

- * Generally, classical economists consider production as the creation of material goods, or creation of utility or creation of want satisfying goods and services.
- * produce which has utility but not value is not production in economic sense. It means to increase "value in-use as well as value in exchange."
- * According to Thomas, "production is the increase in the value of goods."
- * Fraser says that - If consumption means extracting utility from production then the production means putting utility into the matter."
- * production and consumption is the basic feature of economics. Example -
Woods - furniture - destroy.

* Methods of Creation of Utility.

- (i) Form Utility - by changing the shape of matter.
- (ii) Place Utility - by transporting a thing from one place to another. Like goods have more utility in market than Industry.
- (iii) Time Utility - goods and services have different utility according to time. Like ^{News} Paper is useful at morning than afternoon or evening.
- (iv) Transfer of Ownership - like land, furniture and other resources can be transfer.
- (v) Service Utility - personal services like teachers, doctors, lawyers have great utility.
- (vi) Knowledge Utility - our knowledge may be enhance by teaching, learning, meeting, advertisement etc.

All the above methods of creation of utility is very helpful in the production.