



# **MARGINAL PRODUCTIVITY THEORY OF DISTRIBUTION**

**AND**

## **WAGE DETERMINATION**

**[ GLOSSARY ]**

<b>Course Name</b>	:	Commerce First Year Under Graduates
<b>Paper No. &amp; Title</b>	:	BC 1.5, AF 1.5, BM 1.5, IB 1.5, BI 1.5, BEc 1.5 Business Economics
<b>Topic No. &amp; Title</b>	:	Unit - 6 Introduction Basic Problems of an economy; Working of price mechanism

## **Glossary**

***Equilibrium*** – a situation in which opposite forces balance each other

***Factor Pricing*** – process of determining prices of factors of production i.e. determining rent, wage, interest and profit.

***Gross Domestic Product*** – GDP, in brief, refers to the sum of money values of all final goods and services produced within the domestic territory of a country during a given period.

***Marginal Physical Productivity*** – change in physical output due to an increase in employment of a factor unit.

***Marginal Revenue*** – change in total revenue due to change in output sold.

***Marginal Revenue Productivity*** – marginal productivity of a factor multiplied by marginal revenue.

***Perfect Competition*** – a market structure characterized by the presence of large number of buyers and sellers trading in homogenous goods, services or factors.

***Value of Marginal Physical Productivity*** – marginal physical productivity of a factor multiplied by market price of the product that it produces.

***Wage*** – remuneration paid to labor for his/her physical and mental efforts put with an objective of earning some reward (monetary or non-monetary)