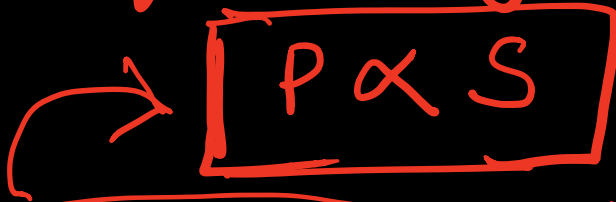


Supply - analysis

Supplier

law of supply


$$P \propto S$$

Exceptions to law of supply

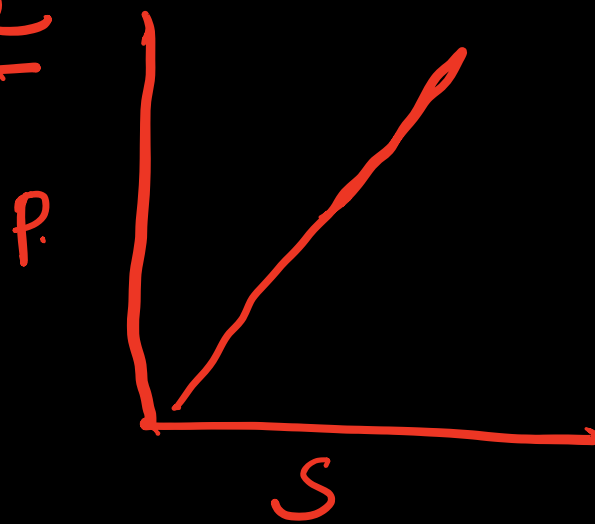
$$P \propto \frac{1}{S}$$

1. If supply is badly in need of money.
2. If supplier wants to get rid of his product.
3. When heavy fall in price is anticipated.
4. In case Auction.

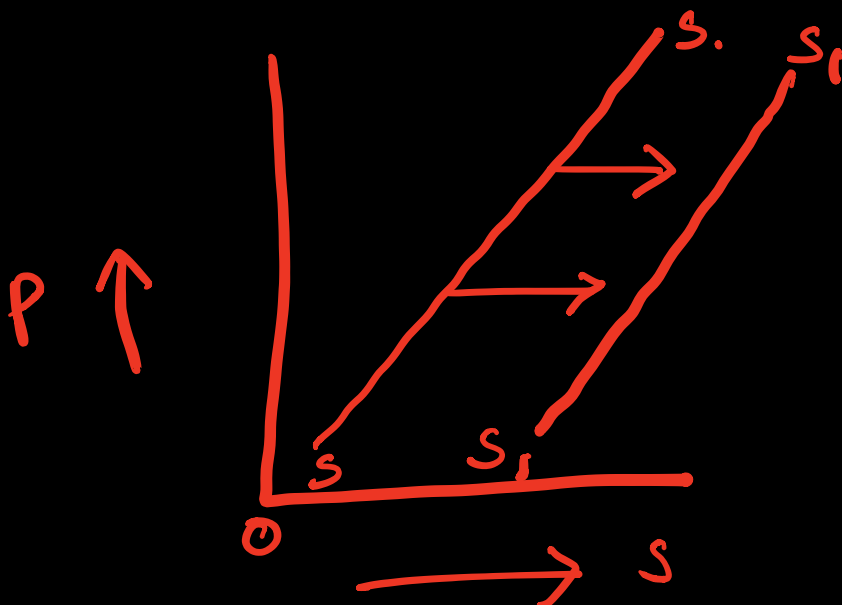
Supply
Schedule
Tabular
Representation

P	S
1	2
2	3
3	4
4	5

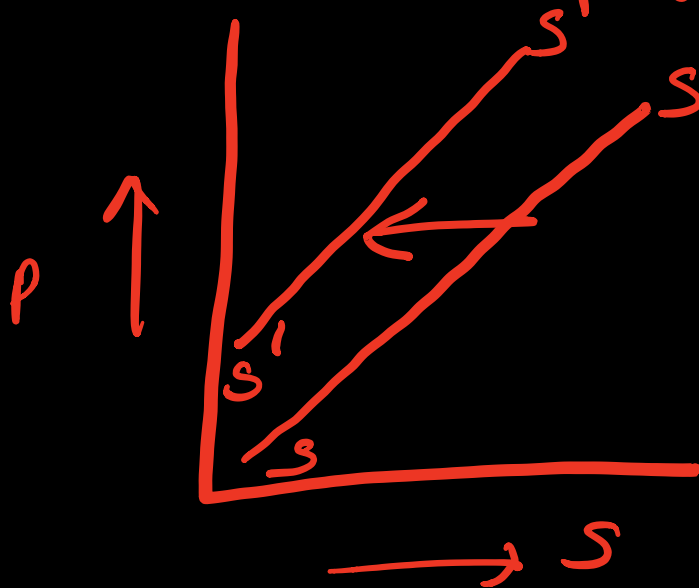
Supply curve



Increase in supply



Decrease in Supply



Determinants of Supply

(P) →

- 1) Natural Factors
Rain fall
- 2) Change in Technique of Production
- 3) Cost of production: M, M, M_a
Higher wages, interest Money
- 4) Prices of related goods
 $\uparrow P$ Tea
- 5) Government Policy
Fav in fav.

more

~~sup~~ less.

6) Monopoly power competition
↓ supply less supplier more

7) Number of seller or firms

8) Complementary goods.
↑ Pet - Car.

9) Discovery of new source of inputs

10) Improvement in transport & comm.

⇒

$$S_x = f(\dots)$$

Elasticity of Supply.

$$E_s = \frac{\% \text{ change in Supply}}{\% \text{ change in Price}}$$

1) Perfectly elastic

2) Perfectly inelastic

3) Unit elastic

4) Relative elastic

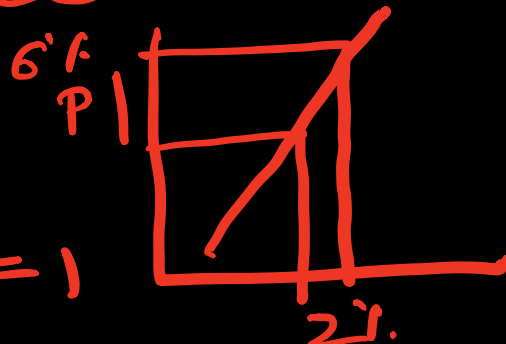
5) Relative inelastic

$E_s = \infty$

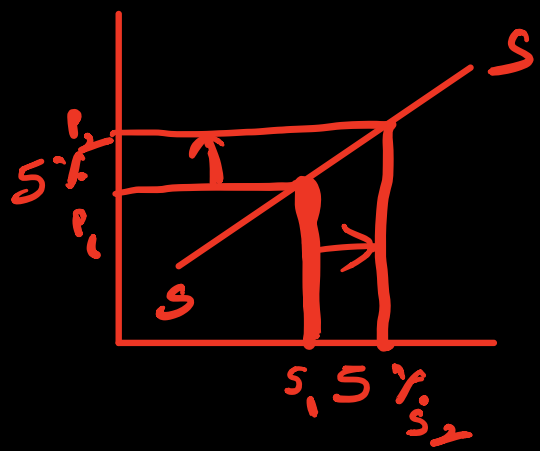
$E_s = 0$



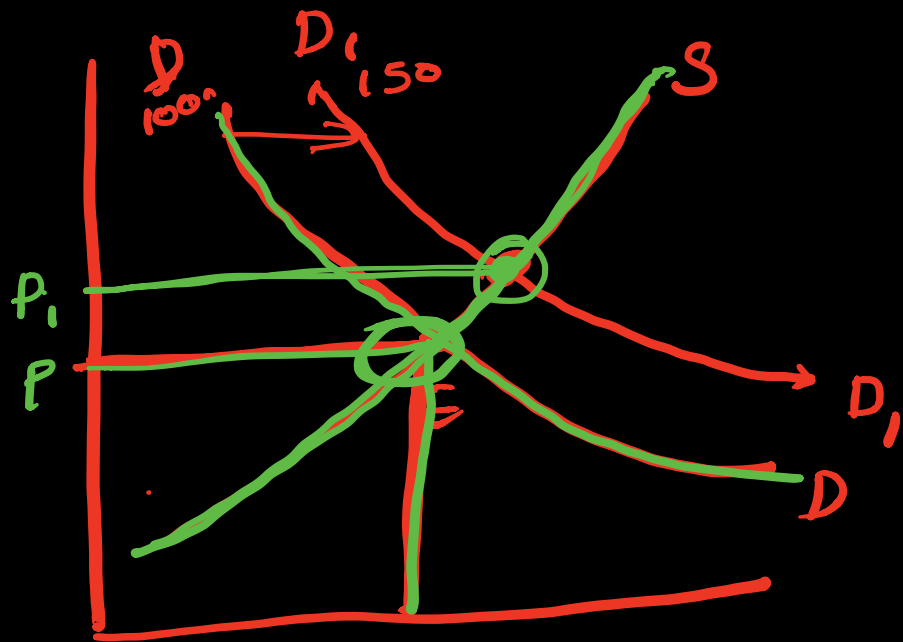
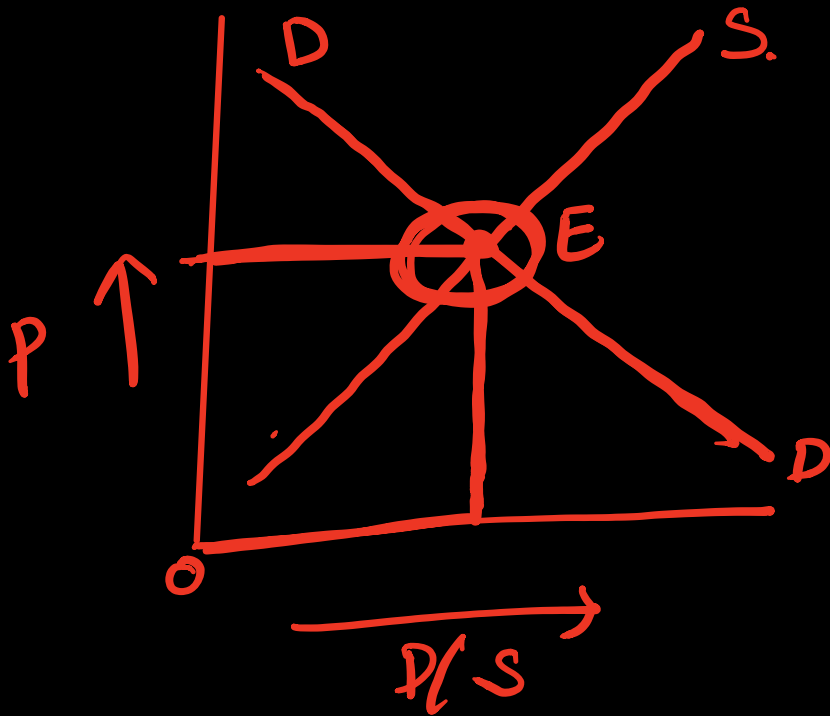
$E_s > 1$

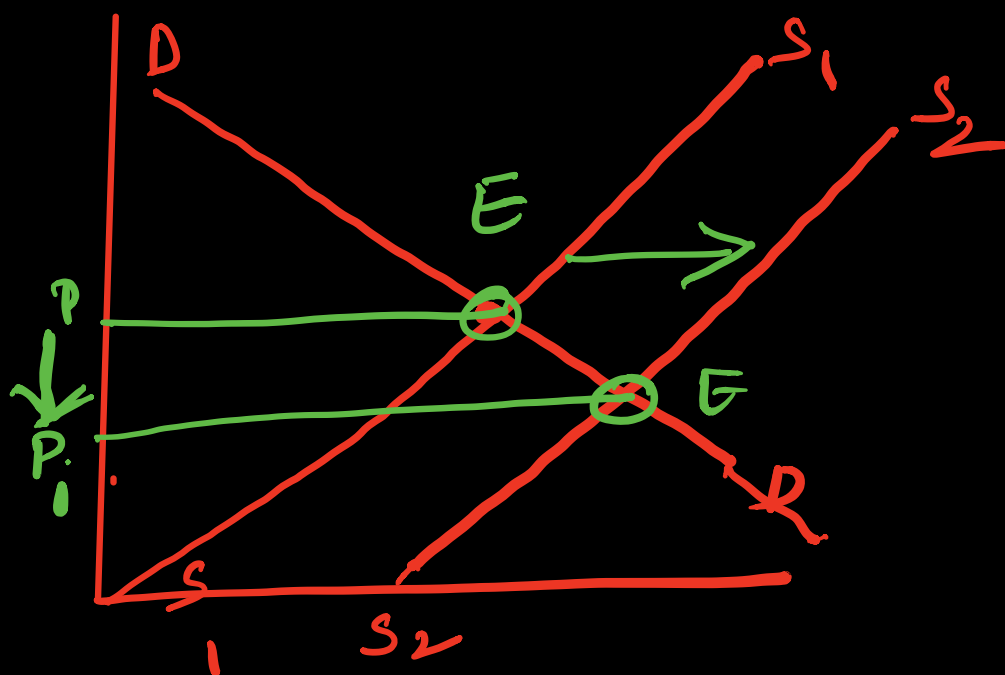
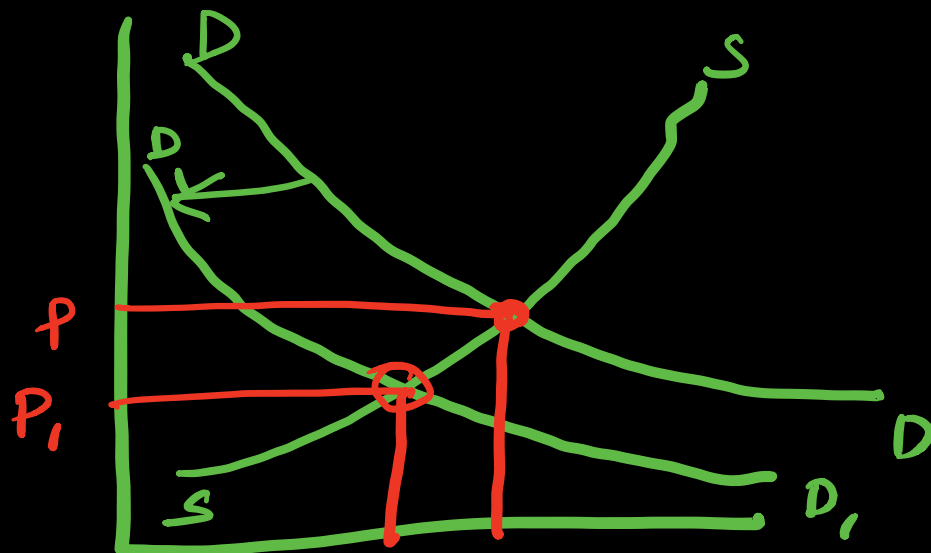


$E_s = 1$

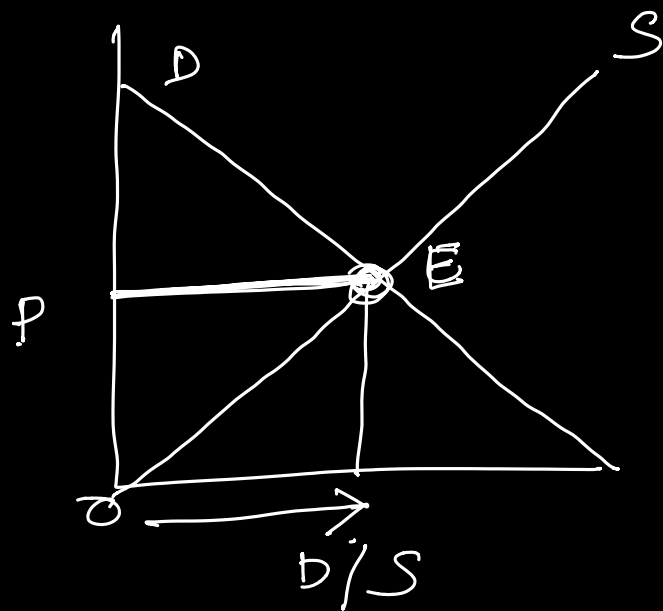


Market Equilibrium





Decrease

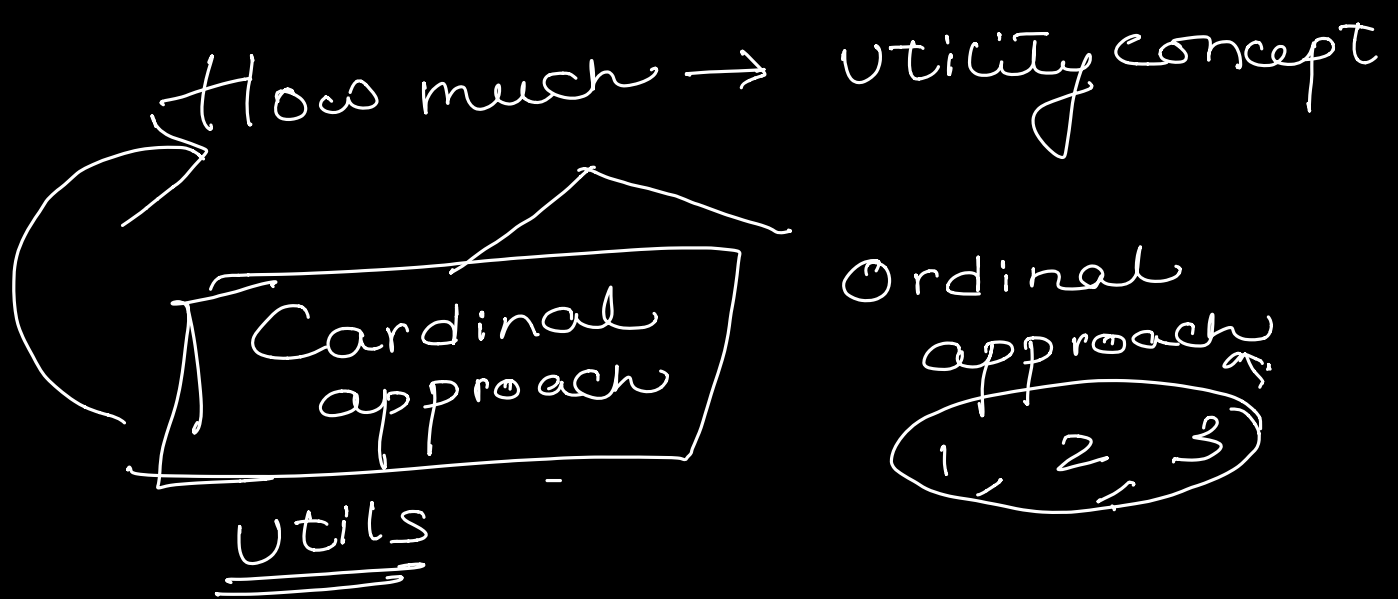


Utility analysis
Consumer behaviour
Theory.

Utility refers to want satisfying power of a commodity.

Satisfaction derives
by consumers.

Hobson - Utility is the
ability of a good to satisfy
a want,



Card \rightarrow 20 utils

Choc \rightarrow 10 utils

Cardinal utility (numerical)

utils - unit

Marshall \rightarrow monetary

$$1 \text{ util} = \text{Rs } 1$$

$$\begin{aligned} \text{Ice cream} &= \frac{\text{Rs } 20}{\text{Rs } 10} \\ \text{chocolate} &= \end{aligned}$$

20 utils

Total Utility & Marginal Utility

Total satisfaction obtained from the consumption of all possible units of commodity

2

T.V of two creams = $\frac{TU_1 + TU_2}{20 + 16}$
= 36

$\left[3^{rd} \right] = 10 \text{ Unit}$

T.O₃ = 46 tiles

Marginal Utility

$$m v_s = T v_{\frac{3}{2}} - T v_{\frac{1}{2}}$$

$$46 - 36$$

$$MU_3 = 10$$

Ice Cream Consumed M.U. $\left(\frac{\Delta TU}{\Delta Q} \right)$ T.U

1
2
3
4
5
6

20	20
$\frac{16}{1} = 16$	36
$\frac{10}{1} = 10$	46
4	50
0	50
-6	44

T.U

M.U

