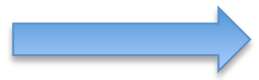


Farmers : oranges



Factory : orange juice in bottles

4,000 Bht



5,000 Bht

7,000 Bht

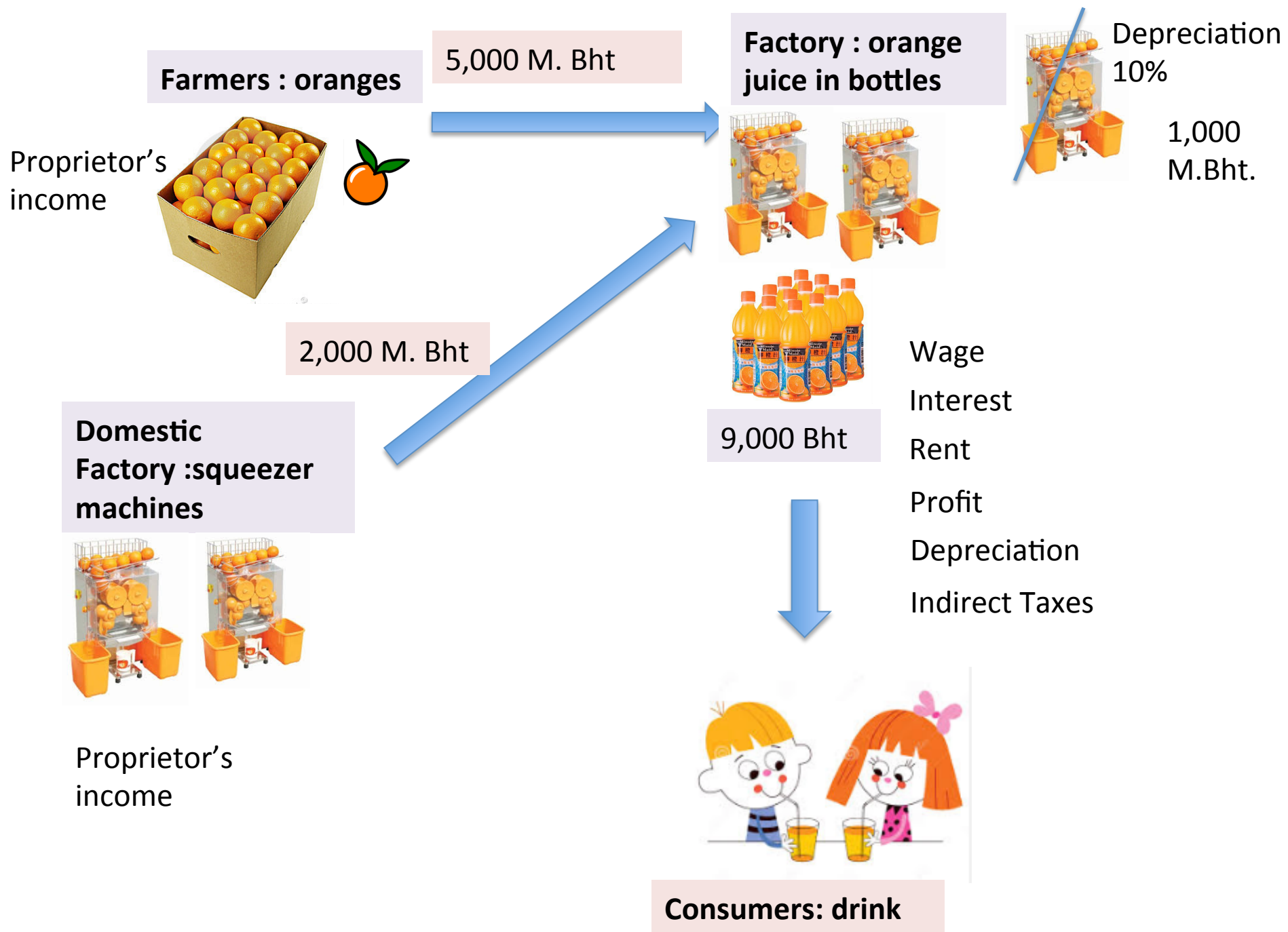
1,000 Bht



Consumers: eat

Consumers: drink



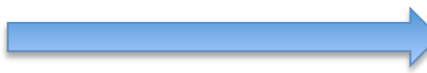
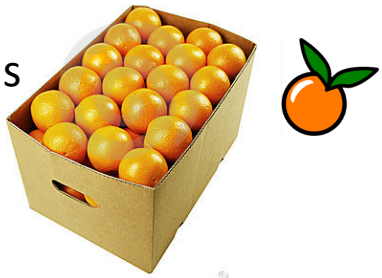


Farmers : oranges

5,000 M. Bht

Factory : orange juice

Proprietor's income



100 machines worth 10,000 M.Baht;
depreciation = 2%

.....M.Bht

Wage	2,000
Interest	1,000
Rent	1,500
Profit	600
Depreciation	200
Indirect Taxes	100

Why is the value of orange juice more than the value of orange?

Value added in the production process -> need to employ factor of production.

Value added -> payment to factor of production



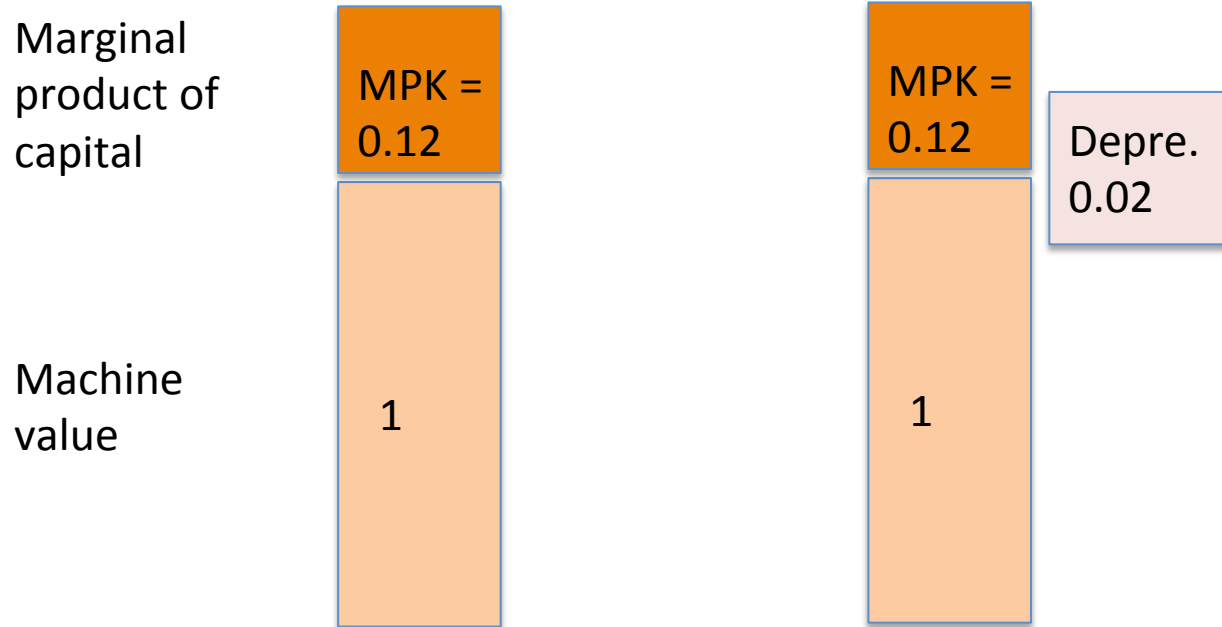
Consumers: drink

Interest, Depreciation and Marginal Product of Capital

What is interest? = Return to the capital



1 Million Bht
Machine



Depreciation = 0

Return to capital =

Return to capital =