

Smart Exam Resources

IGCSE Economics

1.2-Factor of Production — Question Paper (Student Copy, Set 3)

Q1.

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

Q2.

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.

Q3.

Which statement about the factors of production is correct?

- A A river from which a company draws water is called land.
- B Raising finance for a company is called capital.
- C Supervisors employed in a company are called enterprise.
- D The owner of a company is called labour.

Q4.

Each of the factors of production earns an income. What are the incomes for land and capital?

land capital

- A rent interest
- B rent profit
- C wages interest
- D wages profit

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Q5.

Which statement about the factors of production is correct?

- A Capital includes factories and machinery but not roads and ports.
- B Enterprise is more often found in the public sector rather than the private sector.
- C Labour is the factor that takes risks and can become unemployed.
- D Land is the natural factor that can be improved by human action.

Q6.

Which statement about the factors of production is correct?

- A Capital includes factories and machinery but not roads and ports.
- B Enterprise is more often found in the public sector rather than the private sector.
- C Labour is the factor that takes risks and can become unemployed.
- D Land is the natural factor that can be improved by human action.

Q7.

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

Q8.

An increase in the number of manufacturing robots in the car manufacturing industry represents an increase in the quantity of which factor of production?

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

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Q9.

Which firm is likely to find it most difficult to expand the use of its main factor of production?

- A a farm growing crops in extensive fields
- B a technology firm dependent on risky innovations
- C a textile firm making use of labour-intensive systems
- D an engineering firm relying upon capital-intensive methods

Q10.

Helium is a gas that is limited in supply. It takes thousands of years to form from decaying radioactive rocks. The US government holds 35% of the world's supply and has been selling its stocks. Helium is essential in medical scanners. It is also used for party balloons which some say is a wasteful alternative use of a valuable good. Which concepts can be applied to the above statement?

- A demand and supply, government subsidy
- B excess demand, resource allocation
- C factors of production, private monopoly
- D opportunity cost, public sector

Q11.

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