THEORIES OF RENT

[GLOSSARY]

Course Name	**:**	Commerce B.Com First Year
Paper No. & Title	**:**	BC 1.5, AF 1.5, BM 1.5, IB 1.5, BI 1.5, BEc 1.5 Business Economics
Topic No. & Title	**:**	Unit - 6 Rent - Concept ; Ricardian and modern theories of rent ; Quasi - rent
Lecture No	**:**	3
&		
Title	**:**	Theories of Rent

GLOSSARY

RICARDIAN THEORY OF RENT

Rent –

Return of the land due to its fertility.

Fertility –

Productivity of land.

Factor Pricing –

Process of determining prices of factors of production i.e. determining rent, wage, interest and profit.

Perfect Competition –

A market structure characterized by the presence of large number of buyers and sellers trading in homogenous goods, services or factors.

MODERN THEORY OF RENT

Rent –

Excess amount which a factor obtains over and above transfer earnings.

Factor Pricing –

Process of determining prices of factors of production i.e. determining rent, wage, interest and profit.

Perfect Competition –

A market structure characterized by the presence of large number of buyers and sellers trading in homogenous goods, services or factors.

Perfectly elastic supply –

When supply does not respond to change in price.

Perfectly inelastic supply –

Due to very small change in price there is a large change is supply.

Elastic supply –

Change in supply is more than change in price.

Transfer earning –

The minimum amount that needs to be paid to any factor of production to occupy it in any production, is its transfer earning.

QUASI-RENT

Quasi Rent –

Excess amount which a factor obtains in the short run due to its scarcity.

Factor Pricing –

Process of determining prices of factors of production i.e. determining rent, wage, interest and profit.

Perfect Competition –

A market structure characterized by the presence of large number of buyers and sellers trading in homogenous goods, services or factors.

Perfectly elastic supply –

When supply does not respond to change in price.

Perfectly inelastic supply –

Due to very small change in price there is a large change is supply.