

SMART EXAM RESOURCES
IGCSE ECONOMICS MCQ-PAPER-1
1 2.3-THE FACTORS OF PRODUCTION

1.2.3-Factor-of-Production

1.

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.

2.

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

3.

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

4.

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

5.

What is the function of the factors of production in an economy?

- A to make goods and services to fulfil wants and needs
- B to provide an even distribution of income
- C to provide tax income for the government
- D to reduce the existence of external costs

6.

In 2016, 20 billion barrels of oil and 1.6 billion barrels of natural gas were discovered in Texas, US.

Which factor of production has increased in the US due to this discovery?

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