

Economics Test 1 (Topic- Price Elasticity of Supply)

Maximum Marks- 20

Q1. Define price elasticity of supply. (2)

Q2. Write down all the formulae of price elasticity of supply. (Hint- Try to derive the mathematical formula using the most basic formula). (4)

Q3. Due to the entry of new competitors in market a cycle manufacturing firm had to reduce its prices by 10%. As a result of fall in price they reduced the quantity of cycles supplied from 200 units per month to 150 units per month. Calculate the PES. Identify whether the supply is price elastic or inelastic. (4)

Q4. Before the pandemic a producer was selling 20 units of a good each priced at \$100. After normalcy was restored his sales increased to 30 units and he was selling each good for \$250. Calculate PES and identify its type. (4)

Q5. From the following identify the type of elasticity, define it and give its numerical measure- (3+3)

