[Glossary]

Markets : Perfect Competition

Subject:	Business Economics
Course:	B.A., 1st Semester, Undergraduate
Paper No. & Title:	Paper – 101 Microeconomics – I
Unit No. & Title:	Unit – 5 Markets: Perfect Competition
Lecture No. & Title:	Lecture – 1 Markets:Perfect Competition

Glossary

Abnormal loss

Cost > Revenue. When cost exceeds revenue, abnormal loss appears.

Abnormal profit

Revenue > Cost. When revenue exceeds cost, abnormal profit appears.

Average revenue (AR)

Revenue per unit is average revenue.

Firm

Single independent producing unit is firm.

Homogenous goods

Goods, which are having relation as perfectly-substitute to each other. These goods are perfectly same, therefore are also known as identical or equal goods.

Industry

Group of firms known as industry.

Long run

Long period of time, where all costs become variable cost.

Marginal revenue (MR)

Revenue by selling additional unit is marginal revenue.

Normal Profit

Revenue = Cost. When revenue is equal to cost, it is known as normal profit, because when entire revenue being distributed in all factors of production it becomes TR=TC, where entrepreneur is also one factor of production, who gets reward (profit) as per his marginal productivity.

Perfect competition

A market where large number of buyers and sellers do transaction of homogenous goods.

Perfect mobility

When goods or factors of production are used to move without any restriction are known as perfectly mobile.

Price Taker

Seller, who need to accept prevailing market price.

Short run

Small period of time, where fixed cost remains unchanged and supply of commodity becomes stagnant.

Transport cost

A cost, which occurs due to movement of goods.