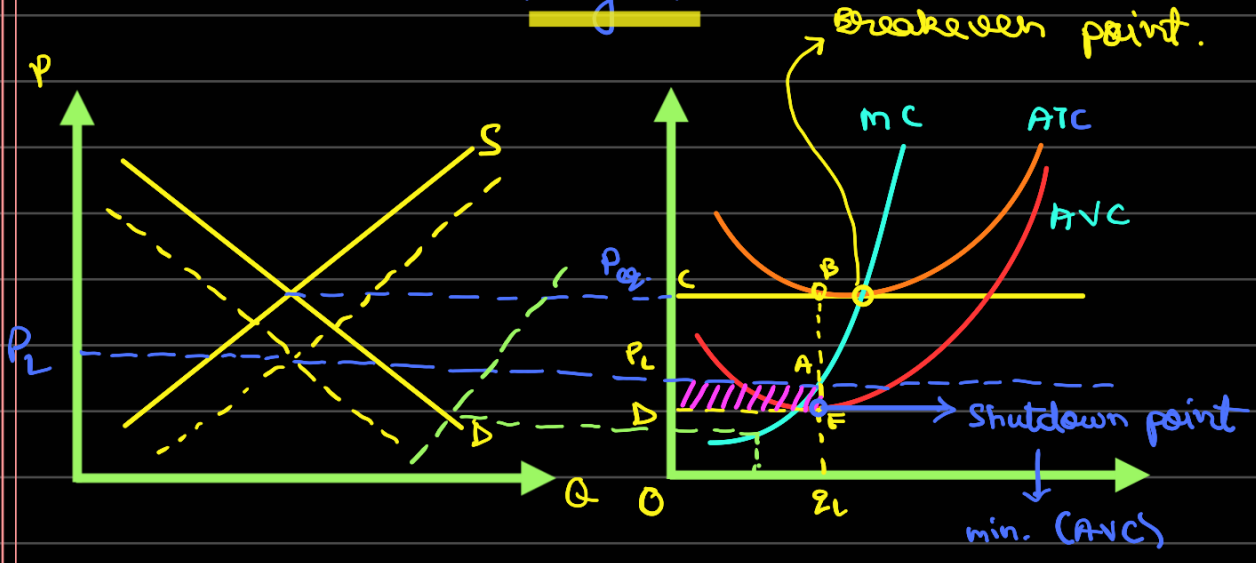
Day - 17

→ 

Revenue = OQ_LAP_L

cost = OQ_LBC

= $OQ_LFD + DFBC$

↓ VC ↓ FC

Revenue = $\underbrace{OQ_LFD}_{\downarrow VC} + \underbrace{DFAP_L}_{\text{Same part of the FC}}$

Prod. stops → lose FC

" continues → 'Earning' FC continues

→ FC → no role in profit maximation.
(but in firm shutdown)

P = mc → competitive equilibrium

P = mc = min. (AC) when there is no incentive on entry/exit in market.

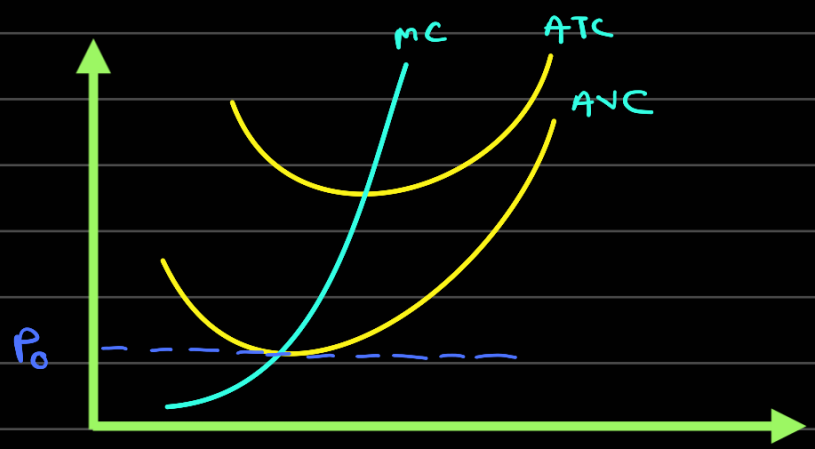
→ Shutdown — when revenue doesn't cover fixed cost.

→ $P = MC \rightarrow$ 0 Eco. profit
Accountability profit = Cost

→ Only 1000 families own 40% GDP of India → Rising inequality

→ Supply curve } of firm
Supply func^n }

→ One-to-one relationship between the price the firm faces in the market and the quantity it supplies.



$S(q) = q(P = MC)$ if $P \geq P_0$
$= 0$ $P < 0$

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