

1.2 The Factors of Production

Question Paper

Course	CIE IGCSE Economics
Section	1. The Basic Economic Problem
Topic	1.2 The Factors of Production
Difficulty	Medium

Time allowed: 20
Score: /15
Percentage: /100

Question 1

Reena makes a living by selling paintings of the town in which she lives. She sells them in an open-air market once a week.

In order to be able to sell more pictures in a week she decides to buy a studio, pay someone to help in the studio and try to increase demand by advertising in the local paper.

Which factors of production were changed?

- A. capital only
- B. labour and capital
- C. labour and land
- D. labour only

[1 mark]

Question 2

Which combination of a factor of production and its factor income is **not** correct?

	factor of production	factor income
A	capital	interest
B	enterprise	profit
C	labour	dividends
D	land	rent

[1 mark]

Question 3

Which statement about factors of production is correct?

- A. Capital is the amount of money borrowed from a bank.
- B. Labour is output made by an employee.
- C. Land includes commercially grown rice crops.
- D. Profit is the reward for enterprise.

[1 mark]

Question 4

What is **not** a factor of production?

- A. a \$20 banknote
- B. an office
- C. a photocopier
- D. a secretary

[1 mark]

Question 5

A government wishes to increase agricultural output. It gives farmers the tools to irrigate the farmers' fields. Which factors of production are provided by the farmers?

- A. capital and enterprise
- B. enterprise and labour
- C. labour and land
- D. land and capital

[1 mark]

Question 6

On which factor of production does innovation directly depend?

- A. decisions of entrepreneurs
- B. high inputs of capital
- C. long hours of manual labour
- D. plentiful supplies of land

[1 mark]

Question 7

What is the key role of an entrepreneur?

- A. inventor
- B. risk taker
- C. shareholder
- D. worker

[1 mark]

Question 8

What is classified as one of the four economic resources?

- A. consumption
- B. enterprise
- C. production
- D. trade

[1 mark]

Question 9

What is **most** likely to increase the occupational mobility of labour?

- A. building more houses
- B. increased spending on re-training schemes
- C. increased total government spending
- D. increasing the information on job availability

[1 mark]

Question 10

In farming, what is an example of what economists call capital?

- A. savings the farmer has in the bank
- B. shares in a farming company
- C. the money the farmer set aside to pay taxes
- D. the tractor owned by the farmer

[1 mark]

Question 11

What would an economist regard as an example of the factor of production capital?

- A. an individual's purchase of stocks and shares
- B. borrowing by a firm to pay for electricity
- C. the building by a firm of a new factory
- D. total savings by individuals in a country

[1 mark]

Question 12

Which factor of production involves risk-taking?

- A. capital
- B. enterprise
- C. labour
- D. land

[1 mark]

Question 13

Which factor of production is not represented in the list shown?

bananas a factory goats a risk taking investor

- A. capital
- B. enterprise
- C. labour
- D. land

[1 mark]

Question 14

Which example of a factor of production in the fishing industry is correct?

	factor	example
A	capital	charges on loan for fishing boat
B	enterprise	salaries of fish warehouse managers
C	labour	profits of fish shop owners
D	land	fish in the sea

[1 mark]

Question 15

What would be classified by an economist as the factor of production known as land?

- A. a discovery of oil in the South China sea
- B. an oil rig bought by an oil company
- C. money held by the oil companies in their bank accounts
- D. the productivity of oil workers

[1 mark]