

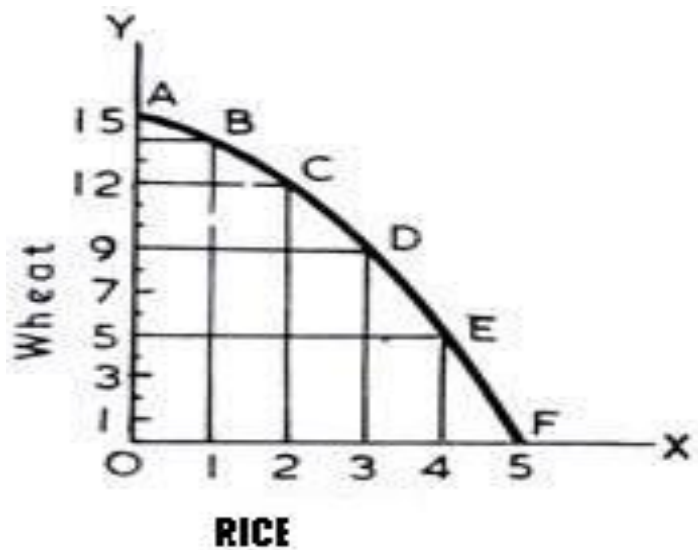
Production Possibility Curve

PPC (Production Possibility Curve) is a curve which shows different possible combinations of two goods, which can be produced with available resources.

Production Possibility Curve is also known as Production Possibility Frontier or transformation Curve.

Production possibility Schedule

Combinations	Wheat (in quintals)	Rice (in quintals)
A	15	0
B	14	1
C	12	2
D	9	3
E	5	4
F	0	5



Production Possibility Curve

In this diagram AF is the production possibility curve,

Combination A shows 15 quintals of wheat can be produced without any production of rice.

Combination B shows 14 quintals of wheat can be produced with 1 quintal of production of rice

Combination c shows 12 quintals of wheat can be produced with 2 quintal of production of rice

Combination D shows 9 quintals of wheat can be produced with 3 quintal of production of rice

Combination E shows 5 quintals of wheat can be produced with 4 quintal of production of rice

Combination F shows 0 quintals of wheat can be produced with 5 quintal of production of rice

Assumption of PPC

The **PPC** is **based** on **assumptions** that

- 1) Resources are fixed
- 2) All resources are fully & efficiently utilized
- 3) Technology remain constant