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B.A - I Paper - I
Topic - Cobb Douglas Production Function

The Cobb-Douglas production function is based on the empirical study of the American manufacturing industry made by Paul H Douglas and C.W Cobb.

It is a linear homogeneous production function of degree one which takes into account two inputs, labour & capital, for the entire output of the manufacturing industry.

The Cobb-Douglas Production function can be expressed as;

$$Q = A L^{a} C^{b}$$

where,

Q = Output

L and C are inputs of labour & capital respectively

A, α & β are positive parameters,

where $\alpha > 0$, $\beta > 0$.

The equation tells that output depends directly on L and C, and that part of output which cannot be explained by L & C is explained by A which is 'residual', often called <u>technical change</u>.