

ECONOMIES OF SCALE AND RETURNS TO SCALEA CLARIFICATION

OLABOYE OLANREWaju AKINOLA

Department of Communication and General Studies, Federal University of Agriculture Abeokuta, Ogun, Nigeria

ABSTRACT

This article humbly clarifies the two concepts *economies of scale and returns to scale* which is found confusing to many students and a few of the scholars in the field of economics. It sequentially explains the concepts by bringing them down to the earth with practical illustrations and graphical analyses; mathematics is reduced to the barest minimum. The conclusion has also been made in a way that it provides an answer on how to clearly distinguish returns to scale from economies of scale situation.

KEYWORDS: Economies of Scale, Returns to Scale, Efficient, Production, Input, Cost, Output