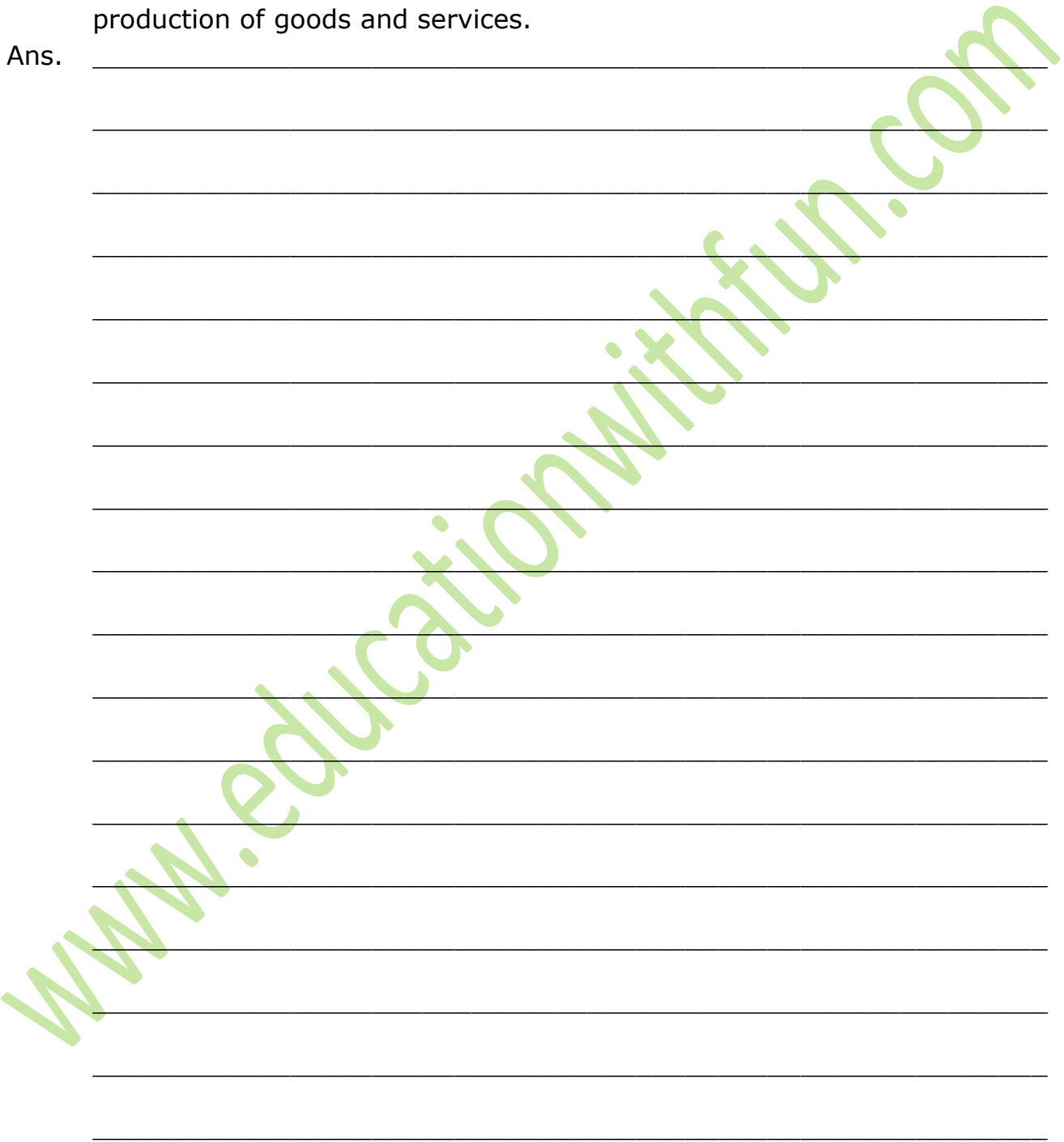


Name: \_\_\_\_\_ Date: \_\_\_\_\_

The Story of Village Palampur

Q1. What is the aim of production? Explain the four requirements for production of goods and services.

Ans. \_\_\_\_\_  
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## The Story of Village Palampur

Q1. What is the aim of production? Explain the four requirements for production of goods and services.

Ans. The aim of production is to produce the goods and services that we want.

There are four requirements for production of goods and services.

1. The first requirement is land, and other natural resources such as water, forests, minerals etc.

2. The second requirement is labour, i.e. people who will do the work. Some production activities require highly educated workers to perform the necessary tasks. Other activities require workers who can do manual work. Each worker is providing the labour necessary for production.

3. The third requirement is physical capital, i.e. the variety of inputs required at every stage during production.

It is of two types:

i. Fixed capital: Tools, machines, buildings

ii. Working capital: Raw materials and money in hand

4. There is a fourth requirement too. We will need knowledge and enterprise to be able to put together land, labour and physical capital and produce an output either to use ourselves or to sell in the market. This these days is called human capital.