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Registration No.

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Assignment Code

45914572

Classroom Assignment Sheet

96908

Name: NIHAR MODI

Subject: Economics Batch: Submission Date: 26-08-24

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Question -

By describing the factors of production, Explain the relevance of Social Capital and human Capital by giving examples.

Ans:- Production refers to process by which natural resources are converted to human useable form. All those factors responsible for production are called factors of production and can be sub divided into four parts

introduction directly addresses the factors of production and briefly explains their significance

1) Land → It refers to geographical space required for production.

2) Labour → It refers to human force required for production. It consists of three components, i.e. will to work, skill to work & capacity to work.

3) Enterprise → It refers to the ability of risk taking, integrating various components, management etc to create new.

answer shows a good understanding of different factors & how the factors of production function within an economic system

However, a clearer distinction between the factors in terms of their roles and interrelationships could enhance the dimensional coverage

4) Capital → It refers to any source which has the potential to increase, income & assets. It can be largely divided into below three categories:-

a) Human Capital → It refers to sum total of will to work, skill to work and capacity to work.

Eg:- Employees working for any specific company like automobile, they require skill relevant to that sector, they also require will and capacity to work. Some employees might be more skillful as well as willing to work has more value in terms of human capital compared to others.

In the explanation of capital, different forms of capital (human, social, physical) are discussed, which adds depth to the answer

b) Social Capital → Refers to mutual trust resulting in the formation of income & assets.

Eg:- Self help group, cooperatives etc. Gullak Bank in Bihar is a very good example of social capital.

Provide conclusion by connecting with how these factors collectively drive economic growth and wealth creation

c) Physical Capital → It refers to all those tangible resources that have the potential to increase income & assets.