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MON TUE WED THR FRI SAT SUN

Class - B.Com - Part - I.

Subject: Business Economics and Environment

Topic: Iso-product curve

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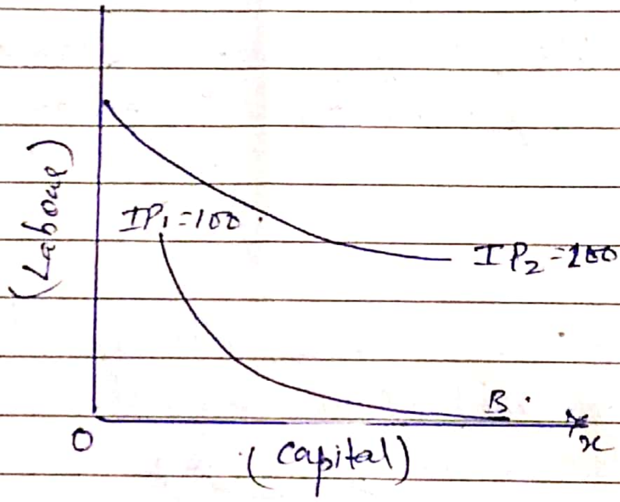
ISO-product curve never touches axis:

If an Iso-product (quant) curves touches x axis it would mean that the product is being produced with the help of X factor (capital) alone. without using factor Y (labour). This is a logical absuridity (ribiculous) that a single factor cannot produce anything. Therefore IP_1 and IP_2 cannot be Iso-product curve as shown in fig.



Difference between The iso-product curve and ~~Inf~~ Indifference curve.

[What is the difference between iso-product curve and indifference curve?].

	Indifference curve.	Iso-product curve.
①	Indifference curve represent satisfaction which cannot be measured in physical units.	Iso-quants, the product can be measured in physical units.
②	An indifference map one can only say that a higher indifference curve gives more	One can easily tell by how much output is geater on a higher iso-quant

	Indifference Curve	(quant) Iso product curve.
	satisfication than a lower one, but it cannot be said how much more or less satif-action is being derived from one indifference curve ~~as compared~~	in comparison with a lower isoquant.
(3)	Satisfaction on Indifference curve cannot be measured in physical units, they are given arbitrary numbers 1, 2, 3, etc.	The iso-quant have an added advantage over the former because they can be labelled in physical units as 100, 200, 300 and so on.
(4)	An indifference curve shows equal level of satisfaction at all points.	An iso (quant) product shows equal level of product
(5)	There are related demand theory.	Iso-quant curves related with production theory.
(6)	It shows the various combin-ation of two commodities.	It shows the various combination of two inputs on an equal output
(7)	It provide no any information about economic and unequal region of consumption goods.	It slope, influenced by the technical possibility of substitution between production. It provide economic and uneconomic information region of production

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	Indifference Curve.	Iso - product curve. (quant)
8	Its slope influence depends upon Mariginal rate of Substitution between commodities consumed by the consumer.	It slope influence by the technical possibility of substitution between productions.

[State the Similarities between Iso product curve and indifference curves. ?]

1. Both the curves slope downwards from left to right.
2. Both the curves are convex to origin.
3. In both situation higher the curves, higher the level of satisfaction output.
4. Both the situation, two curves do not intersect each other
5. Both the curves do not touch the axis.
6. Both are not necessarily parallel to each other.

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[What is meant by Iso-product curve? Explain the Assumption and its characteristics?]

Meaning :-

The term 'isoquant' is composed of two terms 'iso' and 'quant'. Iso is a Greek word which means equal and quant is a Latin word which means quantity. Therefore, these words together refer to equal quantity or equal product.

Assumptions of Iso-quant Curve :-

The concept of isoquant is based on the following assumption :-

① Only two inputs (Labour and capital) are employed to produce a good.

② There is technical possibility of subsiting one input for another. It implies that the production function of variable proportion type

③ Lobour and capital are divisible

④ The producer must be rational ie Trying to maximize his profit

⑤ State of technology is given and unchanged.

⑥ Marginal rate of technical substitution diminishes in production process.