

STD:VI

UNIT : 4



**PRODUCTION
PROCESS**

GOODS

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



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

- Pen
- Book
- Clothes
- Telivition

We use the service of a large number of people for the production and distribution of the goods you listed.

What is meant by service?

Services are invisible and intangible but can be experienced.



Example---Teaching is such a service. We also receive services from doctors, bank officers, etc.



What is production?

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



The stages involved in producing paddy



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,...)

production process can be completed only with the involvement of many factors.

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

How these factors help in the manufacturing of shoes.

The factors of production can be classified into four:

- ❖ Land
- ❖ Labour
- ❖ Capital
- ❖ Organization

Let us examine the features of each.

Land

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

All resources on earth are regarded as land.

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

- Soil
- Water
- Forest
- Air
- Coal
- Oceans
- mountains

Features of land as a factor of production

- **The free gifts of nature**
- **Supply of land is fixed**
- **Land is immobile**
- **Land differs in fertility**
- **Land by itself cannot produce anything**
- **Land cannot be destroyed, it is permanent**
- **Land is a primary factor of production**
- **Land is used for agricultural and non agricultural purposes**

All the factors involved in the production process get **rewards**.
Land as a factor of production gets **rent** as its reward.

Labour



The physical, mental, and intellectual skills of the workers are used for production process . The use of these skills to produce goods and services is rewarded, it is called labour.

Physical and mental labour

Physical labour	Mental labour
<ul style="list-style-type: none"><input type="checkbox"/> Head load<input type="checkbox"/> Agriculture<input type="checkbox"/> Construction works<input type="checkbox"/> Tarring works<input type="checkbox"/> Fishing<input type="checkbox"/> Coir works<input type="checkbox"/> Cashew works	<ul style="list-style-type: none"><input type="checkbox"/> Teaching<input type="checkbox"/> Medical service<input type="checkbox"/> Engineering<input type="checkbox"/> Banking<input type="checkbox"/> Advocate<input type="checkbox"/> Computer work<input type="checkbox"/> Literary work

Wage is the reward for labour. This is mostly paid in cash. Sometimes, instead of cash, goods are given as rewards.

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

Capital

Tangible and visible man-made things used for production are called capital.

Examples- Computers , vehicles , etc.....

Features of Capital

- ❖ Capital helps the other factors of production.
- ❖ Capital enhances the production skills of the labourers.
- ❖ Capital has mobility.
- ❖ Capital helps the other factors of production.
- ❖ Capital increases the productivity of the workers.

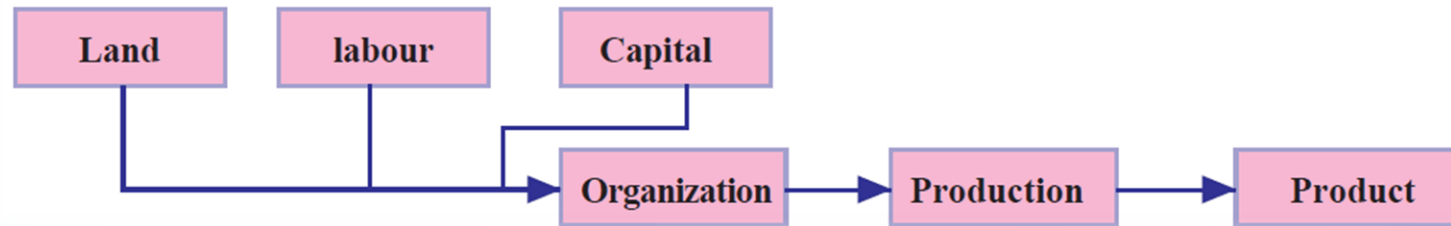
Like other factors of production, capital also gets reward. **Interest** is the reward for capital.

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**.

The chart depicting the role of an organizer
in the production process



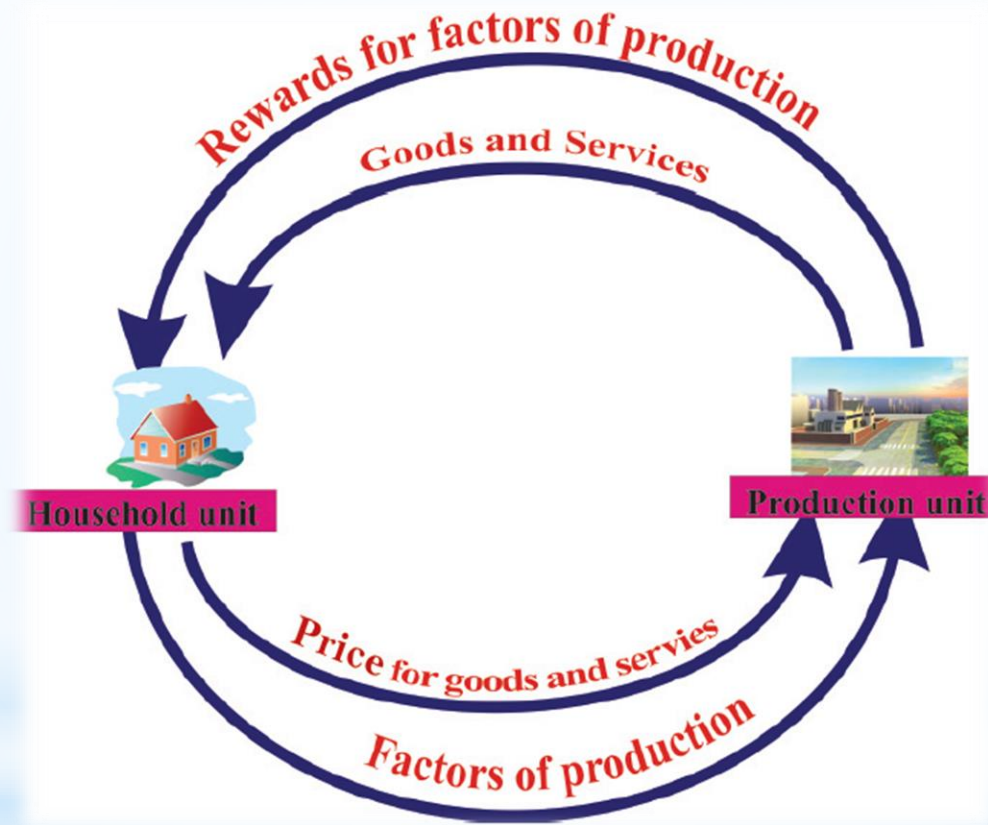
Profit is the reward for
the organizer

Features Organiser

- The ability to combine factors of production scientifically
- Ability to make use of new idea and methods of production
- Good planner
- Good manager

Production factors	Rewards
<ul style="list-style-type: none">❖ Land❖ Labour❖ Capital❖ Organization	<ul style="list-style-type: none">❖ Rent❖ Wage❖ Interest❖ Profit

Circular flow of economic activities



What all can be found out from the figure

- 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.

Since production and consumption are continuous, the economic activities follow a circular pattern.

summary

- ❑ Goods are things that are tangible and visible and are used to satisfy human wants.
- ❑ Services also satisfy human wants but are intangible and invisible.
- ❑ To consume goods and services in accordance with our requirements, we need to produce them.
- ❑ Land, labour, capital, and organization are the factors of production.
- ❑ The characteristics of each factor of production are different.
- ❑ Rent, wage/salary, interest, and profit are the rewards for the factors of production land, labour, capital, an organization respectively

Thank you



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