



Equilibrium of The firm

The Firm is in equilibrium, when given certain demand and cost conditions, it is on the level of output at which it will stick on and will no tendency to change it.

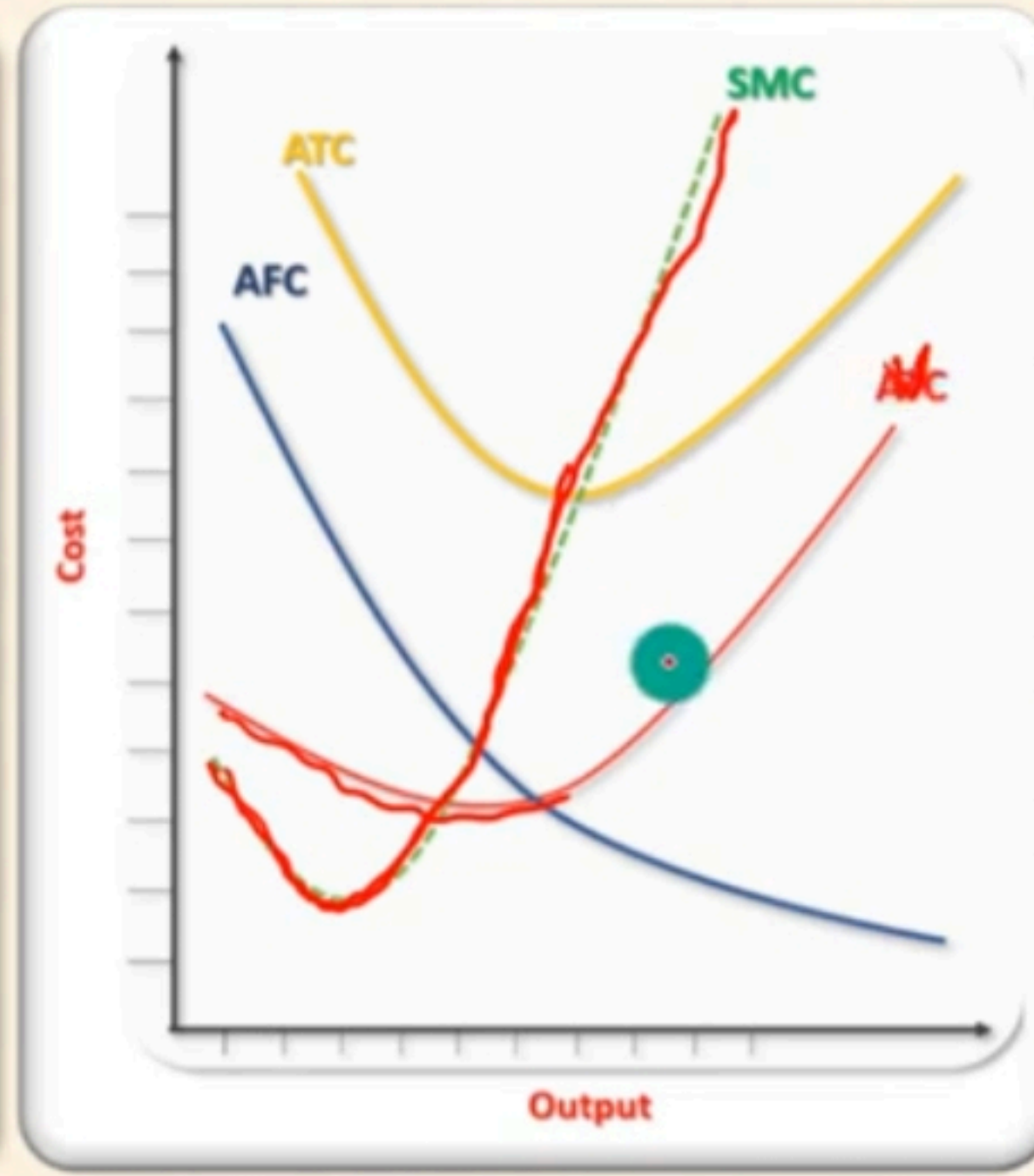
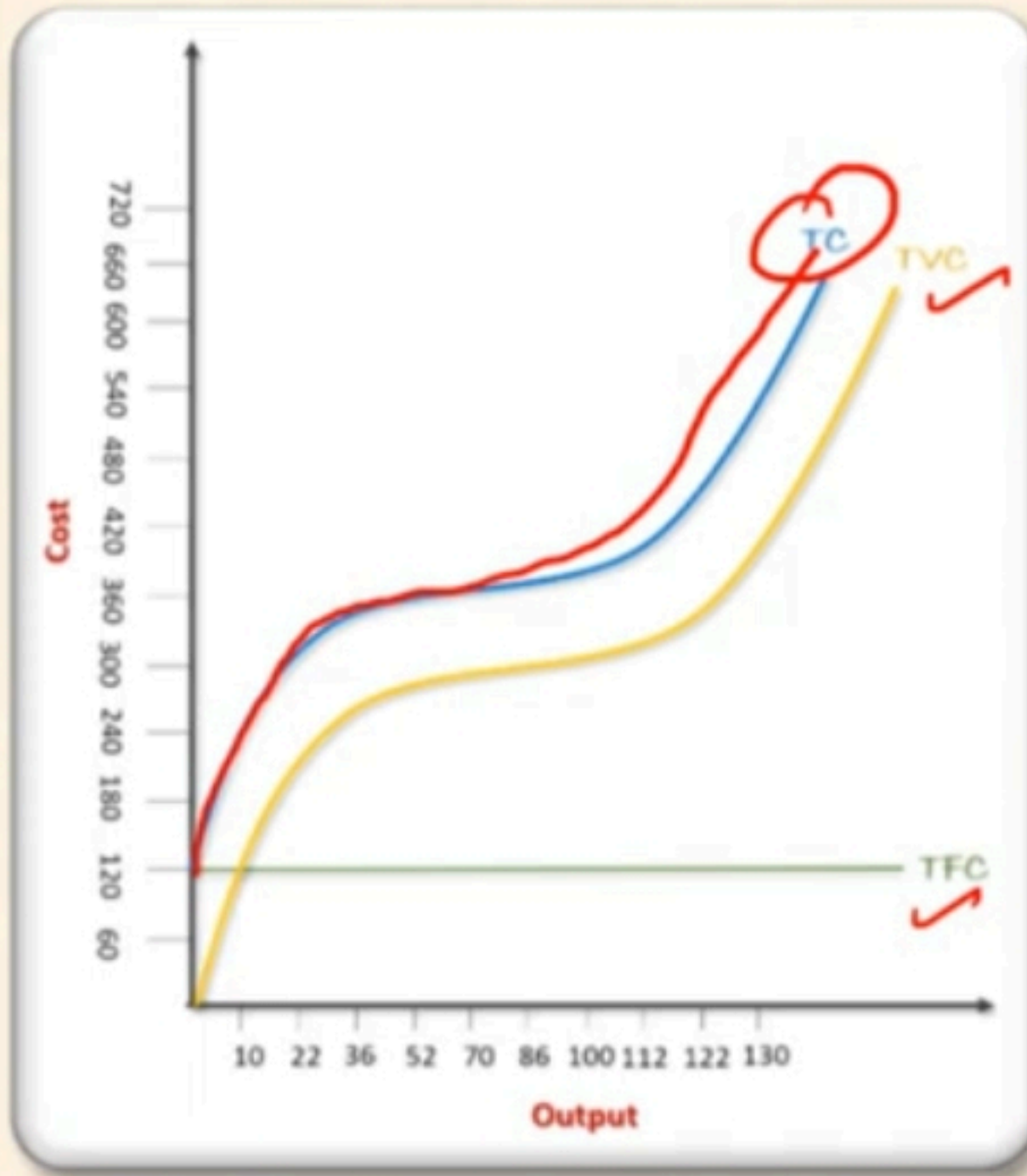
$\leftarrow \rightarrow$ TR TC MR MC



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$\leftarrow \rightarrow$ TR TC MR MC



Cost Curves



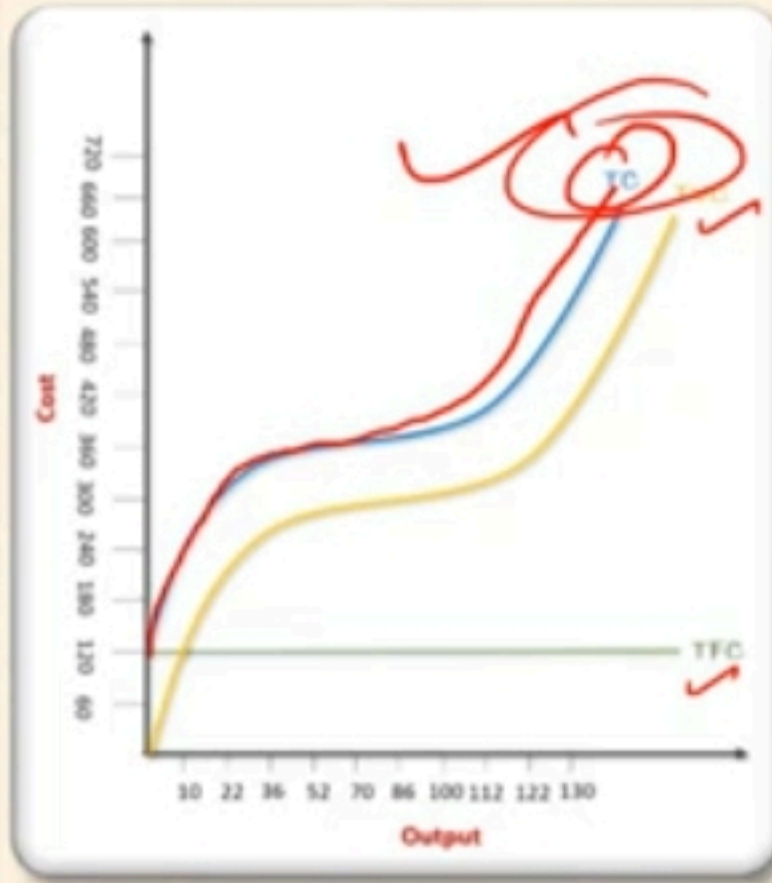
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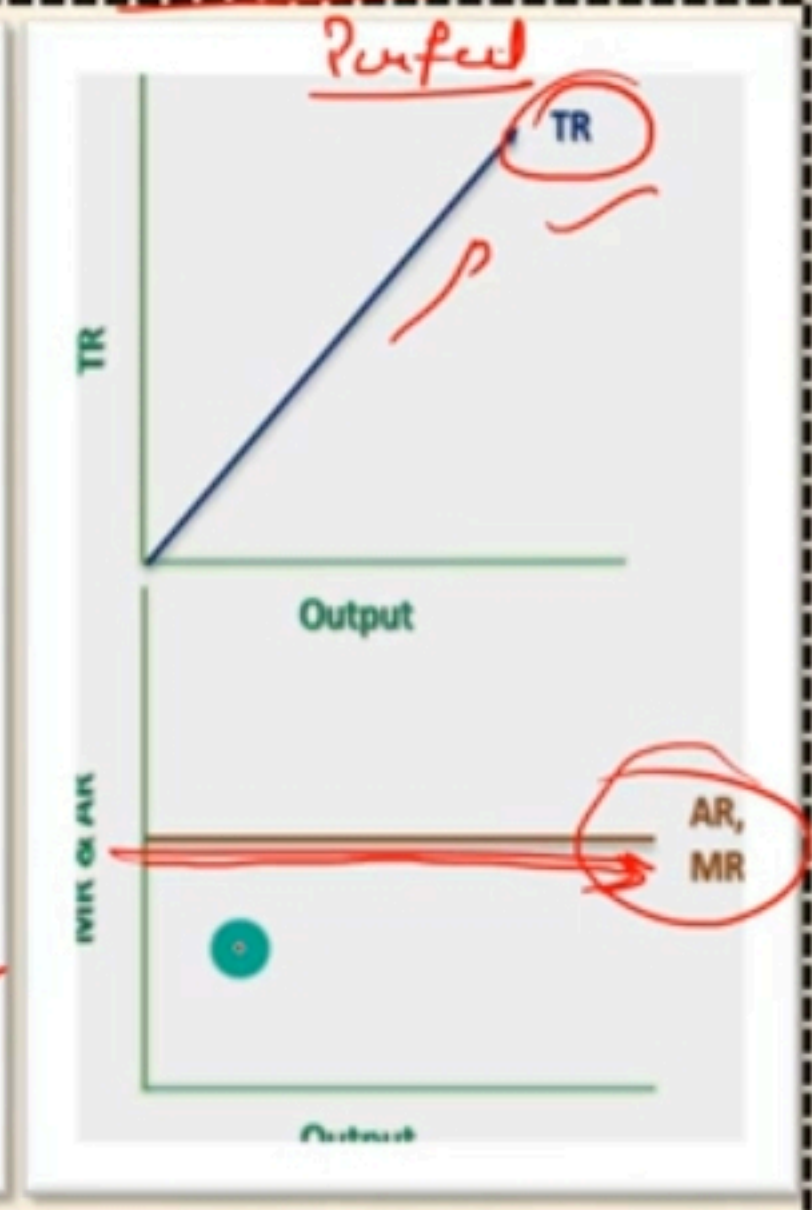
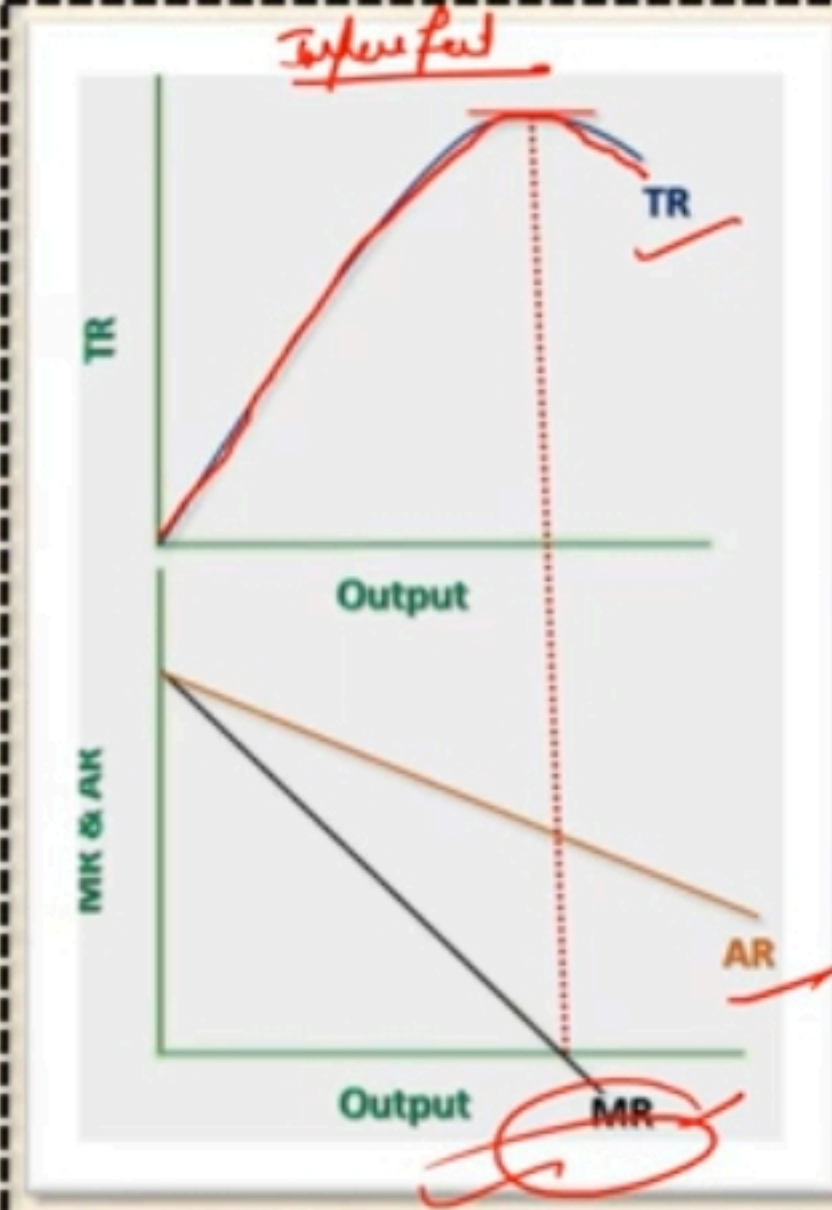
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$\leftarrow \rightarrow$ $\overline{TR \quad TC}$ $\overline{MR \quad MC}$

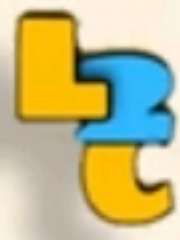


Cost Curves



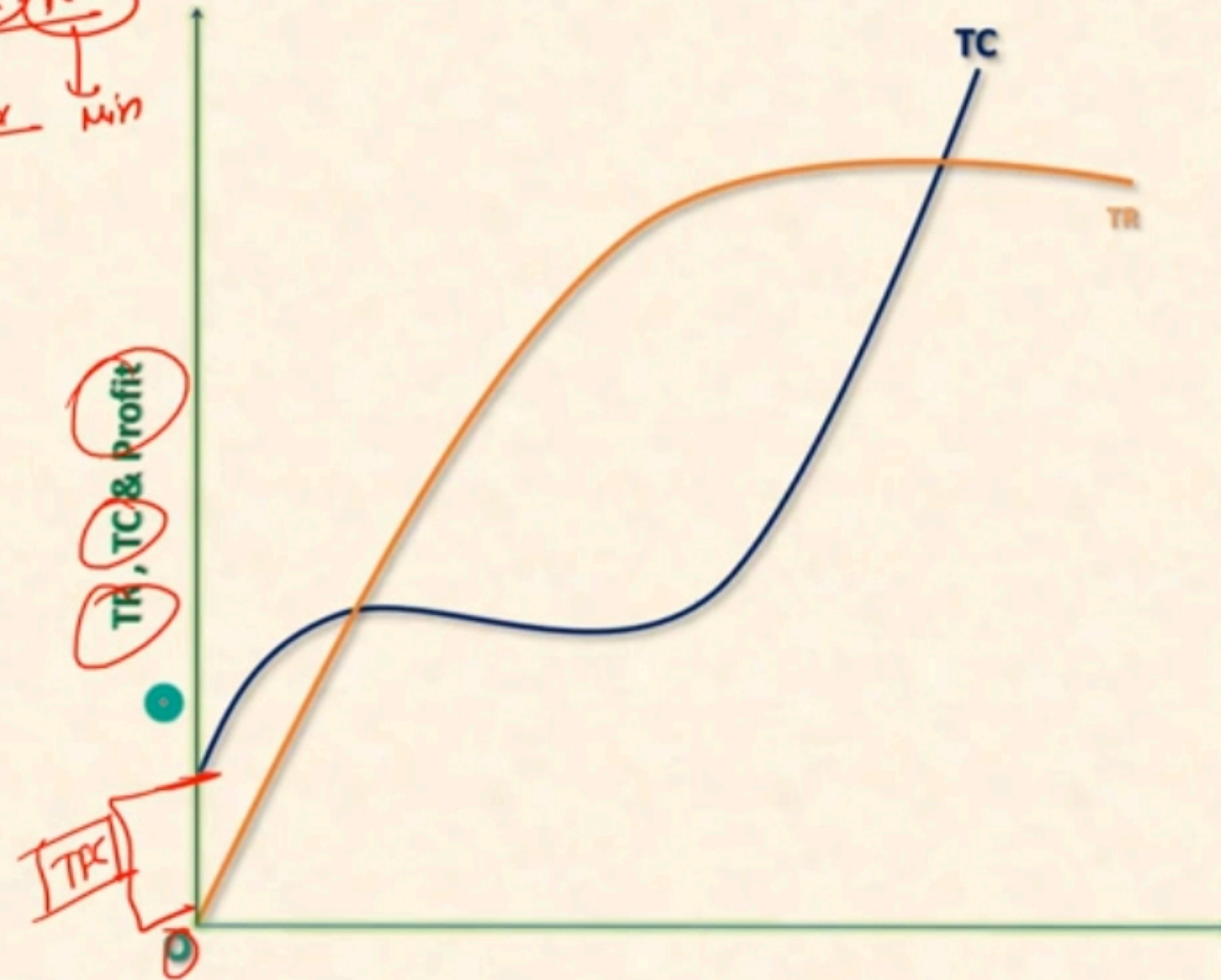
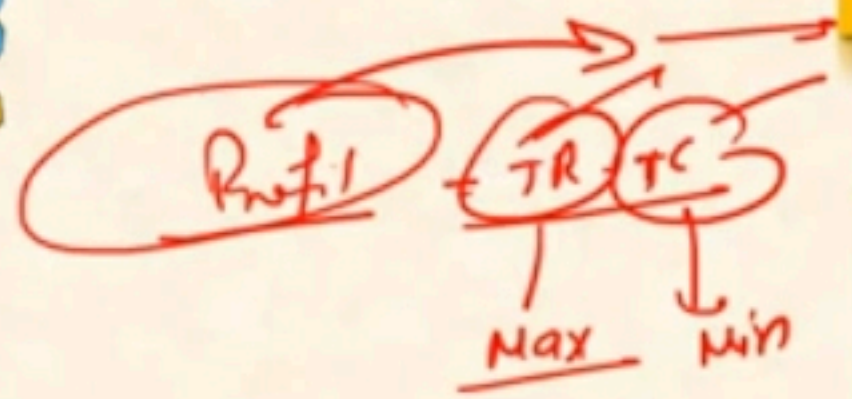
Revenue Curves





Equilibrium of The firm

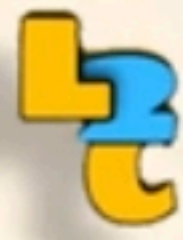
TR, TC Approach



Output

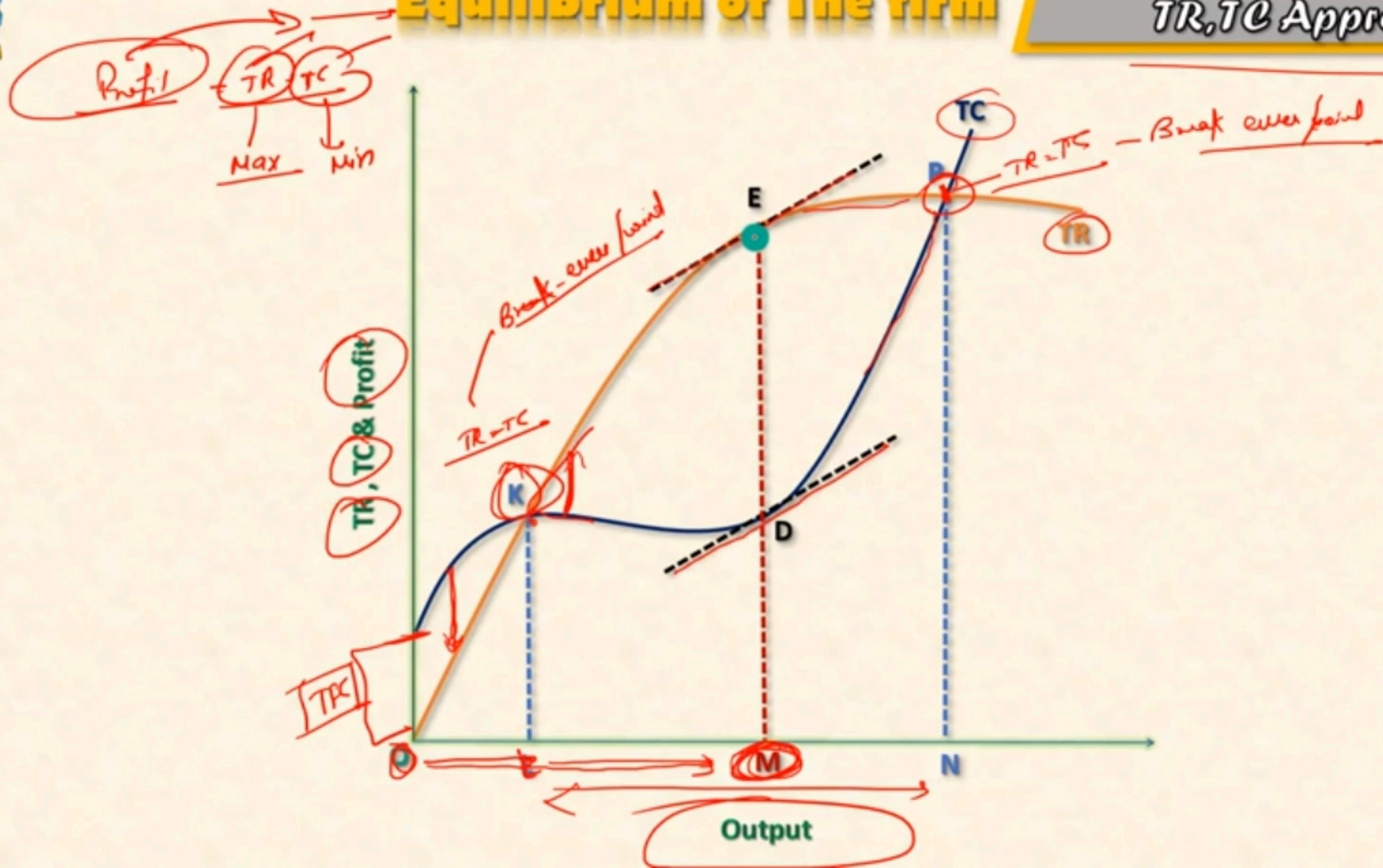


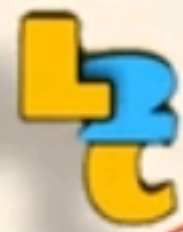
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Equilibrium of The firm

TR, TC Approach





$MR = MC$

$MR > MC$

MR = 1 extra Revenue

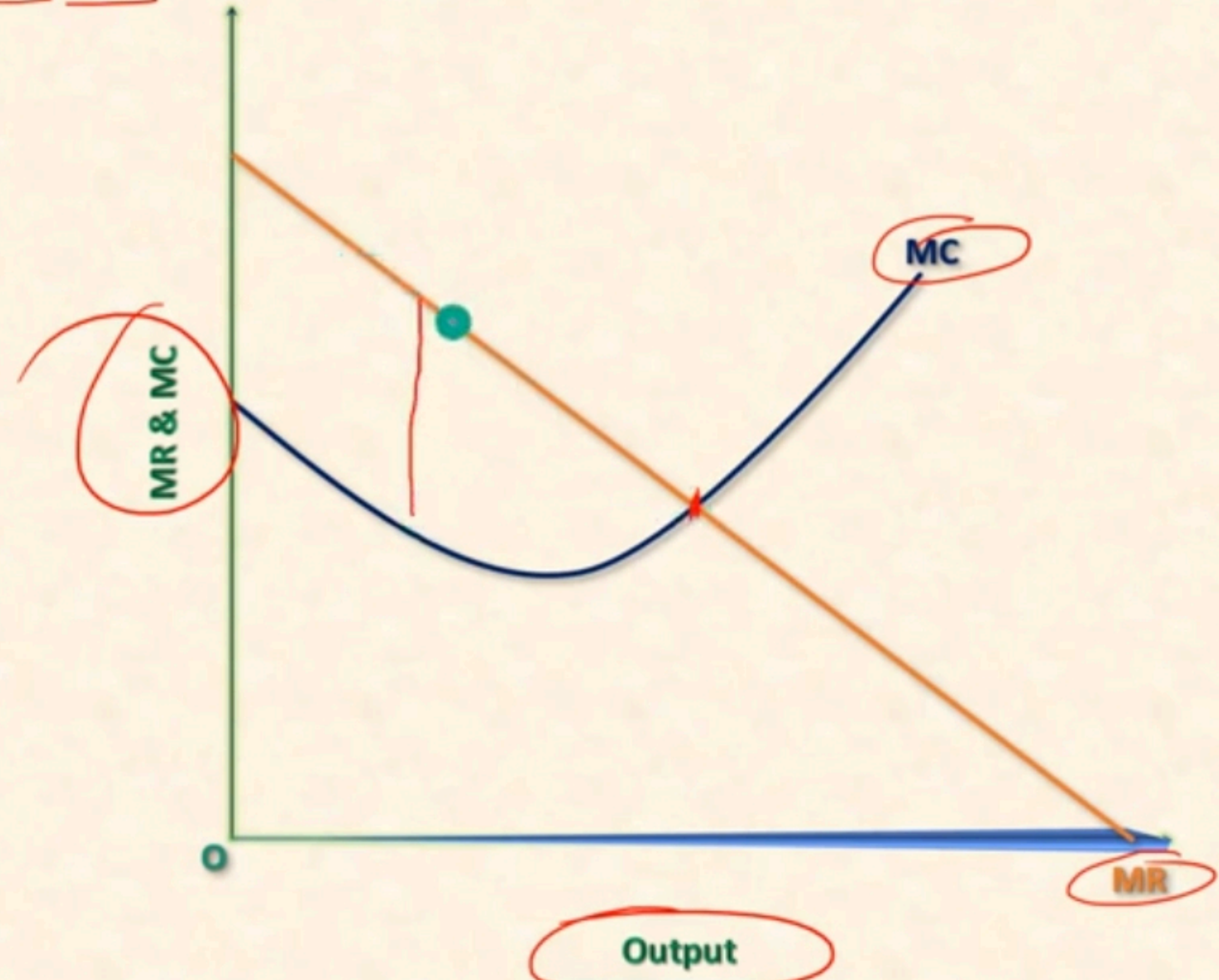
MR > MC

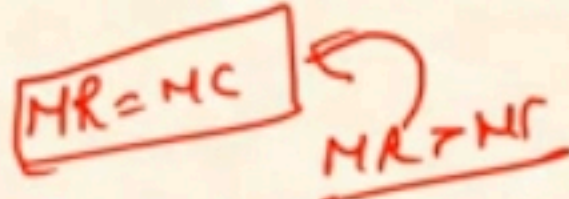
MC = 1 extra Cost

MC < MR

Equilibrium of The firm

MR, MC Approach





MR, MC Approach

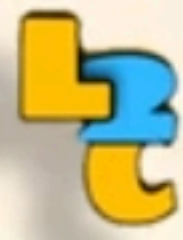
HR is extra leisure

MR & MC

$MC = 1$ extg Cost

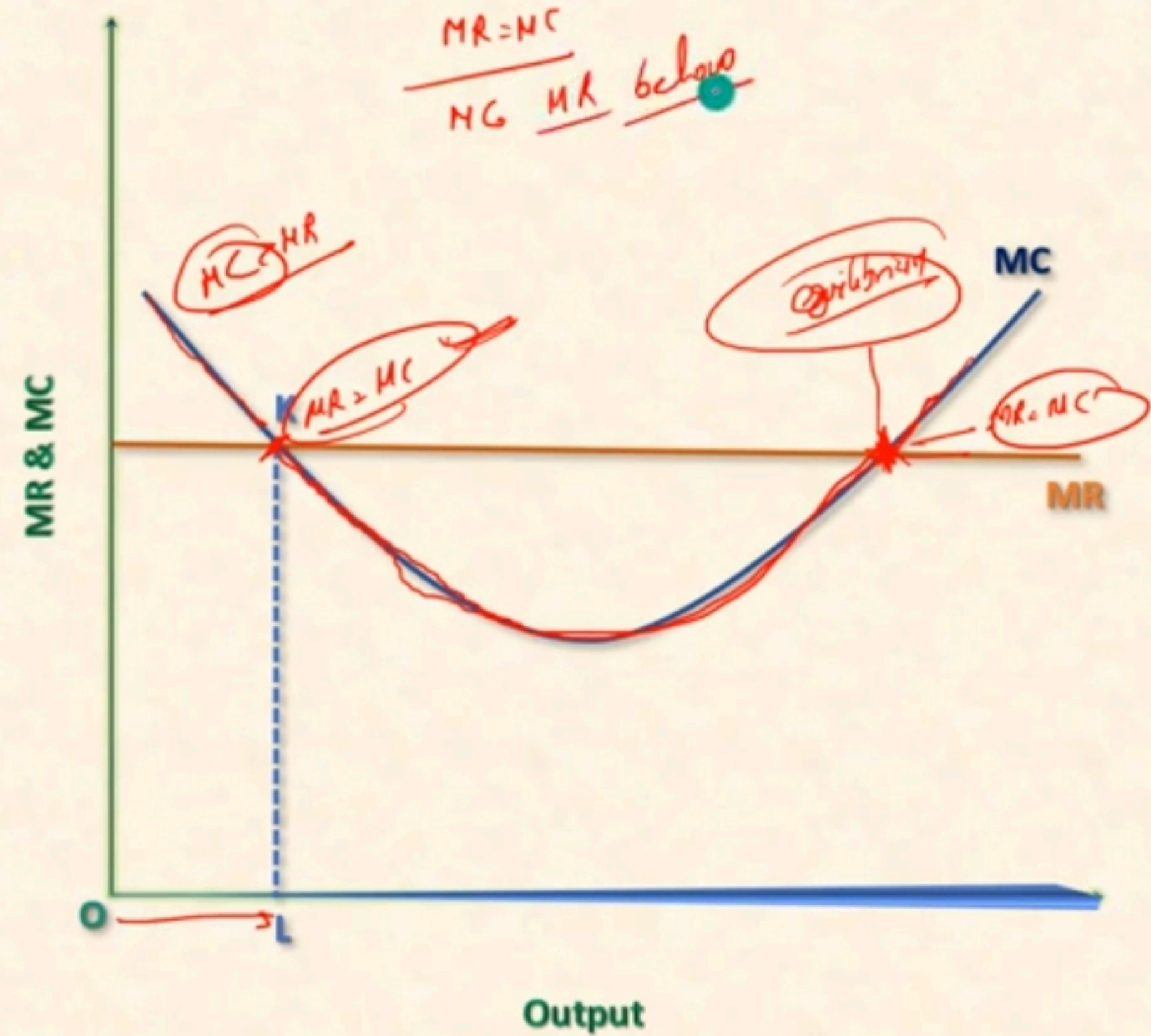
THE END





Equilibrium of The firm

MR, MC Approach





Equilibrium of The firm

TR, TC Approach

$$\text{Profit} = \text{TR} - \text{TC}$$

MR, MC Approach

①

MR = MC ✓

✓ MC cut MR from below



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