

## Production function

- \* The term 'output' refers to the commodity produced by the various inputs.
- \* The technological relationship between inputs and outputs are known as production function.
- \* In the words of Leftwich, "The term production function refers to physical relationship between a firm's input of resources and its output of goods or services per unit of time, leaving prices aside."

Algebraically, It may be expressed in the form of an equation as-

$$X = f(A, B, C, D)$$

Where,  $X$  stands for output of goods per unit of time.

$A, B, C, D$  stands for factors of production and,  $f$  refers to the functional relationship.

If production includes constant and state of technology given, It may be expressed as -

$$X = f(A, B, C, D, T)$$

In here,

T stands for given state of technology.

\* Every business firm has its own production function which is determined by the state of technology and ability of organisation.