What is Production Function?
The basic relationship between the factors of production and the output
is reffered to as a P...

Important facts about production function
ï A Production function is expressed with reference to a particular
period of ti...

Short Run vs. Long Run
5
Plant size is fixed,
labor is variableShort Run
To increase production firms
increase Labor but c...

TYPES OF PRODUCTION
FUNCTION
The nature of production function, ie.how output varies with change in the
quantity of inputs...

6
Law of Variable Proportions
Law of Variable Proportions (Short run Law of
Production)
Assumptions:
ï One factor (say, L)...

Short run production function
 

Total Product Function (TP)
ï Represents the relationship between the number of workers (L) and the
TOTAL number of units ...

TOTAL,AVERAGE AND MARGINAL PRODUCTS
SCHEDULE(CONSIDER A SMALL SANDWICH SHOP)
NO.OF WORKERS TOTAL PRODUCT AVERAGE PRODUCT M...

GRAPH OF LAW OF VARIABLE PROPORTION
 

Figure 7.4 on Page 306
Three stages of production
ï Stage 1: average
product rising.
ï Stage 2: average
product declining ...

RELATIONSHIP BETWEEN DIFFERENT PRODUCTS
Between AP and MP
ï WHEN MP > AP,AP INCREASES
ï WHEN MP < AP,AP DECREASES
ï WHEN M...

Relationship between MP and AP
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MP
APMP below AP
MP above AP
MP AP
MP = AP, AP doesnât
change and
AP is max
70...

conclusion
ï Production function is simply a catalogue of
production possibilities.
ï It is an engineering concept and sin...

