Factors of Production

Standard difficulty · 20 questions · 40 marks · Time: 36 minutes

Name: _____ Date: _____ Score: ____ / 40

Write full answers in Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer — 8 × 1 = 8 marks

1. In economics, “land” includes:
   (a) only buildings
   (b) only money
   (c) only farmland
   (d) all natural resources such as soil, water and minerals

2. Which factor of production is a carpenter’s work?
   (a) technology **(b)** entrepreneurship
   (c) labour **(d)** capital

3. Which term means money paid for borrowing money?
   (a) kaizen **(b)** dividend **(c)** interest **(d)** human capital

4. What does “supply chain” mean?
   (a) the network that makes and delivers a product
   (b) a share of profits paid to shareholders
   (c) continuous improvement
   (d) doing more in a given time

5. A company’s profits over three years were ₹120 crore, ₹150 crore and ₹180 crore. What is its average profit?
   (a) ₹180 crore **(b)** ₹450 crore **(c)** ₹150 crore **(d)** ₹160 crore

6. A business borrows ₹110,000 at 13% interest a year. How much interest does it pay in one year?
   (a) ₹14,300 **(b)** ₹15,400 **(c)** ₹124,300 **(d)** ₹143,000

7. J. R. D. Tata was born in 1904. How many years before 2026 was that?
   (a) 122 years **(b)** 118 years **(c)** 123 years **(d)** 132 years

8. A restaurant pays 10 workers ₹9,000 each a month. What is its monthly wage bill?
   (a) ₹90,000 **(b)** ₹9,010 **(c)** ₹99,000 **(d)** ₹1,080,000

Section B — Short answer — 8 × 2 = 16 marks

9. Name the four factors of production.

10. Name the factor of production: (a) water used in a factory (b) an oven in a bakery

11. Explain each term: (a) productivity (b) CSR

12. Under India's CSR law, a company spends 2% of its average profit of the last three years. If that average is ₹300 crore, how much must it spend?

13. Ratna borrows ₹100,000 at 8% simple interest a year for 3 years. How much interest does she pay in all, and what is the total to repay?

14. Labour-intensive or capital-intensive? (a) building satellites (b) handicrafts

15. A company pays a dividend of ₹2 on each share. How much does someone with 380 shares receive? Is a dividend paid by a borrower or by a company?

16. A survey of a locality found 11 grocery shops, 6 food stalls, 10 vegetable vendors and 6 mobile repair shops. How many businesses is that, and which kind is most common?

Section C — Longer answers — 4 × 4 = 16 marks

17. Explain the four factors of production using a restaurant as an example.

18. Match each with its factor of production: (a) a founder who finds a new way to solve a problem (b) water used in a factory (c) an oven in a bakery. Choose from: entrepreneurship; land; capital.

19. A company's profits were ₹430 crore, ₹540 crore and ₹530 crore. (a) What is the average? (b) How much must it spend on CSR at 2%? (c) Suggest two good uses for CSR money.

20. A restaurant pays 9 workers ₹18,000 a month each and ₹37,000 rent. (a) What is the monthly wage bill? (b) Total monthly cost of labour and land? (c) Which factor does the owner provide?

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Answer key

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Q	Answer	Working
1	**(d) all natural resources such as soil, water and minerals**	—
2	**(c) labour**	—
3	**(c) interest**	—
4	**(a) the network that makes and delivers a product**	—
5	**(c) ₹150 crore**	(120 + 150 + 180) ÷ 3
6	**(a) ₹14,300**	13% of 110,000
7	**(a) 122 years**	2026 − 1904
8	**(a) ₹90,000**	10 × 9,000
9	**Land, labour, capital and entrepreneurship (with technology as an enabler).**	—
10	**(a) land (b) capital**	—
11	**(a) doing more in a given time (b) business spending on society and the environment**	—
12	**₹6 crore**	2% of 300
13	**interest ₹24,000; total ₹124,000**	100,000 × 8% × 3
14	**(a) capital-intensive (b) labour-intensive**	—
15	**₹760; by a company, to its shareholders**	380 × 2
16	**33; grocery shops**	11 + 6 + 10 + 6
17	**Land: the site and water; labour: cooks and helpers; capital: the kitchen equipment and money; entrepreneurship: the owner who started it and takes the risks.**	—
18	**(a) entrepreneurship (b) land (c) capital**	—
19	**(a) ₹500 crore (b) ₹10 crore (c) Schools, health camps, clean water or planting trees.**	(430 + 540 + 530) ÷ 3; 2% of that
20	**(a) ₹162,000 (b) ₹199,000 (c) Entrepreneurship (and usually some capital).**	9 × 18,000; + 37,000

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