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Query : When both the products are earning profits, then why should we release Fastercomp now. We should first earn ₹ 14,000 profit on sale of Quickcomp and then earn ₹ 15,000 profit on sale of Fastercomp. In this way, we can earn both the profits.

Solution :

- (1) Your thinking is correct to some extent.
- (2) However, in the given question, you should think that the customers who were ready to buy Quickcomp will now buy Fastercomp. It means, old customers will also buy Fastercomp instead of Quickcomp.
- (3) It means, existing sale of Quickcomp will be replaced by Fastercomp. Hence, release of Fastercomp now will help you to earn an extra profit of Rs. 1,000 per unit x 5,000 units = Rs. 50,00,000.
- (4) Expected sale of Fastercomp (to new customers) in future will remain unaffected in either case.