

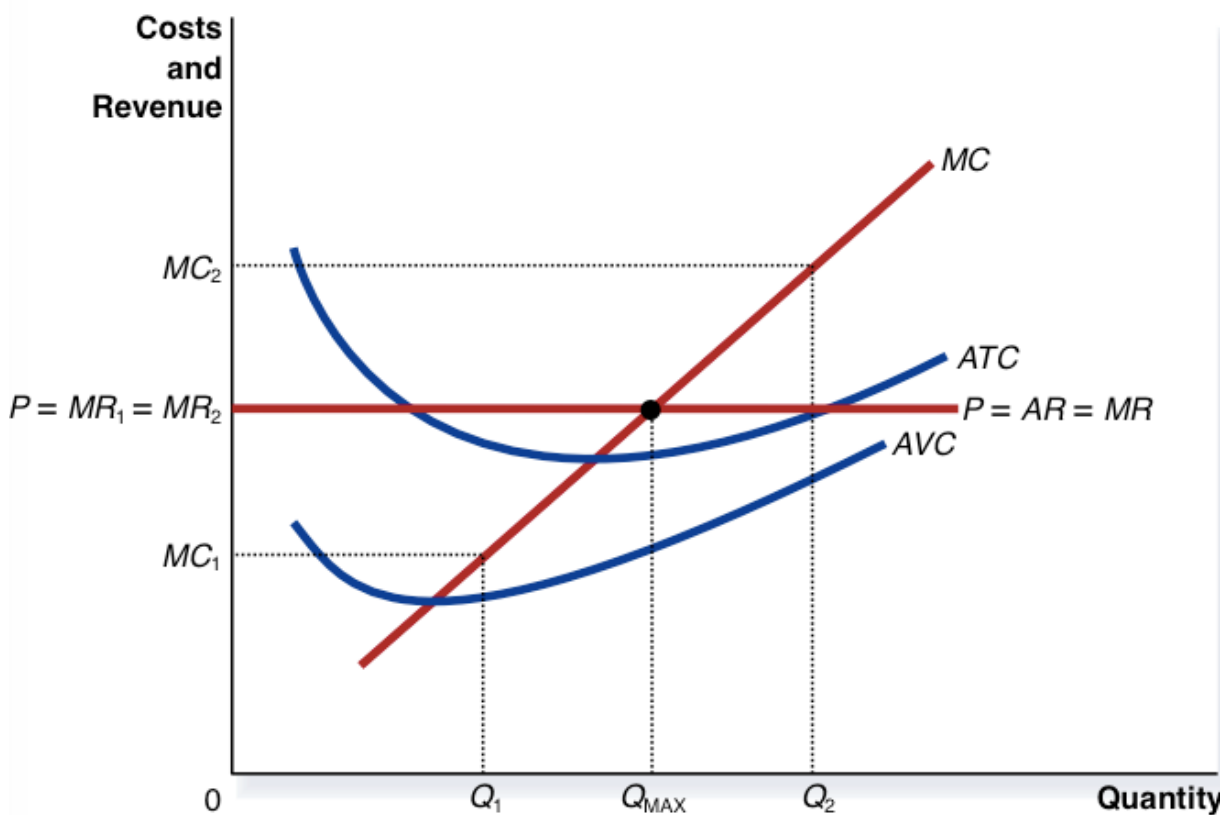
Answer on Question #71553 - Economics / Microeconomics

**Question:**

Where do the marginal adjustment to production end? Explain your answer by a figure.

**Solution:**

Marginal adjustment to production ends where  $MR=MC$  as its the profit maximization point, its the point where perfectly competitive firm or firm in any market structure maximize profit and minimize losses as shown in below graph



if Marginal revenue greater than MC as At  $Q_1$  firm should increase production to increase profit if marginal revenue is less than MC as At  $Q_2$  firm can minimize loss by decreasing production when  $MR=MC$  firm is maximizing its profit or minimizing losses. its the equilibrium point as  $Q_{max}$  ,