

## 1: Study material Archives - ICAI News | CA Foundation latest news and material

*Macro economics is also known as aggregate economics In a free market economy, consumer preference decides the allocation of resources. But due to this not all demands will be met and there will be uneven distribution of income in the society.*

AR is revenue per unit of output sold and is always equal to price, i.e.  $AR = P$ . MR is addition made to TR when one more unit of output is sold. There are two basic principles governing all market conditions, firms should produce only if: Unit 2

Determination of Price Equilibrium means a state of balance or rest. Equilibrium price is that price at which demand and supply equals each other. Marshall compared demand and supply with the two blades of scissors. Shifts in demand and supply curves takes place due to changes in factors other than the price of the commodity. A change in demand, supply remaining constant, leads to a change in the equilibrium price. If demand increases, both equilibrium price and quantity will rise. If demand decreases, both equilibrium price and quantity will fall. A change in supply, demand remaining constant, leads to a change in the equilibrium price and quantity. If supply increases, price will fall and quantity will rise and vice versa if supply decreases. If both demand and supply change, the new equilibrium price may rise, fall or remain constant. If demand and supply increase in the same proportion then price will remain constant and quantity will rise. If demand increased is more than the increase in supply, then both the price and quantity will rise. If demand increased is less than the increase in supply, then price will fall while quantity demanded will rise. MC should cut the MR from below. In the short run three situations can take place depending only upon the price, which is given to the firm. Supernormal profits, when price is above SAC. In the long run, the perfect competitive firm will only earn normal profit due to free entry and free exit of firms in the market. In a competitive firm, the MC curve of the firm is also its supply curve. Relationship between AR and MR in monopoly: AR curve cannot touch X-axis MR can be zero or even negative i.e. MR curve can touch or cut the X-axis. Aim of the monopoly firm is to maximise profits. It can be attained in two ways just like under perfect competition, i.e. The difference between TR and TC is maximum. In the short-run, three situations can take place. In the long-run, A firm may continue to enjoy supernormal profits. Pricing Under Discriminating Monopoly Discriminating monopoly is a situation where the monopolist charges different prices for the same commodity from different consumers, at the same times. Conditions necessary for price discrimination are: There should be some form of imperfect competition present in the markets. There should be two or more markets. Elasticity of demand should be different in these markets. There should be no contact among buyers in these markets. Monopolist must completely control the supply. Monopolistic Competition Product differentiation can be real or artificial. It introduces an element of monopoly competition and give rise to a negatively sloping, highly elastic demand curve. Non-Price competition is prevalent in the market. A monopolistic competitive firm is a price maker of its own product. Selling cost is the cost of changing consumer wants. It includes advertising, window displays, demonstrations, etc. It shifts the demand curve demand increase and make it inelastic. Equilibrium takes place where profits are maximum. In the short run, three situations are possible: In the long-run, due to free entry and exit, adjustment will take place and only normal profits will be earned. All firms will break-even. Characteristics of Oligopoly

Interdependence among firms while fixing prices and output, great importance is given to advertisement and selling costs, there is an indeterminate Demand curve, existence of Group behavior. Factors causing oligopoly are huge capital investment, absolute cost advantage, product differentiation, economies of scale and mergers. The demand curve is not defined as there are action-reaction patterns among firms. Many different models exist. It is based on the assumption that firms match price cuts but not price rises. It rationalizes price rigidity in oligopolistic market. It shows that even if cost changes, prices charged for the commodity does not change. Important Tit-Bits The kinked demand curve tries to depict the problem of price rigidity faced by a firm. The most basic difference between Monopolistic Competition and Perfect competition is that in the former the seller can sell heterogeneous differentiated products and in the latter the sellers sell homogeneous similar products. Durable goods can be sold in National market as their life is longer. Pure Oligopoly means that kind of oligopoly

market which sells homogeneous products. Partial Oligopoly is that kind of oligopoly market which is dominated by one big firm and it is considered the leader of the industry or group. Price discrimination done by a Monopolist can be based on time, size of market, income, elasticity etc. In Monopolistic competition, sale of branded articles is a common practice undertaken by firms to showcase their products as differentiated products and thus charge higher from the customers. Hence, we can say it is that market form where many firms sell similar products but under different brands. If there is a fall in the demand for the product in the above market then it will result in fall in price leading to decrease in the number of firms operating in the market further leading to declined production in each firm. The demand curve for a monopolist firm will be downward sloping as it has to lower the prices in order to sell more. Total profit is equal to  $TR-TC$ . In monopoly, the AR curve is always above the MR curve while both are downward sloping. In short run a firm will try to survive in the market even if it is able to cover only AVC. But in long run, firm will always want to cover ATC otherwise it may leave the market. Generally, under Monopoly and Imperfect competition MC is less than its price which enables the firms to earn supernormal profit. A monopolist firm practicing price discrimination in two separate markets will achieve profit maximization when the MR from both the markets will be equal to the MC of both the markets. A monopolist firm will always try to achieve equilibrium above the middle point of the AR curve as beyond that the elasticity becomes less than one and MR becomes negative. See diagram of relationship between MR, TR and AR given in the book. If there is competitive equilibrium prevailing in the market then the sellers will be forced to produce at their minimum costs otherwise they could be thrown out of the market. In short run, if more and more firms enter competitive market then the supply curve of the industry will shift upward as more sellers will lead to more supply. In long run under imperfect competition, the fear of prices falling more than the cost which means prices going lower than the cost forces the sellers to limit the long run growth of the firms. In perfect competitive market, if in the long run there occur increasing returns to scale then it will affect the market equilibrium because due to this change will occur in demand, supply and price and hence the whole industry will become unstable. In all forms of imperfect competition, the AR curve is falling downward. In short run, if the price of a commodity rises then it will lead to more supply of goods. This happens due to two main reasons – a. The true strength of a monopolist firm may be judged by the gap between AR and MR. If the gap is more, it indicates that to sell more the firm is lowering the price of its product. If the gap is less, then the monopoly firm is selling the product at desired price levels. In perfect competition, if an individual seller wants to double his profit, he simply has to sell double the quantity. Because in perfect competition a firm is a price taker. So it can sell unlimited quantity at a given price. In oligopoly, there exists Kinked Demand Curve. It means if a seller increases the price of his product then no competitor will follow him. Thus, his product will be sold lesser thereby decreasing his profits. On the contrary, if he decreases the price of his product, all the competitors will also do the same. So there will be little rise in the sales. This profit is also known as Normal Profit. In perfect competition, if the prevailing price is such that the price line is tangent to the minimum point of the average cost curve then the firm will earn normal profit. It means the firm is able to maximize its profit by charging a higher price from the customers.

### 2: CA CPT Important Questions | Topics | Chapters for December - SuperProfs Blog

*CPT Economics [www.enganchecubano.com](http://www.enganchecubano.com) CPT Economics Chapter wise Online Test to check your CPT Economics Exam [www.enganchecubano.com](http://www.enganchecubano.com) Economics syllabus% Money back. CPT Economics lectures.*

### 3: CA CPT Exam Preparation - Chapterwise Tests, CPT Mock tests

*CA CPT Notes PDF Download (FREE) CA CPT Exam is the first step towards your Chartered Accountant career. You should be well aware of the subjects and pattern of the examination.*

### 4: CA Foundation | CA CPT General Economics Notes pdf - CAKART

## CPT ECONOMICS NOTES CHAPTER WISE pdf

*Economics Notes for Class 12 PDF Download. In this Post, we are providing you 'CBSE Class 12 Economics Chapter wise notes' in PDF [www.enganhecubano.com](http://www.enganhecubano.com) Economics Notes for Class 12 are free to download.*

### 5: CA Foundation and CPT Study Material For May/June

*CA CPT Notes free download pdf for Maths, Quantitative Aptitude, Economics, Mercantile law, Accounts CA CPT Notes: The Institute of Chartered Accountants of India conducts CA CPT exam twice in a year in the months of June and December.*

### 6: CA CPT Economics short notes - Naresh Malhotra

*CA Foundation | CA CPT General Economics Notes pdf - Common Proficiency Test is an entry level test for Chartered Accountancy Course. It is a test of four subjects i.e., Accounting, Mercantile Laws, General Economics and Quantitative Aptitude.*

### 7: CA CPT Quantitative Aptitude notes, Study material, papers PDF download

*Here are the Chapter-wise E book PDF Download Links of Newly Updated CA CPT Section 3: General [www.enganhecubano.com](http://www.enganhecubano.com) calls it as Download CPT Economics Books also.*

### 8: CA CPT Important Tips & Self Assessment Questions for Dec Exam

*Economics- This chapter help you understand various forces which works in an economy both at micro level and at county or macro level. Economics factors effects all business and has enormous impact on business, hence knowledge gained here help one immensely through out his career.*

### 9: Economics Notes for Class 12 PDF Download - CBSE - TuitionHour

*CPT Chapter-wise Tests Testing your concepts after each chapter is the best way to prepare for the CPT exam. And the best thing is you can test these concepts online!*

*Bangladesh an untold story by sharif ul haq Mississippi Symbols Facts Projects China threat crosses the strait Helping others implement assessment practices in ways best for young children The St. Petersburg Paradox and Utility Paradoxes of Rationality and Cooperation/Photocopied Sargent to Freud/De Sargent a Freud Dark heresy players handbook Successfully handling the job interview A Fun New Way to Learn Addition The Families of Haywood County, North Carolina Dahlgren samuel delaney Initiation (Secret Circle) Property and related crimes Shared responsibility House above the sea A critique of transformational leadership theory Esic udc syllabus The Pressures Off Literature and material culture from Balzac to Proust Ancestry of mayor Harold Washington, 1922-1987 The structure of detachment Anaesthesia and Analgesia for Day Surgery Airway Facilities strategic plan 7. Interpersonal skills you need to expand your career potential Construction of soldering tip 104 108 Social rights : the neglected category of human rights Silvia Staub-Bernasconi Richards Stress CI State insurance regulation Roads to childhood The Big Five Personality Factors Asthma Diana Grootendorst Population redistribution and public policy Greek vocabulary and idiom for higher forms Economic basis of protection Question bank of physics class 12 Dynamics of European Nuclear Disarmament The Southern Review, IV, A.E. Miller, Charleston, 1829. Upper body weightlifting plan Sheafor the intervention process model*