Short questions:-

1) Quantity demanded:-

Quantity demanded refers to the amount of good or service that consumer are willing and able to purchase at a specific price.

2) Quantity supply:-

Quantity supply refers to the amount of good or services that seller are willing and able to sold at a specific price.

3) Market equilibrium:-

Market equilibrium occurs when the quantity demanded by consumer equal to quantity supplied by the ~~consumer~~ producer at a speific price is Called market equilibrium

$$Q_d = Q_s$$

4) Perfect Competition:-

Perfect Competition is a market Structure where

i) Large number of buyers and sellers.

ii) Free entry and exit.

iii) Perfect information.

iv) Homogenous Products.

v) Price determination by supply and demand.

vi) Profit motive

5) Monoply:

Monoply is a market situation in which single user or organization has complete authority to to produce and sell goods or services.

6) Normal goods:-

Normal goods ~~or~~ are products or services for which demand increases when people's income rises and decreases when income falls.

7) Inferior goods:-

Inferior goods are products or services for which demand increases when people's incomes fall. These are the lower quality or cheaper alternative to higher-quality goods.

8) Price taker:-

A price taker is someone who goes along with the price set by the market, without having the power to change or control the price.

9) Market economy:-

A market economy is a system where businesses and individuals make economic decisions, ~~to~~ like what to produce and how much to charge, based on supply and demand in a competitive market.

10) Economy:-

Economy refers to the system of production, distribution, and consumption of goods and services with in a society.

11) Business strategy:-

Business strategy is a plan or approach that a company develops to achieve its goals and objectives.

It involves ~~d~~ making choices about where to focus and how to use resoures to achieve its goals.

12) Cost Leadership:-

Cost leadership is a business strategy where a company aims to use lowest cost in ~~to~~ Producing ~~and~~ ~~things~~ ~~and~~ Process and delivery Process.

13) Business Ethics:-

Business ethics in economics means doing business in a fair, honest, and responsible way. It involves making decisions that considers what's right and just, while also thinking about how these decisions effect everyone involved.

14) Business economics:-

Business economics is like using economic tools to figure out how to run a business better. It helps understand things like how much to produce, what to charge for it, and where to spend resources.

15) SME :-

SME stands for Small and Medium Size Enterprises. In economics, SMEs refere to businesses that are smaller in size and typically have fewer employees and lower annual revenue compared to large corporations.

16) Law of demand vs Law of Supply :-

law of demand states that demand of a comodity expands due to fall in price of comodity and demand of a comodity fall due to rise in price while other things remains constant.

on the other hand law of supply states supply of a comodity expands due to rise in price and falls due to falls in price while other thing remains constant.

17) Sunk Cost :-

Sunk cost in economics refers to money or resources that have been invested in a project or decision and cannot be recovered.

38) Subsidy:-

A Subsidy in economics is a financial help Provided by the government to Specific industries or individuals, aiming to encourage Production or Consumption of Certain goods or Services. The government might do this by giving money directly, lowering taxes, or offering other kinds of Support.

19) Production:

Production is the Process of Creating goods and Services using various resources such as labor, ~~Capital~~ cost, and technology to satisfy human wants and needs.

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20) Industry :-

Industry means a specific type of economic activity where goods ~~et~~ or services are produced within a particular section of the economy. We categorize industries based on what they make or provide.

21) Market :-

Market is like a place or system where people buy and sell goods. It's where goods and services are traded and prices are determined by how much people want something and how much of its available.

22) Externalities:-

It means when people make economic decisions or do certain activities, there can be unexpected side effects on others who were not part of that decision or actions. These effects can be bad or good

23) GDP vs GNP:-

GDP

Stands for "Gross Domestic Product". GDP is like the scorecard for a country's economy. It adds up the value of everything a country produces. It helps us understand how well a country is doing economically.

GNP stands for "Gross National Product". It is similar to GDP. It includes not just what's made within the country but also what its citizens and business make abroad. It considers the income earned by the country's people, no matter where in the world they're working.

24) Demand Forecasting:-

Demand forecasting in economics refers to the process of estimating the future demand for goods and services. It involves analyzing past data, current market trends, and other relevant factors to predict consumer demand.

25) House hold Consumption:- It refers to the total amount of Goods and Services that individuals and families buy and use to satisfy their needs and wants. It includes expenditures on items like food, clothing, housing and other everyday goods and Services.

26) Business activity:- Business activity in economics refers to all the things that business do to make and sell Products or Services. It includes everything from Producing and distribution good to Providing services.

27) ~~Macro economics~~:-

Imperfectly Competitive markets:-

These are economic environments where there is not a perfect level of competition. In these markets, individual companies have some power to influence prices. This different from perfect competition where many small firms sell identical product with no control over prices.

28) Supply decisions:

In economics a supply decision is the choice ~~made~~ to made by businesses ~~or~~ or producers about how much of their goods or services they ~~way~~ want to sell in the market at what price.

29) Product differentiation Strategy:

Product differentiation strategy is when a Company makes its Product unique to stand out from Competitors. This involves highlighting special features or qualities to attract customers and build loyalty.

30) Globalization:-

Globalization is the Process of interaction and integration among People Companies and Government worldwide.

31) Commercial Policy:-

Commercial Policy is use in international level and international trade.

32) Cardinal Approach:-

The Cardinal Approach, in economics and decision theory is a way of measuring and Comparing the utility or value that individuals assign to different goods or Choices.

## Demand:-

The amount of Commodity which

" ______ x ______ x ______ "

## ~~Economics:-~~

✓ " ____ x ____ x ____ "

## Demand:-

A Specific quantity of Commodity that Purchased at a Specific Price is Called demand.

The Concept of demand is based on

i) will to Purchase.

ii) Power to Purchase.

## Demand function:-

A mutual relationship between Price of Commodity and Quantity demanded is known as demand function.

It is written as:

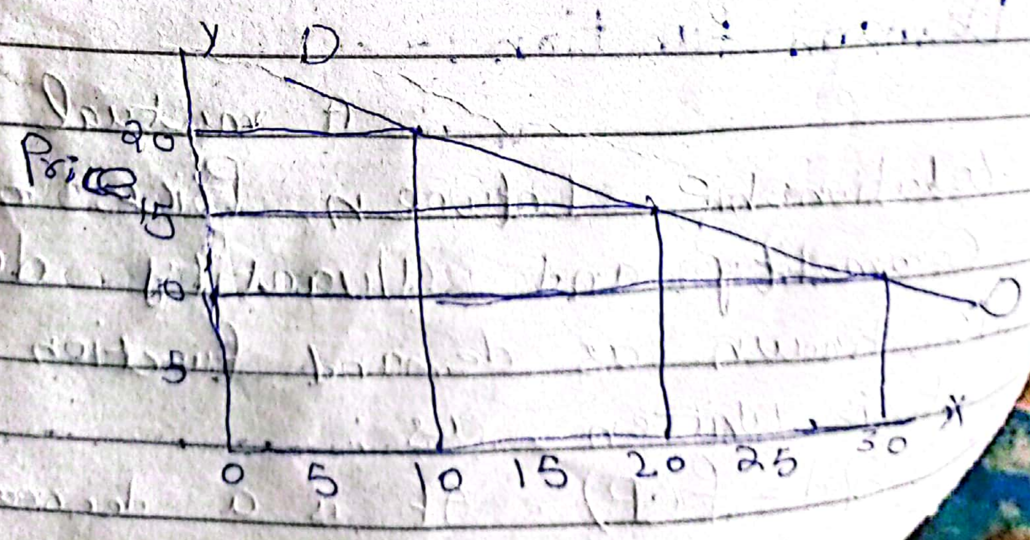
$Qd = f(P)$. It is a decreasing function.

## Law of Demand:-

Demand of a Commodity expands due to fall in Price of Commodity and Contracts due to rise in Price while other things remains constant. Its slope is negative.

## Demand Curve:-

It is a locus of Points which represents the relationship between specific Prices of a good or service and Quantity demanded, other things being equal.



Elasticity of demand:- The rate of change in demand due to change in Price of a Commodity is called elasticity of demand.

$$E_d = \frac{\Delta Qd}{\Delta P} \cdot \frac{P}{Qd} \quad \text{or} \quad E_P = \frac{\Delta Qd}{\Delta P} \cdot \frac{P}{Qd}$$

Income elasticity of demand:- The rate of change in demand of a Commodity due to change in income of Consumer is called income elasticity of demand.

$$E_y = \frac{\Delta Qd}{\Delta Y} \cdot \frac{Y}{Qd}$$

Cross Elasticity of demand:- The rate of change in demand of a Commodity due to change in Price of another Commodity is called Cross elasticity of demand.

$$EC = \frac{\Delta Q_b}{\Delta P_a} \cdot \frac{P_a}{Q_b}$$

It is related to substitutes and complements.

Income elasticity of substitutes is positive and it is negative in case of complements.

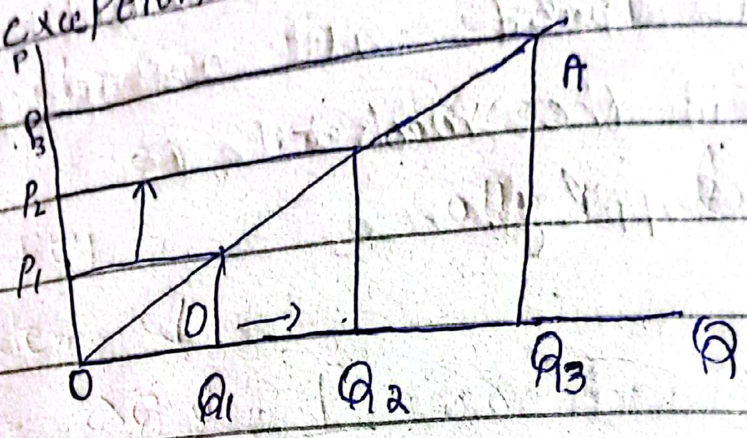
## Giffin Goods:-

These are such commodities which are against law of demand. Demand of such commodity increase due to increase in price and decrease due to fall in price.

## Exceptional demand curve:-

This curve shows positive relationship between price and demand.

Demand curve of Giffin goods is exceptional demand curve.




**Expansion and contraction of Demand:-**

When the reason of demand is change in Price of Commodity itself, it is called expansion and contraction of demand. Demand curve does not change in this case.

**Write names of methods of measurement of elasticity of demand?**

i) Unitary method or Total outley method.

ii) Flux method or Percentage method.

iii) Formula method.

iv) Geometric method. Total expenditure method

**Supply:-** A Specific Quantity that is sold at a specific Price in the market is Called Supply.

**Supply Function:-** A mutual relationship between Price and Quantity of a Commodity sold in market is called suply function. It is an increasing function.

$$Q_s = f(P)$$

**Law of Supply:-** Supply of a Commodity expands due to rise in Price and Contracts due to fall in Price while other things remains Constant.

**Stock and Supply:-** The Total quantity of a Commodity that are kept by Produces in reserves is called Stock while Suply means a Specific quantity that is sold in market at a Specific Price is known as Suply.

**Reserve Price:-**

It is the minimum acceptable Price at which the seller is willing to sell the Commodity. He can refuse to sell it below this Price.

**Price Determination:/Market Equilibrium:-**

Price of a Commodity is determined at a Point where demand becomes equal to supply.

$$Q_d = Q_s$$

**Equilibrium Price:-**

A Price at which market equilibrium establishes is Called equilibrium Price.

**Equilibrium Quantity:-**

The quantity at which market equilibrium establishes is Called equilibrium quantity.

**Short Run:-**

Short Run means such small time of Period in which Producer Can increase supply to a Certain limit.

**Long Run:-**

Long run is such a long Period of time in which a Producer Can increase supply upto a level which he desires.

**Perfect Competition:-** A Specific situation of market when following Conditions are fulfilled is Called Perfect Competition or Competitive market:-

i) Homogeneity of Product
ii) Large number of Buyers and Sellers.
iii) Free entry and Exit.
iv) Elasticity of Supply of Production factors
v) Perfect knowledge of the market.

**Production Function:-** Mutual relationship between quantity of Production and units of factors is Called Production function.

**Monoply:-** It is a market situation when a single Producer or organization has Complete authority to Produce and sell of Commodity or Service is Called monoply.

**Example:-**

WAPDA has Complete authority to sell electricity in Country. There is no close Substitute available in market.

## Economics:-

Economics is the Combination of two words "Oiko" + "Noms" that means "System of a home". It explains how can we manage the System of a home? It further applied on another Latin word "Polos" mean "State". Hence, it expands the

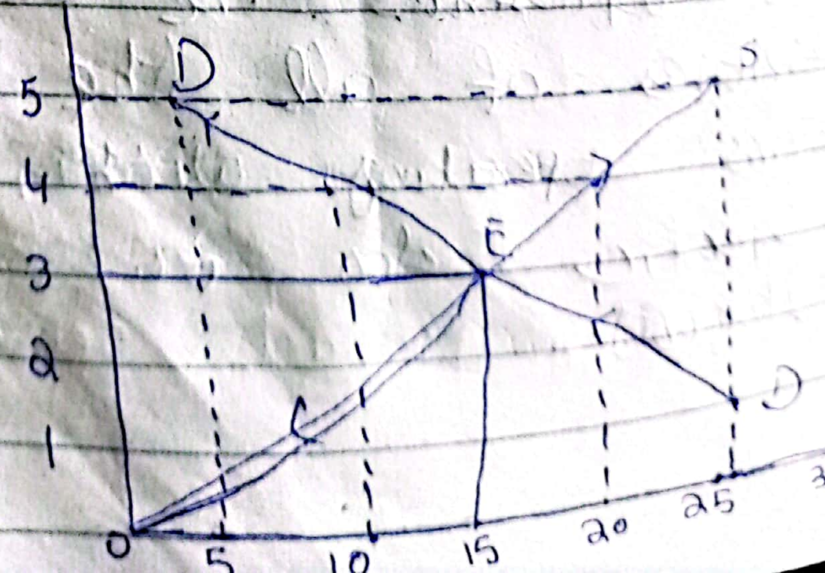
Concept to a state that ... how can system of a state be manage efficiently.

## Names of Methods for Measurement of Elasticity of Supply:-

There are several methods to measure the elasticity of suply.

1. Percentage change in quantity supplied method.
2. Point elasticity method.
3. Arc elasticity method.

## Daiagram of Market Equilibrium:-



## Difference b/w Firm and industry?

**Firm:-**

A firm, also known as a company or business, is an individual economic unit that produces goods or services to sell in the market. Firms are the building blocks of the economy, and they can vary in size, ownership, and industry.

**Industry:-**

* An industry refers to a group of firms that produce similar or related goods or services.
* It represents the collective activities of all the firms operating within a specific sector or category.

Names of Firm's Equilibrium in Short-run Under Perfect Competition.

1) Super normal Profit
2) Normal Profit
3) Normal loss
4) Abnormal Loss (close down Point)

**Break Even Point:-**

The break-even Point is the level of Sales and Production at which a business Covers all ~~of~~ its Costs, resulting in zero Profit.

OR

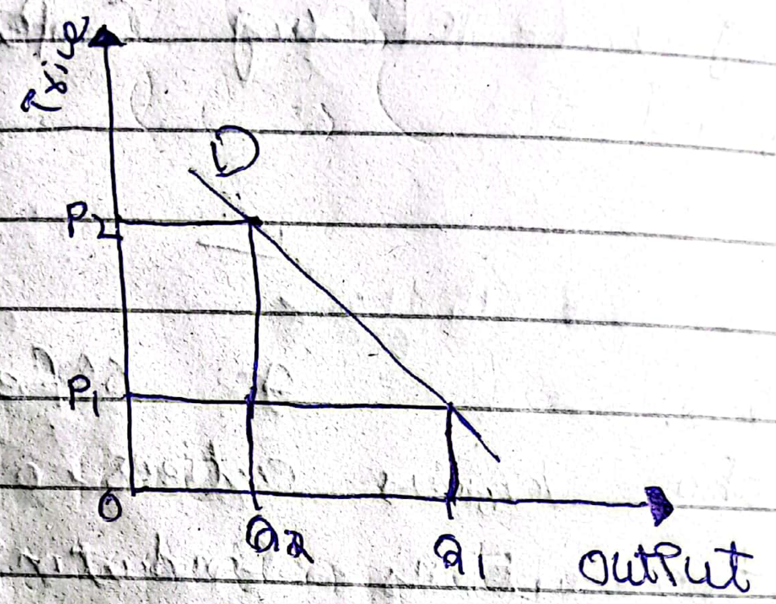
The level of ~~Production~~ output at which the Cost of Production equal revenue

## Market Environment/Business Environment :-

The market environment refers to the external factors and conditions that influence a business or industry's operations, Performance and Competitiveness. These factors can include economic Social, Political, technological legal and environmental influences as well as the behaviour ~~of~~ and ~~Pe~~ Preferences of Consumers and Competitors. The market environment plays a crucial role in Shaping a Company's Strategies and ~~deser~~ decisions.

## Market demand Curve :-

It represents the total Quantity of a Product demanded by all the Consumers in a specific market at different Prices. It Sums up the individual demands of all Consumers in that market.




## Business Strategy:-

It is a Plan or set of actions that a Company uses to achieve its long-term goals and objectives. It outlines how the Company will Complete in in its industry, allocate resources, and create value for its Customers to gain a Competitive advantage.

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e.g:-

A techonology company's business strategy is to dominate the smart-phone market by continously innovating and offering competitive prices.

**Business Activity:-**

It refers to the various actions, operations, and transactions conducting by a company or organization in pursuit of its economic objectives. These activities encompass production, sales, marketing, financial management, and all other efforts aimed at generating revenue and achieving business goals.

## Multinational Corporations (MNCs):-

A multinational corporation (MNC) is a large business organization that operates in multiple countries and conducts business activities across national boarders. MNCS typically have many branches, or affiliates in different countries and engage in international trade and investment to expand their operations and market Presense globally.

## Business economics:-

Business economics is a field of applied economics that studies the financial, organizational, market related and environmental issues faced by corporations.

It includes, such as distribution and consumption.