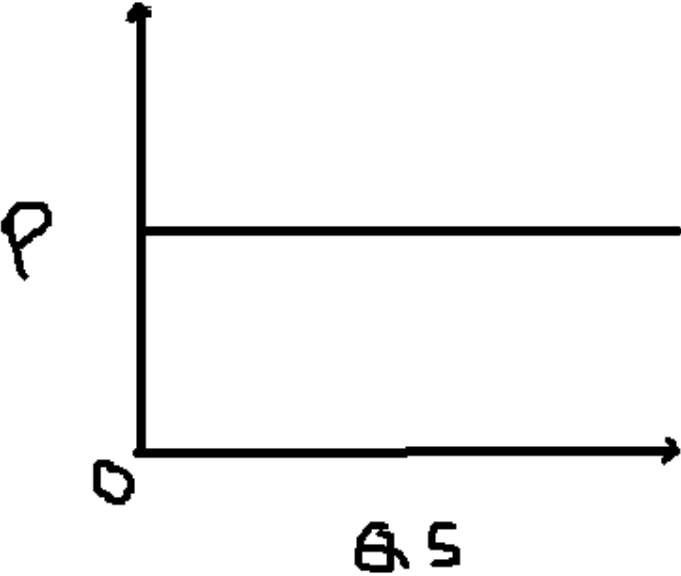
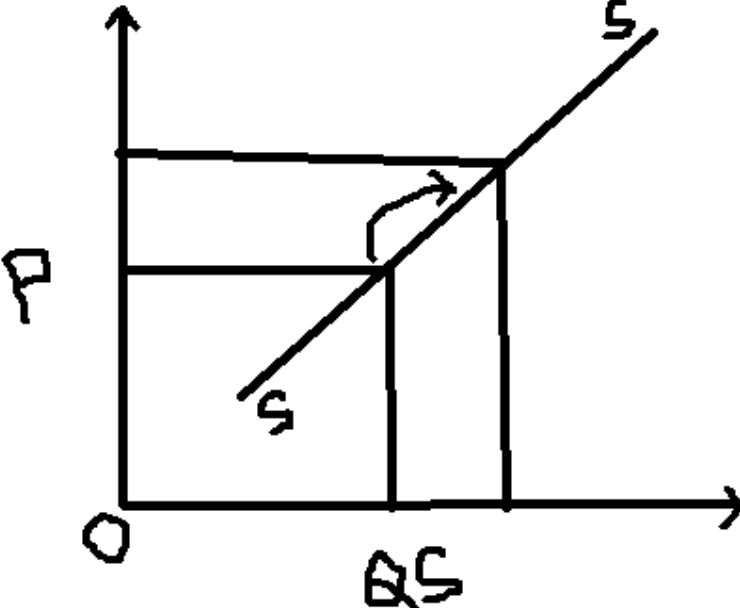




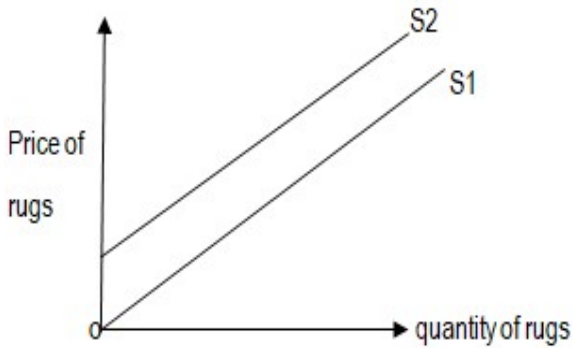
## PART B: MICRO

### Chapter 5 : Supply and elasticity of supply

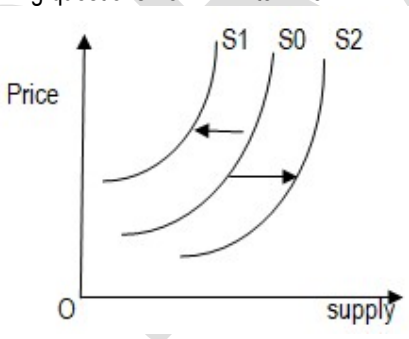
Q. NO	QUESTION	MARKS
1	<p>A steel producer finds that the price of iron ore has increased by 20 % per unit. But other factors of production are constant. What will happen to the supply of steel?</p> <p>a- Supply will increase b- Supply will decrease c- No effect on supply Any situation can happen</p>	1
2	<p>A seller sells 5 lakh units of a commodity by Rs 10 per unit. The government imposes a new tax on the product. The supply of the commodity will.....</p> <p>a- Rise b- Fall c- Not change Can't be expected</p>	1
3	<p>Supply curve is positively sloped, because _____</p> <p>a- There is direct relation between price and supply. b- There is inverse relation between price and supply. c- Price and demand are inversely related. Supply and demand are interrelated.</p>	1
4	<p>A stationary shop provides the service of photocopy(xerox). He charges Rs 2 per page for photocopy. He buys a new photocopier machine which reduces the ink cost but increases the speed of photocopy. What may happen with the supply of the service of photocopy?</p> <p>a- Increase in supply b- Expansion of supply c- Decrease in supply d- Contraction of supply</p>	1
5	<p>In 2009 there were 5 bread industries in my district. In 2025 the number became 11. And as on 20 August 2023, there are 16 no. of bread industries functioning. What may be its effect?</p> <p>a- Market supply of bread will expand. b- Individual supply curve will shift to right. c- Market supply curve will shift to right. Individual supply curve will shift to left.</p>	1
6	<p>When quantity supplied remains same in spite of change in price, then supply is _____</p> <p>a- Perfectly elastic b- Perfectly inelastic c- Inelastic Unitarily elastic.</p>	1

7	<p>Which of the followings can cause a movement along the supply curve?</p> <ul style="list-style-type: none"> <li>a- Fall in price.</li> <li>b- Rise in price of related goods</li> <li>c- Rise in price of inputs.</li> </ul> <p>Fall in per unit price.</p>	1
8	 <p>The diagram presents _____</p> <ul style="list-style-type: none"> <li>a- Perfect elastic supply</li> <li>b- Perfect inelastic supply</li> <li>c- Unitary elastic supply</li> </ul> <p>Zero elastic supply</p>	1
9	 <p>The diagram presents _____</p> <ul style="list-style-type: none"> <li>a- Expansion of supply</li> <li>b- Rightward shift of supply</li> <li>c- Increase of supply</li> </ul> <p>Fall in supply</p>	1
10	<p>When the price of a good is Rs 10 per unit, quantity supplied is 500 units. If the price rises, what must not be the quantity supplied?</p> <ul style="list-style-type: none"> <li>a-800 units</li> <li>b-510 units</li> <li>c-600 units</li> <li>d- 450 units</li> </ul>	1

11	<p>If the percentage change in quantity supplied of commodity X is more than the percentage change in price of the commodity X, the coefficient of price elasticity of supply would be.....(Choose the correct alternative)</p> <p>(a) <math>E_s = 1</math>  (b) <math>E_s &lt; 1</math>  (c) <math>E_s = 0</math>  (d) <math>E_s &gt; 1</math></p>	1		
12	<p>Suppose when the price of shirts increases from ₹500 to ₹550, the quantity supplied increases. This change is best described as ...</p> <p>a. movement along a supply curve.  b. a change in supply.  c. movement along a demand curve.  d. a change in demand.  e. none of the above.</p>	1		
13	<p>Which of the following statements is true, regarding the supply of a particular good, and that good's own price?</p> <p>a. A price increase shifts the supply curve to the right.  b. A price decrease shifts the supply curve to the right.  c. A price increase shifts the supply curve downward.  d. A price change alone does not shift the supply curve.  e. A price change is the only way to shift the supply curve</p>	1		
14	<p>Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): Contraction in Supply leads to a downward movement along the same supply curve.  Reason (R): Downward movement along the same supply curve occurs due to an increase in price of the commodity, other factors remaining constant.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).  (b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).  (c) Assertion (A) is True but Reason (R) is False.  (d) Assertion (A) is False but Reason (R) is True.</p>	1		
15	<p>Read the following statements carefully and choose the correct alternative from the following:</p> <p>Statement 1: The coefficient of price elasticity of supply is independent of price and quantity units.  Statement 2: Depending upon degree of responsiveness of quantity supplied to the price change, there are seven kinds of price elasticities of supply.</p> <p>Alternatives:</p> <p>(a) Both the statements are true.  (b) Both the statements are false.  (c) Statement 1 is true and Statement 2 is false.  (d) Statement 2 is true and Statement 1 is false.</p>	1		
16	<p>Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Column I  (i) Supply  (ii) Law of supply  (iii) Downward movement </td> <td style="width: 50%; vertical-align: top;"> Column II  (a) A situation of contraction of supply  (b) Percentage change in quantity supplied  — Percentage change in price —  (c) Always related to price of the commodity </td> </tr> </table>	Column I (i) Supply (ii) Law of supply (iii) Downward movement	Column II (a) A situation of contraction of supply (b) Percentage change in quantity supplied — Percentage change in price — (c) Always related to price of the commodity	1
Column I (i) Supply (ii) Law of supply (iii) Downward movement	Column II (a) A situation of contraction of supply (b) Percentage change in quantity supplied — Percentage change in price — (c) Always related to price of the commodity			

	<p>along the supply curve</p> <p>(iv) Elasticity of supply</p> <p>(v) <math>E_{\{s\}} &gt; 1</math></p> <p>(d) A straight line, positively sloped supply curve starts from Y-axis</p> <p>(e) Positive relationship between own price of the commodity and its quantity supplied</p>	
<b>17</b>	 <p>The graph shown above depicts two possible supply curves for production of handmade rugs. S1 is the initial supply curve, and S2 is the new supply curve after a change has occurred in the market. Which of the following events could have caused this shift?</p> <p>a. Several rug makers have left the market, making handmade rugs more scarce.</p> <p>b. Several new rug makers have entered the market, making handmade rugs more plentiful.</p> <p>c. The price of thread used in rugs has dropped, making it cheaper to produce rugs.</p> <p>d. Rugs have come into fashion, so buyers want more of them.</p> <p>e. Rugs have gone out of fashion, so buyers want fewer of them.</p>	<b>1</b>
<b>18</b>	<p>There are ten restaurants in your town. On a given night, each restaurant has the ability to produce up to twenty full course dinners at a price of ₹ 200 each. What is the total market supply of full course dinners tonight, at price of ₹200?</p>	<b>1</b>
<b>19</b>	<p>Which of the following statement is not valid with respect to 'Law of Supply'?</p> <p>(a) Indicates the magnitude of change in supply due to change in price</p> <p>(b) States one sided between price and quantity supplied</p> <p>(c) Does not establish proportional relationship between change in price and change in supply</p> <p>(d) States the direct relationship between price and quantity supplied</p>	<b>1</b>
<b>20</b>	<p>If the supply curve is a straight line parallel to the vertical axis (Y-axis), supply of the good is called as</p> <p>(a) Unitary Elastic Supply</p> <p>(b) Perfectly Elastic Supply</p> <p>(c) Perfectly Inelastic Supply</p> <p>(d) Perfectly Elastic Demand</p>	<b>1</b>
<b>21</b>	<p>The factor causing contraction in supply of a good is</p> <p>(a) decrease in number of firms.</p> <p>(b) increase in tax rate</p> <p>(c) using outdated technology</p> <p>(d) decrease in the price of the good</p>	<b>1</b>
<b>22</b>	<p>Co-efficient of perfectly inelastic supply is</p> <p>(a) zero</p> <p>(b) greater than one</p> <p>(c) less than one</p> <p>(d) infinity Categories</p>	<b>1</b>

23	<p>Statement 1. When percentage change in quantity supplied is less than percentage change in price of the good, elasticity of supply is said to be less than unitary elastic.</p> <p>Statement 2. Less than unitary elastic supply curve start from positive Y axis</p> <p>Mark the correct choice :</p> <p>(a) Both the statements are true.  (b) Both statements are False.  (c) Statement 1 is true and statement 2 is false  (d) Statement 2 is true and statement 1 is false.</p>	1
24	<p>Statement 1. Decrease in number of firms decreases market supply of the good and market supply curve shifts towards right.</p> <p>Statement 2. Market supply schedule refers to supply of all the firms/producers in the market producing a particular good.</p> <p>Mark the correct choice :</p> <p>(a) Both the statements are true.  (b) Both statements are False.  (c) Statement 1 is true and statement 2 is false  (d) Statement 2 is true and statement 1 is false.</p>	1
25	<p>Statement 1: Due to decrease in price of inputs, supply curve shifts towards left.</p> <p>Statement 2 : Due to use of advance technology , supply curve shifts towards right</p> <p>Mark the correct choice :</p> <p>(a) Both the statements are true.  (b) Both statements are False.  (c) Statement 1 is true and statement 2 is false  (d) Statement 2 is true and statement 1 is false.</p>	1
26	<p>Assertion (A): supply is a stock concept</p> <p>Reason (R): Stock of a commodity refers to the total quantity of that commodity which is available with the producer at a point of time.</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  (b) Both Assertion (A) and Reason (R) are true and Reason but (R) is not the correct explanation of Assertion (A).  (c) Assertion (A) is true but Reason (R) is false  (d) Assertion (A) is false but Reason (R) is true.</p>	1
27	<p>Assertion (A): Increase in number of firms is one of the causes of rightward shift in supply curve.</p> <p>Reason (R): Increase in price of other goods is also one of the causes of rightward shift in supply curve.</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  (b) Both Assertion (A) and Reason (R) are true and Reason but (R) is not the correct explanation of Assertion (A).  (c) Assertion (A) is true but Reason (R) is false</p>	1


	(d) Assertion (A) is false but Reason (R) is true.									
28	What is meant by perfectly inelasticity of supply?	1								
29	<table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Price (Rs.)</th> <th>Supply (Units)</th> </tr> </thead> <tbody> <tr> <td>6</td> <td>12</td> </tr> <tr> <td>9</td> <td>18</td> </tr> <tr> <td>15</td> <td>35</td> </tr> </tbody> </table> <p>On the basis of the above mentioned information about price and supply which is correct</p> <p>(a) A straight line downward sloping  (b) Downward sloping from left to right  (c) Upward sloping from left to right  (d) None of the above</p>	Price (Rs.)	Supply (Units)	6	12	9	18	15	35	1
Price (Rs.)	Supply (Units)									
6	12									
9	18									
15	35									
30	10. What causes a movement along the supply curve?	1								
31	<p>Explain the reaction of the producer, when _____.</p> <p>a- Price of his product rises by 12.5%, but other factors are constant.  b- Government increases the tax rate by 7.5 % on production of the good.  c- Increase in electricity duty.</p>	3								
32	Calculate price elasticity of supply, when the price of a commodity rises from Rs 10 per unit to Rs 15 per unit and the quantity supplied increases from 50 units to 100 units.	3								
33	<p>Draw supply curve, when</p> <p>i- Elasticity of supply is one  ii- Elasticity of supply is greater than one  Elasticity of supply is less than one</p>	3								
34	<p>The supply curve of a given commodity is given to be <math>S_0</math>. On the basis of given diagram, answer the following questions from 11.1 to 11.3:</p>  <p>11.1. Movement from <math>S_0</math>, to <math>S_1</math>, is termed as:  (a) Contraction in Supply  (b) Expansion in Supply  (c) Decrease in Supply  (d) Increase in Supply</p> <p>11.2. Movement from <math>S_0</math> to <math>S_2</math>, is caused by:  (a) Increase in price of given product  (b) Increase in the price of inputs</p>	3								

	<p>(c) Technological Upgradation  (d) Decrease in price of given product</p> <p>11.3. Increase in cost of production of this commodity will lead to:</p> <p>(a) Movement from S<sub>0</sub> to S<sub>1</sub>,  (b) Movement from S<sub>0</sub> to S<sub>2</sub>  (c) Upward movement along the S<sub>0</sub>  (d) No change at all</p>	
35	<p>Consider the supply curve for sedans in an imaginary market. For simplicity, assume that all sedans are identical and sell for the same price. Two factors that affect the supply of sedans are the level of technical knowledge – in this case, the speed with which manufacturing robots can fasten bolts, or robot speed – and the wage rate that auto manufacturers must pay their employees. Initially, the robots can fasten 2500 bolts per hour, autoworkers earn \$25 per hour, the price of a sedan is \$30,000 and the quantity supplied (Sedans per month) is 250.</p> <p>Suppose that the price of a sedan decreases from \$30,000 to \$25,000. This would cause the _____ of sedans to decrease, which is reflected on the graph by a _____ supply curve.</p> <p>Following a technological decline – for example, a decrease in the speed with which robots can attach bolts to cars – there is a _____-shift of the supply curve because the technological decline makes cars more expensive to build.</p>	3
36	<p>Due to of heavy rainfall and consequent landslides, transportation of apples from Himachal Pradesh to Delhi gets disrupted. Show the situation with the help of a supply curve.</p>	3
37	<p>State giving reasons whether the following statements are true or false?</p> <p>(a) Extension of supply occurs due to change in factors other than price of the given commodity.  (b) In case of perfectly elastic supply, supply curve is a vertical straight line.  (c) When the technique of production becomes obsolete, the supply curve shifts towards left.</p>	3
38	<p>(a) At the point of intersection of two supply curves the flatter curve shows higher elasticity of supply. State whether the statement is true or false. Give reason.  (b) Supply may remain constant even when quantity supplied change.</p> <p>(c) How will the supply curve of Tea be affected when price of the coffee decreases?</p>	3
39	<p>'Supply curve is the rising portion of marginal cost curve over and above the minimum of Average Variable cost curve.' Defend or Refute.</p>	3
40	<p>1. Read the following passage and answer the questions that follow:  Price elasticity of Supply refers to reaction of the sellers to a particular change in the price of the commodity. Price elasticity of supply of a commodity quantifies the responsiveness of quantity supplied to change in its price. It is a percentage change in quantity supplied in response to a percentage change in price of the commodity. <math>E_s = \frac{\% \text{ change in Quantity Supplied}}{\% \text{ change in price}}</math></p> <p>Categories of price elasticity of supply:</p> <p>i) Perfectly Inelastic supply: When quantity supplied remains unaffected due to change in price. Degree of <math>E_s = 0</math>.  ii) Less than unitary supply/ Inelastic supply</p>	4

	<p>In this case percentage change in quantity supplied is less than percentage change in price. <math>E_s &lt; 1</math></p> <p>iii) When the percentage in quantity supplied exactly equal to percentage change in price. <math>E_s = 1</math></p> <p>iv) Greater than unitary Elastic Supply- When percentage in supply is greater than percentage change in price. <math>E_d &gt; 1</math></p> <p>v) Perfectly Elastic Supply- Any quantity of the quantity is supplied at the same price. Price elasticity is infinite.</p> <p>Answer the following questions.</p> <p>(a) A seller rises supply of a good from 100 units to 200 units at a price of Rs.10 per unit. What will be <math>E_s</math>?</p> <p>(i) Infinity (ii) zero (iii) One (iv) less than 1</p> <p>(b) If quantity supplied of a good increases by 80% due to a 40% rise increase in its price, then <math>E_s</math> is :</p> <p>(i) (+)2 (ii) (-) 2 (iii) (+) 0.5 (iv) (-) 0.5</p> <p>(c) When the supply of the commodity is not responsive to the change in its price, it is _____ (unitary elastic supply/perfectly inelastic supply/inelastic supply)</p> <p>(d).State whether the given statement is true or false: In perfectly elastic supply, price is responsive to the change in supply.</p>	
41	<p>Read the following passage and answer the questions that follow:</p> <p>Production activities and demand in the whole world affected in the year 2020 due to outbreak of Corona Virus Pandemic. Since the pandemic started in November 2019 in China, till present time our trading relation with China affected. India had to impose lockdown for the safety of the people. It adversely affected production and supply of essential goods and services. Employment was also effected.</p> <p>Slowly and gradually impact has been on the market as India's fuel demand is increased during September 2020.</p> <p>(a) What was the impact of lockdown in India on supply of essential goods and services?</p> <p>(i) Remain constant (ii) Increased (iii) Decreased (iv) None of the above</p> <p>(b) What will be impact on supply of fuel, if demand increases?</p> <p>(i) Increase (ii) Decrease (iii) Remain constant (iv) Depends upon availability of fuel in the international market</p> <p>(c) Define Supply</p> <p>(d) Mention any two determinants which affect supply.</p>	4
42	<p>We know that there is a need to ignore the negative sign in calculation of price elasticity of demand. Do you think this is also applicable in calculation of Price elasticity of supply? Give reason.</p>	4
43	<p>The coefficient of elasticity of supply of a commodity is one. What quantity of the commodity will the seller supply at a price of Rs 20 per unit, if he supplies 210 units of it at Rs 7 per unit?</p>	4



44	<p>There are three firms X, Y and Z in a market. The individual supply schedule of a good is given below. Prepare a market supply schedule. Draw the market supply curve.</p> <table border="1" data-bbox="345 279 1157 489"> <thead> <tr> <th>Price (in Rs)</th> <th>Firm X</th> <th>Firm Y</th> <th>Firm Z</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>0</td> <td>5</td> <td>2</td> </tr> <tr> <td>3</td> <td>2</td> <td>7</td> <td>3</td> </tr> <tr> <td>4</td> <td>4</td> <td>10</td> <td>5</td> </tr> <tr> <td>5</td> <td>7</td> <td>15</td> <td>8</td> </tr> <tr> <td>6</td> <td>10</td> <td>20</td> <td>10</td> </tr> </tbody> </table>	Price (in Rs)	Firm X	Firm Y	Firm Z	2	0	5	2	3	2	7	3	4	4	10	5	5	7	15	8	6	10	20	10	4
Price (in Rs)	Firm X	Firm Y	Firm Z																							
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4	4	10	5																							
5	7	15	8																							
6	10	20	10																							
45	<p>A student attaches minus sign to the elasticity of demand of a good and attaches plus sign to the elasticity of supply. But he does not know the significance of plus and minus sign with the elasticity. Can you help him to do so? Explain with an example.</p>	4																								
46	<p>Read the following passage carefully and answer the question numbers 14.1 to 14.4 on the basis of the same.</p> <p>Agriculture provides livelihood to almost three fourth of population of India. Indian agriculture is highly dependent on spatial and temporal distribution of rainfall. Climate extremes such as drought and flood affect agriculture severely. An account of impact of climate extremes viz. drought and flood, on Indian food grain production has been presented in this paper. There are temporal fluctuations in food grain production and area under the food grain. In secular terms, both of them increased up to mid-eighties. After mid-eighties there is decline in the area of food grain while maintaining an increase in production of food grain suggesting the improvement in agricultural technology and policy. There is more temporal fluctuation in the production of food grain than the area under food grain. The analysis reveals that impact of drought on Indian agriculture is more than that of flood. Rabi food grain production depicts better adaptability to drought than Kharif food grain production, mostly due to better access to irrigation infrastructure. Among the various food crops analysed, all except jowar can effectively face flood events. Wheat and jowar perform relatively better during drought events. Rice is the most sensitive crop to the extreme climate events. Since rice is staple food in the subcontinent, management of rice productions against climate extremes needs special attention for food security and Sustainability.</p> <p>14.1 Natural calamities such as drought and floods lead the supply curve shift to _____ (Right/ Left/Upward/downward).</p> <p>14.2 When supply increases due to increase in price only, it is termed as _____ (Extension/ Contraction/Increase/Decrease).</p> <p>14.3 Rice and Jowar are _____ goods (Substitute/ Complementary).</p> <p>14.4 Supply of staple food will be _____ (Elastic /Inelastic)</p>	4																								
47	<p>The following headline appeared in the Economic Times: "Import duty on crude &amp; refined edible oil up by 5%." Use a diagram and economic theory to analyse the impact of the statement on the supply of crude and refined edible oil in the domestic market.</p>	4																								
48	<p>When the price of a commodity changes from ₹ 12 per unit to ₹15 per unit, its market supply rises from 500 units to 650 units. Calculate the price elasticity of supply. Is supply elastic? Give reason</p>	4																								
49	<p>Owing to political considerations, Russia has banned the import of seafood from the European Countries. How would you analyse the impact of this decision (i) on the export of seafood from the Indian market, and (ii) on the domestic supplies of seafood in India?</p>	6																								

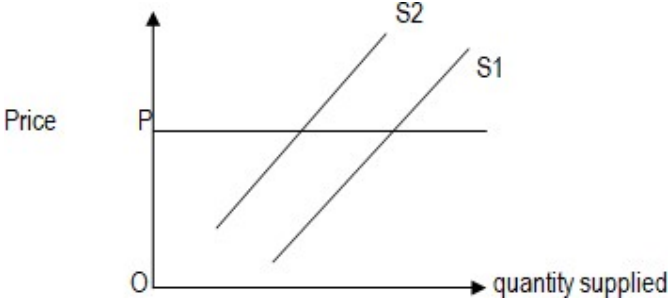
50	<p>From the data shown in given Table about supply of alarm clocks, calculate the price elasticity of supply from: i) point J to point K, ii) point L to point M, and iii) point N to point O. Classify the elasticity at each point as elastic, inelastic, or unit elastic.</p> <table border="1" data-bbox="342 363 1162 590"> <thead> <tr> <th>Point</th> <th>Price</th> <th>Quantity supplied</th> </tr> </thead> <tbody> <tr> <td>J</td> <td>\$8</td> <td>50</td> </tr> <tr> <td>K</td> <td>\$9</td> <td>70</td> </tr> <tr> <td>L</td> <td>\$10</td> <td>80</td> </tr> <tr> <td>M</td> <td>\$11</td> <td>88</td> </tr> <tr> <td>N</td> <td>\$12</td> <td>95</td> </tr> <tr> <td>O</td> <td>\$13</td> <td>100</td> </tr> </tbody> </table>	Point	Price	Quantity supplied	J	\$8	50	K	\$9	70	L	\$10	80	M	\$11	88	N	\$12	95	O	\$13	100	6
Point	Price	Quantity supplied																					
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51	<p>Explain the distinction between "change in quantity supplied" and "change in supply". Use diagram.</p>	6																					
52	<p>The price of a commodity is Rs.10 per unit and total revenue from it is Rs.1000. Its price elasticity of supply is 0.8. Its price falls by 10 percent. Calculate the total revenue at the reduced price.</p>	6																					
53	<p>Differentiate between Contraction of supply and Decrease in supply.</p>	6																					
54	<p>i) Identify two situations when <math>E_s</math> is low even when there is a substantial rise in price due to rise in demand for a commodity.  (ii) Owing to political consideration, Russia has banned the import of sea food from the European countries. How would you analyse the impact of this decision (a) on export of sea food from Indian market and (b) on domestic supplies of seafood in India?</p>	6																					
55	<p>A company produces pens. It finds that the supply curve of supplying pens shifts to right. Explain any three probable causes.</p>	6																					
56	<p style="text-align: center;"><b>THE ECONOMIC TIMES</b>  <small>English Edition • 16 August 2023, 12:14 PM IST   Today's Paper</small></p>  <p><b>Seven electric two-wheeler firms suffered over Rs 9,000 crore loss after Centre stopped subsidies, says SMEV</b></p> <p>Seven electric two-wheeler companies in India have collectively lost over Rs 9,000 crore (\$1.2bn) in unpaid dues and market loss after their subsidies were stopped last year, according to the Society of Manufacturers of Electric Vehicles (SMEV). The Indian government has told the companies to refund the subsidies available by them. The companies may have to absorb unpaid dues, interest, debt, loss of market share, reputational loss and the cost of capital along with potential recapitalisation.</p> <p>09 Aug, 2023, 07:37 PM IST</p> <p>What may be the reason of loss of the firms? Explain its effect using a diagram.</p>	6																					
57	<p>Indicate true or false. Give reasons of your answer.</p> <p>a- Supply of cabbage and cauliflower is inelastic.  b- Supply of railway service is elastic.</p> <p>Supply of entry tickets in an international cricket match between India and Pakistan in a stadium in New Delhi is elastic.</p>	6																					

## ANSWER

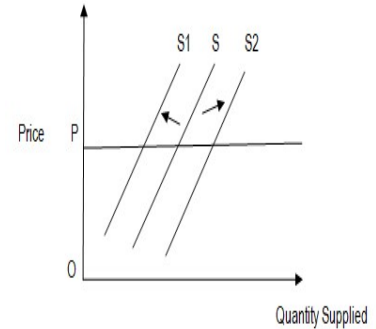
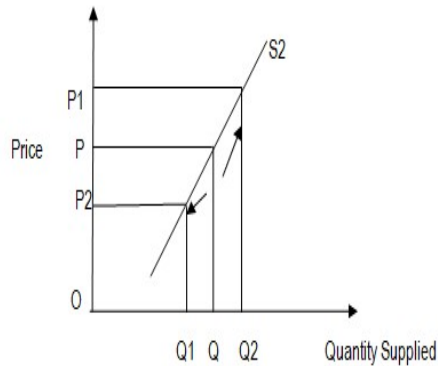
1	b- Supply will decrease
2	Fall
3	There is direct relation between price and supply.
4	Increase in supply
5	Market supply of bread will expand.
6	a- Perfectly inelastic
7	a- Fall in price.
8	a- Perfect elastic supply
9	a- Expansion of supply
10	d- 450 units
11	(d) $E_s > 1$
12	a. movement along a supply curve.
13	d. A price change alone does not shift the supply curve
14	(c) Assertion (A) is True but Reason (R) is False.
15	(c) Statement 1 is true and Statement 2 is false.
16	(i)-(c),(ii)-(e),(iii)-(a),(iv)-(b),(v)-(d)
17	a. Several rug makers have left the market, making handmade rugs more scarce.
18	₹ 2000
19	(a) Indicates the magnitude of change in supply due to change in price
20	(c) Perfectly Inelastic Supply
21	(d) decrease in the price of the good
22	(a) zero
23	(c) Statement 1 is true and statement 2 is false.
24	(d) Statement 1 is false and statement 2 is true.
25	(d) Assertion (A) is false but Reason (R) is true.
26	(d) Statement I False but Statement II is true.
27	(c) Assertion (A) is true but reason(R) is false.
28	When quantity supplied does not respond to any change in price
29	(c) Upward sloping from left to right.
30	Change in own price of the good causes a movement along the supply curve.
31	a- Increase in quantity supplied and supply will expand. b- Fall in supply of the good.

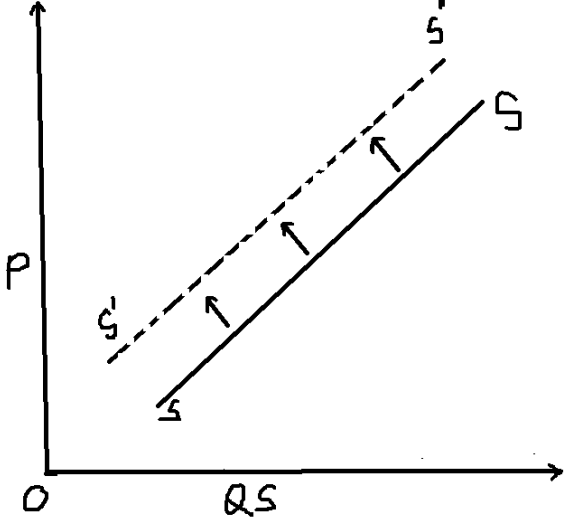




	 <p>S1, is the initial supply curve. When government increases import duty, supply curve shifts to the left from S<sub>1</sub> to S<sub>2</sub>.</p>
<p><b>48</b></p>	<p>Price elasticity of supply = <math>\frac{\Delta Q}{\Delta P} \times \frac{P}{Q}</math></p> $= \frac{150}{3} \times \frac{12}{500}$ $= 1.20$ <p>Es=1.20  Supply is highly elastic as Es &gt;1  When percentage change in quantity supplied is more than the percentage change in price, then supply for such a commodity is said to be highly elastic.  In such a case, Es &gt; 1 and the supply curve has an intercept on the Y-axis.</p>
<p><b>49</b></p>	<p>(i) If Russia has banned the import of seafood from the European Countries, it generates an opportunity for the Indian exporters to send supplies of seafood to the Russian market. India can earn foreign exchange which can be used to import military hardware from Russia.</p> <p>(ii) If seafood is exported to Russia, domestic supplies will reduce in India. Supply curve of seafood in the Indian domestic market will shift to the left. Other things remaining constant, it would lead to increase in price in the domestic market.</p>
<p><b>50</b></p>	<p>i) From point J to K, Price rises from \$8 to \$9 and quantity rises from 50 to 70 .So</p> <p>% change in quantity = <math>\frac{70 - 50}{(70 + 50) / 2} \times 100</math></p> $= \frac{20}{60} \times 100$ $= 33.33$ <p>% change in price = <math>\frac{9 - 8}{(9 + 8) / 2} \times 100</math></p> $= \frac{1}{8.5} \times 100$ $= 11.76$ <p>Elasticity of Supply = <math>\frac{\% \text{change in quantity}}{\% \text{change in price}}</math></p> $= \frac{33.33\%}{11.76\%}$ <p>Es=2.83  The supply curve is elastic in this area; that is, its elasticity value is greater than one.</p> <p>ii) From point L to M, Price rises from \$10 to \$11 and quantity rises from 80 to 88 .So</p> <p>% change in quantity = <math>\frac{88 - 80}{(88 + 80) / 2} \times 100</math></p> $= \frac{8}{84} \times 100$ $= 9.52$ <p>% change in price = <math>\frac{11 - 10}{(11 + 10) / 2} \times 100</math></p> $= \frac{1}{10.5} \times 100$ $= 9.52$ <p>Elasticity of Supply = <math>\frac{\% \text{change in quantity}}{\% \text{change in price}}</math></p> $= \frac{9.52}{9.52}$

	<p style="text-align: center;">=1</p> <p>The supply curve is unitary elastic in this area.</p> <p>ii) From point N to O, Price rises from \$12 to \$13 and quantity rises from 95 to 100 .So</p> <p>Elasticity of Supply = <math>\frac{\Delta c}{c} \times \frac{c}{c}</math></p> $= \frac{5}{7} \times \frac{12}{95}$ $= 5 \times 12$ $= .64$ <p>The supply curve is inelastic in this region of the supply.</p>		
<b>51</b>	Basis	Change in Quantity Supplied	Change in Supply
	Meaning	When the quantity supplied changes due to change in price, keeping other factors constant, it is known as change in quantity supplied.	When the supply changes due to change in any factor other than the own price of the commodity, it is known as change in supply.
	Effect on supply curve	It leads to a movement along the same supply curve (either upward (known as Expansion in supply) or downward (known as Contraction in supply)).	It leads to shift in the supply curve (either rightward (known as Increase in supply) or leftward (known as decrease in supply)).
	Reason	It occurs due to an increase or decrease in the price of the given commodity.	It occurs due to a change other factors, like change in the price of inputs, change in taxes, change in technology etc.
<b>52</b>	<p>Given, P=10, TR=Rs.1000 Es=0.8</p> <p><math>Q = TR/P = 1000/10 = 100</math></p> <p>If price falls by 10% i.e., 10% of Rs.10 is Re.1</p> <p>Therefore the new price is Rs.9</p> <p>Thus, <math>Es' = \text{Change in Quantity supplied} / \text{Change in price} \times P/Q</math></p> <p><math>0.8 = \text{Change in Quantity} / 1 \times 10/100</math></p> <p>Change in Quantity = 8</p> <p>As price falls quantity supply will rise</p>		



	Therefore $Q_1 = Q + \text{Change in Quantity} = 100 + 8 = 108$ $TR = P_1 \times Q_1 = 9 \times 108 = \text{Rs. } 972$	
53	Contraction of Supply	Decrease in Supply
	i) Contraction of supply refers to decrease in quantity supplied due to decrease in own price of the commodity.	Decrease in supply refers to decrease in quantity supplied even when own price of the commodity is constant.
	ii) Other determinants remaining constant.	ii) Own price of the commodity remaining constant,
	iii) It leads to downward movement along the supply curve.	iii) It leads to leftward/backward shift of supply curve.
54	<p>(a) When existing stocks of the supplier are low.</p> <p>b) When owing to non-availability of factor and non-factor inputs, it is difficult to increase output in a given time period.</p> <p>(ii) (a) If Russia has banned import of the sea food from European countries, it gives an opportunity for the Indian exporter to send supplies of sea food to Russia.</p> <p>(b) If sea food is exported to Russia, domestic supplies will reduce in India. The supply curve of sea food in the Indian domestic market will shift to the left.</p>	
55	<p>i- Decrease in input cost.</p> <p>ii- Decrease in tax rate.</p> <p>iii- Advancement of technology.</p> <p>Rise in subsidy.</p>	
56	<p>It is because of decrease in the subsidies.</p> <p>As subsidies by the government reduced, the supply of the vehicles reduced. The supply curve of the vehicles will shift to the left.</p> 	
57	<p>a) True. Because vegetables are perishable goods.</p> <p>b) False. There is no close substitute of railway service. The supply is not affected by the change in price.</p> <p>c) False. It is inelastic. It is a rare occasion. So, supply is not affected by price of tickets.</p>	