Assumptions of the law of supply are as follows:-

① No change in the income:-
There should not be any change in the income ~~o~~ of the purchaser or seller.

② No change in technique of production:-
There should not be any change in the technique of production. This is essential for the cost to remain unchanged. With the improvement in technique if the cost of production is reduced, the seller would supply more even at falling prices.

③ There should be no change in transport cost.
It is assumed that transport facilities and transport cost are unchanged. otherwise a reduction in transport cost implies lowering the cost of production, so that more ~~woto~~ would be supplied even at a lower price.

④ ~~It is assumed that the~~ Cost of production be unchanged:- It is assumed that the price of the product changes, but there is no change in the cost of production. If the cost of production increases along with the rise in the price of product, the sellers will not find it worth while to produce more and supply more. Therefore the law of supply will be valid only only if the cost of production remains constant. It implies that the factors price such as wages, interest, rent etc. are also unchanged.

⑤ There should be fixed scale of production.
During a given period of time, it is assumed that the scale of production is held constant. If there is a changing scale of production the level of supply will change, irrespective of changes in the price of the product.

⑥ There should not be any speculation:-

The law also assume that the sellers do not ~~spec~~ speculate about the future changes in the price of the product. If however, sellers expect prices to rise further in future, they may not expand supply with the present price rise.

⑦ The prices of the other goods should remain constant.

further the law assume that there are no changes in the prices of other products. If the price of some other product rises faster than that of the product in consideration, producers migh transfer ~~ther~~ their resources to the other product which is more profit yielding due to rising prices. Under ~~the~~ & this situation and circumstances, more of the product in consideration may not be supplied despite the rising prics

⑧ ~~These~~ There should not be any change in the government policies:-

~~Gov~~ Government policy is also important and vital for the law of supply. Government policies like taxation policy, trade policy etc. should remain constant.

Exceptional Case.

① Exception about future price!-

In this connection if the seller expects a rise in the price in future, he may withhold his stock of the commodity. He will therefore reduce his supply in the market at the present price. Similarly if he expects a further fall in price in future, he will try to dispose of the commodity and will supply more even at a lower price.

Supply of labour:-

Supply of labour after a certain point when the wage rate rise its supply will tend to diminish. Why such ~~Stu~~ situation because workers normally Prefer leisure to work after receiving a certain amount of wage.

(4) Rate of interest and Saving position:-

When there is rise in the interest rate, more saving are induced. But after a certain point of rise in the rate of interest households may tend to save less than before due to high income from the interest. In that case saving tends to decline even with ~~an~~ rise in the rate of interest.

~~Role of Demand and supply in price in Prime determination imperfect competition.~~

~~Price determination ~~In~~ under monopolistic competition~~

Price Determination under Imperfect Competition

The situation in the real world lies between these two extremes. Imperfect competition may take several forms.

Price Determination under Oligopoly:
In an oligopoly situation there are only a few firms and the size of each firm is so large that a single firm can influence considerably the market supply and price. However, an oligopolist cannot determine the output and price independently.

He is required to study the reactions of the rival sellers whenever price is changed. He does not find a stable and definite demand curve for his product as he does not know with certainty to what extent his sales will change in case of any change in the price of his product.

This is so because his actions create various reactions from his rival sellers. If fact, the complete uncertainty unpredictability and inter-dependence prevail in such a market. In actual practice the price is, however, determined through agreements among the oligopolists. In some cases, a particular firm especially the biggest one act as the price-leader and the other firms follow its actions.

The leader fixes the price and the other firms follow it. So, the price under oligopoly is fixed through agreements or collusion among the firms.

Price Determination under Monopolistic Competition:
Under monopolistic competition a firm can to some extent control supply and price by its own independent action. As it has a near-monopoly position in its own product which is different from those of other firms, it can find a certain and stable demand curve for its products, and this demand curve has a slightly downward slope.

A monopolistic competitor produces an output up to that amount at which the marginal cost becomes equal to marginal revenue, because at that output its total profit is the maximum. The price in such a market becomes greater than marginal cost. In the short run a monopolistic competitor may earn excess profits when the price becomes higher than average cost.

This is possible due to the absence of the possibility of new firms entering the industry. But in the long run due to the possibility of new firms entering the industry the price under monopolistic competition becomes equal to long-run average cost giving only normal profits. So, no firm under monopolistic competition can make excess profit or loss in the long run. Such firm is able to make only normal profit which is induced in its total cost.

Conclusion:
Price determination under imperfect competition is a complicated task because of the difficulties in getting a certain and stable demand curve of the firm. But one thing is, however, certain that under imperfect competition, the price will be above the marginal cost but how much higher will depend upon the market situation and on elasticity of demand.