[Glossary]

Production Equilibrium

Subject:	Business Economics
Course:	B. A. (Hons.), 1st Semester, Undergraduate
Paper No. & Title:	Paper – 101 Microeconomics – I
Unit No. & Title:	Unit – 3 Production Equilibrium
Lecture No. & Title:	Lecture – 2 Production Equilibrium

Glossary

Cost function

The cost function expresses a functional relationship between total cost and factors that determine it. The factors that determine the total cost of production of a firm are the output (Q), the level of technology (T), the prices of factors (p_f) and the fixed factors (F). Symbolically, the cost function becomes=f(Q,T,p_f, F)

Expansion path

Expansion path in case of the linear homogeneous production function (i.e. production function with constant returns to scale) is always a straight line through origin.

Factor prices

As an effort to explain the principles by which a business firm decides how much of each commodity that it sells, it will produce, and how much of each kind of labor, raw material, fixed capital good, etc., that it employs, it will use.

Isocost

An isocost line is defined as the locus of various combinations of factors which a firm can buy with a constant outlay.

Isoquant

A graph of all possible combinations of inputs that result in the production of a given level of output.