

- \* Production is the second economic activity.
- \* In economics the term 'production' means creation of utility.
- \* Land is a factor of production which is passive.
- \* Consumption is the destruction of utility.
- \* The most important function of the entrepreneur is to bear risks of production.
- \* Labour is the active factor of production.
- \* Production is the joint effort of factors of production.
- \* Factors of production and their rewards are given below -

Land	—————>	Rent
Labour	—————>	Wage
(Production	—————>	Creation of utility.
Entrepreneurship	—————>	Risk & Uncertainty.
Capital.	—————>	Interest

- \* Production function is related with specified time period and time per unit.
- \* Production function relates with factors of production.
- \* The short period is the concept of the Law of variable proportion.
- \* The long-period production function is related with the Returns to scale.
- \* The production function is a technological concept.
- \* The production function is a functional relationship between physical inputs and physical outputs of a firm.
- \* The production function is an engineering concept.
- \* In the production function the level of technology assumed to be constant.