

Chapter 7

Factors of Production

Section A: Fill in the Blanks

1. Soil, forests, minerals, and water are examples of _____ resources.
2. Education and _____ are key facilitators of human capital.
3. The application of scientific knowledge for practical purposes is called _____.
4. _____ supports cognitive development and better productivity.
5. A culture of _____ work has helped Germany achieve industrial growth.
6. The payment made to shareholders from company profits is called _____.
7. Technology replaces old methods with _____ ones.
8. The demographic dividend means more _____ and working population.
9. Companies raise money from the public through the _____ market.
10. Machines, tools, equipment, and buildings are examples of _____.

Section B: Multiple Choice Questions (MCQs)

1. Which of the following is not a factor of production?

a) Land	<input type="checkbox"/>	b) Labour	<input type="checkbox"/>
c) Capital	<input type="checkbox"/>	d) Entertainment	<input type="checkbox"/>
2. Human capital refers to:

a) Specialised skills and knowledge	<input type="checkbox"/>
b) Money and machines	<input type="checkbox"/>
c) Natural resources	<input type="checkbox"/>
d) Business profits	<input type="checkbox"/>
3. Which one of these is an example of capital?

a) Soil	<input type="checkbox"/>	b) Machinery	<input type="checkbox"/>
c) Forests	<input type="checkbox"/>	d) Sunlight	<input type="checkbox"/>
4. The person who combines all factors of production is called:

a) Worker	<input type="checkbox"/>	b) Farmer	<input type="checkbox"/>
c) Entrepreneur	<input type="checkbox"/>	d) Manager	<input type="checkbox"/>
5. Technology is best described as:

a) Human effort	<input type="checkbox"/>
b) Application of scientific knowledge	<input type="checkbox"/>
c) Use of natural resources	<input type="checkbox"/>
d) Collection of raw materials	<input type="checkbox"/>
6. The demographic dividend means:

a) More old people in the population	<input type="checkbox"/>
b) High business profits	<input type="checkbox"/>
c) More foreign investment	<input type="checkbox"/>
d) More young and working people	<input type="checkbox"/>

7. J.R.D. Tata started India's first airline in:

- a) 1947 b) 1952 c) 1932 d) 1992

8. The stock market is where:

- a) Farmers sell crops
 b) Workers get wages
 c) Shares are bought and sold
 d) Raw materials are purchased

9. Which country followed the concept of Kaizen (continuous improvement)?

- a) Japan b) India c) Germany d) USA

10. CSR law in India was introduced in:

- a) 2010 b) 2014 c) 2020 d) 2005

Section C: Write T for True and F for False in the boxes provided.

- Labour only means physical effort.
- Machines, tools, and equipment are examples of capital.
- Entrepreneurship involves taking risks and managing business.
- Human capital and physical capital mean the same thing.
- Technology is always new and old technologies have no use.
- India is the second-largest mobile phone manufacturer after China.
- J.R.D. Tata believed in only making profits, not in social service.
- Good health helps workers to be more productive.
- Supply chain disruptions can stop production.
- Education and training complement each other in human capital development.

Section D: Match the Following.

Column A

- Land
- Labour
- Capital
- Entrepreneurship
- Human Capital

Column B

- Skills and knowledge
- J.R.D. Tata
- Soil, forests, minerals
- Machines, money, buildings
- Physical and mental effort

Section E: Short Answer Questions

1. What do we mean by "factors of production"?

Ans. _____

2. Why is land called a natural resource?

Ans. _____

3. How does labour contribute to production?

Ans. _____

4. What is human capital?

Ans. _____

5. Why is capital important for businesses?

Ans. _____

6. Who is an entrepreneur?

Ans. _____

7. What is the role of technology in production?

Ans. _____

8. Why are factors of production interconnected?

Ans. _____

9. What is Corporate Social Responsibility (CSR)?

Ans. _____

10. What is demographic dividend?

Ans. _____

Section F: Long Answer Questions

1. Explain the importance of each factor of production with examples.

Ans. _____

One Point Learning

2. How does education and healthcare improve human capital?

Ans. _____

3. Why is entrepreneurship called the driving force of production?

Ans. _____

4. How are the factors of production interconnected?

Ans. _____

5. Explain the role of Corporate Social Responsibility (CSR) in businesses.

Ans. _____

SECTION G: Give One word Answer.

1. Money paid to shareholders from company profit – _____
2. Application of scientific knowledge – _____
3. The person who combines land, labour, and capital – _____
4. Continuous improvement concept of Japan – _____
5. India's highest civilian award received by J.R.D. Tata – _____

Section H: Difference Between following terms.

1. Difference between Entrepreneurship and Labour.

Entrepreneurship	Labour

2. Difference between Traditional Technology and Modern Technology.

Traditional Technology	Modern Technology.

Answer

Section A: Fill in the Blanks

- | | | | | |
|-------------|-------------|---------------|---------------|-------------|
| 1. Natural | 2. Training | 3. Technology | 4. Healthcare | 5. Hard |
| 6. Dividend | 7. New | 8. Young | 9. Stock | 10. Capital |

Section B: Multiple Choice Questions (MCQs)

- | | | |
|-------------------------------------|---|-----------------|
| 1. d) Entertainment | 2. a) Specialised skills and knowledge | 3. b) Machinery |
| 4. c) Entrepreneur | 5. b) Application of scientific knowledge | |
| 6. d) More young and working people | | |
| 7. c) 1932 | | |
| 8. c) Shares are bought and sold | | |
| 9. a) Japan | 10. b) 2014 | |

Section D: True/False

- | | | | | |
|----------|----------|---------|----------|----------|
| 1. False | 2. True | 3. True | 4. False | 5. False |
| 6. True | 7. False | 8. True | 9. True | 10. True |

Section C: Match the Following

- | | | | | |
|-------|-------|-------|-------|-------|
| 1 → c | 2 → e | 3 → d | 4 → b | 5 → a |
|-------|-------|-------|-------|-------|

Section E: Short Answer Questions

- The basic resources needed to produce goods and services are called factors of production. These include land, labour, capital, and entrepreneurship.
- Land includes all natural resources like soil, forests, water, minerals, and sunlight. These resources are gifts of nature and are essential for production.
- Labour provides the physical and mental effort needed to create goods and services. Carpenters, doctors, teachers, and farmers are examples of labour.
- Human capital refers to the knowledge, skills, and expertise of people that improve the quality and efficiency of their work. It is more than just physical labour.
- Capital provides money, machines, tools, buildings, and equipment. Without capital, businesses cannot operate or expand.
- An entrepreneur is a person who brings new ideas, takes risks, and organizes other factors of production to start and run a business.
- Technology uses scientific knowledge to make production faster, easier, and more efficient. For example, UPI helps in quick payments and GPS helps in transport.
- All factors must work together for production to happen. If one factor is missing, production becomes inefficient or may stop completely.
- CSR means companies must act responsibly towards society and the environment. In India, companies must spend 2% of their profits on CSR activities.
- Demographic dividend is the benefit a country gets when it has a large number of young and working people. It helps the economy grow faster if they are skilled and healthy.

Section F: Long Answer Questions

- Importance of factors of production:
 - Land: provides natural resources.
 - Labour: provides physical and mental work.

- Capital: provides money, machinery, and tools.
 - Entrepreneurship: combines all factors and takes risks.
 - Example: A farmer needs land, workers, tools, and planning to grow crops.
2. Education and healthcare improve human capital by making workers skilled, knowledgeable, and healthy. Education gives problem-solving ability, while healthcare keeps them fit to work productively.
 3. Entrepreneurship is the driving force because entrepreneurs bring ideas, take risks, organise resources, create jobs, and provide goods/services for society.
 4. Factors are interconnected because production cannot happen without combining land, labour, capital, and entrepreneurship. Example: A restaurant needs land (space), labour (workers), capital (equipment), and an entrepreneur (manager).
 5. CSR role: Companies must protect the environment, treat workers fairly, support communities, and spend 2% of profits on social welfare (law in India since 2014).

Section G: One Word Answer

1. Dividend
2. Technology
3. Entrepreneur
4. Kaizen
5. Bharat Ratna

Section H: Difference Between

1. Difference between Entrepreneurship and Labour

Entrepreneurship:- It involves taking risks, starting businesses, and organizing all factors of production.

Labour:- It refers to the physical and mental effort put in to produce goods and services.

Entrepreneurship:- Focuses on innovation, decision-making, and problem-solving.

Labour:- Focuses on performing tasks as per skills, knowledge, and instructions.

Entrepreneurship:- Example: J.R.D. Tata starting Air India.

Labour:- Example: A carpenter making furniture.

2. Difference between Traditional Technology and Modern Technology

Traditional Technology:- Old methods and tools used in production, often manual.

Modern Technology:- Advanced methods using scientific knowledge and machines.

Traditional Technology:- Less efficient and time-consuming.

Modern Technology:- More efficient, faster, and cost-effective.

Traditional Technology:- Example: Stitching ships with ropes, handlooms.

Modern Technology:- Example: GPS, UPI payments, online courses.