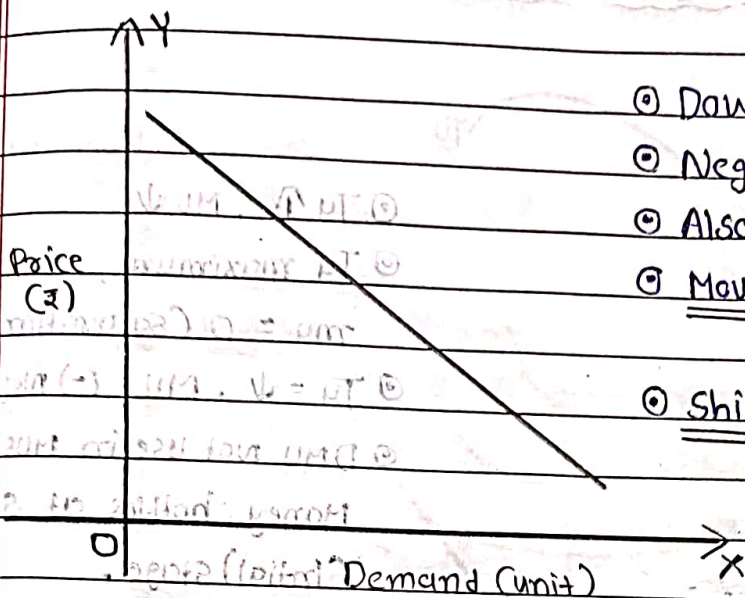
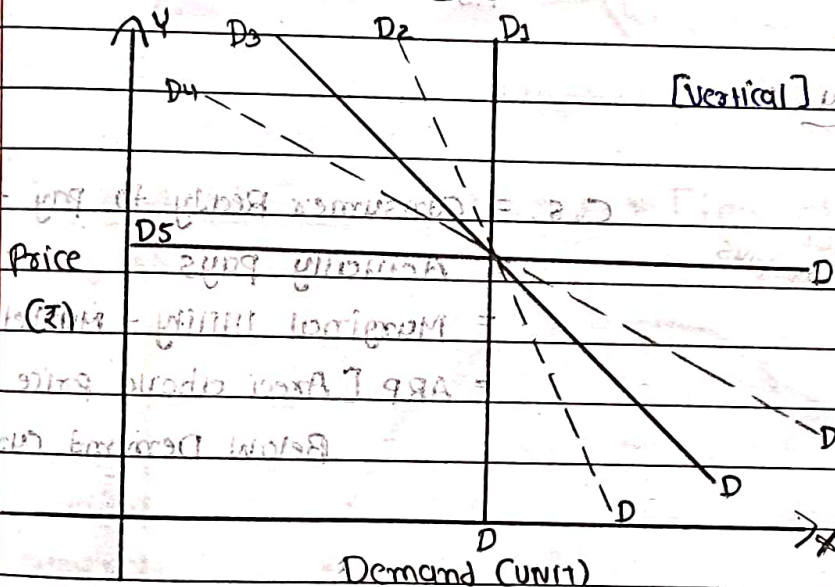


* Demand Curve



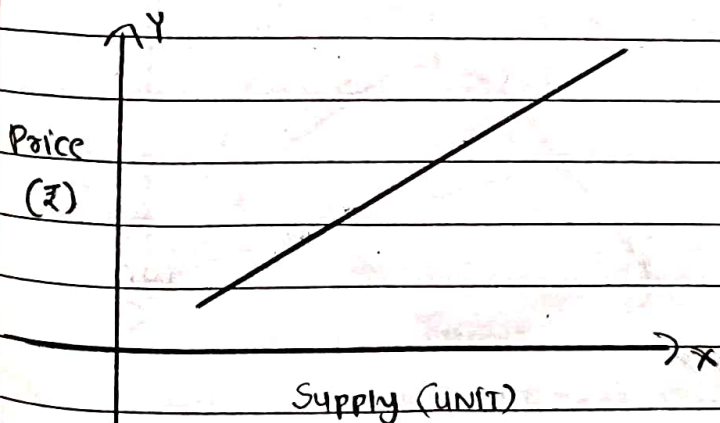
- ⊙ Downward sloping from left to right
- ⊙ Negative slope
- ⊙ Also called, "Average Revenue Curve"
- ⊙ Movement → Expansion / contraction
[Price change]
- ⊙ Shift → Increase / Decrease
[Other thing change]

* Price Elasticity of Demand



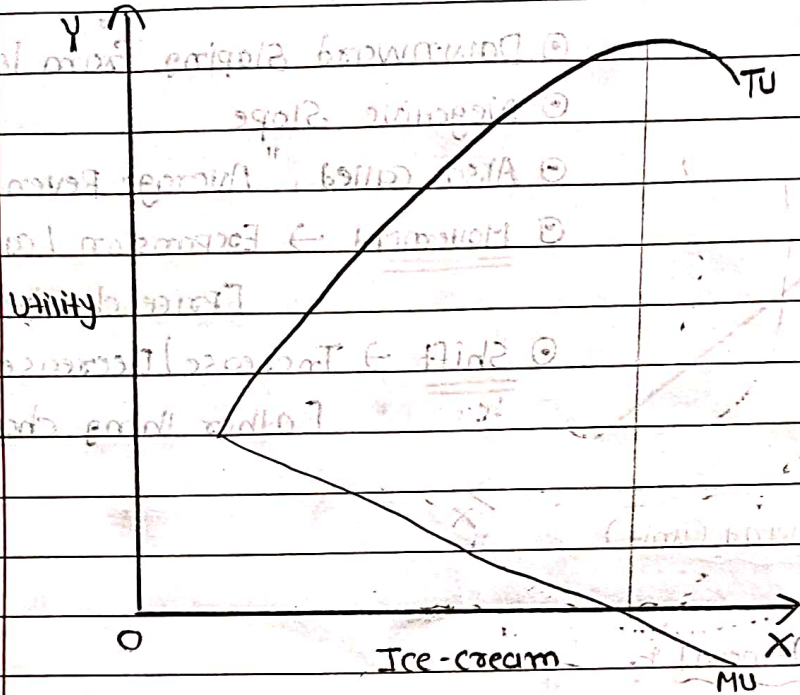
- ⊙ DD1 = Perfectly Inelastic
[Vertical]
- ⊙ DD2 = Less Elastic [Inelastic]
[Steep shape]
- ⊙ DD3 = UNIT ELASTIC
[Straight line]
- ⊙ DD4 = More Elastic [Elastic]
[Flatter shape]
- ⊙ DD5 = Perfectly Elastic
[Horizontal]

* Supply Curve



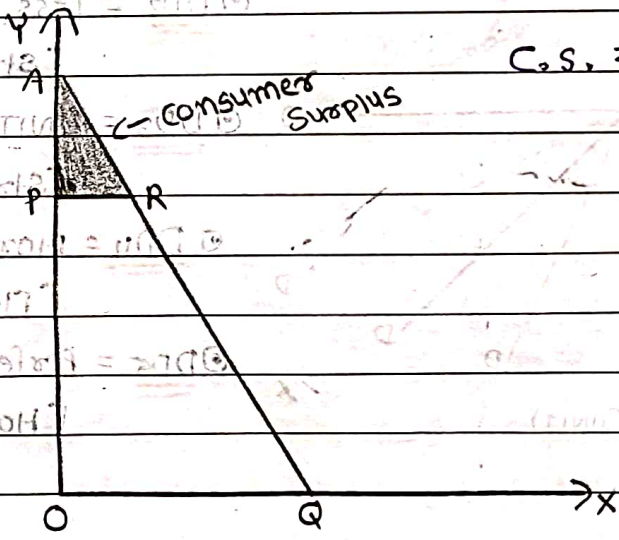
- ⊙ Upward sloping from left to right
- ⊙ Straight line / face hand curve
- * ⊙ Market supply is "horizontal"

* Law of Diminishing Marginal Utility [DMU]



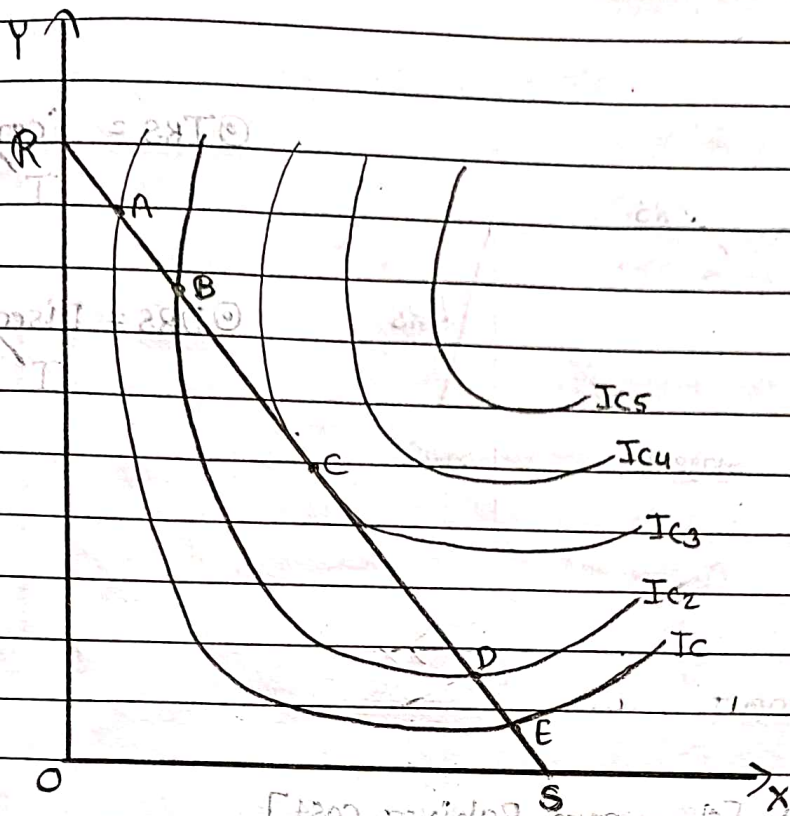
- ⊙ $TU \uparrow, MU \downarrow$
- ⊙ TU maximum, $MU = 0$ (saturation point)
- ⊙ $TU = \downarrow, MU = (-)$ Negative
- ⊙ DMU Not use in Music, Money, hobbies at starting (Initial) stage.

* Consumer Surplus



C.S. = Consumer Ready to pay -
Actually pays,
= Marginal Utility - Market price
= ARP [Area above price and
Below Demand curve]

* Indifferent Curve Analysis

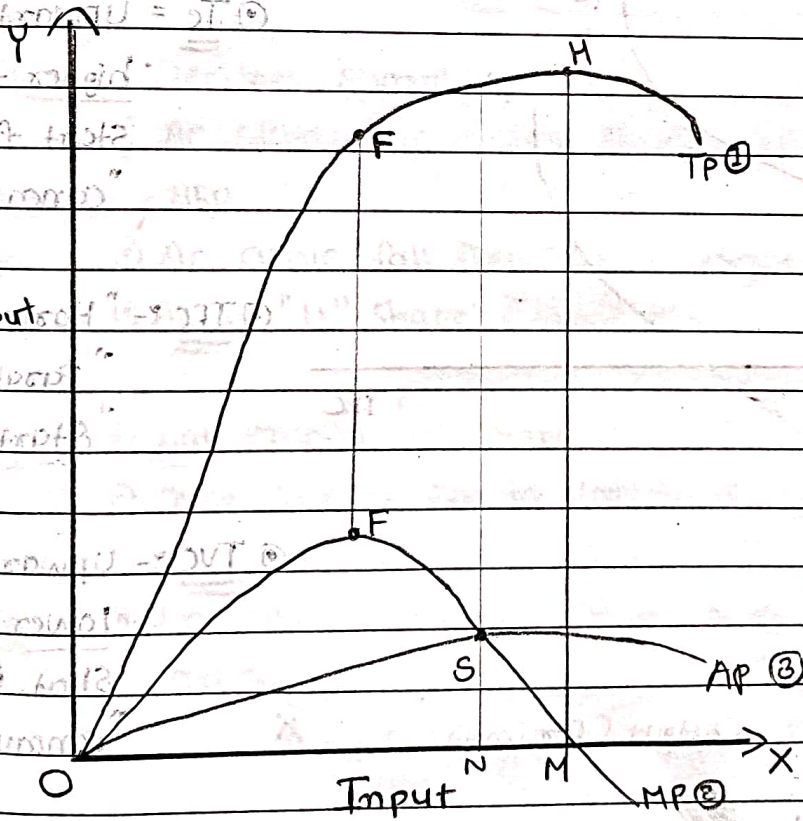


⊙ RS = BUDGET LINE / PRICE LINE

⊙ C = consumer's Equilibrium

⊙ Indifference Map

* Concepts of T.P., A.P., M.P. & [Law of Variable Proportions]

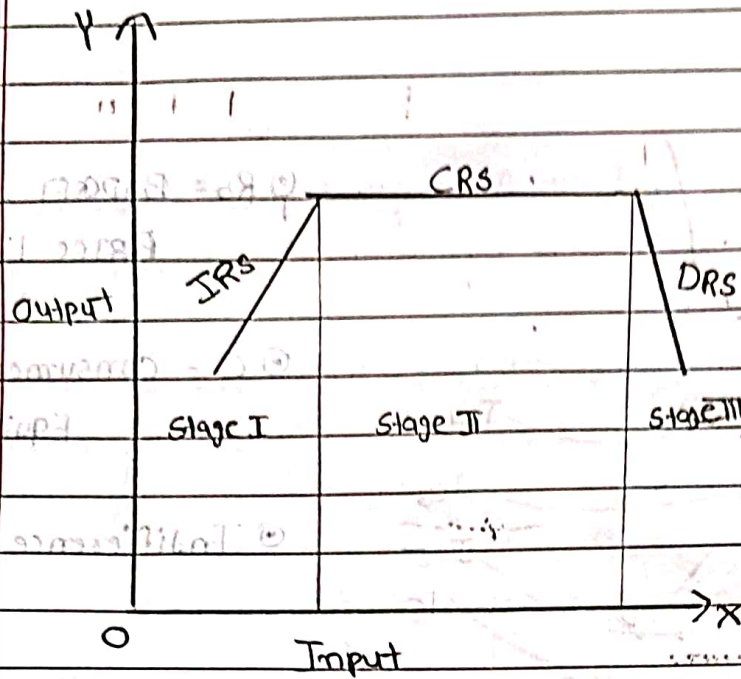


⊙ H, F, S = Maximum

⊙ MP Maximum = "Inflection Point"

(Variable-labour)

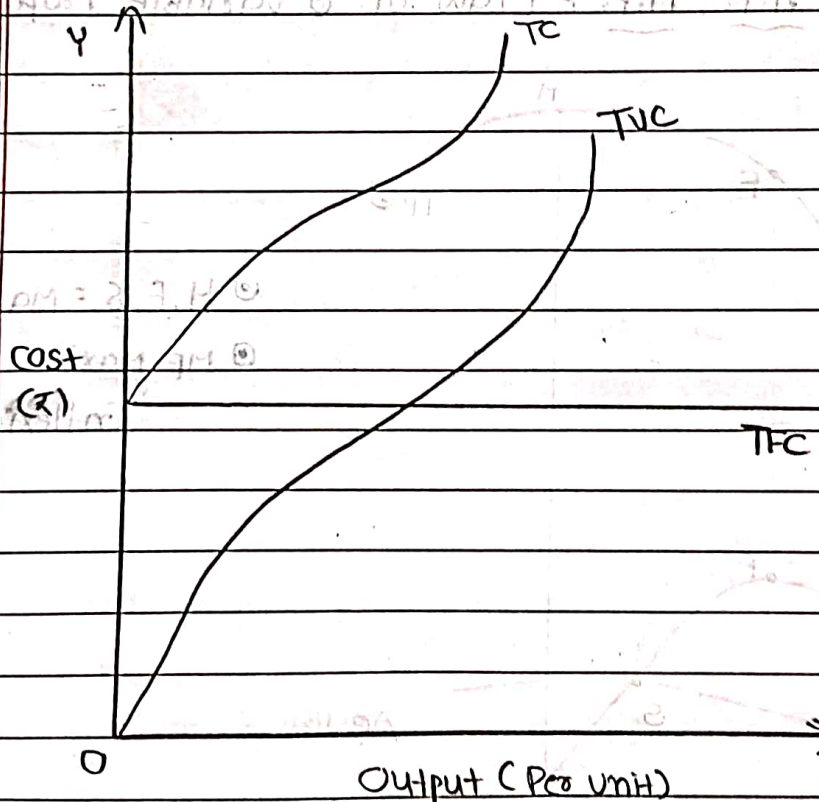
* Law of Returns to Scale



⊙ IRS = Economic
I E

⊙ DRS = Diseconomic
I E

* TC, TFC, TVC & [Short run Behavior cost]



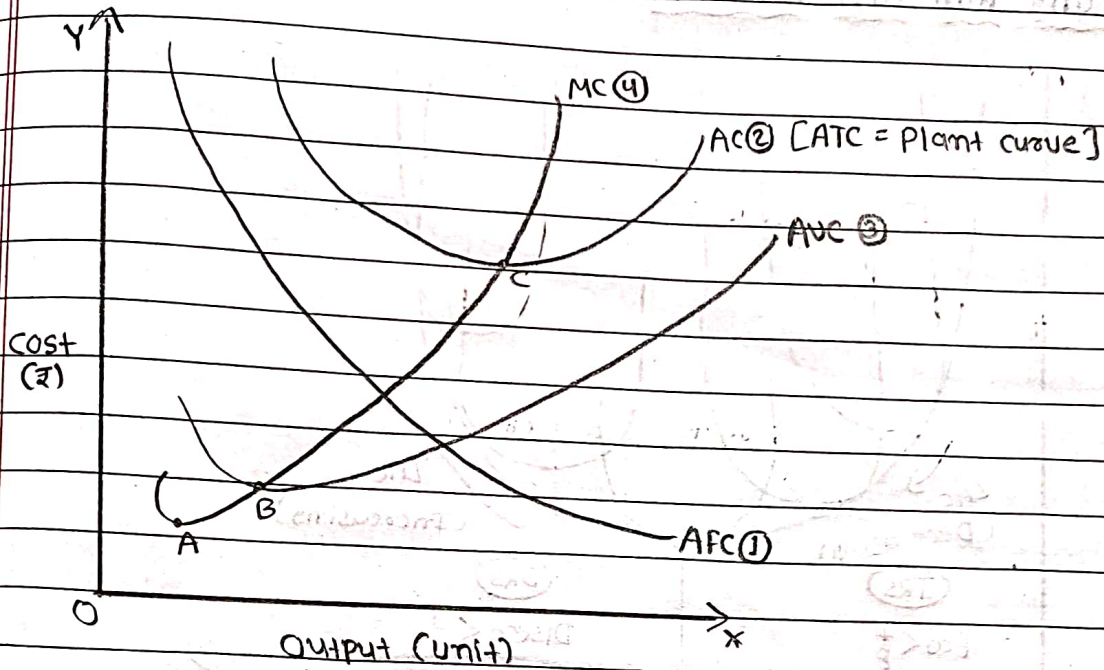
⊙ TC = Upward to the right,
higher than TVC,
Start from "y-axis",
"concave convex shape"

⊙ TFC :- "Horizontal line",
"Parallel to x-axis",
"Start from y"

⊙ TVC :- Upward to right,
Lower than TC,
Start from "origin",
"concave convex"

* "TFC" and "TC" are incurred when output = zero (0)

* AC, AFC, AVC, MC & [Short run]



- ① AFC :-
- ⊙ Convex and Negatively sloped downwards left to right
 - ⊙ Never touch x or y (because can never to zero)
 - ⊙ Never 'U' shape.

- ② AC :-
- ⊙ Declines sharply
 - ⊙ AC starts increasing because rise in AVC is more fall

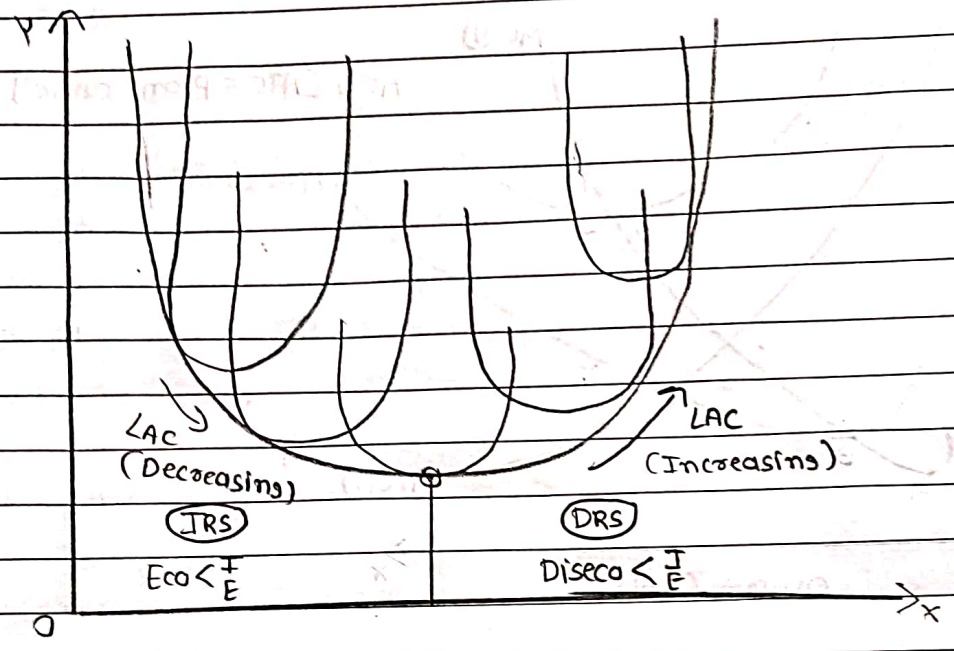
③ AC curve fall first due to decline in AFC

④ AC is "U" shape (Plant curve)

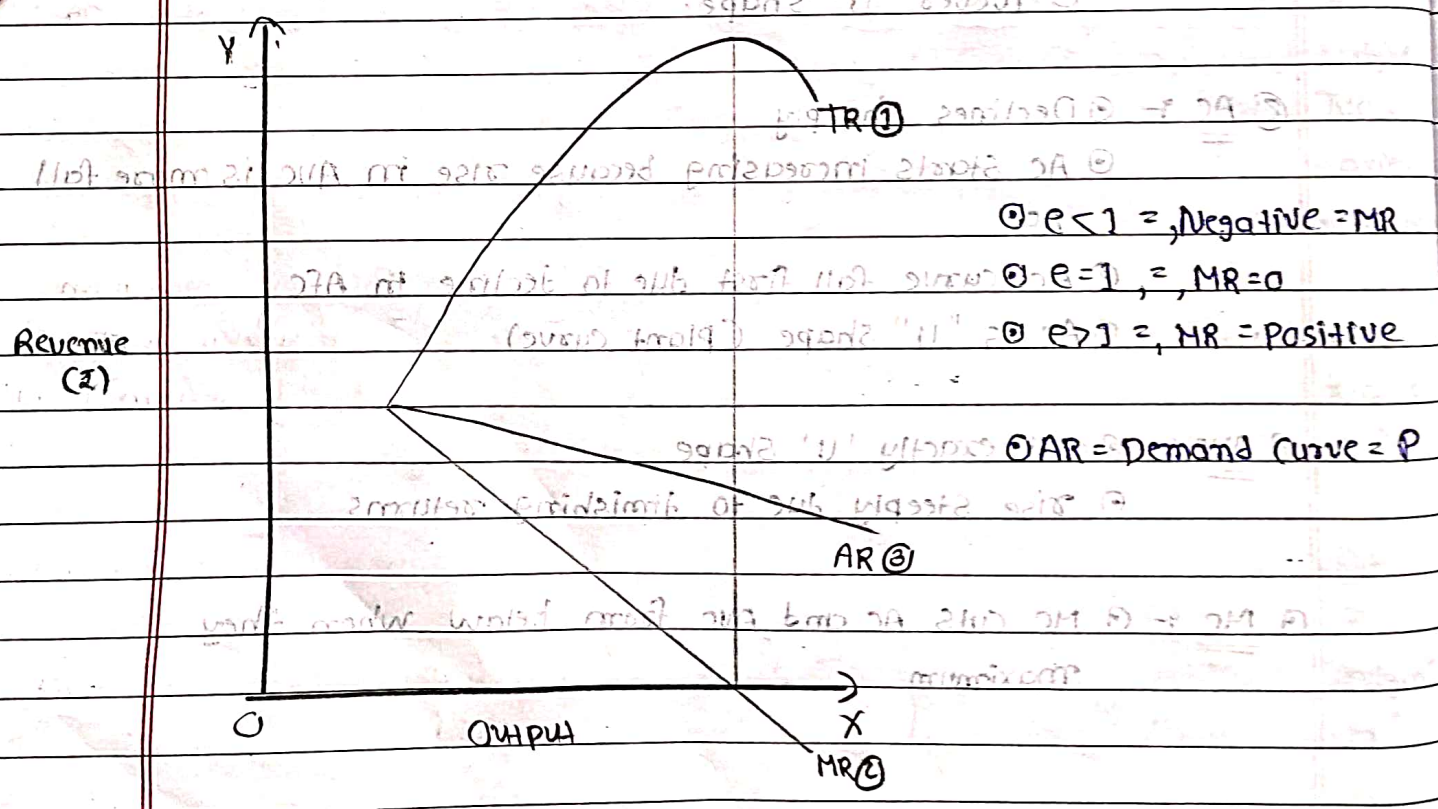
- ⑤ AVC :-
- ⊙ not exactly 'U' shape
 - ⊙ rise steeply due to diminishing returns

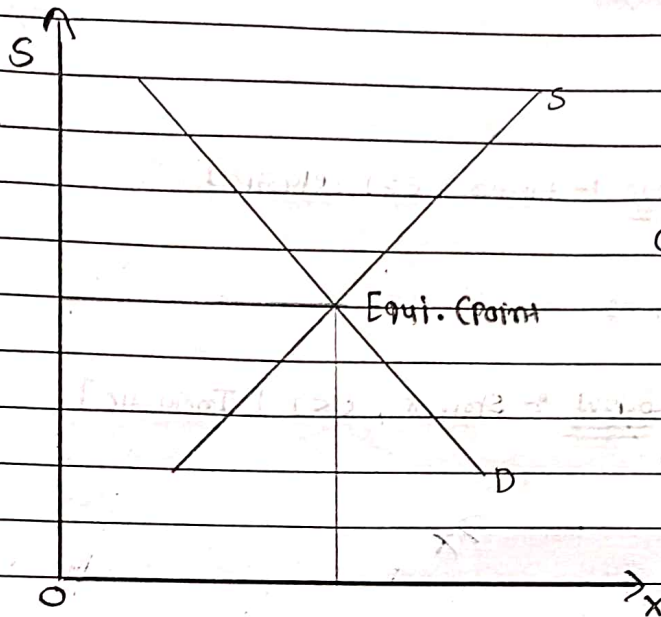
- ⑥ MC :-
- ⊙ MC cuts AC and AVC from below when they maximum

* Long Run Cost Behaviour



* TR, AR, MR



* Determination of Prices *Equilibrium point

⊙ Below = Excess Demand exists,
competition among
buyers, Prices go up

⊙ Above = Excess Supply exists,
competition among
sellers, Prices go down

① Change in Demand (Supply =) :- ⊙ Increase, Demand curve shifts
Rights.

⊙ Decrease, Demand curve shifts lefts.

② Change in Supply (Demand =) :-

⊙ Increase, Supply curve shifts Rights.

⊙ Decrease, Supply curve shifts left

③ Supply and Demand Shift Same Direction :-

⊙ D & S ↑, Equilibrium quantity ↑, Price uncertain

⊙ D & S ↓, " " ↓, Price uncertain

④ Supply and Demand Shift Opposite Directions :-

⊙ D ↑, S ↓, Equilibrium Price ↑, Equilibrium quantity uncertain

⊙ D ↓, S ↑, " " ↓, " " "

* Kinked Demand Curve

y ↑

Equilibrium Point

above kink, $e > 1$ [Elastic]

← kink

below kink, $e < 1$ [Inelastic]

x →

