

L – 7 Factors of Production

1. Define the Following

1. **Entrepreneur:** A person who takes risks to set up a business or a venture.
2. **Startup:** A brand new business.
3. **Aquaculture:** The process of raising and harvesting aquatic animals and plants.
4. **Supply Chain:** The individuals, organizations, resources, and technology involved in making a product.
5. **Capital Intensive:** A product or service that needs a lot of money and machinery to be made.
6. **Human Capital:** The skill, knowledge, decisiveness, experience, and health of workers or employees.

2. Name the Following:

1. What term refers to an electric conductor that lies intermediate between a conductor and an insulator?
 - Answer: Semiconductor
2. What is the term for a break down or halt in the production process?
 - Answer: Disruption
3. What is something designed to have less effect on the environment called?
 - Answer: Sustainable
4. What do we call treating someone differently because of their race, caste, or religion?
 - Answer: Discrimination
5. What factor of production includes soil, forests, and water?
 - Answer: Land
6. What factor of production includes machinery and tools?
 - Answer: Capital

3. Multiple Choice Questions (MCQs).

1. Which of the following is not considered a factor of production?
 - (a) Raw materials
 - (b) Tools
 - (c) Machinery

(d) Grocery shops

o **Answer: (d) Grocery shops**

2. Where do people usually get the money they need for their businesses?

(a) Personal savings

(b) Bank loans

(c) Government subsidies or investors

(d) All of the above

o **Answer: (d) All of the above**

3. What is considered the prime requirement of entrepreneurship?

(a) Taking risks

(b) Hard work

(c) Advice

(d) Funds

o **Answer: (a) Taking risks**

4. Which natural resource can businesses often rely on?

(a) Forests full of herbs

(b) Plastic waste

(c) Digital files

(d) Synthetic fibers

o **Answer: (a) Forests full of herbs**

5. Which input is required by a potter to make clay items?

(a) Steel

(b) Saw

(c) Clay

(d) Fertilisers

o **Answer: (c) Clay**

4. Answer the following in one line.

1. What is an entrepreneur?

An entrepreneur is someone who takes risks to set up a business or venture.

2. What does a supply chain include?

It includes individuals, organizations, resources, and technology needed to make a product.

3. What are the four main factors of production?

Land, labour, capital, and entrepreneurship.

4. What is the main role of healthcare in human capital?

Good health helps employees stay focused, work harder, and meet deadlines.

5. What does education and training provide to workers?

Education provides fundamental knowledge, while training prepares workers to handle practical issues.

6. Why is entrepreneurship called the 'driving force' of production?

Because it requires risk-taking, innovation, and a solution-based approach to combine all other factors.

5. Answer in 2 Points each.

1. What is human capital?

- It refers to the skills, knowledge, and health of workers.
- Skilled workers help improve the quality and production of goods and services.

2. How are the factors of production interconnected?

- Land, labour, capital, and entrepreneurship depend heavily on each other.
- None of these factors can successfully work in isolation.

3. What is the difference between education and training?

- Education provides fundamental knowledge and builds expertise in a field.
- Training prepares workers to navigate through practical, real-world issues.

4. What is a capital-intensive product?

- It is a product or service that requires a large amount of money.
- It also requires heavy machinery to be manufactured properly.

5. What problems do businesses face when they lack skilled workers?

- The business productivity can slow down and the quality of products may drop.
- This can eventually result in declining sales and business failure.

6. What is the role of social and cultural influences on human capital?
- Society and culture have a powerful impact on human capital development.
 - Strong values like discipline and toil help uplift workers' performance.

6. Answer in 3 Points each.

1. Explain the three main facilitators of human capital.
 - Education and training: Provide fundamental knowledge, expertise, and practical problem-solving skills.
 - Healthcare: Supports physical well-being so workers stay focused, healthy, and productive.
 - Social and cultural influences: Shape workers through strong values, good discipline, and cultural practices.
2. Explain how land, labour, and capital work together on a farm.
 - Land: The farmer uses land (soil) for planting and growing crops.
 - Labour: The farmer employs workers to handle planting and harvesting tasks.
 - Capital: The farmer uses capital tools like tractors and irrigation systems to boost productivity.
3. What are the important personality traits required to be a successful entrepreneur?
 - An entrepreneur should be visionary, hard-headed, honest, caring, and social.
 - They must be responsible and committed to improving lives and solving real-world problems.
 - They should look beyond just making money and focus on contributing to national development.

7. Give Reason for the following.

1. Why can none of the factors of production work alone by themselves?
 - Dependence: Land, labour, capital, and entrepreneurship rely on each other to function.
 - Failure: If even one factor is missing or used incorrectly, production will stop or face major problems.
2. Why is healthcare considered important for human capital?

- **Energy and Focus:** Good health keeps workers active, energetic, and focused.
- **Productivity:** Healthy employees can work harder, meet deadlines, and boost workplace output.

3. Why is profit not the only motivation for an entrepreneur?

- **Social Impact:** Many entrepreneurs want to help society and improve people's lives.
- **National Welfare:** They are also driven by the goal of contributing to the development of the nation.

4. Why has the use of indigenous (traditional) techniques of production declined?

- **Speed:** Modern machines can produce goods much faster than traditional methods.
- **Cost:** New tools and machines are more cost-efficient and deliver better output.

5. Why is entrepreneurship considered the driving force of production?

- **Risk and Ideas:** Entrepreneurs take business risks and bring fresh ideas to the market.
- **Combination:** They bring together land, labour, and capital to successfully create goods and services.

8. Application Questions:

1. **Application Question:** Imagine you want to start a business that produces steel water bottles. What kind of inputs are needed? How would you obtain them? Suppose one of the factors is missing; what happens to your business operations?

- **Answer:**

- **Inputs needed:** You need raw materials like steel, a factory, tools, machines, and workers.
- **How to get them:** You can get raw materials from suppliers and hire workers through family, friends, or job agencies.
- **If a factor is missing:** If any factor (like workers or machines) is missing, your production will slow down or completely stop because all factors must work together.

2. **Application Question:** Suppose you are running a restaurant and one of your key kitchen helpers quits suddenly. How would you handle this situation?

- **Answer:**

- **Check the workload:** See how busy your remaining team is and how much work is left.
- **Share the tasks:** Temporarily divide the missing helper's work among the current staff members.
- **Hire a new worker:** Offer a higher salary or look for a new worker to fill the gap and help the team.

3. **Application Question:** Imagine the monthly rent for your business location suddenly doubles. What are two options you might consider to handle the increased expenses?

- **Answer:**

- **Raise prices:** You could raise the price of your food or services to balance out the higher rent expenses.
- **Move to a cheaper place:** You could look for a cheaper location to lower your business costs.