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Q47

With reference to physical capital in Indian economy, consider the following pairs: Items Category 1. Farmer's plough Working capital 2. Computer Fixed capital 3. Yarn used by the weaver Fixed capital 4. Petrol Working capital How many of the above pairs are correctly matched? (a) Only one (b) Only two (c) Only three (d) All four Official key: B.

UPSC Civil Services Prelims 2024 · General Studies · 2 marks · Economy

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

Explanation

(a)

Only one. Two pairs are right.

(b) Official key

Only two. Computer is **fixed capital**; petrol is **working capital**. Plough is fixed, not working; yarn is working, not fixed.

(c)

Only three. Pairs 1 and 3 are swapped types.

(d)

All four. Farmer's plough is a tool (fixed); yarn is a raw material (working).

Summary

Official key is (b) only two. **Fixed capital** lasts over production cycles (computer, plough). **Working capital** is used up (yarn, petrol). Pair 2 (computer-fixed) and pair 4 (petrol-working) match. Pair 1 wrongly calls the plough **working capital**; pair 3 wrongly calls yarn **fixed capital**.

Related possible facts

These can be asked in a future Prelims paper.

Fixed capital

Plant, machinery, tools, buildings.

Working capital

Raw materials, fuel, cash for the production cycle.

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