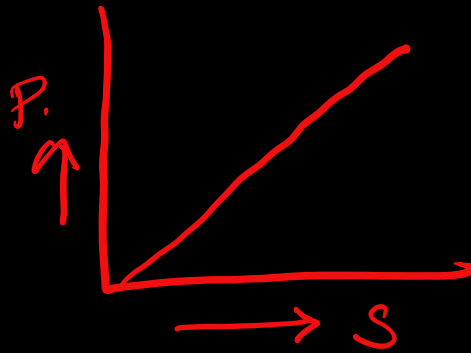


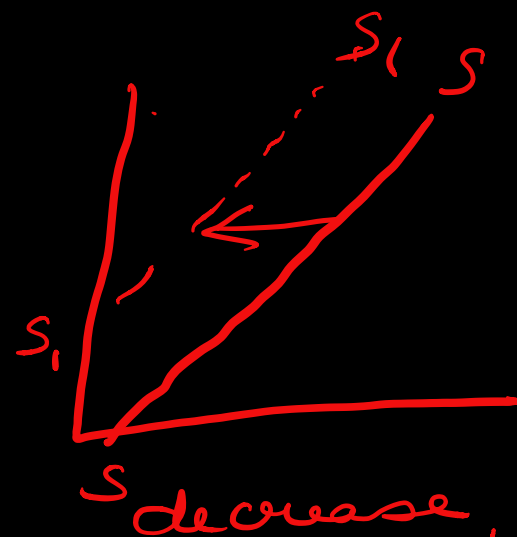
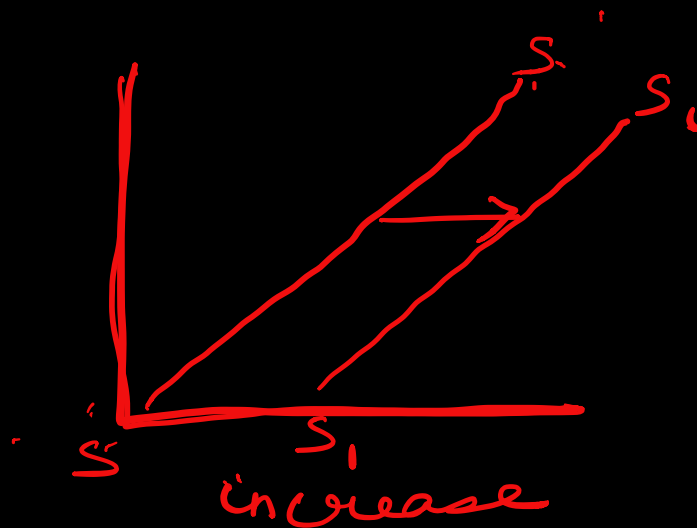
Supply
Law of supply

Producer.
seller



Exceptions

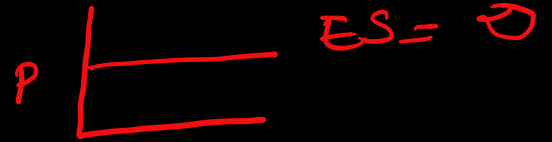
- Need.
- heavy fall in price x
- ~~few~~ rid of his products x
- auction



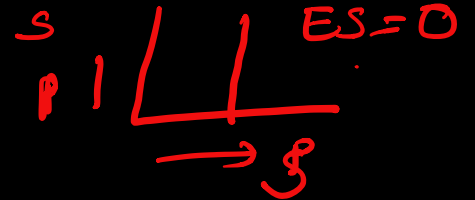
$$E_S = \frac{\% \text{ change in Supply}}{\% \text{ change in Price}}$$

E_S

Perfectly elastic



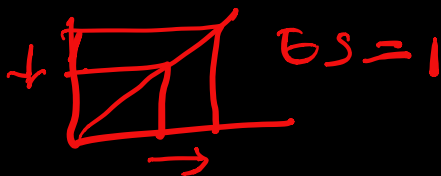
Perfectly inelastic



Rel. Elastic

Rel. Inelastic

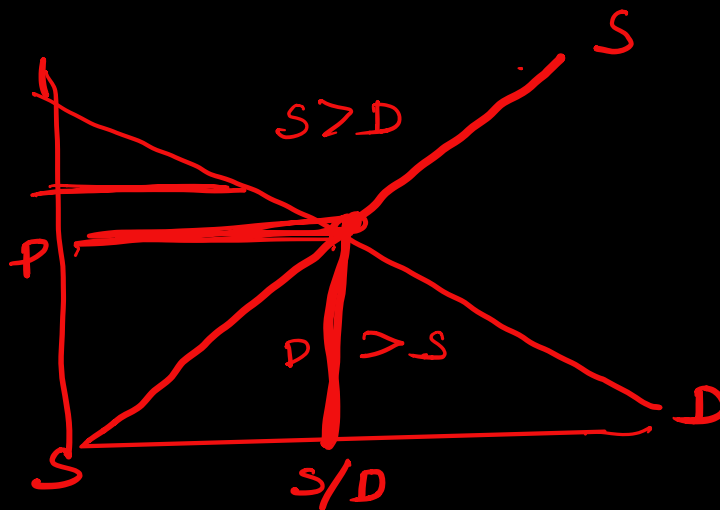
Unit



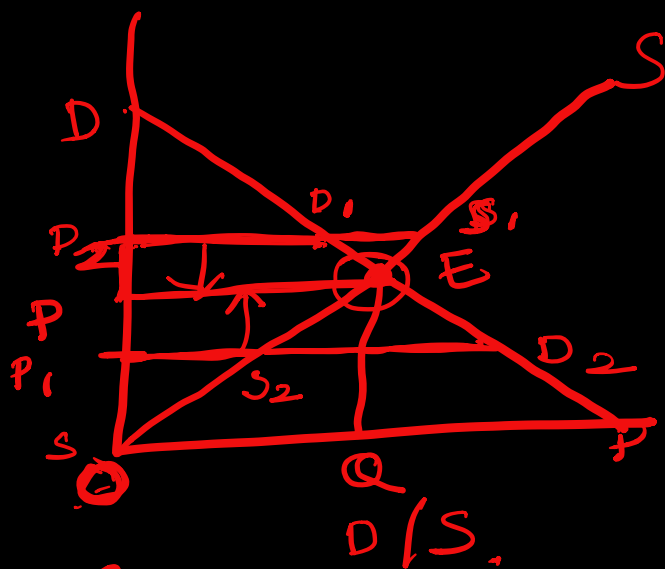
$$E_S = \frac{\% \Delta S}{\% \Delta P}$$

$E_S < 1$

Market Equilibrium



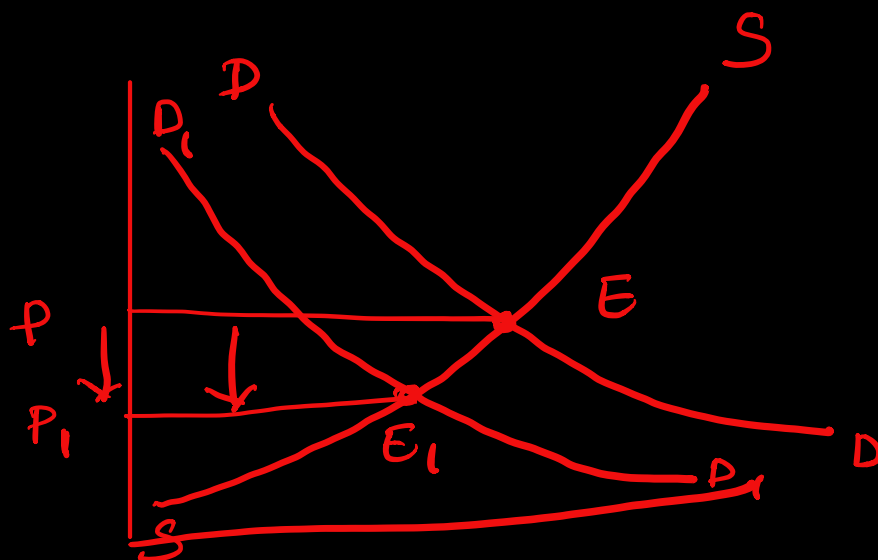
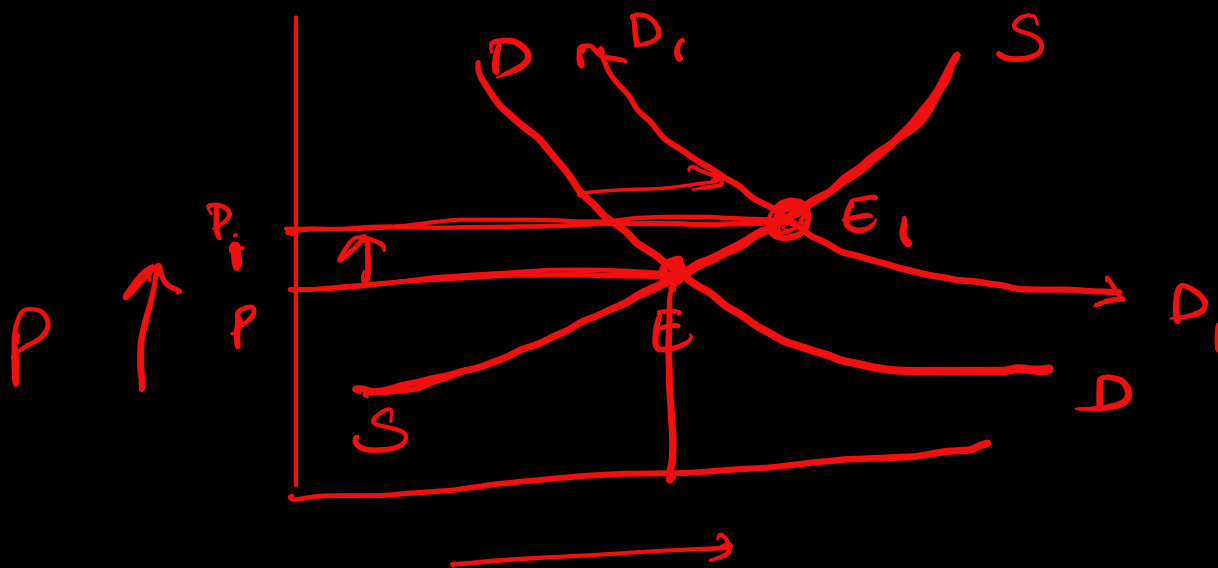
Price ↑



OP
 $Q = D/S$

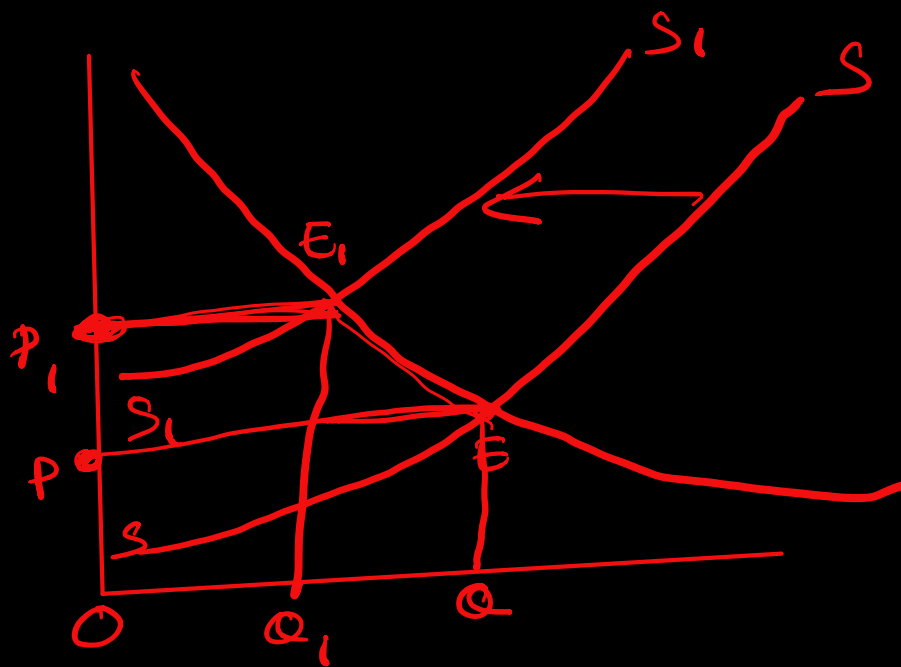
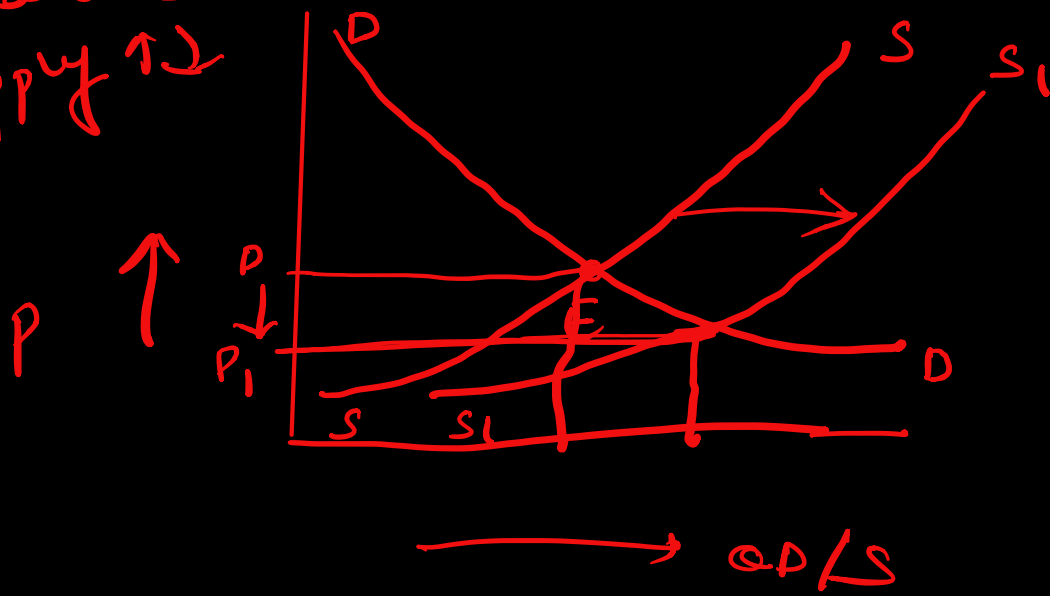
① $P = P$
 ② $Q = \text{Demand or } Q.S.$

Supply constant



100 units
 $D = 20$
 $D_1 = 10$
 $P = \downarrow$

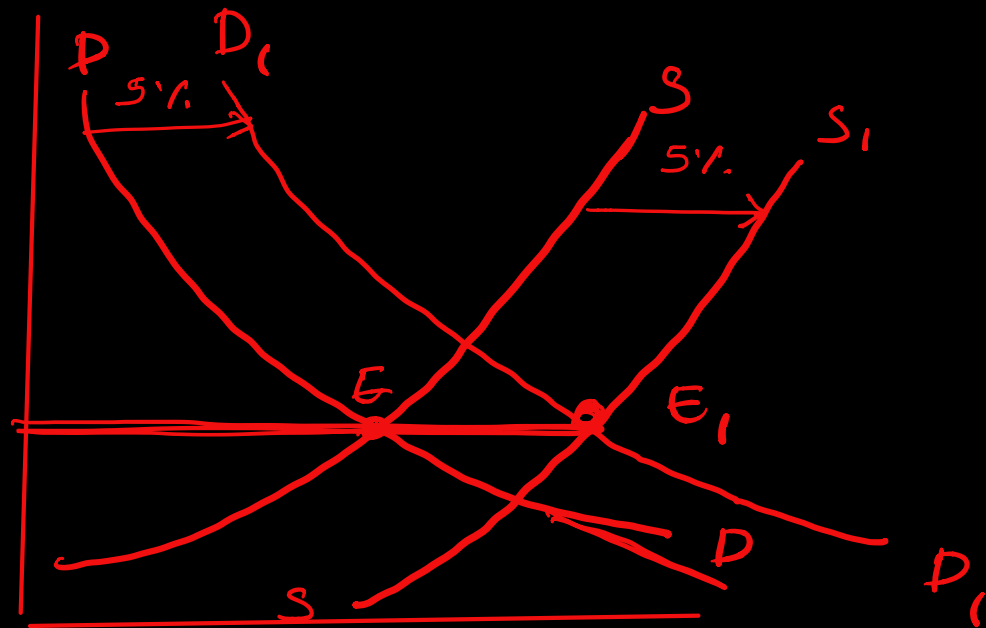
Demand constant
Supply ↑

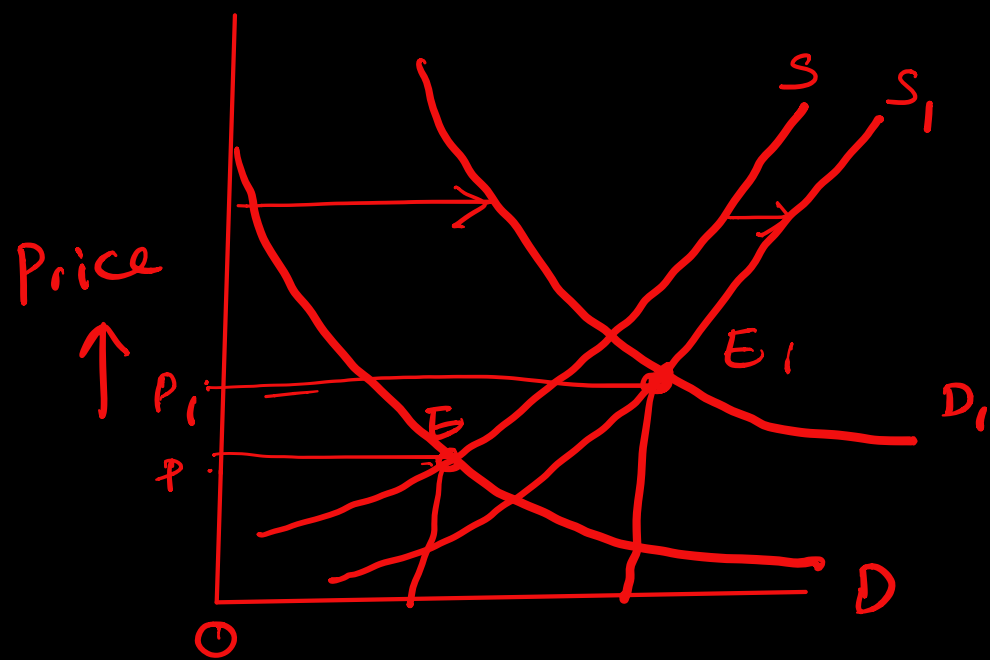


Effects of changes in both Demand & Supply

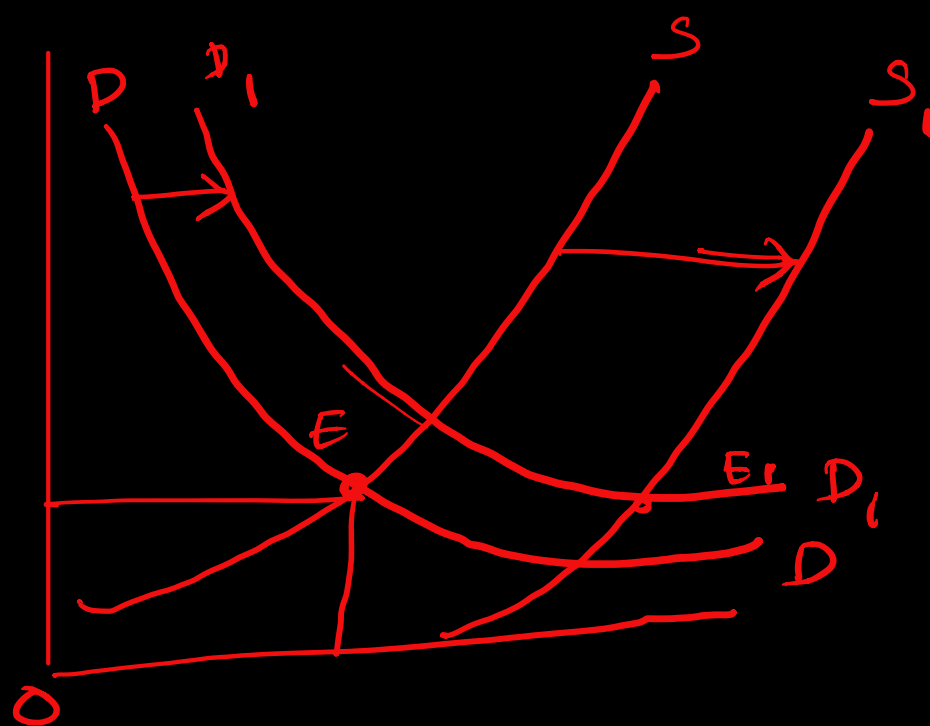
If rate of change of demand is matched with the rate of change in supply then there will be no change in M.E

①





Q. D/S



I

Linear Demand Functions

$$\underline{Q.D} = a - bP$$

constant Price

Demand Function for Product Y (Pizza)

$$\boxed{D_Y = 200 - 4P}$$
 $P = 40$

If M.P. is Rs 40 then

$$D_Y = 200 - 4 \times 40$$

$$\textcircled{Q.D = 40}$$

$P = 40$

$Q.D = 40$

If M.P. 20 ~~Rs~~

$$D = 200 - 4 \times \underline{20}$$
$$200 - 80$$

$P = 20$

$Q.D = 120$

$$\textcircled{D = 120}$$

II

$$\boxed{Q.D = 500 - 5P}$$

$P = 20$

$$Q.D = 500 - 5 \times 20$$
$$= 500 - 100$$
$$= 400$$
$$\underline{\underline{=}}$$

Income

$$\boxed{Q.D = 800 - 5P}$$

$800 - 5 \times 20$

$800 - 100$

$P = 20$

$Q.D = 700$

$$1 \quad \underline{\underline{Q_d = a - bP}}$$

Demand

$a = \text{constant}$

$P = \text{Price}$