5th. Profit maximization.

6th. No government regulations.

7th. Perfect mobility of factors of production.

Total cost:

The cost which is comprised of two costs is known as **total cost.** These two costs are :

1st .**Fixed cost**

2nd .**Variable cost**

Fixed cost :

The cost which is paid in any case like whether you are producing or not ,also it is the constant amount of rent no matter what the production of good is.

Variable cost :

including the discounts and the deductions for returned merchandise. It can be obtained by multiplying the quantity of goods and services by the price obtained by selling them.

Total revenue = price * quantity

Marginal revenue is equal to price:

$$\text{d (total revenue)} \div d(Q) = d \div d(Q)(P.Q)$$

$$= P.(dQ \div dQ)$$

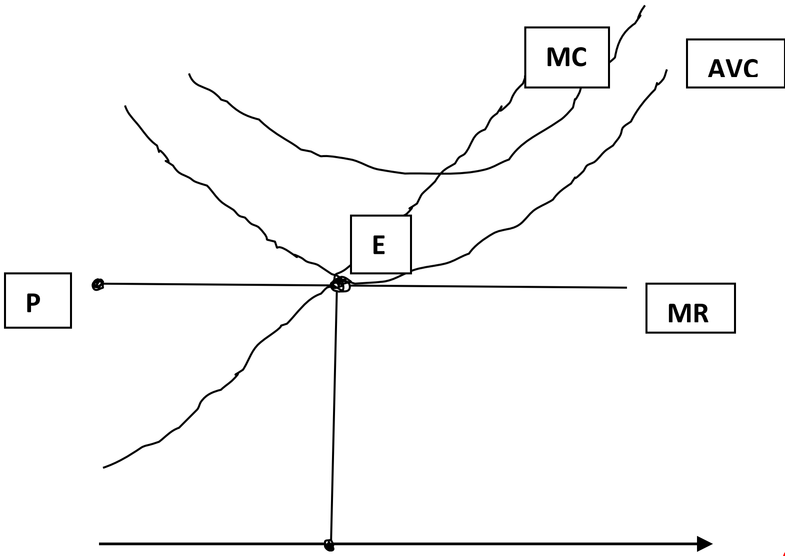
$$MR = P$$

Similarly average revenue is also equal to price ,which indicates that marginal revenue is equal to average revenue.

Supernormal/Abnormal profit:

Economists tell us that a profit can be maximized by producing at that level where

continuing operations or from **shutting down**.



$$TC = OQEP$$

$$LOSS = PEE_1P_1$$

$$TR = OQP_1E_1$$

MACRO ECONOMICS

Gross domestic product: