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Q49

Consider the following statements: Human capital formation as a concept is better explained in terms of a process which enables 1. individuals of a country to accumulate more capital. 2. increasing the knowledge, skill levels and capacities of the people of the country. 3. accumulation of tangible wealth. 4. accumulation of intangible wealth. Which of the statements given above is/are correct? (a) 1 and 2 (b) 2 only (c) 2 and 4 (d) 1, 3 and 4 Official key: C.

UPSC Civil Services Prelims 2018 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

Explanation**(a)**

(a) 1 and 2. Knowledge and skills (2) are **human capital**; accumulating more **physical capital** (1) is not. Pairing them is not the key.

(b)

(b) 2 only. Statement 2 is necessary but incomplete: **human capital** is also intangible wealth (4). Isolating 2 misses 4, so this is not the key.

(c) Official key

(c) 2 and 4. **(c) Official key: Human capital** formation raises knowledge, skills and capacities and thereby accumulates intangible wealth. Tangible capital and 'more capital' in the physical sense are not the concept. 2 and 4 is the stored key.

(d)

(d) 1, 3 and 4. Statements 1 and 3 describe physical/tangible capital, which is not **human capital**. This is not the key.

Summary

Official key is (c) 2 and 4. **Human capital** is embodied skill and knowledge-intangible productive wealth. Plant, machinery and financial capital are different stocks. Honour the stored letter (c).

Related possible facts

These can be asked in a future Prelims paper.

Human capital

Education, health, skills, experience

Schultz / Becker

Human-capital theory

Physical capital

Tangible produced assets

Social capital

Networks and trust; related but distinct

India's challenge

Skill India / health expenditure as human-capital policy

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