



[Summary]

Production Function

Subject:	Business Economics
Course:	B. A. (Hons.), 1st Semester, Undergraduate
Paper No. & Title:	Paper – 101 Microeconomics – I
Unit No. & Title:	Unit – 3 Production Function
Lecture No. & Title:	Lecture – 1 Production Function

Summary

The supply of a product depends upon its cost of production, which in turn depends upon the physical relationship between inputs and output and the prices of inputs. For the analysis of production function with two variable factors, the concepts of iso-quants or iso-product curves are used which are similar to indifference curves of the theory of demand. An isoquant represents all those factor combinations which are capable of producing the same level of output. Isoquants can be labeled in physical units of output without any difficulty as the production of a good is measured in absolute measurement of physical units. Since each isoquant represents a specified level of production, it is possible to say by how much production one isoquant represents. The isoquants normally possess properties which are similar to those assumed for indifference curves. Moreover, the properties of isoquants can be proved in the same manner as in the case of indifference curves.