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Production Process



4

Production Process



List the names of the goods you frequently use in a day.

Pen

Book

Clothes

Television

Vehicles

Paper

What is meant by goods?

Those things which are visible and tangible and can satisfy human wants are regarded as goods.

What is meant by service?

Services are invisible and intangible but can be experienced.

If we prepare a list of the goods and services we use daily, it will be a long one. All these goods and services are used to satisfy our wants. So we have to produce them.

What is Product ?

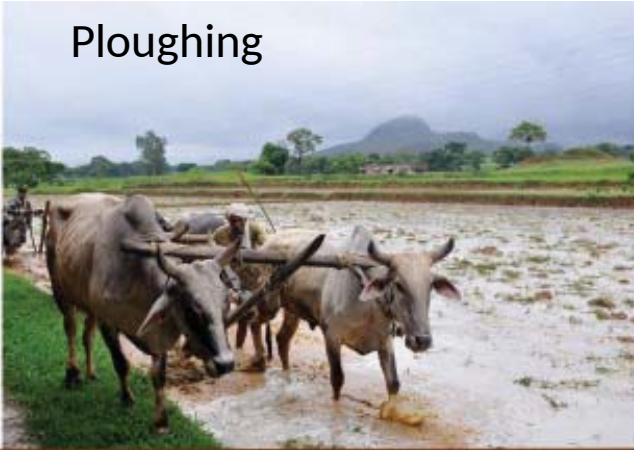
Product is the result of the production process.

What is production?

Production is the process of creating goods and services to satisfy human wants.

Find out the stages involved in producing paddy from figure - 4.1

Ploughing



Sowing seeds/planting seedlings



Weeding



Manuring



Harvesting



Threshing
Collecting rice grains



Ploughing



Sowing seeds/planting seedlings



Weeding



Manuring



Harvesting



Threshing Collecting rice grains



What are the factors involved in the process of paddy production?

Labourers

Natural resources (land, water,...)

Man-made goods (fertilizers, seeds, agricultural equipments,...)

Factors of production



factors involved in the production process are called factors of production.

Which are the factors involved in the production of shoes?

- Buildings
- Machinery
- Workers
- Electricity
- Entrepreneur
-

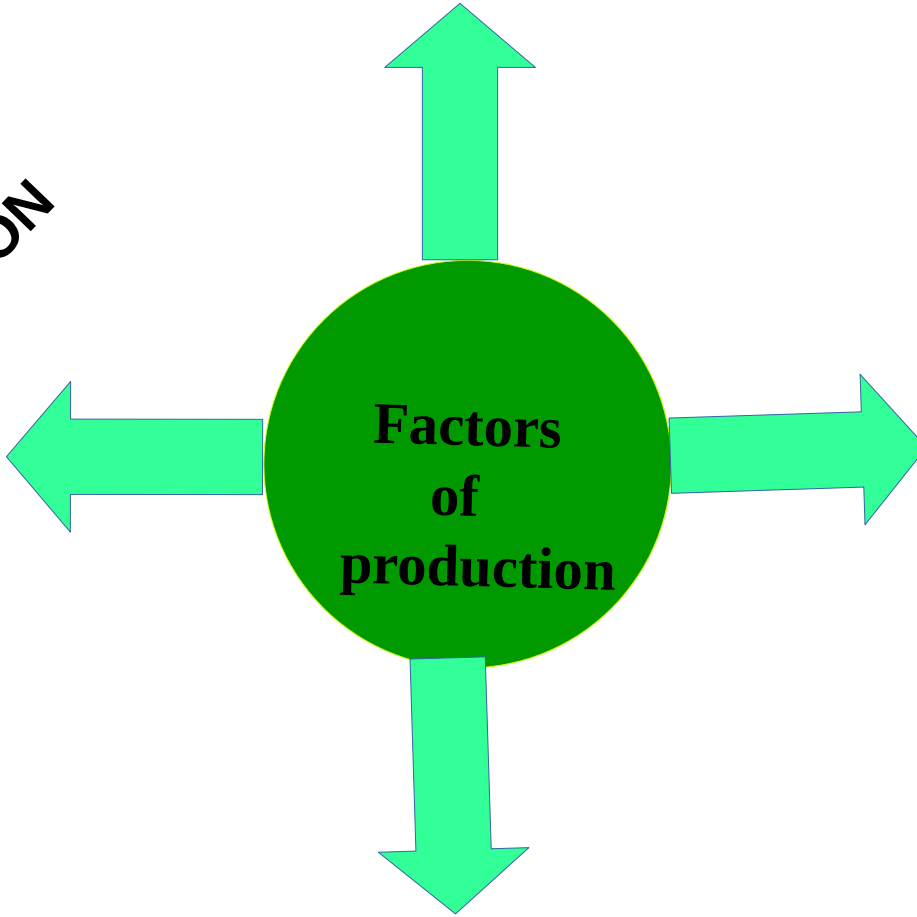
LAND

ORGANISATION

**Factors
of
production**

LABOUR

CAPITAL



Land

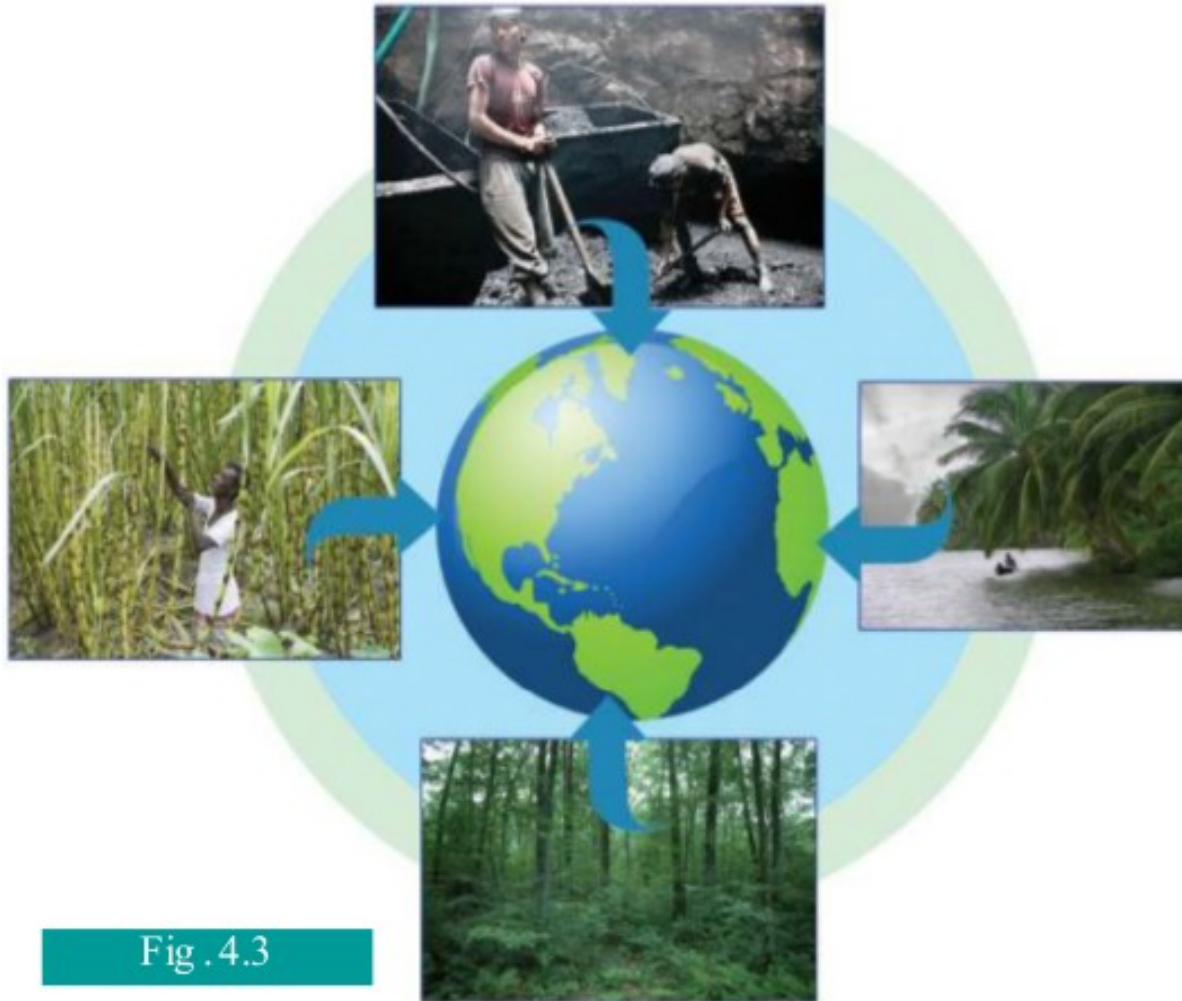


Fig .4.3

The term land as a factor of production is used in a broad sense.

All natural resources used in the production process are implied in the term land.

All resources on earth are regarded as land.

SEEN ON EARTH'S SURFACE	SEEN IN ATMOSPHERE	UNDER THE EARTH
LAND	AIR	MINERALS
WILD ANIMALS	RAIN	IRON ORE
SEA	WIND	COAL
MOUNTAINS	SNOW	CRUDE OIL
FOREST RESOURCES	ATMOSPHERIC TEMPERATURE	METALS

What all natural resources are included in 'land' as a factor of production?

Soil

Water

Forest

Air

Coal

Discuss the features of land as a factor of production based on the indicators given below.

- Which are the natural resources included in land as a factor of production?
- Can we increase the area of land in accordance with our requirements?
- Can we enhance the fertility of land? If so, how?
- Can we shift land from one place to another?

Features of land

- The free gift of Nature
- The total availability of land is fixed.
- Land differs in fertility
- Land by itself cannot produce anything.
- Land is a primary factor of production.
- Supply of land is fixed.

All the factors involved in the production process get rewards.

Land as a factor of production gets **rent as its reward.**

Labour

Labour is an active factor in the production of a product. The labourers use their manpower in the production process. The physical, mental, and intellectual skills of the workers are used to produce goods and services is rewarded, it is called labour



(We can see how the laborers use their manpower if we visit a coir production unit)

- To make coconut fibre suitable for coir manufacturing**
- To dye suitably**
- To operate the machinery**
- For product distribution**

We can see that the physical, mental, and intellectual skills of the workers are used here. If the use of these skills to produce goods and services is rewarded, it is called labour. Since family members engaged in household activities do not generate rewards, it is not regarded as labour.

Wage is the reward for labour. This is mostly paid in cash. Sometimes, instead of cash, goods are given as rewards. For example, occasionally coconuts are given as reward for plucking them.



Fig .4.5



Manpower is used for any labour. The manpower wasted today will be lost. It cannot be saved for tomorrow. The manpower of the laboures can be enhanced through education or training.

Feature of labour

- Human beings are the source of labour
- Labour cannot be separated from the labourer.
- Efficiency of labour differs.
- Labourers maintain skills.
- The remuneration paid for the services of labourer is called wages.

Prepare a table showing physical and mental labour

Physical labour	mental labour
Head load	Teaching
Agriculture	Medical service
Construction work	Engineering
Tarring work	Advocate
Fishing	Computer work
Coir work	Banking
Cashew work	Literary work

Capital

Capital is essential for the production of a product and for providing the basic facilities for the same. It is necessary for establishing a factory, buying equipments, paying wages to labourers, buying raw materials for production and the like.

Tangible and visible man-made things used for production are called capital. Computers, vehicles, and machines which can be used in production are also considered as capital.

Features of capital

- Capital helps the other factors of production.
- Capital enhances the production skills of the labourers.
- Capital has mobility.
- Man made
- Provide income to the producer

Like other factors of production, capital also gets reward.
Interest is the reward for capital.

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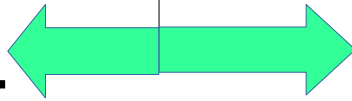
CAPITAL

PHYSICAL CAPITAL



FIXED CAPITAL

WORKING CAPITAL



MONEY CAPITAL

PHYSICAL CAPITAL

Tangible and visible man made goods that are used for production process is called physical capital

eg. machines
Computers
factories

(can be seen and touched)

Fixed capital

**Physical capital that can be used continuously
in the process of production**

**eg. electricity
Vehicle
railway**

(they can be used again and again for production)

Working capital

Raw materials and stock that are used in day to day production process

eg. money for day to day expenses

(the owner gets back the capital when the product is sold)

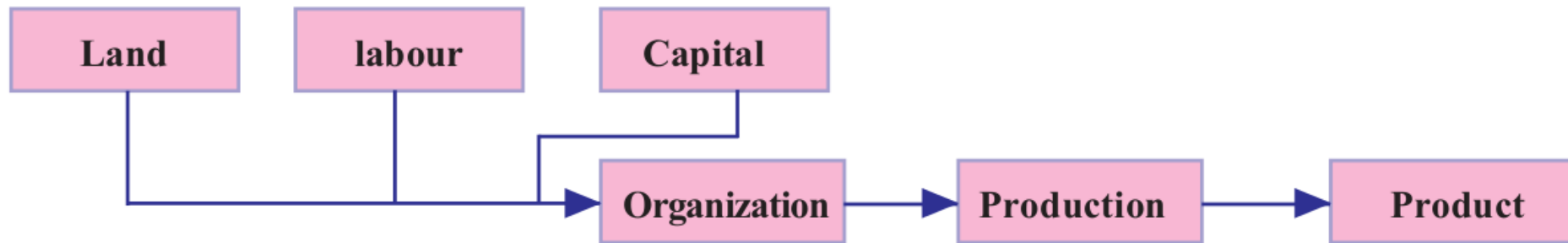
Money capital

Money used in the production processes such as the purchase of physical capital like machinery, tools etc.

(amount that is used to buy the capital is called money)

Organization

Organization implies the co-ordination of various factors of production like land, labour, and capital. The person who co-ordinates is called an organizer or entrepreneur.



Profit is the reward for the organizer.

Find out the features of the organizer based on the indicators given below.

- What is the objective of an organizer?**
- What are the responsibilities of an organizer in the production process?**
- What are the factors that the organizer should co-ordinate?**
- How can the skill of a co-ordinator be enhanced?**

- **What is the objective of an organizer?**

***An entrepreneur should be a
good inventor***

What are the responsibilities of an organizer in the production process?

The entrepreneur ensures the land, workers, raw materials, machinery, and money for production

What are the factors that the organizer should co-ordinate?

The organizer ensures the land,workers,raw materials, machinery for production

How can the skill of a co-ordinator be enhanced?

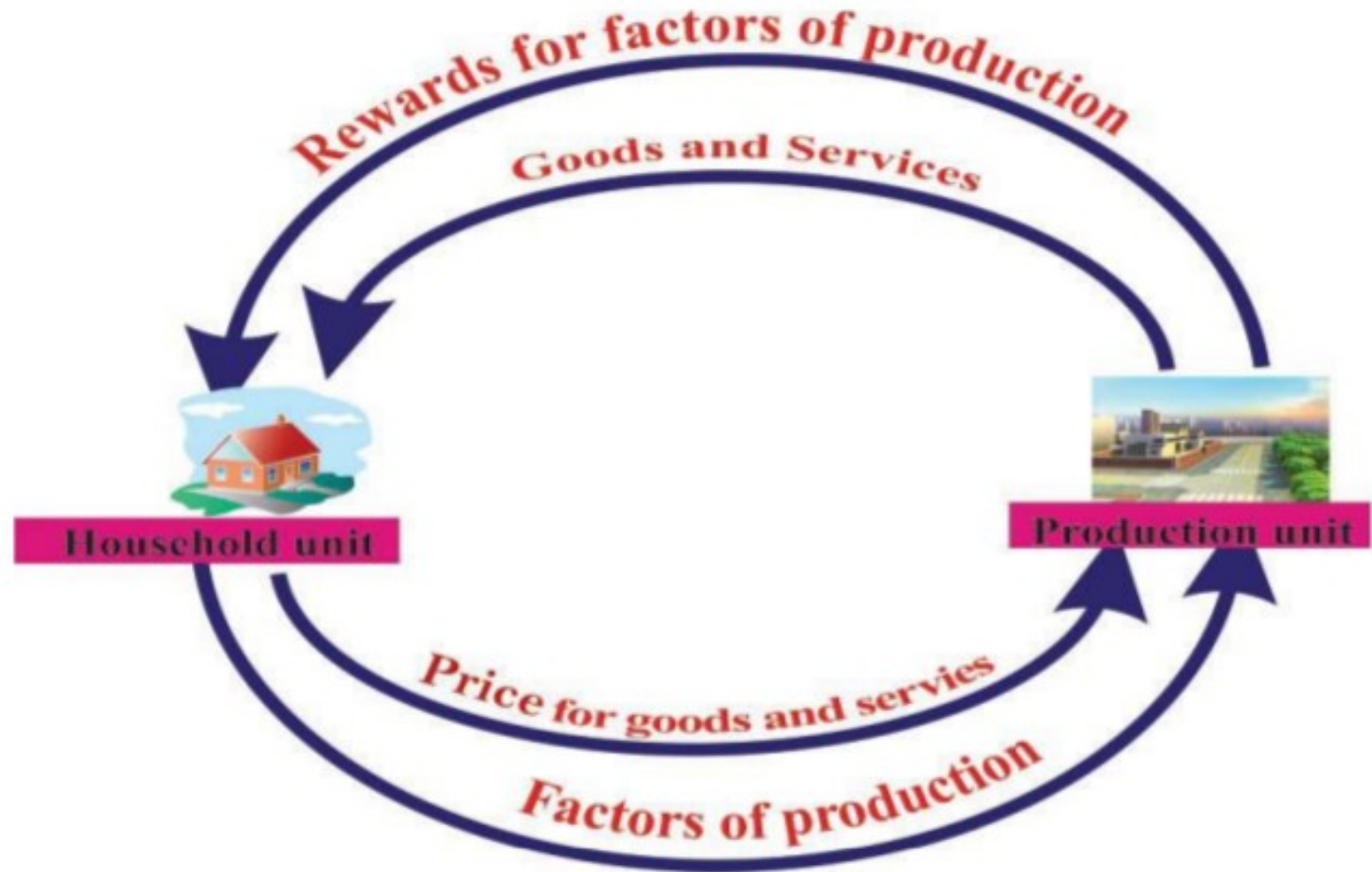
Organizer is that a person who bring new ideas into practice

Features of an organiser

- The ability to combine factors of production scientifically.
- Good planner.
- Good manager.
- Ability to make use of new ideas and methods of production.
- Profit /loss is the reward for the organizer

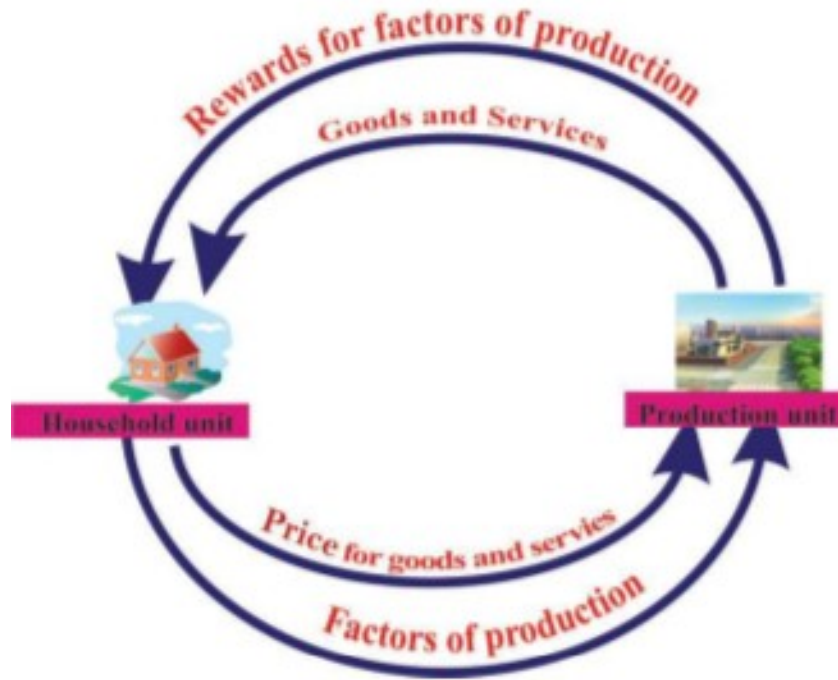
PRODUCTION FACTORS	REWARDS
LAND	RENT
LABOUR	WAGE
CAPITAL	INTEREST
ORGANIZATION	PROFIT

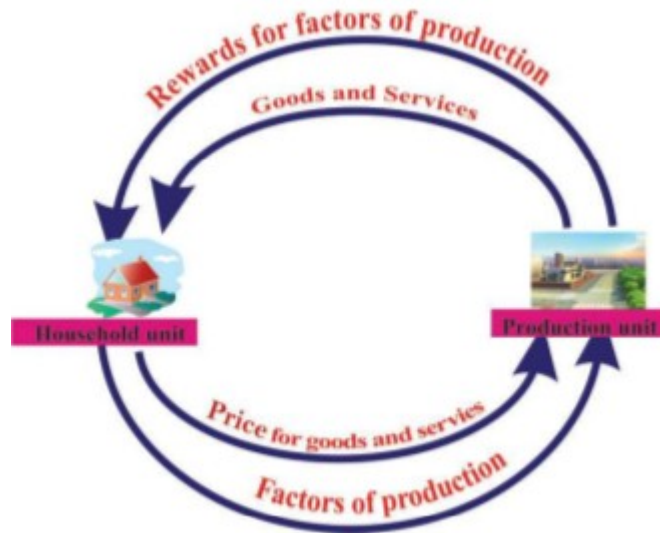
Circular flow of economic activities



Here the production unit produces goods and services and the household unit consumes them. We have seen that the products are consumed to satisfy human wants.

Human wants are many. When we satisfy one want, another emerges. With change in wants, goods and services also change correspondingly and they need to be produced. Hence, this process is continuous.











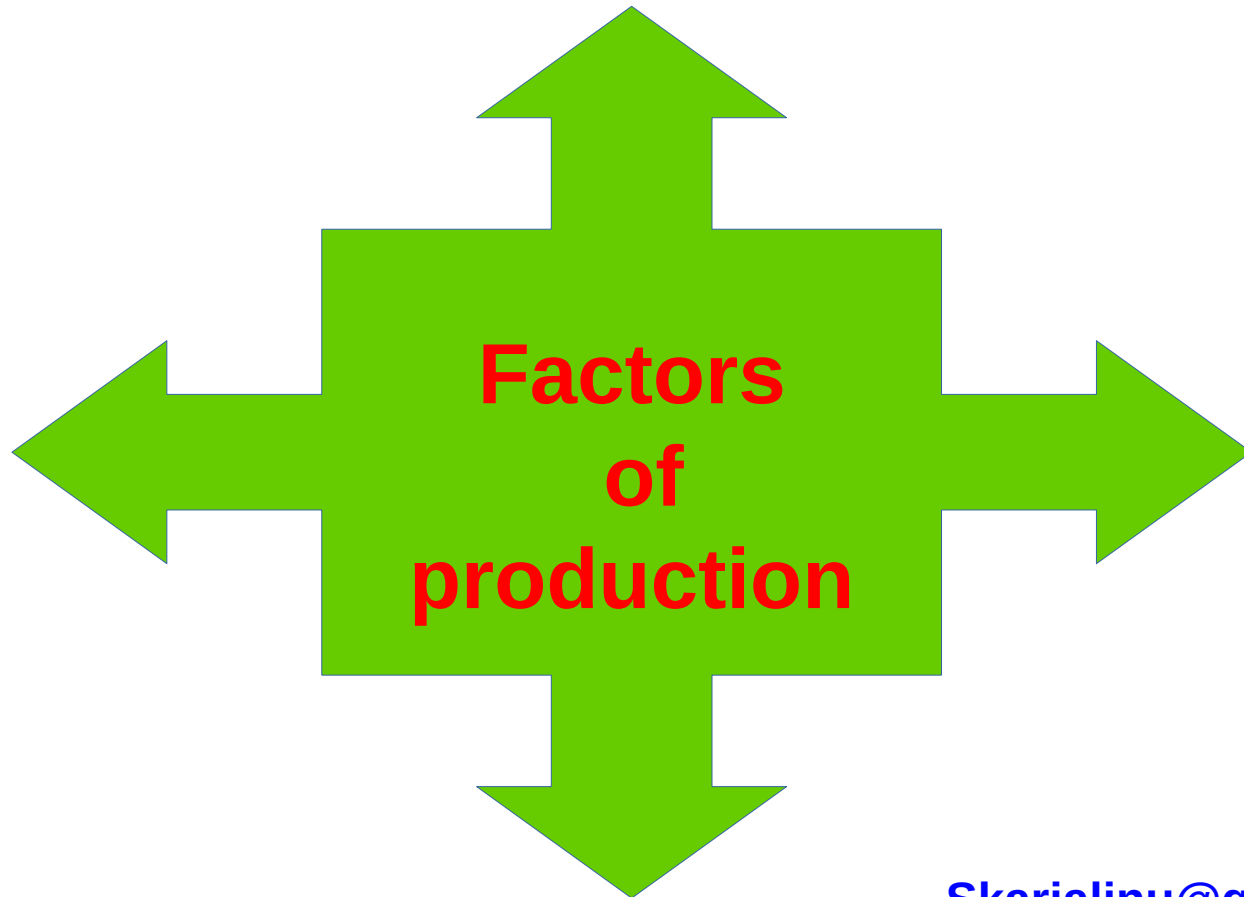
- *The household unit supplies the land, labour, capital, and organization to the production unit.*
- *The household unit is given rent, wages, interest, profit, etc as reward by the production unit*
 - *The production unit supplies goods and services to the household unit.*

In exchange for the goods and services received, the household unit pays price to the production unit.

Identify the type of factors of pdn

Item	land	capital	labour	organisation
Water				
Soil				
Equipment				
Workers				
building				
manager				

Complete the flow chart



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