Factors Affecting supply

Goods own Price:— The basic supply relationship is between the Price of a good and the quantity supplied. Although there ~~are~~ is no law of supply, generally the relationship is positive, meaning that an ~~incr~~ increase in Price will induces an increase in the quantity supplied.

Prices of related goods:— ~~Th~~ for purposes of supply analysis related goods after ~~&~~ refer to goods from which inputs are derived to be used in the production of the Primary good. A related good may also be a good that can be Produced with the firms existing factors of production.

for example:— Suppose that a firm produces leather belt, that firms managers learns that leather pouch for smartphone are more profitable than belt. The firm might reduce its production of belts and begins production of cell Phone pouches based on ~~its~~ this information.

Condition of Production:— The most significant factors ~~that~~ here is the state of technology. If there is a technological advancement in the goods production, the supply increases. Other variable may also affect Production conditions. for instance for agriculture goods, weather is crucial for it may affect the ~~pr~~ Production outputs. Economics of scale can also affect Conditions of production.

Expectations:— Sellers concern for future market conditions can directly affect supply. If the seller believes that the demand ~~&~~ for his product will sharply increase in the foreseeble future, the firm owner may immediately increase production in anticipation of future price increase. The supply curve would shift out.

Price of inputs :— Inputs include land labor, energy and raw materials If the price of inputs increase the supply curve ~~&~~ will shift left as sellers are less willing or able to sell goods at any given price. for example, if the price of electricity increased a a seller may reduced his supply of the product because of the increased costs of production. fixed inputs can affect the price ~~&~~ of inputs and the scale of production can affect how much the fixed cost. translate into the end price of the good.

~~Number of supplied~~

Number of suppliers :— The market ~~supp~~ supply curve is the horizontal summation of the individual supply curves. As more firms enter the industry, the market supply will shift out driving own prices.

Government policies and regulations :—

Government intervention can have a significant Government intervention can take effect on supply. Government environment and health. many forms including environment and health. regulations, hour and wage laws, taxes electrical. regulations, hour and wage laws, taxes electrical ~~land~~ land and natural gas rates and zoning and ~~land~~ land use regulations.

Law of Supply

~~The law of supply reflect~~

Introduction

The law of supply reflects the general tendency of the seller in offering their stock of a commodity for sale in relation to the varying prices.

~~The~~ It describes seller's supply behaviour under given condition. It has been observed that usually seller are willing to supply more with a rise in prices.

The law of supply may be written as follows!—

Others things remaining unchanged, the supply of a Commodity rises i.e. expands with a rise in its price and falls i.e. Contracts with a fall in its Price.

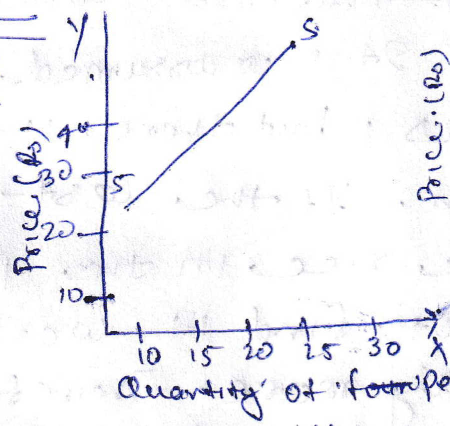
In other words it can be said that - Higher the price higher the supply and lower the price lower the supply. The law thus suggests that the supply varies directly with the change in price. So, a larger amount is supplied at a higher price that at a lower price in the market.

Explanation of the law!—

This law can be explained with the help of a supply schedule as well as by a supply curve based on an imaginary figures and data.

Market Supply Schedule

Price of Pen	Quantity supplied (in 000 Per week)
10	10
20	13
30	20
40	25



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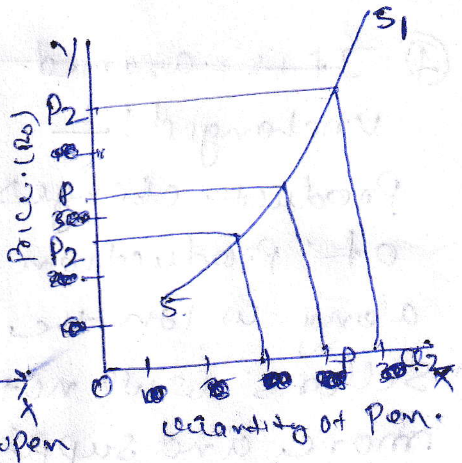

(2)

Here in this diagram the supply curve SS is sloping upward. It suggests with the supply schedule, that the market supply tends to expand with the rise in price and vice-versa. Similarly, the upward sloping curve also depicts a direct co-variation between price and supply.

By seeing the diagram the conclusion can be drawn that when price rises supply increases and when the prices reduces the supply reduces.