

Factors of Production in a Village Economy

Chapter 16: The Story of Village Palampur · Topic 1

Key Concept

Land in a village economy includes farmland, water sources, and natural resources used for farming and other economic activities central to rural life.

Labour includes farmers, farm workers, and artisans who contribute physical and skilled work to produce crops, goods, and services within the village.

Capital in villages includes tools, machinery like tractors, irrigation systems, and money used to invest in farming or small businesses.

Entrepreneurship in villages might involve a farmer trying new crops or techniques, or someone starting a small shop or dairy business, organising resources to create economic opportunities.

Quick Revision Notes

- Village economies use land, labour, capital and entrepreneurship.
- Land includes farmland and water sources.
- Labour includes farmers and farm workers.
- Artisans also contribute skilled labour.
- Capital includes tools, tractors and irrigation systems.
- Money invested in farming is also capital.
- Entrepreneurship involves trying new farming methods.
- Starting a small business is also entrepreneurship.

Practice Questions

- 1 Identify examples of land, labour and capital in a village near you.
- 2 Discuss an example of entrepreneurship in a rural setting.
- 3 Explain why agriculture is central to most village economies.
- 4 Research how a village might use capital, like irrigation systems.
- 5 Discuss the role of artisans in a village economy.
- 6 Create a diagram showing the four factors of production in a village.