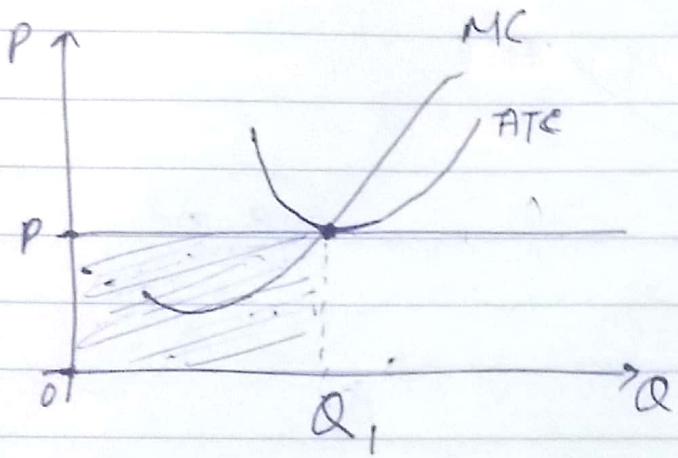
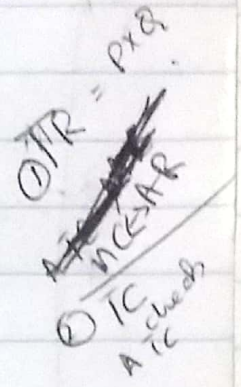
Pure competition

1) AR = ATC / TR = TC

→ breakeven / zero economic profit.

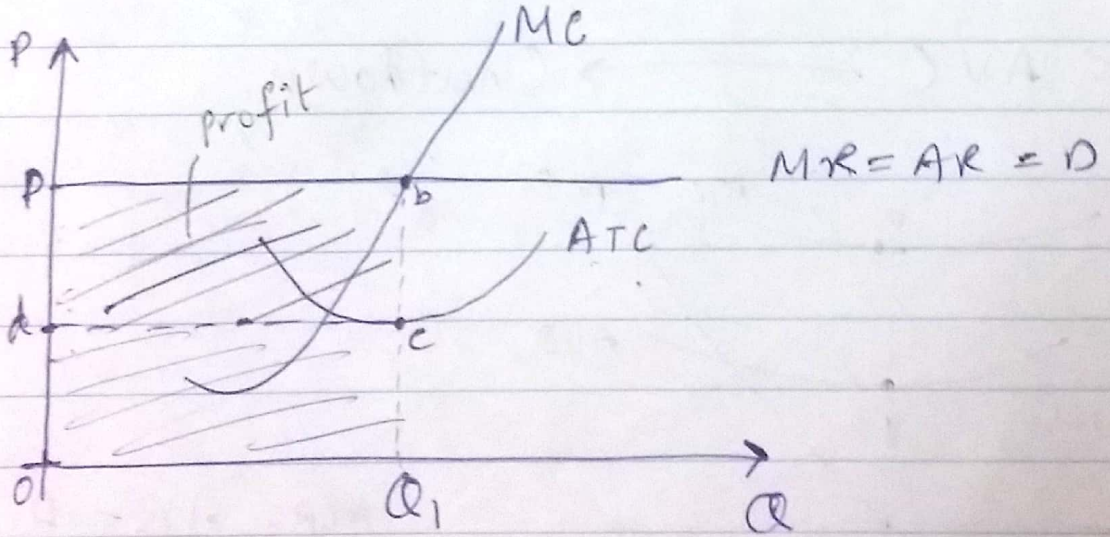


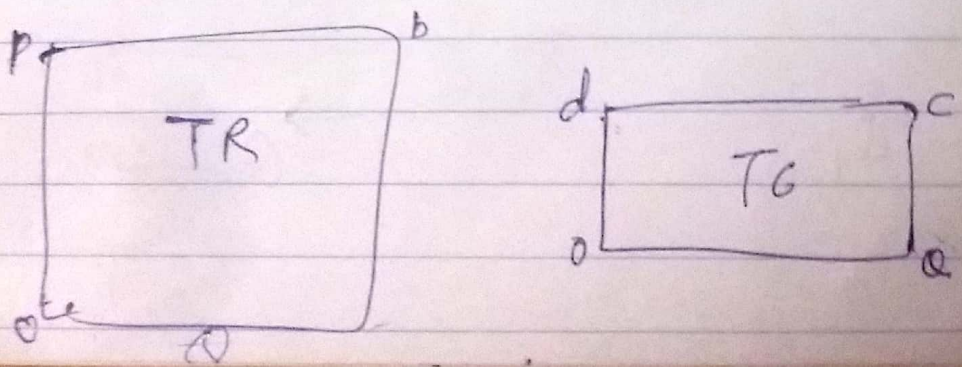


TC = TR → both have same area

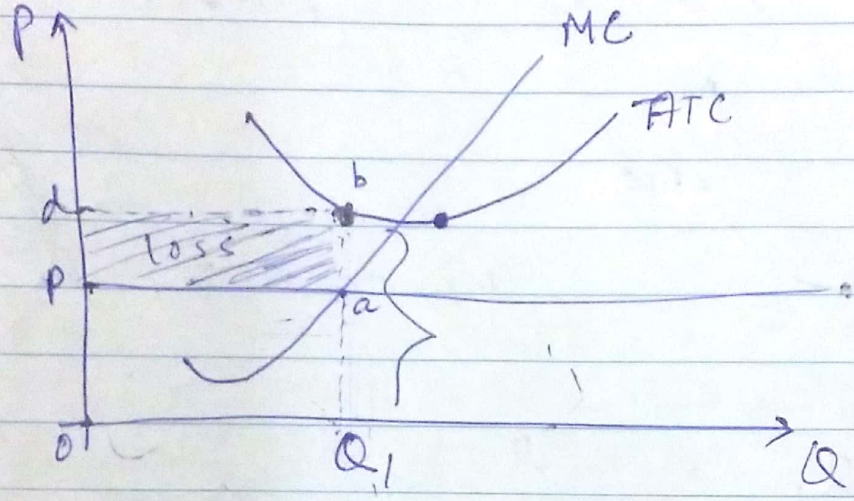
(2) AR > ATC / TR > TC.

→ positive economic profit

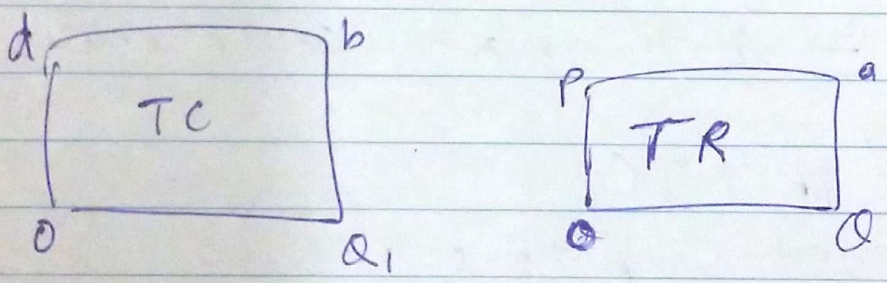




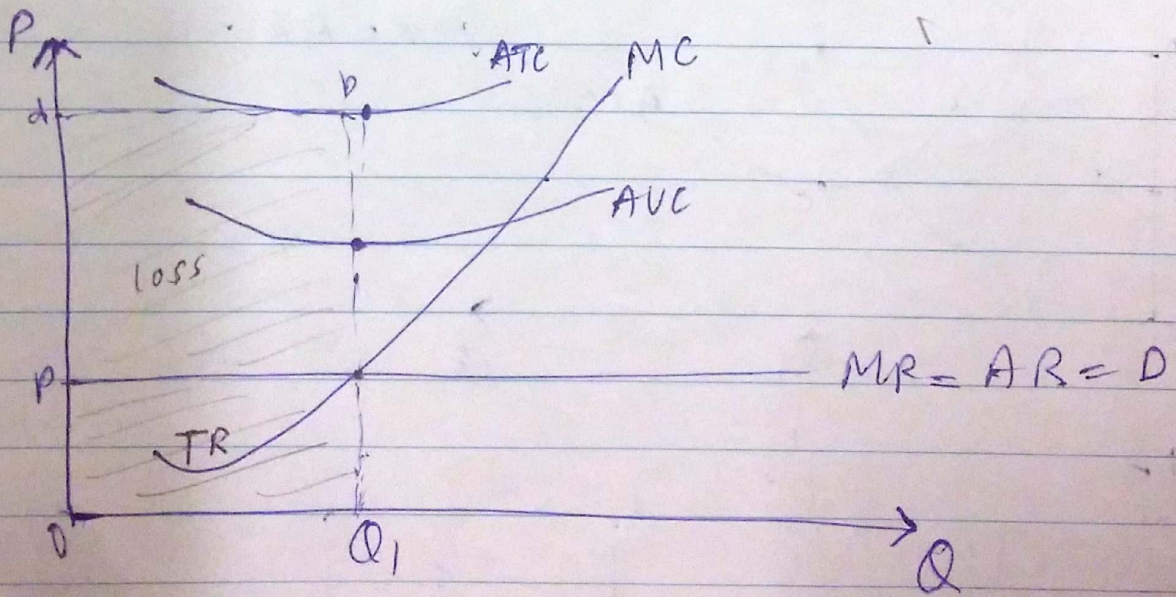
(3) AR < ATC / TR < TC ⟶ Loss



TC - TR = loss

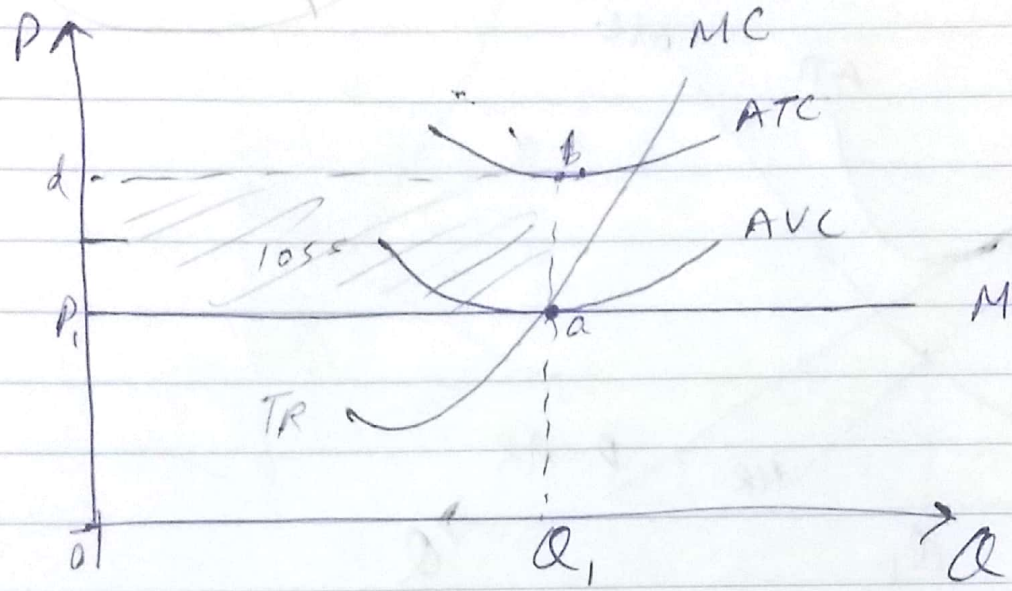


(4) AR < AVC ⟶ Shutdown



50, → 100

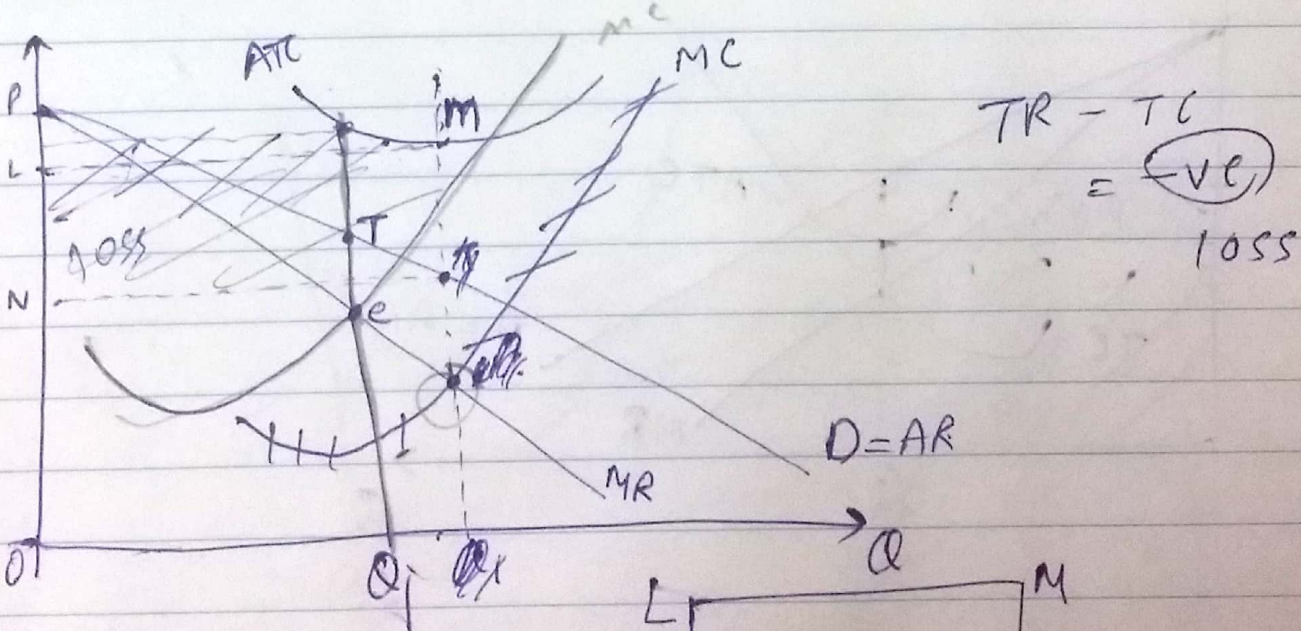
(5) AR = AVC → indifferent.



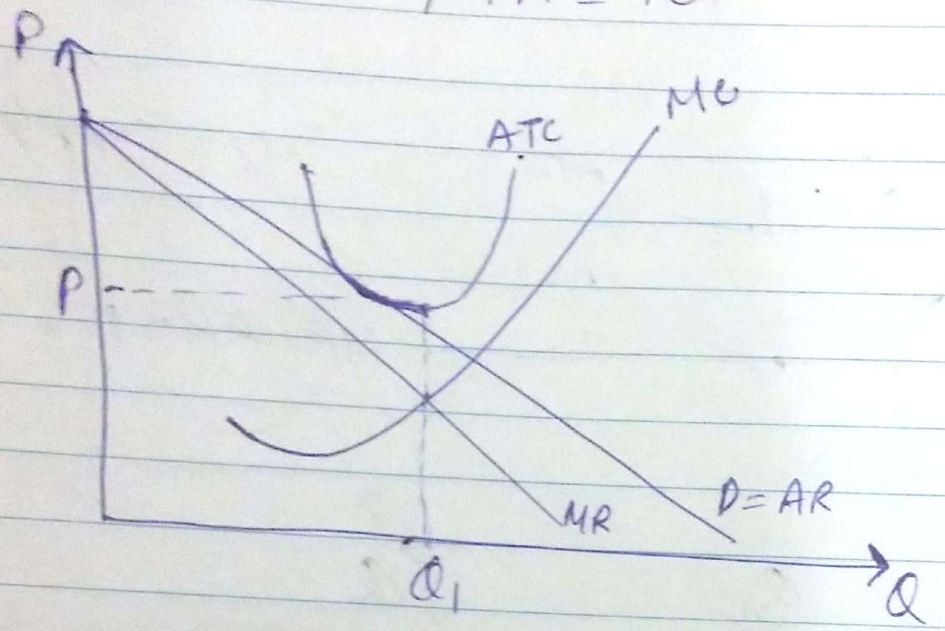
MC = supply.

→ Pure Monopoly.

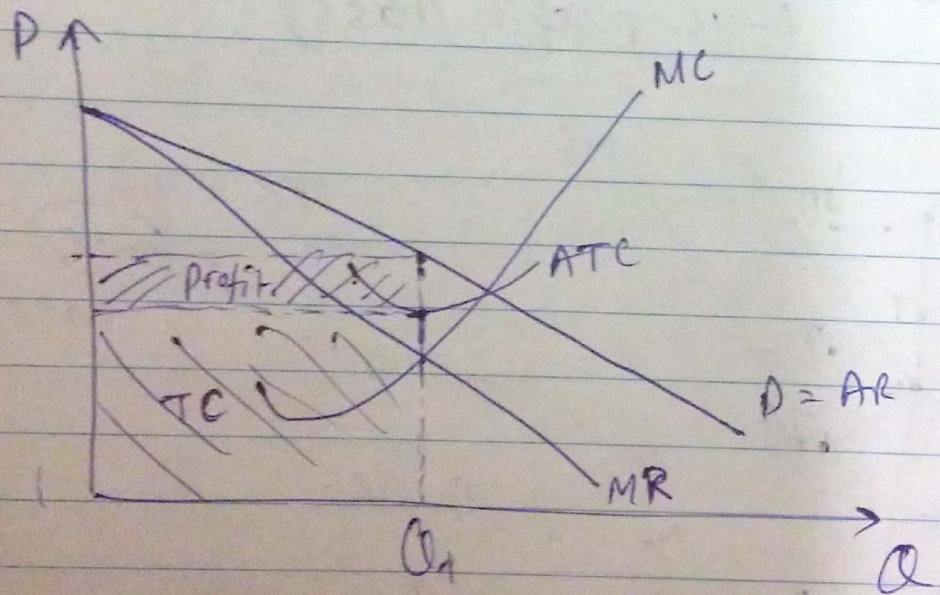
(1) AR < ATC (-ve profit / loss)



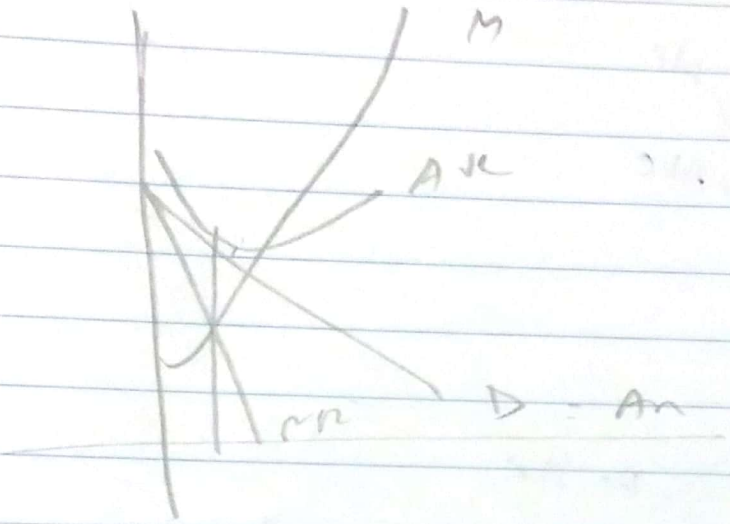
(2) AR = ATC / TR = TC Break even



(3) AR > ATC / TR > TC Profit.

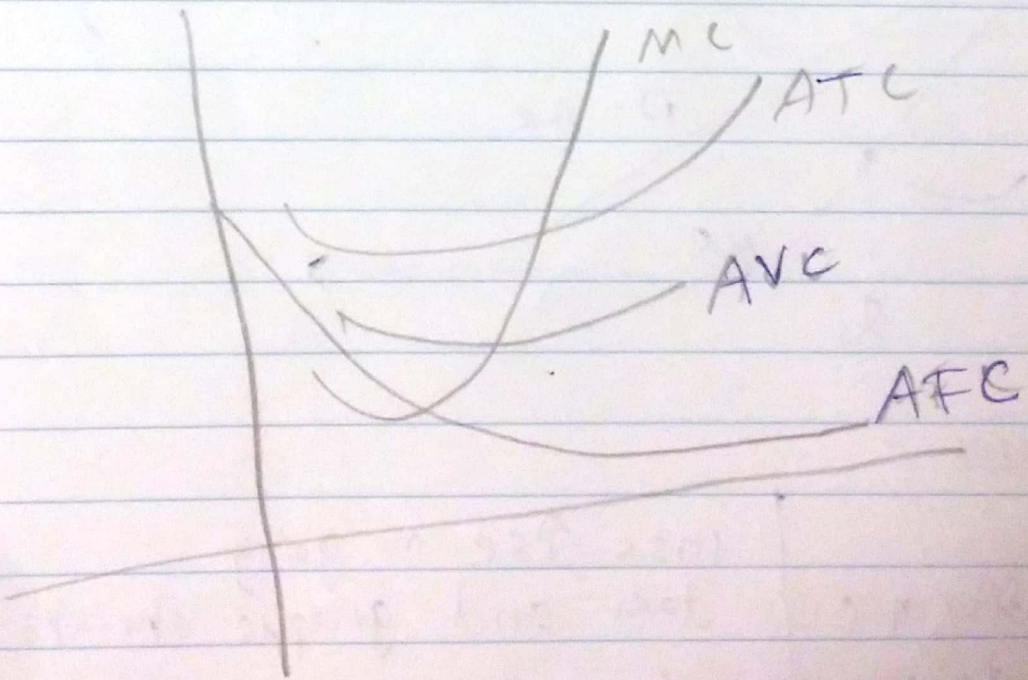


(4) ~~AR < AVC~~ Shut down

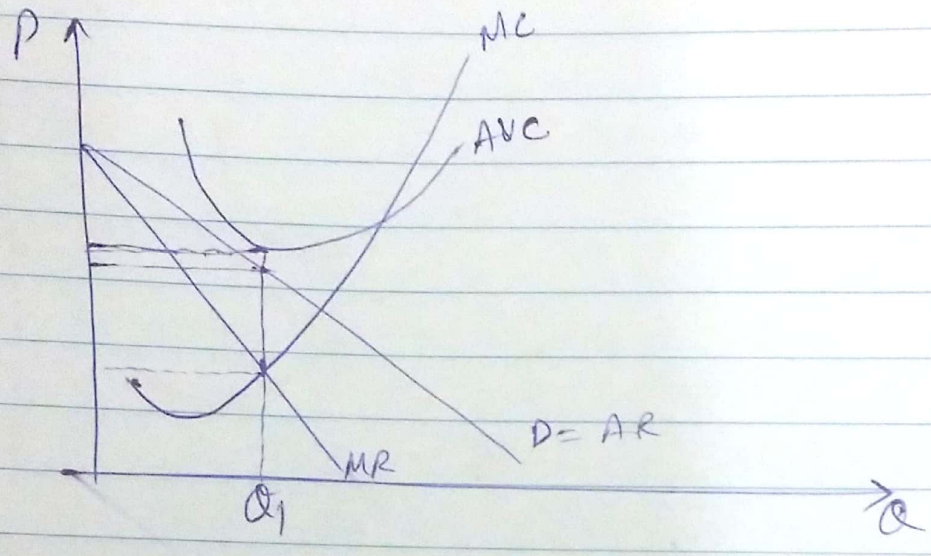


(5) ~~AR = AVC~~ No difference.

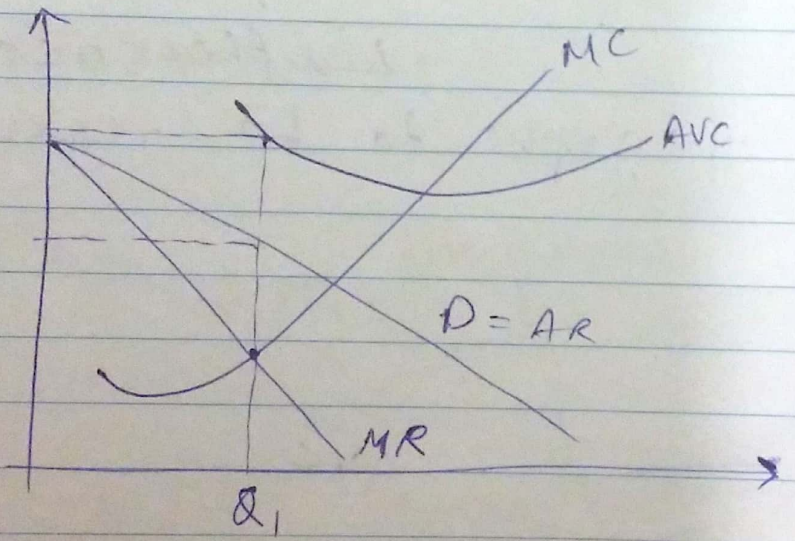
⇒ basic shapes of graphs to be remembered



(4) AR < AVC Shutdown.



(5) AR = AVC Indifference



Type of losses

(1) → Loss
(2) Indifference
(3) Shut down

↓ loss ↑se on going down and graphs shrinks more & more