

SHORT QUESTION

Q.1. How many factors of production are there? Write their names.

There are **four factors of production**:

1. Land
 2. Labour
 3. Capital
 4. Organization / Entrepreneur
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Q.2. What is meant by factors of production?

They are **resources used to produce goods and services**.

Example: Land and labour.

Q.3. Which factor of production is more important and why?

Organization is most important because it **organizes other factors** and takes decisions.

Example: Without entrepreneur, factory cannot run.

Q.4. According to economics, what is meant by land?

Land includes **all natural resources**.

Example: Soil, rivers.

Q.5. Write three features of land.

1. Free gift of nature
2. Fixed supply
3. Immobile

Example: Agricultural land.

Q.6. Define labour.

Labour is **human physical or mental effort used in production.**

Example: Worker in factory.

Q.7. Differentiate between physical and mental work with examples.

Physical Work	Mental Work
Manual effort	Brain work
Example: Labourer	Example: Engineer

Q.8. Write three features of labour.

1. Labour is human effort
 2. Labour is perishable
 3. Labour cannot be separated from worker
- Example:** Worker's skills.
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Q.9. What is meant by bargaining power of labour?

Bargaining power means **ability of workers to negotiate wages.**

Example: Skilled workers demand higher wages.

Q.10. Define capital.

Capital is **man-made wealth used in production.**

Example: Machinery.

Q.11. Write three features of capital.

1. Man-made
 2. Used in production
 3. Depreciates
- Example:** Tools.
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Q.12. Define entrepreneur / organization.

An entrepreneur is a person who **organizes production and bears risk.**

Example: Factory owner.

Q.13. Write three functions of organizer.

1. Organizes factors
2. Takes risk
3. Makes decisions

Example: Business manager.

LONG QUESTION

Q.1. What is meant by factors of production? Explain each with examples.

Definition of Factors of Production

Factors of production are the **basic resources used to produce goods and services.** Without these factors, production is not possible.

There are **four main factors of production:**

1. Land

Land includes **all natural resources** provided by nature.

Example:

Agricultural land, rivers, minerals, forests.

2. Labour

Labour refers to **physical and mental efforts** made by human beings in production.

Example:

Factory workers, engineers, teachers.

3. Capital

Capital consists of **man-made goods used for further production.**

Example:

Machines, tools, buildings, raw material.

4. Organization / Entrepreneur

Organization is the **ability to organize other factors of production**, take risks, and make decisions.

Example:

A factory owner who hires workers, buys machines, and manages production.

Q.2. Define land. Describe its features in detail.

Definition of Land

In economics, land refers to **all free gifts of nature** used in production.

Example:

Soil, water, air, minerals.

Features of Land

1. **Free gift of nature**
Land is not produced by human effort.
Example: Rivers and mountains.
2. **Fixed supply**
Total land is limited.
Example: Country's area cannot be increased.
3. **Immobile**
Land cannot be moved from one place to another.
Example: A farm cannot be shifted.
4. **Indestructible**
Land does not wear out.
Example: Soil remains after years.

5. **Heterogeneous**

Land differs in fertility and quality.

Example: Fertile land vs desert land.

Q.3. Define capital. Also write features of capital with examples.

Definition of Capital

Capital refers to **man-made resources used in the production of goods and services.**

Example:

Machinery, factories, tools.

Features of Capital

1. **Man-made**

Capital is produced by humans.

Example: Machines.

2. **Used for production**

Capital helps in producing other goods.

Example: Sewing machine in a factory.

3. **Depreciates**

Capital loses value over time.

Example: Old machinery.

4. **Movable**

Capital can be transferred.

Example: Tools can be shifted.

5. **Result of savings**

Capital is formed through savings.

Example: Investment in business.

Q.4. Define organization. Write different functions of an organizer.

Definition of Organization / Entrepreneur

Organization is the **factor of production that organizes land, labour, and capital**, takes risk, and earns profit.

Example:

A businessman running a factory.

Functions of Organizer

1. **Organization of factors**
Combines land, labour, and capital.
Example: Hiring workers and buying machines.
2. **Decision making**
Makes business decisions.
Example: What to produce and how much.
3. **Risk bearing**
Bears risk of profit or loss.
Example: Loss due to low demand.
4. **Innovation**
Introduces new ideas.
Example: New product design.
5. **Management and supervision**
Controls production activities.
Example: Supervising workers.

EXAM CHAMBER