

PRINCIPLES OF ECONOMICS

B. Com Hons Part-I

TOPIC -

EXPLANATION OF SUPPLY

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EXPLANATION OF SUPPLY

The term 'quantity supplied of a commodity' refers to the quantity of a commodity offered for sale per period of time. Like demand, supply is also related with price and time.

• Definitions of supply -

- (1) According to Thomas, "The supply of goods is the quantity offered for sale in a given market at a given time at various prices".
- (2) According to Mayers, "We may define supply as a schedule of goods that would be offered for sale at all possible prices at any one instant of time or during any one period of time (e.g. a day, a week, and so on), in which conditions of supply remain the same".

• Supply Schedule -

A supply schedule is a tabular representation of various quantities of a commodity that can be offered for sale at different prices during a given period of time.

It is of two types -

- (1) Individual Supply schedule
- (2) Market Supply Schedule

- Individual Supply schedule - It shows the different quantities of a commodity that a producer is prepared to sell at various prices. If it is presented in a tabular form, we can derive individual supply schedule.

Individual Supply schedule

Price per unit (in ₹)	Quantity supplied by Producer 'A'
4	2
5	4
6	6
7	8
8	10
9	12

- Market Supply schedule - Market Supply indicates the relation between the prices and quantities of the commodity that all firms in the industry are willing to supply.

Market supply schedule

Price per unit of commodity (₹)	Producer 'A'	Producer 'B'	Producer 'C'	Market Supply A+B+C
4	2	2	1	$2 + 2 + 1 = 5$
5	4	3	4	$4 + 3 + 4 = 11$
6	6	5	5	$6 + 5 + 5 = 16$
7	8	8	7	$8 + 8 + 7 = 23$
8	10	11	9	$10 + 11 + 9 = 30$
9	12	13	11	$12 + 13 + 11 = 36$