

## SHORT QUESTION

### Q.1. How many scales of production are there?

There are **two scales of production**:

1. Small scale
  2. Large scale
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### Q.2. What is meant by scale of production?

Scale of production means the **level or size of output** produced by a firm.

**Example:** Small workshop vs large factory.

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### Q.3. Differentiate between small scale and large scale of production.

Small Scale	Large Scale
Small output	Large output
Less capital	Huge capital
Simple tools	Modern machinery
Example: Tailor	Example: Car factory

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### Q.4. What is meant by financial resources in determination of scale of production?

Financial resources refer to the **availability of funds or capital** needed for production.

**Example:** Bank loan to expand factory.

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### Q.5. Why does scale of production depend on means of production?

Modern machinery and technology increase production capacity.

**Example:** Automatic machines enable mass production.

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### Q.6. Write three merits of large scale production.

1. Low cost per unit
  2. Division of labour
  3. Use of modern machinery
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**Q.7. Write three demerits of large scale production.**

1. Huge capital required
  2. Management problems
  3. Risk of monopoly
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**Q.8. What is meant by division of labour?**

Division of labour means **splitting work into small specialized tasks.**

**Example:** One worker cuts cloth, another stitches.

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**Q.9. Write three merits of small scale production.**

1. Easy to manage
  2. Low investment
  3. Personal supervision
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**Q.10. Write three demerits of small scale production.**

1. High cost of production
  2. Limited output
  3. Lack of economies of scale
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**LONG QUESTION**

**Q.1. Define scale of production. Explain determinants of scale of production in detail.**

**Definition of Scale of Production**

Scale of production means the **size or level at which goods are produced** by a firm during a given period of time. It shows whether production is carried out on a **small scale or large scale.**

**Example:**

A tailoring shop producing 10 suits per day is small scale, while a garment factory producing 10,000 suits per day is large scale production.

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## Determinants of Scale of Production

- 1. Financial Resources**  
Availability of capital plays an important role.  
*Example:* A firm with large capital can install heavy machinery.
  - 2. Market Demand**  
Higher demand encourages larger production.  
*Example:* High demand for cement leads to large cement plants.
  - 3. Availability of Raw Material**  
Continuous supply supports large scale production.  
*Example:* Sugar mills near sugarcane farms.
  - 4. Labour Availability**  
Skilled and unskilled labour affects output size.  
*Example:* Industrial cities support large factories.
  - 5. Means of Production (Technology & Machinery)**  
Modern machines increase production capacity.  
*Example:* Automatic machines allow mass production.
  - 6. Government Policies**  
Taxes, subsidies, and laws influence business size.  
*Example:* Government subsidies encourage expansion.
  - 7. Nature of Product**  
Some goods require large scale production.  
*Example:* Steel and automobiles.
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## Q.2. Define large scale of production. What are the merits of large scale of production?

### Definition of Large Scale of Production

Large scale of production refers to the **production of goods in large quantities** by using **modern machinery, advanced technology, and division of labour**.

**Example:**  
Automobile manufacturing factories.

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### Merits of Large Scale of Production

- 1. Economies of Scale**  
Cost per unit decreases with large output.  
*Example:* Buying raw material in bulk.

2. **Division of Labour**  
Work is divided among workers, increasing efficiency.  
*Example:* Assembly line system.
  3. **Use of Modern Machinery**  
Improves speed and quality of production.  
*Example:* Automatic packing machines.
  4. **Low Cost of Production**  
Large output reduces average cost.
  5. **Better Management**  
Specialists manage different departments.
  6. **Market Control**  
Large firms can influence market prices.
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### Q.3. Define small scale of production. What are the merits of small scale of production?

#### Definition of Small Scale of Production

Small scale of production refers to **production in small quantities** using **limited capital, simple tools, and less labour**.

**Example:**

A small bakery or tailoring shop.

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#### Merits of Small Scale of Production

1. **Easy to Start**  
Requires small investment.  
*Example:* Small workshop.
  2. **Personal Supervision**  
Owner manages business personally.  
*Example:* Handmade products.
  3. **Flexibility**  
Easy to change production according to demand.  
*Example:* Custom-made furniture.
  4. **Low Risk**  
Small investment reduces risk.
  5. **Employment Generation**  
Creates jobs at local level.
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**Q.4. Define small scale of production. What are the demerits of small scale of production?**

**Demerits of Small Scale of Production**

1. **High Cost of Production**  
No benefit of bulk production.  
*Example:* Buying raw material at high price.
2. **Limited Capital**  
Difficult to expand business.
3. **Limited Use of Machinery**  
Production remains slow.
4. **Lack of Specialization**  
One person performs many tasks.
5. **Limited Market Reach**  
Cannot compete with large firms.

EXAM CHAMBER