

# Smart Exam Resources

IGCSE Economics

## 1.2-Factor of Production — Question Paper (Student Copy, Set 4)

**Q1.**

What would be classified as the factor of production capital for an airline?

- A the aircraft operated by the airline
- B the money the airline keeps in the bank
- C the pilots the airline uses
- D the shares of the airline quoted on the stock market

**Q2.**

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

**Q3.**

What could cause an increase in demand for a factor of production?

- A decrease in the efficiency of the factor of production
- B decrease in the price of an alternative factor of production
- C increase in the demand for the good or service produced
- D increase in the price of the factor of production

**Q4.**

What would be included in the factor of production land?

- A bread
- B factory building
- C sports arena
- D wheat

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**Q5.**

Sonia owns a takeaway food delivery service. She decides to expand the firm, buying more vans and hiring additional drivers. Which factors of production were changed?

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

**Q6.**

What is a factor of production?

- A an advantage of producing on a large scale
- B a resource used to produce goods and services
- C a sub-section of a manufacturing process
- D a unit of output

**Q7.**

A university rejects 2000 qualified applicants who wish to study there. What factor of production could have caused the university to make this decision?

- A infinite quantity of capital
- B scarcity of labour
- C surplus of land
- D unlimited supply of enterprise

**Q8.**

A self-employed fortune teller earns a living by reading the palms of people's hands. Which factors of production are essential to this activity?

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

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**Q9.**

A government decides to spend more on defence and cannot spend money on a new airport. Which concepts can be applied to the above statement?

- A budget surplus; external cost
- B factor of production; private monopoly
- C public sector; opportunity cost
- D trade surplus; budget deficit

**Q10.**

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

- A capital interest
- B enterprise profit
- C labour dividends
- D land rent

**Q11.**

An airline needs people and equipment. These can be divided into factors of production. What is allocated to its correct factor of production? people or equipment factor of production

- A aircraft capital
- B airline owners labour
- C computer network land
- D pilots enterprise