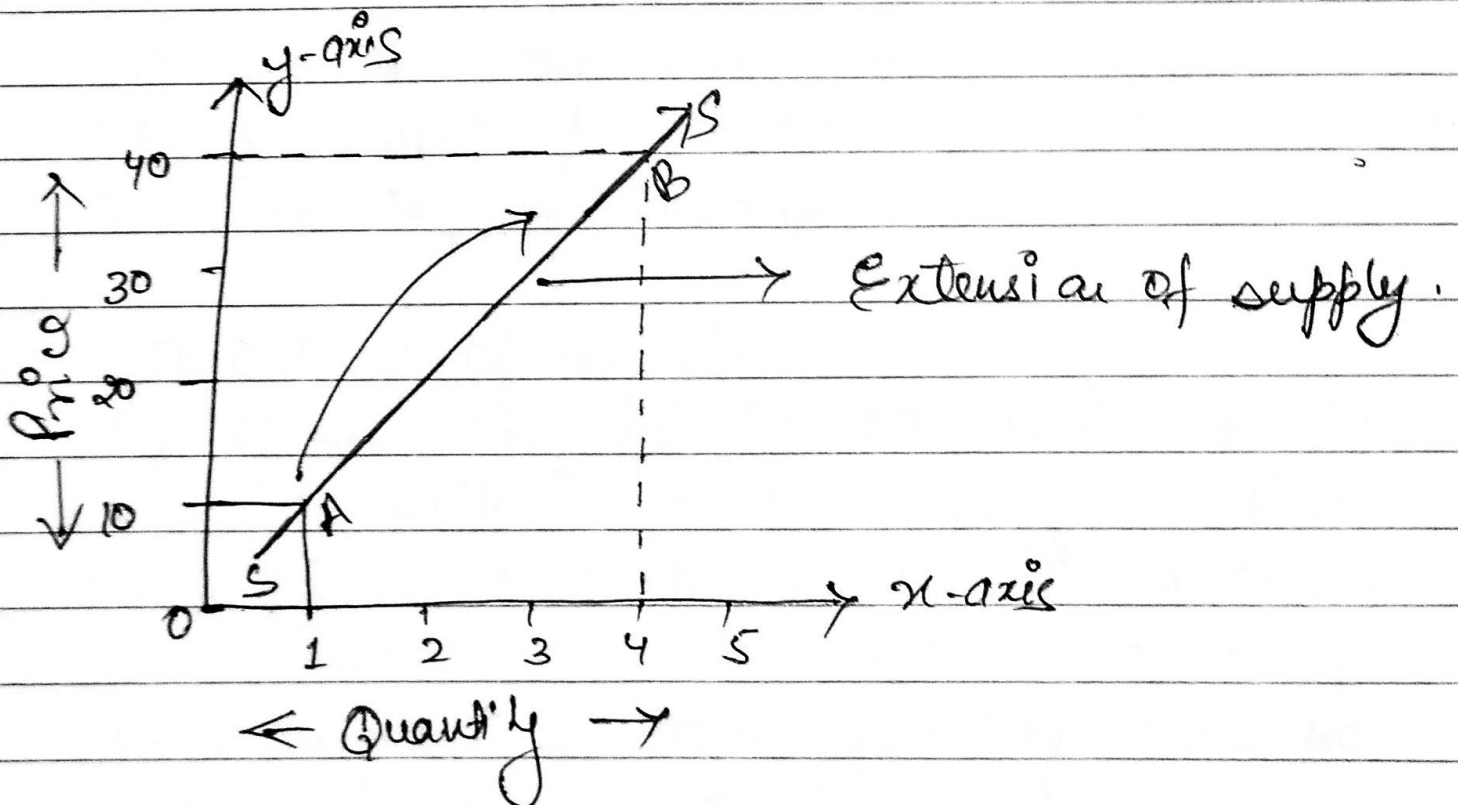


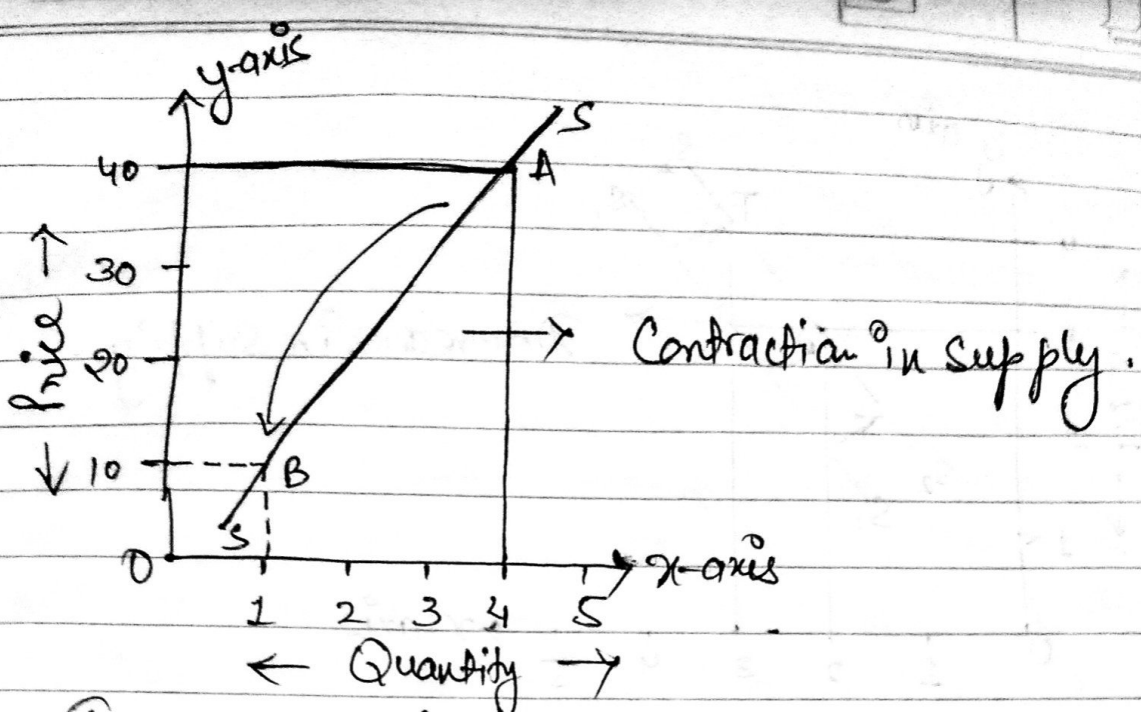
CHANGE IN SUPPLY

There are two types of change in supply :-

(1) Extension and contraction of supply :-

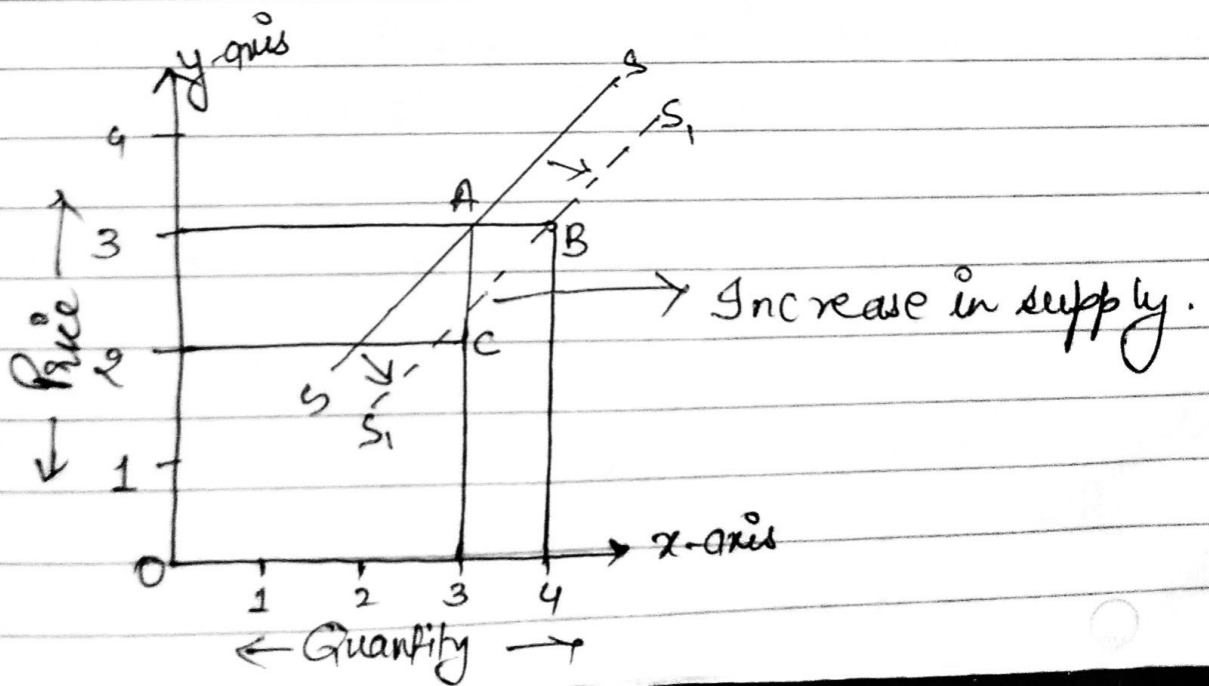
- Other things being equal, when supply of a commodity increases, due to rise in its price, it is technically called extension of supply.
- Other things being equal, when the supply of a commodity falls as a result of fall in its price, it is called contraction of supply.

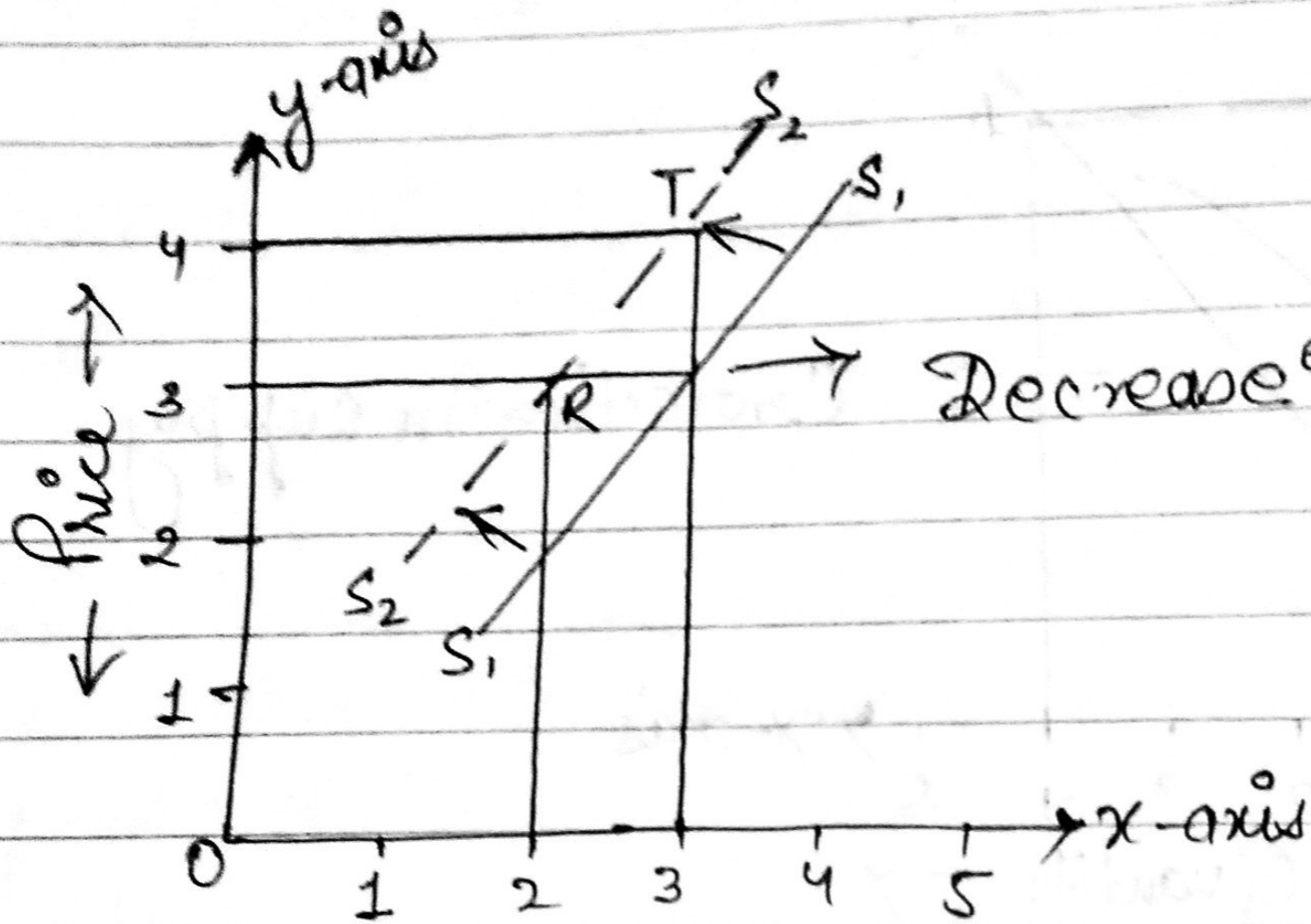




(2) Increase and Decrease of supply :-

- Increase in supply occurs when the producers are willing to supply more at same price, or they are prepared to supply original quantity at lower price. Thus, there are two aspects of increase in supply.
- Decrease in supply reflects the situations in which the producer supplies less quantity at the same price or same quantity at a higher price.





Decrease in Supply.

Quantity