

Principles of Economics (English Medium) - ICOM Part 1 Economics English Medium Chapter 6 Short Questions Preparation

Q1. What is organization ?

Ans 1: Organization is the fourth factor of production. Organizer or Entrepreneur is a person or group of persons who combines other three factors (Land, Labour, Capital) and produces goods and services.

Q2. What is productivity of land ?

Ans 1: Working capacity of land known as productivity of land or efficiency of land. Different lands have different productivity. Some lands are more fertile while others are less and some are barren.

Q3. Define capital

Ans 1: All man made things which are helpful in production of more goods and services are known as capital, for example machinery, tools, transport etc.

Q4. What is capital formation.

Ans 1: Capital formation means to increase net addition in stock of real capital assets in a country. For example to build new dams, new roads, buildings, transport, tools etc.

Q5. What are the rewards of factors of production.

Ans 1: 1. Reward of land is rent.
2. Reward of labour is wage.
3. Reward of capital is interest.
4. Reward of organization is profit.

Q6. Write four points of importance of capital.

Ans 1: Importance of capital can be understood with the help of following points:
1. Increase in employment opportunities.
2. Increase in income level.
3. Development of agricultural and industrial sector.
4. Attainment of power

Q7. What is productivity of labour ?

Ans 1: The productive capacity of labourers is known as efficiency of labour. Some labours are more efficient and some are less,

according to their age, gender education and experience.

Q8. Write four factors effecting efficiency of labour.

Ans 1: Following are some factors that may affect efficiency of labour:

1. Personal qualities.
 2. Working hours.
 3. Working conditions.
 4. Education and Experience.
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Q9. What is mobility of labour ?

Ans 1: When labour moves from one place to another place, one firm to another firm, one profession to another profession, it is known as mobility of labour.

Q10. Write four characteristics of organization.

- Ans 1:**
1. Identifying and enumeration the activities.
 2. Assigning the duties.
 3. Defining and granting the authority.
 4. Creating authority relationship.
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