

# Smart Exam Resources

IGCSE Economics

## 1.2-Factor of Production — Question Paper (Student Copy, Set 5)

**Q1.**

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

**Q2.**

In which case is it possible to set the level of reward before production takes place for the first factor of production but not for the second factor? first factor second factor

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

**Q3.**

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 and enterprise
- B enterprise and labour
- C labour and capital
- D labour only

**Q4.**

What is most likely to reduce the supply of factors of production in an economy?

- A increasing the age of retirement
- B introducing new methods of irrigation
- C lowering the cost of borrowing from banks
- D raising the rate of tax on profits

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**Q5.**

What is a factor of production?

- A a semi-skilled, young worker
- B direct taxes received by a government
- C shares in a manufacturing company
- D stocks of money held a bank

**Q6.**

What is most likely to increase enterprise as a factor of production in an economy?

- A a decrease in government spending on education
- B a decrease in regulation on firms
- C an increase in emigration
- D an increase in taxation on firms

**Q7.**

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

**Q8.**

A public limited company delivers groceries which customers order on the Internet. What is an example for the firm of the factor of production called capital?

- A the computers required to receive the orders
- B the fuel used by the delivery vehicles
- C the money required to pay the firm's costs
- D the shares it sells on the stock exchange

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**Q9.**

In a region of high unemployment, a manufacturer applied for a loan from the government so that the number of machines in an existing factory could be increased. It was hoped this would also enable more workers to be employed. Which factors of production does this decision involve?

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

**Q10.**

Which statement about the factors of production is correct?

- A Capital includes man-made machines that do not keep their original value.
- B Enterprise is a natural factor of production that cannot be taught.
- C Labour is an immobile factor that does not change its skill level.
- D Land is only agricultural fields that cannot be improved by human effort.

**Q11.**

Which type of factor of production is a railway track?

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