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शक्तिउत्थानआश्रमलखीसरायबिहार

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Notes

1. **Break-even Point:-** It occurs when AR = AC or (TR = TC). At this point, firm is earning zero economic profit or normal profit. OR we can say it is just covering all its costs.
2. **Shut-down Point:-** It occurs when a firm is covering its variable costs only, here, the firm is incurring loss of fixed cost. (TR < TVC OR AR < AVC)
3. **Supply:** Refers to the amount of the commodity that a firm or seller is willing to sell at different prices during a given period of time.
4. **Factors affecting supply of a commodity:**
   Price of the commodity.
   Prices of other related goods.
   Level of Technology.
   Prices of inputs.
   No. of firms.
   Government policy regarding Taxation and subsidies.
   Goals of the firm.

5. **Individual Supply:** Refers to quantity of a commodity that an individual firm is willing and able to offer for sale at different price during a given period of time.
6. **Market supply:** It is the sum total of quantity supplied of a commodity by all sellers or all firms in the market at different price and in a given period of time.
7. **Stock:** Refers to the total quantity of a particular commodity available with the firm at a particular point of time.
8. **Supply Schedule:** Refers to a tabular presentation which shows various quantities of a commodity that a producer is willing to supply at different prices, during a given period of time.
9. **Supply curve:** Refers to the graphical representation of supply schedule which represents various quantities of a commodity that a producer is willing to supply at different prices during given period of time.
10. **Slope of supply curve** = $\Delta P/\Delta Q$. A supply curve has a positive slope.
11. **Law of Supply:** States the direct relationship between price and supply of a commodity, keeping other factors constant. i.e. higher the price, higher the supply and lower the price, lower the supply.

12. **Price Elasticity of Supply**: Refers to the degree of responsiveness of supply of a commodity with reference to a change in price of the commodity. It is always positive due to direct relationship between price and quantity supplied.

13. **Methods for measuring price elasticity of supply:**
    1. Percentage Method

    2. Geometric Method

14. There are three possibilities of Elasticity of Supply:
    (a) If a straight line supply curve passes through the point of origin doesn't matter what it makes angles, Es at any point is equal to unity.
    (b) If a straight line supply curve passes through left side of point of origin and intersect Y-axis, Es > 1.
    (c) If a straight line supply curve passes through right side of point of origin and intersect X-axis, Es < 1.
15. **Change in Q.Supplied Vs change in Supply:**
    a) Change in Q.Supplied or Movement along supply curve
    (i) Due to change in price of Commodity other factors remain constant

    b) Change in Supply or Shift in supply curve
    (i) Due to change in factors other than price of the commodity

16. In simple words, Increase in supply–More supply at the same price or same supply at lower price.
    Decrease in supply– Less supply at same price or same supply at a higher price.