



Increasing Returns to Scale

Reduction in costs only
possible with a larger farm



Why does the ATC
drop just by moving into a
larger plant?

Increasing Returns to Scale

A photograph of a farmer in a light brown shirt and a patterned sarong, wearing a white headwrap, plowing a field with a wooden plow pulled by a white bullock. The field is reddish-brown soil, and there are green trees in the background.

Why does the ATC drop just by moving into a larger plant?

Reduction in costs only possible with a larger farm

Increasing Returns to Scale



Using tractors only
possible in a larger farm