

Economics for Engineers

**DEPARTMENT OF HUMANITIES
VSSUT BURLA**

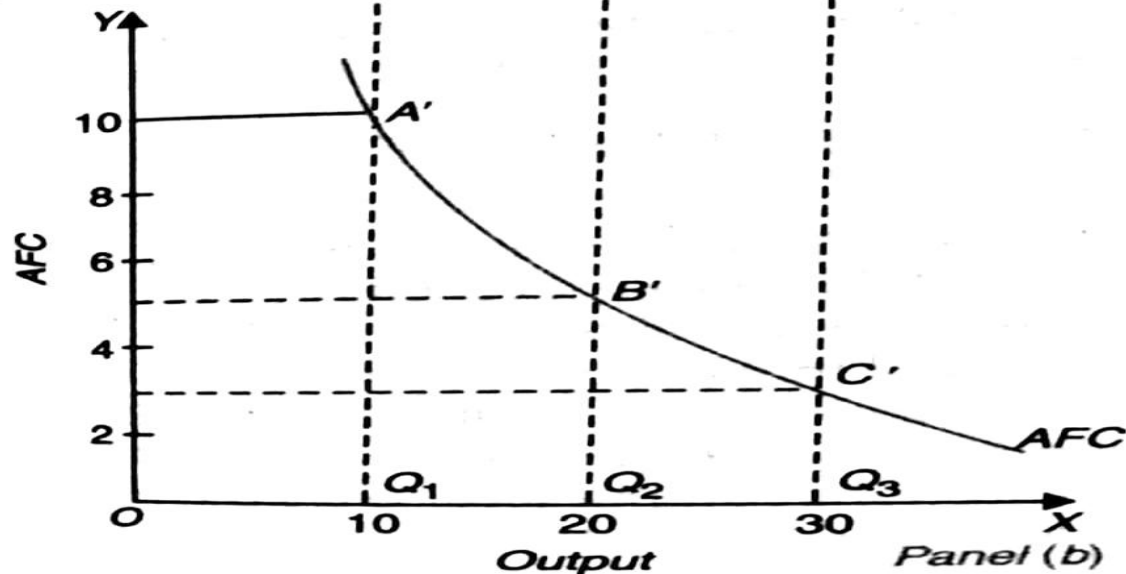
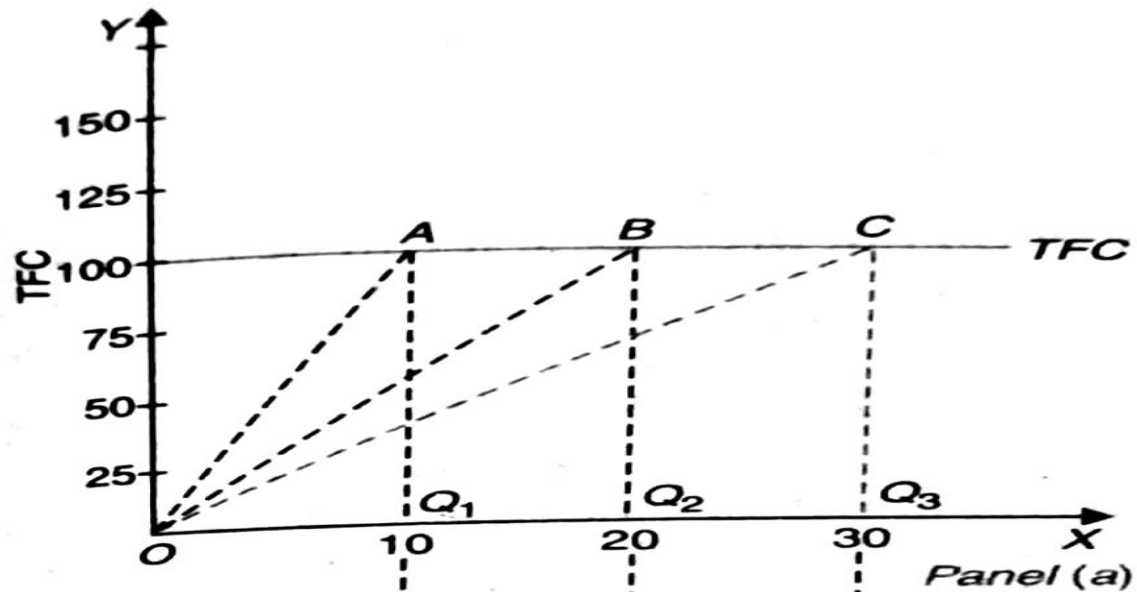
Derivation of Average and Marginal Cost Curves

- AC and MC are derived from Total Cost

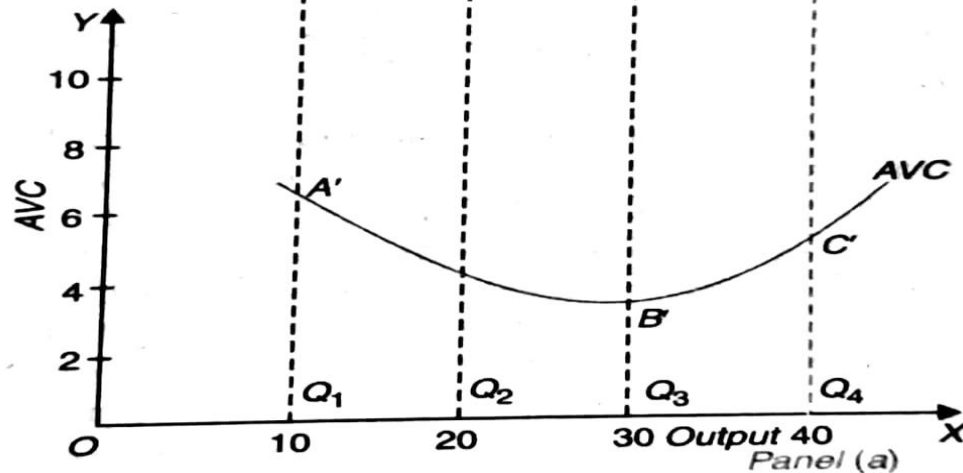
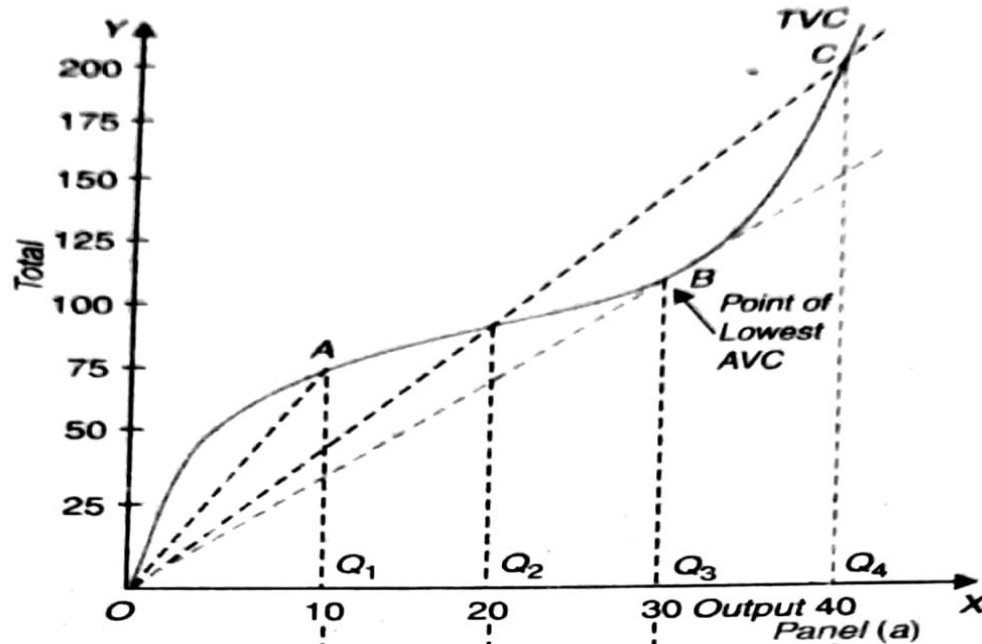
Total Cost in Short run

1. Total Fixed Cost
2. Total Variable Cost
3. Short run Total Cost

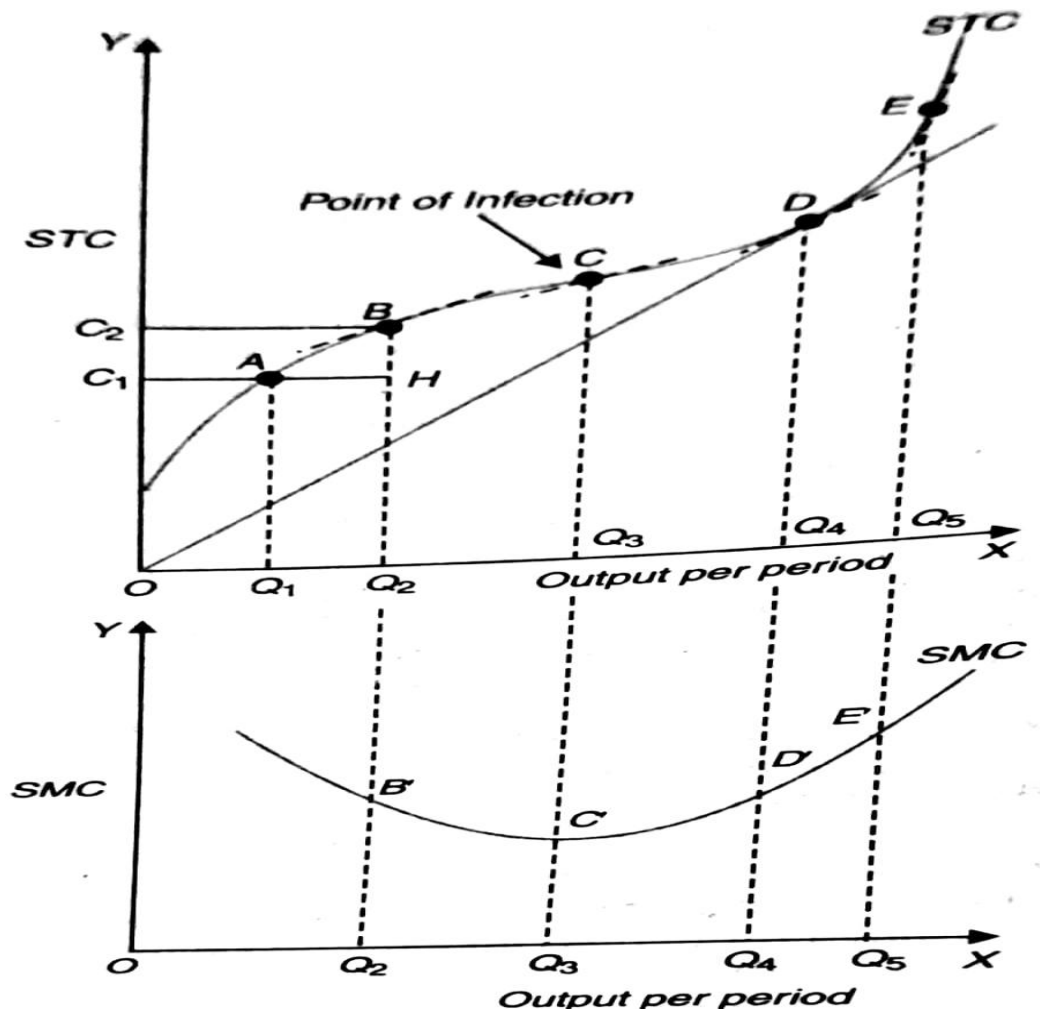
Derivation of AFC



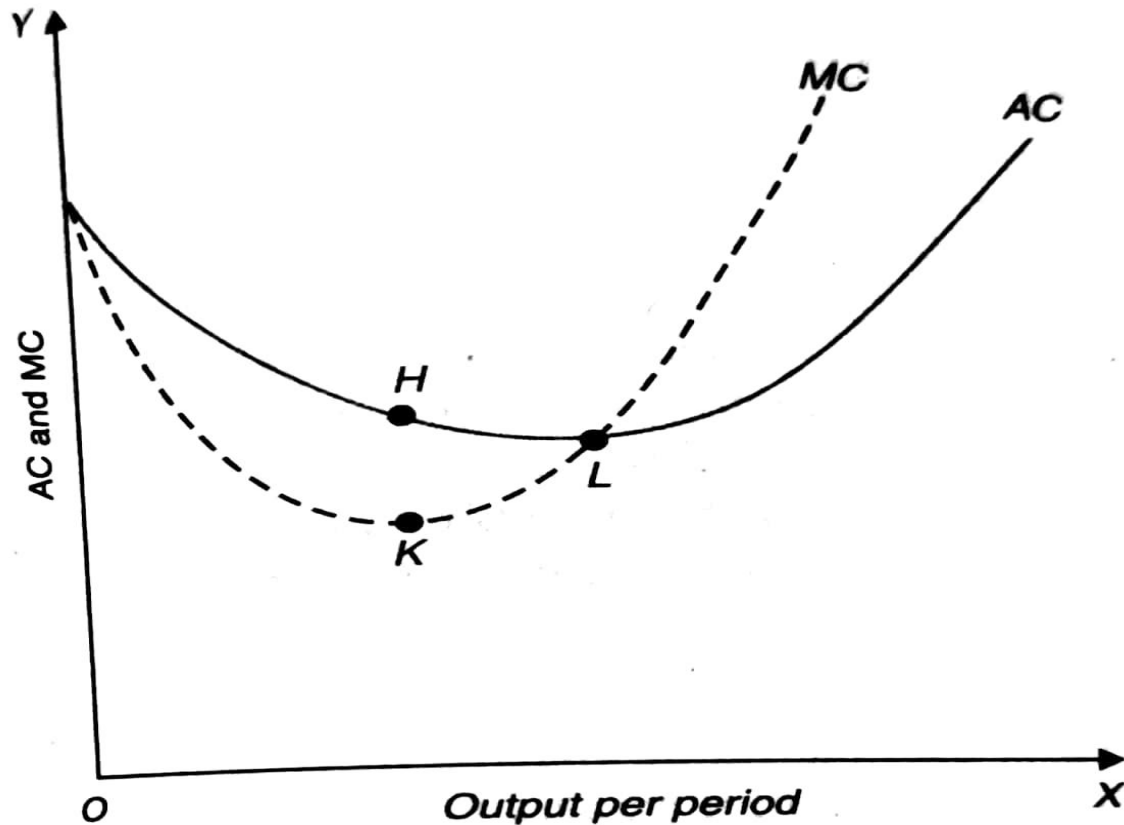
Derivation of AVC



Derivation of SMC



Relationships between AC and MC
 $MC < AC$.. AC DECREASING.. $MC > AC$.. AC
INCREASING.. $MC = AC$.. 50..50



Thank
you!!