

1. Details of Module and its structure

Module Detail	
Subject Name	Economics
Course Name	Economics 03 (Class XII, Semester - 1)
Module Name/Title	Elasticity of Supply: Part – 4
Module Id	leec_10404
Pre-requisites	Introductory Knowledge about Supply
Objectives	After going through this lesson, the learners will be able to understand the following: <ol style="list-style-type: none">1. The elasticity of supply;2. Various types of elasticity of supply;3. Various methods of calculating elasticity of supply;4. How to construct supply curves of varying elasticity and know its shape5. Solving numerical problems
Keywords	Elasticity of Supply, Elastic supply, Inelastic supply, geometric method, numerical method

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1. Elasticity of Supply

According to law of supply, there is a direct relationship between quantity supplied of a commodity and its price, i.e., supply of a commodity rises with a rise in its price and falls with a fall in price, other things being constant. Thus, The law of supply gives us the direction of change in supply of a commodity when the price of the commodity changes.

However, it does not tell us the magnitude of change in quantity supplied due to change in price of a commodity.

It is the concept of *elasticity of supply* which gives us a measure of how big or small is the change in the quantity supplied of a commodity when its price changes. In other words:

Price elasticity of supply is defined as the "**Degree of responsiveness of quantity supplied of the commodity to change in the price of the commodity.**" In other words, it indicates the strength of association of quantity supplied and the price of the commodity.

Mathematically, price elasticity of supply is estimated as the ratio of the percentage change in quantity supplied to a percentage change in price of the commodity.

$$E_s = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}}$$

Let us see how we calculate these percentage changes in quantity supplied and price of the commodity. Suppose the price of a commodity changes from P_1 to P_2 , and the quantity supplied changes from Q_1 to Q_2 in response to this price change, then

$$\% \text{ change in quantity supplied} = \frac{\Delta Q}{Q} \times 100 = \left(\frac{Q_2 - Q_1}{Q_1} \right) \times 100$$

$$\% \text{ change in price} = \frac{\Delta P}{P} \times 100 = \left(\frac{P_2 - P_1}{P_1} \right) \times 100$$

Dividing the two expressions, we can write,

$$E_s = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}}$$

$$= \frac{\left(\frac{Q_2 - Q_1}{Q_1} \right) \times 100}{\left(\frac{P_2 - P_1}{P_1} \right) \times 100}$$

$$\frac{\frac{\Delta Q}{\Delta P} * P_1}{Q_1}$$

Where

- E_s = Coefficient of price elasticity of supply.
 ΔQ = Change in quantity supplied = New quantity – Original quantity
 Q_1 = Original quantity supplied for the commodity.
 ΔP = Change in price of the commodity = New price – Original price
 P_1 = Original Price of the commodity

2. Different Types of Price Elasticity of Supply

Various goods differ in the degree to which the quantity supplied will respond to the changes in their respective prices. Thus the degree of responsiveness of quantity supplied to the change in price may differ and accordingly elasticity of supply also varies across different commodities. There are

Five different types of price elasticity of supply.

They are as follows:

- i. Perfectly Inelastic Supply ($E_s = 0$)
- ii. Inelastic or Less Than Unitary Elastic Supply ($0 < E_s < 1$)
- iii. Unitary Elastic Supply ($E_s = 1$)
- iv. Elastic or More than Unitary Elastic Supply ($E_s > 1$)
- v. Perfectly elastic supply ($E_s = \infty$)

(i) Perfectly Inelastic Supply

Let us understand what we mean by such types of price elasticity of supply.

First, let us consider the case of a Perfectly Inelastic Supply curve.

If the supply does not respond to any change in price of the commodity then the commodity is said to have perfectly inelastic supply. In other words, when the seller is willing to sell a fixed quantity of the commodity irrespective of the price, then the commodity is said to have perfectly inelastic supply. The price elasticity of supply in this case will be zero. It can be explained with the help of following schedule and diagram.

Suppose the price of a commodity increases from Rs. 5 to Rs. 10 and the seller continues to supply the same quantity of the commodity as before (equal to 100 units), we say that supply does not respond to a change in price of the commodity.

PRICE	QUANTITY
5	100
10	100
15	100

Table 1: Supply Schedule

$$\Delta P = \text{New price} - \text{Original price} = 10 - 5 = 5$$

$$\Delta Q = \text{New quantity} - \text{Original quantity} = 100 - 100 = 0$$

$$E_s = \frac{\frac{\Delta Q}{Q_1} * P_1}{\Delta P} = \frac{\frac{0}{100} * 5}{5} = 0$$

The coefficient of price elasticity of supply will be equal to zero.

Such a supply curve is said to be Perfectly Inelastic.

The price may further increase to Rs.15. A perfectly inelastic supply curve means that quantity supplied continues to remain fixed at 100 units.

When we plot this supply schedule, we get a supply curve which is a vertical straight line parallel to y-axis (price axis), meaning that same level of output will be offered for sale at all prices.

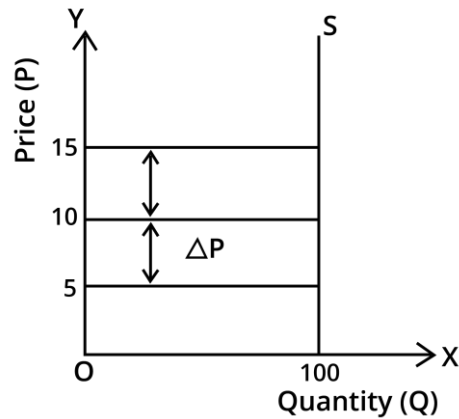


Figure 1: Perfectly Inelastic Supply Curve

(ii) Inelastic or Less Than Unitary Elastic Supply

When the proportionate (or percentage) change in quantity supplied of a commodity is less than the proportionate (or percentage) change in price of the commodity, then the commodity is said to have *inelastic supply* or *less than unitary elastic supply*.

$$E_s < 1$$

Consider the following supply schedule.

PRICE	QUANTITY
10	50
20	75

Table 2: Supply Schedule

This schedule depicts a case where the price of the commodity increases from Rs. 10 to Rs.20. This means a proportionate change in price of commodity by 100% , i.e. it becomes double.

$$\% \text{ change in price} = \frac{\Delta P}{P} \times 100 = \left(\frac{P_2 - P_1}{P_1} \right) \times 100 = \left(\frac{20 - 10}{10} \right) \times 100 = 100$$

Due to this, the quantity supplied increases from 50 to 75. This means that the proportionate increase in quantity supplied is only 50%

$$\text{percentage change in quantity supplied} = \frac{\Delta Q}{Q_1} * 100 = \left(\frac{Q_2 - Q_1}{Q_1} \right) * 100 = \frac{(75 - 50)}{50} * 100 = 50$$

Hence, the coefficient of price elasticity of Supply turns out to be equal to 50 divided by 100 which is equal to 0.5.

$$E_s = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}} = \frac{50}{100} = 0.5$$

Note that this coefficient is less than one. That is why such a commodity is said to have less than unitary elastic supply.

$$E_s = 0.5 < 1$$

When we plot the supply curve, we see that such a commodity with an inelastic supply, has a relatively steeper supply curve.

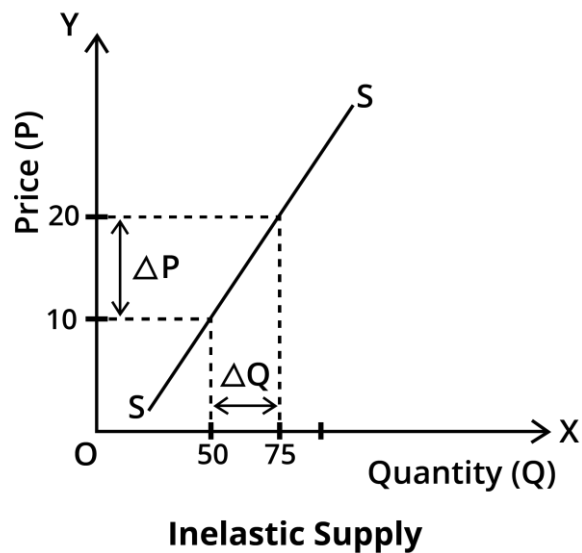


Figure 2: Inelastic Supply

(iii) Unitary Elastic Supply

When the proportionate change in quantity supplied is equal to the proportionate change in price of the commodity, then the commodity is said to have unitary elastic supply.

For instance, let us consider the following supply schedule.

PRICE	QUANTITY
10	50
20	100

Table 3: Supply Schedule

Here, when the price of the commodity doubles, i.e. it increases from Rs. 10 to Rs. 20 representing an increase by 100%, we find that the quantity supplied also doubles from 50 to 100. Thus

$$\text{Percentage change in price} = \frac{\Delta P}{P_1} * 100 = \left(\frac{P_2 - P_1}{P_1} \right) * 100 = \frac{(20 - 10)}{10} * 100 = 100$$

$$\text{Percentage change in quantity supplied} = \frac{\Delta Q}{Q_1} * 100 = \left(\frac{Q_2 - Q_1}{Q_1} \right) * 100 = \frac{(100 - 50)}{50} * 100 = 100$$

Hence, the coefficient of price elasticity of Supply turns out to be equal to 100 divided by 100 which is equal to 1. Hence, such a commodity is said to have unitary elastic supply.

$$E_s = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}} = \frac{100}{100} = 1$$

$$E_s = 1$$

When we plot the supply curve, we see that such a commodity with unitary elastic supply, has a supply curve as shown on your screen.

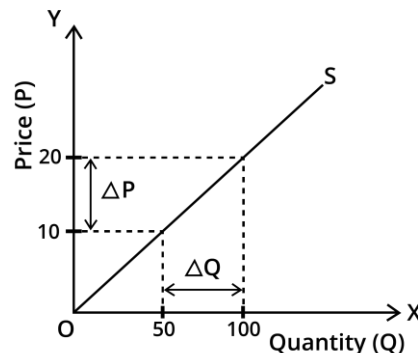


Figure 3: Unitary Elastic Supply

(iv) Elastic or More than Unitary Elastic Supply

When the proportionate change in quantity supplied of a commodity is more than the proportionate change in price of the commodity, then the commodity is said to have elastic supply or more than unitary elastic supply.

$$E_s > 1$$

Numerically, such commodities have a coefficient of price elasticity of supply $E_s > 1$.

For instance, let us consider the following supply schedule.

PRICE	QUANTITY
10	50
20	120

Table 4: Supply Schedule

Here, when the price of the commodity doubles, i.e. it increases from Rs. 10 to Rs.20 representing an increase by 100%, we find that the quantity supplied increases by more than double, i.e, it increases from 50 to 120. Thus

$$\text{Percentage change in price} = \frac{\Delta P}{P_1} * 100 = \left(\frac{P_2 - P_1}{P_1} \right) * 100 = \frac{(20 - 10)}{10} * 100 = 100$$

$$\text{Percentage change in quantity supplied} = \frac{\Delta Q}{Q_1} * 100 = \left(\frac{Q_2 - Q_1}{Q_1} \right) * 100 = \frac{(120 - 50)}{50} * 100 = 140$$

Hence, the coefficient of price elasticity of Supply turns out to be equal to 100 divided by 140 which is equal to 1.4. Hence, such a commodity is said to have an elastic supply or more than unitary elastic supply.

$$E_s = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}} = \frac{140}{100} = 1.4$$

$$E_s = 1.4 > 1$$

When we plot the supply curve, we see that such a commodity with an elastic supply has a relatively flatter supply curve.

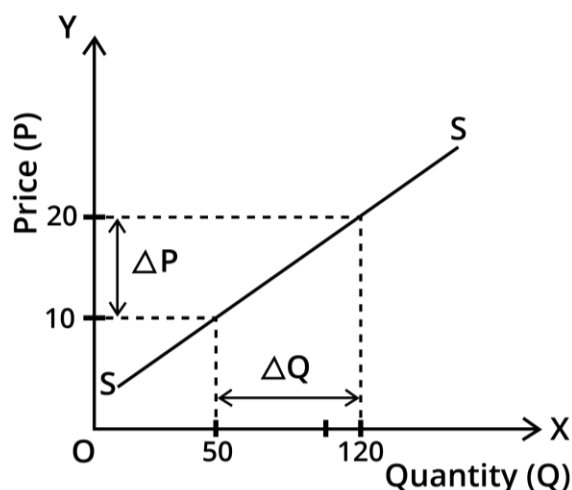


Figure 4: Elastic Supply

(v) Perfectly elastic supply

When the seller is willing to offer any quantity of the commodity for sale at a given price level, then the commodity is said to have perfectly elastic supply.

Although an extreme case, it represents a possibility of supply becoming zero with a slight fall in the price of the commodity and supply becoming infinitely large with a slight rise in price.

Numerically, such commodities have a coefficient of price elasticity of supply $E_s = \infty$

For instance, let us consider the following supply schedule.

PRICE	QUANTITY
10	50
10	100

Table 5: Supply Schedule

Here, we observe that the seller is willing to supply 50 units or even 100 units of the commodity at a price of Rs.10. Thus have a case where

$$\text{Percentage change in price} = \frac{\Delta P}{P_1} * 100 = \left(\frac{P_2 - P_1}{P_1} \right) * 100 = \frac{(10 - 10)}{10} * 100 = 0$$

$$\text{Percentage change in quantity supplied} = \frac{\Delta Q}{Q_1} * 100 = \left(\frac{Q_2 - Q_1}{Q_1} \right) * 100 = \frac{(100 - 50)}{50} * 100 = 100$$

Hence, the coefficient of price elasticity of Supply turns out to be equal to 100 divided by 0 which equals infinity. Hence, such a commodity is said to have a perfectly elastic supply.

$$E_s = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}} = \frac{100}{0} = \infty$$

$$E_s = \infty$$

When we plot the supply curve, we see that such a commodity with perfectly elastic supply has a supply curve that is a horizontal line, parallel to x-axis.

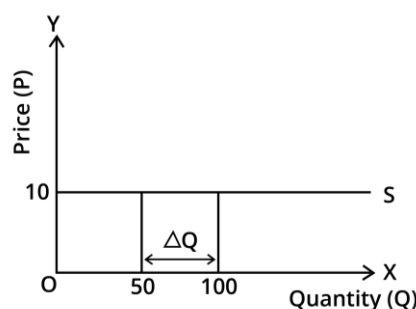


Figure 5: Perfectly Elastic Supply

3. Methods to Measure Elasticity of Supply

After having covered different types of price elasticity of supply, ranging from perfectly inelastic to perfectly elastic supply curves, let us now understand the different methods of measuring elasticity of supply

(i) Percentage or Proportionate Method

This method is also known as numerical method of measuring elasticity of supply. And we have been using this method in our earlier discussion on different types of price elasticity of supply. According to this method price elasticity of supply can be estimated as the ratio of percentage (or what is also called proportionate) change in quantity supplied to percentage (or proportionate) change in price of the commodity.

Suppose the price of a commodity changes from P_1 to P_2 , and the quantity supplied changes from Q_1 to Q_2 in response to this price change, then

$$\text{Percentage change in quantity supplied} = \frac{\Delta Q}{Q_1} * 100 = \left(\frac{Q_2 - Q_1}{Q_1} \right) * 100$$

$$\text{Percentage change in price} = \frac{\Delta P}{P_1} * 100 = \left(\frac{P_2 - P_1}{P_1} \right) * 100$$

Dividing the two expressions, we get,

$$E_s = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}}$$

$$= \frac{\left(\frac{Q_2 - Q_1}{Q_1} \right) \times 100}{\left(\frac{P_2 - P_1}{P_1} \right) \times 100}$$

$$\frac{\frac{\Delta Q}{\Delta P} * P_1}{Q_1}$$

Where

E_s = Coefficient of price elasticity of supply.

ΔQ = Change in quantity supplied = New quantity – Original quantity

Q_1 = Original quantity supplied for the commodity.

ΔP = Change in price of the commodity = New price – Original price

P_1 = Original Price of the commodity

(ii) Intercept or Geometric Method

According to geometric method, the price elasticity of a straight line supply curve is measured by

$$E_s = \frac{\text{supply curve's intercept on x-axis}}{\text{quantity supplied at a given price}} = \text{Point Elasticity of Supply}$$

taking the ratio of its intercept on the x-axis to the actual quantity supplied at a given price level.

Such a measure is also called point elasticity of supply. The derivation of this formula is beyond the scope of the content presented in this module.

Now, there can be three possibilities: A supply curve can intersect the x-axis (i) to the left of the origin, (ii) to the right of the origin or (iii) at the origin itself.

(a) *The supply curve makes an intercept on the negative X-axis*

Consider the supply curve shown in the diagram. Point elasticity of supply at point A on the supply curve can be measured using the geometric method.

Quantity supplied at point A is OQ.

The supply curve SS can be extended to determine its x-axis intercept (shown through the dotted line in the figure 6). It can be seen that the supply curve intersects the x-axis to the left of the origin.

The x-axis intercept = BQ, and the quantity supplied at point A, equals OQ. Therefore point elasticity which is equal to the ratio of x-axis intercept to quantity supplied, is BQ divided by OQ.

Since $BQ > OQ$, the price elasticity of supply is said to be greater than unity. Hence the supply is elastic.

$$E_s \text{ at point A} = \frac{\text{supply curve's intercept on x-axis}}{\text{quantity supplied at a given price}} = \frac{BQ}{OQ} > 1$$

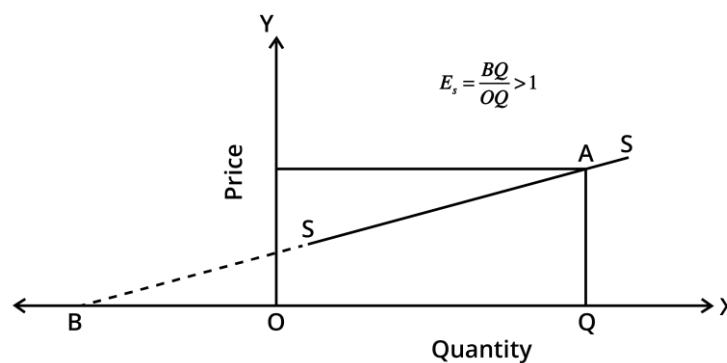


Figure 6: Point Elasticity of Supply (Elastic Supply)

(b) The supply curve makes an intercept on the positive X-axis, Consider the supply curve shown in the diagram. The supply curve SS, when extended to determine its x-axis intercept (shown through the dotted line in the diagram), intersects the x-axis to the right of the origin at point B. The x-axis intercept = BQ, and the quantity supplied at point A, equals OQ. Therefore point elasticity at point A, which is equal to the ratio of x-axis intercept to quantity supplied, is BQ divided by OQ. Since $BQ < OQ$, the price elasticity of supply is said to be less than unity. Hence the supply is Inelastic.

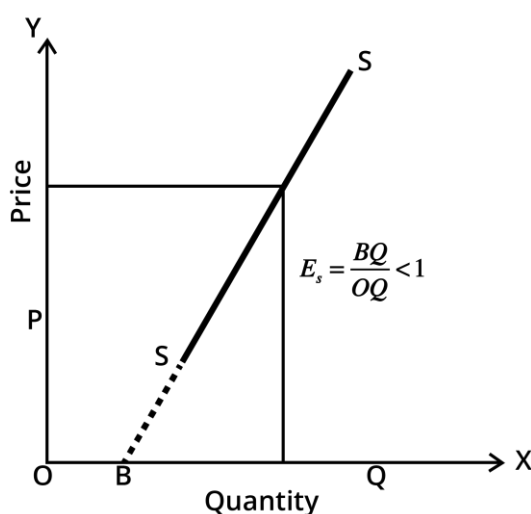


Figure 7: Point Elasticity of Supply (Inelastic Supply)

(c) If the supply curve passes through the origin
The supply curve's x-axis intercept is the origin itself.
Thus points B and O coincide.

Elasticity at a point such as A is thus BQ divided by OQ. However, in such as case, the x-axis intercept = BQ equals quantity supplied = OQ
 As a result of which the price elasticity of supply becomes equal to unity.

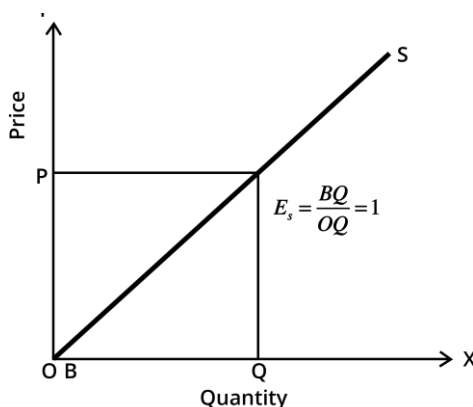


Figure 8: Point Elasticity of Supply (Unitary Elastic Supply)

4. Factors Affecting Price Elasticity of Supply

Price elasticity of supply represents the quantitative effect of change in price of the commodity on the quantity supplied for the commodity. Hence price elasticity of supply depends on various factors which may affect the ability of the seller to respond to the changes in price of the commodity. Various factors that affect the elasticity of supply are as follows:

(i) Nature of the commodity:

Elasticity of supply, to a certain extent, depends on the nature of the commodity. For example,

(ii) Nature of the commodity

Elasticity of supply of durable goods such as televisions and laptops is greater than those of perishable goods such as fruits and vegetables. In case of Perishable goods, even if the market price is lower than usual, the seller may not cut back on supply. This makes the supply curve of perishable goods less elastic.



Image 1: A farmers' market

(source:https://upload.wikimedia.org/wikipedia/commons/9/9d/Sabji_Bazaar%2C_Thimphu%2C_Bhutan.JPG)

This is because a seller of perishable goods would like to sell them at the earliest irrespective of their price in the market, as they will get rotten or spoiled quickly, which eventually becomes a loss to supplier. In case of durable goods, if the market price is lower than usual, the seller will withhold its supply. This makes the supply curve of durable goods relatively more elastic.



Image 2: Store selling Laptops and other Electronics items (Source:

https://upload.wikimedia.org/wikipedia/commons/2/24/Laptops_in_store_20170514.jpg)

Durable goods, on the other hand, do not perish so quickly. Hence the supplier can quickly respond to changes in market prices of such goods.

(iii) Nature of inputs used:

The elasticity of supply also depends on nature of inputs used. If the production of a commodity utilizes factors of production that are easily available, then the product will have more elastic supply. If it uses factors of production which are hard to find, then its supply will be relatively inelastic.

For example, suppose a craftsman sells wood craft articles made out of sandalwood which is sourced only from the jungles of Mysore. Since sandalwood is not available in abundance, even if the price of sandalwood craft articles surges, this craftsman may not be able to produce more of such sandalwood articles. [So, price elasticity of supply of such goods is low.](#)

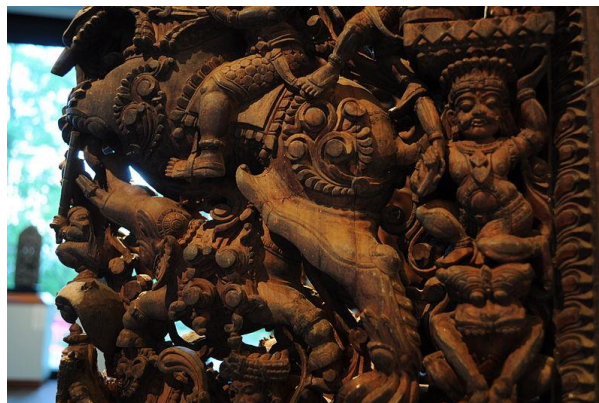


Image 3: A wood craft article made from sandalwood

(source: https://commons.wikimedia.org/wiki/File:Tipu_Sultan_brackets_detail_05.jpg)

On the other hand, a supplier of say plastic bottles can easily increase his supply of bottles in response to an increase in price of plastic bottles, since the raw material to produce these bottle i.e., plastic, is easily available in market.



Image 4: Plastic Bottles

(Source:https://commons.wikimedia.org/wiki/File:Cocacola_plastic_bottles_at_COSCU_20140719.jpg)

(iv) Risk taking

The elasticity of supply depends on the willingness of entrepreneurs to assume risk.

The supply will be less elastic if entrepreneurs hesitate to take risk. The supply will be more elastic if entrepreneurs are inclined to take risk. More supply will be forthcoming for small increases in prices and supply will be elastic. For example, if an entrepreneur takes risk and books a big order, even if he has less capital and machinery, he will be able to supply more even when price rises marginally-

(v) Time period:

The price elasticity of supply is affected by the time period under study as follows:

(a) Very Short Period: During very short periods, the seller cannot adjust his supply.

according to the changes in price due to which The supply of the commodity thus remains perfectly inelastic. For example, if some additional units of a commodity are to be produced on a very short notice, the producer will not be able to find sufficient amount of inputs required to produce the commodity and additional production may not be forthcoming even if it is profitable to do so.

- (b) **Short Period:** During short period, the seller can adjust his supply to a certain extent. in response to the changes in price of the commodity. However, the degree of adjustment is limited and the supply of the commodity remains relatively inelastic.
- (c) **Long Period:** During long period, the seller can easily adjust his supply according to the change in price of the commodity and hence the supply of the commodity becomes elastic. For example, if a producer is considering adjusting his production plans over a long horizon of time, he will reorganize the production process, he may substitute one input for another, he may install new plant to suit his production requirements and he can opt for new techniques available. All these flexibilities at the disposal of a producer or firm make supply more responsive to changes in the prices of the commodities. Thus the supply curve becomes more elastic over a longer period under consideration.

5. Numerical Problems on Price Elasticity of Supply

Q1. A producer is willing to supply 150 units of a good X at a price of Rs. 10 per unit. When price of X rises to Rs. 11, he is willing to supply 200 units. Calculate the price elasticity of supply.

Ans. Given that

Original Price, P_1 = Rs. 10 per unit

New Price, P_2 = Rs. 11 per unit

Change in price = $\Delta P = (P_2 - P_1)$ = Rs. 1 per unit

Original Quantity, Q_1 = 150 units

New Quantity, Q_2 = 200 units

Change in quantity = $\Delta Q = (Q_2 - Q_1)$ = 50 units

We know that Elasticity of Supply,

$$E_s = \frac{\frac{\Delta Q}{Q_1} * P_1}{\Delta P}$$

On substituting the values, we get

$$E_s = \frac{\frac{Q}{P} * P_1}{Q_1} = \frac{\frac{50}{1} * 10}{150} = 3.33$$

Since Elasticity of supply is 3.3 (numerical value more than unity) , we say that

⇒ Supply is Elastic.

Interpretation and comments: In this case, when price increases by 1 %, supply increases by 3.33 %.

Q2. The price of a commodity is Rs. 12 per unit and its quantity supplied is 500 units. When its price falls to Rs. 15 per unit, its quantity supplied reduces to 450 units. Calculate its price elasticity of supply. Is supply elastic?

Ans. Given that

Original Price, P_1	=	Rs. 12 per unit
New Price, P_2	=	Rs. 15 per unit
Change in price = $\Delta P = (P_2 - P_1)$	=	$(15 - 12) = - 3$
Original Quantity, Q_1	=	500 units
New Quantity, Q_2	=	450 units
Change in quantity = $\Delta Q = (Q_2 - Q_1)$	=	$(450-500) = - 50$ units

We know that Elasticity of Supply,

$$E_s = \frac{\frac{\Delta Q}{Q_1} * P_1}{\Delta P}$$

On substituting the values, we get

$$E_s = \frac{\frac{Q}{P} * P_1}{Q_1} = \frac{\frac{-50}{-3} * 12}{500} = 0.4$$

Since Elasticity of supply is 0.4.

Supply is inelastic (since the numerical value of the price elasticity of supply is less than 1).

Interpretation: In this case, when price fall by 1%, the quantity supplied also falls by 0.4 %.

Important Comment: We may note here that the numerical value of elasticity of supply is always positive since both price and quantity supplied move in the same direction. While the numerical value of price elasticity of demand is usually negative as price and the quantity demanded move in the opposite direction.

Q3. When the price of a commodity rises from Rs. 10 to Rs. 11, its quantity supplied increases by 100 units. Its price elasticity of supply is 2. Calculate its quantity supplied at the new price.

Ans. Given that

Original Price, P_1	=	Rs. 10 per unit
New Price, P_2	=	Rs. 11 per unit
Change in price = $\Delta P = (P_2 - P_1)$	=	$(11 - 10) = 1$
Original Quantity, Q_1	=	100 units
New Quantity, Q_2	=	?

$$\text{Change in quantity} = \Delta Q = (Q_2 - Q_1) = (Q_2 - 100)$$

$$\text{Elasticity of supply, } E_s = 2$$

We know that Elasticity of Supply,

$$E_s = \frac{\frac{\Delta Q}{\Delta P} * P_1}{Q_1}$$

On substituting the values, we get

$$2 = \frac{\frac{(Q_2 - 100)}{1} * 10}{100}$$

$$2 = \frac{(Q_2 - 100)}{10}$$

On solving for Q_2 , we get $Q_2 = 120$

Hence, the quantity supplied at new price will be 120 units.

Q4. When the price of a commodity falls from Rs. 10 per unit to Rs. 9 per unit, its quantity supplied falls by 20 per cent. Calculate its price elasticity of supply.

Ans. Given that

$$\% \text{ change in quantity} = -20 \%$$

$$\text{Original Price} = P_1 = \text{Rs. 10 per unit}$$

$$\text{New price} = P_2 = \text{Rs. 9 per unit}$$

$$\text{Change in price} = \Delta P = -\text{Rs. 1 per unit}$$

$$\text{percentage change in price} = \frac{\Delta P}{P_1} * 100 = \left(\frac{P_2 - P_1}{P_1} \right) * 100 = \frac{(9 - 10)}{10} * 100 = -10$$

We know that

$$E_s = \frac{\text{percentage change in quantity supplied}}{\text{percentage change in price}}$$

On substituting the values, we get

$$E_s = \frac{-20}{-10} = 2$$

Since Elasticity of supply is 2, supply is elastic.

$E_s = 2$ means that as price changes by 1 %, quantity supply changes by 2 % in the same direction.

6. Summary

- Elasticity of supply is that ratio of percentage change in quantity supplied to the percentage change in price.
- If the supply does not change at all in response to any change in price of the commodity then the commodity is said to have perfectly inelastic supply.
- When the quantity supplied for a commodity changes in a less than proportionately as compared to change in price of the commodity then the commodity is said to have inelastic supply or less than unit elastic supply.
- If the quantity supplied for the commodity changes in an equal proportion as the change in price of the commodity then the commodity is said to have unitary elastic supply.
- When the quantity supplied for a commodity changes in a greater proportion as compared to change in price of the commodity then the commodity is said to have elastic or more than unitary elastic supply.
- If for a small proportionate change in price of the commodity, the quantity supplied of it change by very an infinitely large amount, the commodity in this case is said to have infinitely elastic supply. In this, in fact the producer supplies any amount at a fixed price.
- Factors affecting elasticity of supply are - nature of the commodity, technique of production, nature of inputs used, risk taking, time period and availability of substitutes.