

PRODUCTION: TYPES OF PRODUCTION, FACTORS OF PRODUCTION

Production is a process of value addition which is developed to transform a set of input elements like man, raw material, capital, energy, information etc into finished products and services in proper quality and quantity. Production can be agricultural, manufacturing or service.

Factors of Production

Nature: It is a very important factor for any production. It is impossible to carry out production without land, water, and other resources. Suitable land and the availability of water make production easier

Labour: human effort is a necessary factor for production. Skilled labor can make a significant difference in any production. The combination of an adequate number of labor with suitable skills and reasonable labor wages can highly benefit the production process.

Capital: capital generally refers to money, but money is not a factor of production. This is because money is not directly involved with the production of product or services. It is important to distinguish between private capital and personal capital. Buying a car for personal use and family transport is not considered capital but buying a vehicle for commercial use is considered as capital.

Enterprise: enterprise is the activity that combines all the other factors of production into a product or service for the consumer market.

Types of Production

There are four types of production system that are generally employed. A suitable type of production is decided by the nature of the product being produced, demand of the product on the market, and supply of raw materials.

1. Unit/job type production

Unit or job type production is most observed when you need to produce one single unit of a product at a time. A typical example of job production is tailored outfits that are made just for you and according to your size.

2. Batch production