRENEURSHIP

- This factor collects, control & manages all other factors of production to come up with product/service
- Profit is reward for entrepreneurs

IS TECHNOLOGY 5TH FACTOR?

- ❖ Though technology isn't 5TH factor officially, many consider it to be one
- ❖ It plays an important role in coming up with product or service
- ❖ Helps an entrepreneur to make better decisions
- ❖ Total Factor Production is a measure of technology & investors see it as ingredient that drives economic growth of a nation



As per Economic Survey Report, in 2019-20:

- Primary sector (agriculture and allied activities) contribution to GDP - 17%.
- Secondary sector (industry and infrastructure) contribution to GDP - 30%.
- Tertiary sector (services) contribution to GDP – 53%

Types of Economic Activities - Economic activities have two parts: Market and non-market activities.

- **Market activities** are the activities performed to earn income or the activities performed for pay or profit. For example, production of goods and services (including government service).
- **Non-market activities** are the production of goods and services for self-consumption.

Works Performed under Economic activities

- There is huge difference between economic activity performed by men and economic activity performed by women.
- Women look after domestic affairs like cooking of food, washing of clothes, cleaning of utensils, housekeeping and looking after children. Men work in the field.
- Men are paid for their work on the contrary women are not paid for their performances in the house.
- The work done by men is recognized in the National Income whereas the household work done by women is not recognized in the National Income.

Quality of Population

Illiteracy rate, life expectancy rate and skills acquired by the people determine the quality of population. These also decide the growth rate of an economy.

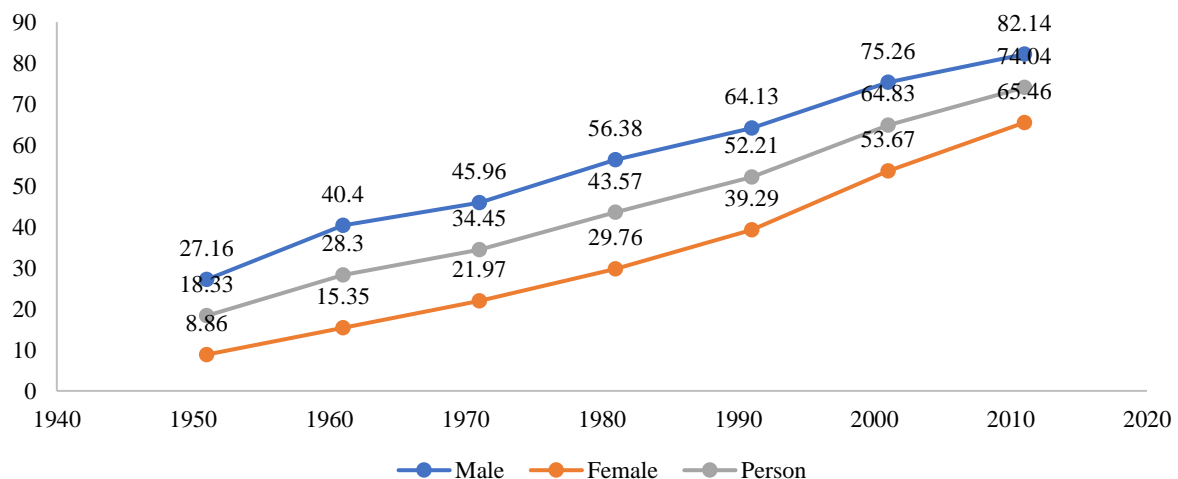
EDUCATION

- Education is the process of learning for acquisition of knowledge. It is an important input for growth of a person.
- Education provides a way towards the growth of an economy. It improves national income, cultural richness and increases the efficiency of governance. Many educational provisions are made to provide quality education for all.
- Development of a country is dependent on the literacy rate. When a person is educated, the entire family can be educated that could lead to an educated society and hence literacy rate of the country can increase.
- An educated person earns more income as compared to an uneducated person and thereby contributes more to the national income and GDP of the nation

Statistical Figures

- (i) Educational outlay was Rs.151 crore in the first plan, and it has increased to Rs.43,825 crore in the tenth plan
- (ii) The expenditure on education as a percentage of GDP has increased from 0.64% in 1951 to 3.98% in 2002-03
- (iii) The literacy rate has increased from 18% in 1951 to 65% in 2001
- (iv) The literacy rate of males is nearly 50% higher than that of females, and it is 50% higher in urban areas as compared to rural areas

**Literacy Rates of India
(1951 - 2011)**
Source: Census of India, 2011



HEALTH

- Healthy people work efficiently and help the firm to maximize its profit. The Indian National policy aims at improving the accessibility of health care, family welfare and nutritional service with special care on the underprivileged segment of the population.
- An unhealthy person is burden for a country in terms of economics. A healthy mind creates healthy environment. For development of a country, healthy environment is compulsory.
- In India, states like Bihar and Uttar Pradesh have few medical colleges. These states have poor health conditions. On the other hand, four states Karnataka, Andhra Pradesh, Tamil Nadu and Maharashtra have majority in number of medical colleges with 81 medical colleges out of 181.

Statistical Figures

- (i) In the year 2000, the life expectancy has increased to over 64 years.
- (ii) In India, infant mortality rate has come down from 147 in 1951 to 47 in 2010.
- (iii) Crude birth rates have dropped to 22.1 and death rates to 7 in 2010.
- (iv) Crude birth rate is the number of living births occurring in a given geographical area per 1,000.
- (v) The infant mortality rate has come down from 147 in 1951 to 75 in 2000.
- (vi) The crude birth rate has reduced to 26.1 and the death rate to 8.7 within the same duration of time.

UNEMPLOYMENT

- Unemployment is a situation which comes into existence when people are willing to work for low wages and unable to get jobs.
- Unemployment is liability to the nation. It leads to wastage of manpower resource.

Nature of Unemployment - The nature of unemployment differs in rural and urban areas.

- (i) Seasonal unemployment exists in the rural areas and is disguised in the urban areas.
 - **Seasonal unemployment:** People have work for a few months of the year and are without a job the remaining months. Generally, in agriculture sector this kind of problem is visible. In agriculture sector, some seasonal food grains are produced. So, the farmers are employed only in that particular season.
 - **Disguised unemployment:** It happens when people appears to be employed. More people are employed than the required number of people. For example, when the work requires the service of five people but engages eight people, the three-extra people are disguisedly unemployed. Production won't be reduced if 3 people will be removed.



- (ii) On one side, there is unemployment among technically qualified persons, while there is a dearth of technical skills required for economic growth.

Effects of Unemployment - Unemployment leads to unutilized resources in an economy.

- (i) Unemployment tends to increase the economic burden and it affects the overall growth of an economy.
- (ii) An increasing trend in the unemployment rate is an indicator of a depressed economy.
- (iii) When people cannot be used as a resource, they naturally appear as a liability to the economy.



Unemployment in India

The unemployment rate is low in India. Many people with low income and productivity are considered employed. Their earnings are barely minimal for their day-to-day activities.

Employment Status in Three Sectors

Most of the people are employed in the agricultural sector or the primary sector. Some of them are employed in small-scale manufacturing or the secondary sector, and the remaining people are employed in advanced IT, biotech etc. of the tertiary sector.

