

Land and capital in economics

[Literature](#), [Russian Literature](#)



Production is bound to take place with the combination of factors of production called as land, labor, capital and organization. In modern economics, enterprise has come to occupy a very important role in production so as to deal with that on a separate footing as an agent of production. Production, according to Hicks, is " any activity directed to the satisfaction of other people's wants through exchange". Production in economics means creation of economic utilities, as man cannot produce matter. He can only work upon matter so as to make it more useful for human consumption. The factors or agents of production can be divided into two categories namely; the animate factors and inanimate factors. Land and capital are called as inanimate factors and labor, organization and enterprise are concerned with animate factors since these factors depend upon the effective functioning of human work force. Land in economics: Land as a factor of production has a wider connotation than what is understood in ordinary language. Apart from being the surface of the earth, the soil or the ground, land in economics means all those things animate or inanimate which are given by nature freely and are helpful in production. These natural factors are not capable of being produced by human agency. Thus it includes the soil, the properties of the soil, natural elements like air, rainfall, heat and sunshine, water on the surface and below the surface of the earth, including the various minerals and numerous gifts of nature which man puts to economic use. Land is called as the nature less man. Marshall defined land as " the material and the forces which Nature gives freely for man's aid in land and water in air and light and heat". In the economic sense, land means, " natural resources". Capital in economics: Capital has been defined

in many ways and there is no consensus of opinion regarding the exact meaning of the term called as " capital". Roughly capital may be defined as that part of wealth other than land which is used for further production of wealth. Obviously all capital is called as wealth; however, all wealth is not capital. Wealth that is not used for further production of wealth is not called as capital in the economic sense. Moreover, the fundamental feature of capital is that it is made by man. " The term " capital" is used to describe all those instruments of production which are deliberately made by man to be used to carry on production in future. The chief categories of capital assets are machines, factories, railways, vehicles and the like. Capital is therefore unique among the factors of production in that man exercises complete control over its creation. Capital is otherwise called as the produced means of production.