L-1 the story of village Palampur

**Section – A**

Q-1.Explain any three requirement for the production of goods and service?

Ans:-The three requirements for the production of goods and service are land, labor and Physical and Human Capital.

1. Land: -Land is the main resource for the production activity. Most factory and Industries are built on the land. The factory should be near the water resource.
2. Labor: -Labor is another resource need for the production activity. They can be hired on the daily basis at a fixed wages or monthly basis like in factories and industries.
3. Physical and Human capital: -All capital buying and selling activity comes under the physical capital. There are two types of physical activity Fixed and Working. In some activities skills and knowledge needed so that the skilled labor hired they are called human capital.

Fixed Capital: -Example of fixed capital is Machines in industries, Agriculture tools, Vehicles