



ECONOMICS

BOOKS - FULL MARKS ECONOMICS (HINGLISH)

SUPPLY

Ncert Textbook Questions Solved

1. Consider a market with two firms. The following table shows the supply schedules of

two firms : the SS_1 column gives supply schedule of firm 1 and SS_2 column gives supply schedule of firm 2. Compute the market supply schedule.



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2. Consider a market with two firms. In the following table, columns labelled as SS_1 and SS_2 give the supply schedules of firm 1 and firm 2 respectively. Compute the market supply

schedule.



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3. There are three identical firms in a market.

The following table shows the supply schedule of firm 1. Compute the market supply schedule.



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4. How does technological progress affect the supply curve of a firm ?



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5. How does the imposition of a unit tax affect the supply curve of a firm?



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6. How does an increase in price of an input affect the supply curve of a firm ?



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7. How does an increase in the number of firms in a market affect the market supply curve ?



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8. What degree the price elasticity of supply mean ? How do we measure it ?



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9. What is the supply curve of a firm in the short run ?



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10. What is the supply curve of a firm in the Long run ?

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11. At the market price of 10rs , a firm supplies 4 units of output. The market price increases to 30rs. The price elasticity of the firm's supply is 1.25. What quantity will the firm supply at the new price ?

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12. The market price of good changes from $5rs$ to $20rs$. As a result, the quantity supplied by a firm increases by 15 units. The price elasticity of the firm's supply curve is 0.5. Find the initial and final output levels of the firm.



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13. A firm earns a revenue of $50rs$ when the market price of a good is $10rs$. The market price increases by $15rs$ and the firm now earns

a revenue of 150rs. What is the price elasticity of the firm's supply curve ?



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14. Define supply.



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15. Define market supply



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16. State any two factors affecting elasticity of supply.



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17. What effect does an decrease in input price has on the supply of the commodity?



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18. What is the shape of a supply curve ?



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19. State the law of supply.



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20. What causes a movement along the supply curve of a good ?



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21. What causes a downward movement along a supply curve ?

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22. What causes an upward movement along the supply curve of a commodity ?

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23. Define price elasticity of supply.



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24. If the quantity supplied does not change at all as price changes, what will be the elasticity of supply ?



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25. What is the price elasticity of supply of a commodity whose straight line supply curve

passes through the origin forming an angle of 75° ?



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26. When in the supply of a commodity called elastic ?



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27. Price elasticity of supply of a good is 0.8. Is the supply elastic or inelastic and why ?



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28. What is meant by perfectly elastic supply of a commodity ?



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29. Price elasticity of supply of a good is 1.5. Is the supply elastic or inelastic and why ?



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30. A vertical supply curve parallel to Y-axis implies that the elasticity of supply is :

A. Zero

B. Infinity

C. Equal to one

D. Greater than zero but less than infinity

Answer: (a)



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31. The supply of a good refers to

A. Actual production of the good.

B. Total existing stock of the good

C. Stock available for sale

D. Amount of the good offered for sale at a
particular price per unit of time.

Answer: (d)



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32. An increase in the supply of a good is caused by :

A. Improvements in its technology.

B. Fall in the prices of other goods.

C. Fall in the prices of factors of production.

D. all of them

Answer: (d)



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33. Elasticity of supply refers to the degree of responsiveness of supply of a good to changes in its :

- A. Demand
- B. Price
- C. Cost of production
- D. State of technology.

Answer: (b)



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34. A horizontal supply curve parallel to the quantity axis implies that the elasticity of supply is

A. Zero

B. Infinite

C. Equal to one

D. Greater than zero but less than one

Answer: (b)



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35. Contraction of supply is the result of

A. Decrease in the number of producers

B. Decrease in the price of the goods
concern.

C. Increase in the prices of other goods.

D. Decrease in the outlay of sellers.

Answer: (b)



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36. The quantity supplied of a piece of goods or service is the amount that

A. is actually bought during a given time period at a given price.

B. producers wish that they could sell that at a higher price.

C. producers plan to sell during a given time period at a given price.

D. people are willing to buy during a given time period at a given price.

Answer: (c)



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37. Supply is the

- A. limited resources that are available with the seller
- B. cost of producing a good
- C. entire relationship between the quantity supplied and the price of good.

D. willingness to produce a good if the technology to produce it becomes available.

Answer: (c)



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38. Elasticity of supply is measured by dividing the percentage change in quantity supplied of a good by _____.

A. percentage change in income

B. percentage change in quantity
demanded of good

C. percentage change in price

D. percentage change in taste and
perference

Answer: (c)



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39. Elasticity of supply is zero means

- A. perfectly inelastic supply
- B. perfectly elastic supply
- C. imperfectly elastic supply
- D. none of them

Answer: (a)



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40. Elasticity of supply is greater than one when

A. Proportionate change in quantity supplied is more than the proportionate change in price

B. Proportionate change in price is greater than the proportionate change in quantity supplied

C. Change in price and quantity supplied
are equal.

D. None of them

Answer: (a)



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41. If the quantity supplied is exactly equal to the relative change in price then the elasticity of supply is

A. less than one

B. greater than one

C. one

D. none of them

Answer: (c)



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42. If the percentage change in supply is less than the percentage change in price, it is called _____.

A. unit elasticity of supply

B. less elastic supply

C. more elastic supply

D. inelastic supply

Answer: (b)



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43. The supply curve shifts to the right because of _____.

A. improved technology

B. increased price of factors of production

C. increased excise duty

D. all of them

Answer: (a)



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44. Supply is a _____ concept.

A. stock

B. flow and stock

C. flow

D. none of them

Answer: (c)



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45. In a very short period market

A. The supply is fixed

B. The demand is fixed

C. Demand and supply are fixed

D. None of them

Answer: (a)



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46. Explain the concept of law of supply



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47. State law of supply



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48. What is meant by the assumption, other things remaining the same, on which law of supply is based ?



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49. Under what condition, a producer would like to supply more at a given level or price ?



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50. What is increase in supply ? Explain three causes of increase in supply.

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51. State factors that can cause a rightward shift of supply curve.

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52. Under what conditions, a producer would like to supply less at a given price ?



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53. Explain only two causes of decrease in supply of a commodity.



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54. State factors for leftward shift of supply curve.



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55. Explain how changes in prices of inputs influence the supply of a product.



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56. Explain effect of 'change in prices' of other products on supply of a given product.



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57. Explain effect of technological changes on supply of a product.



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58. What would be an affect on supply curve of the following :

(a) Decrease in tax on product.

(b) Subsidy on production of goods.

(c) Rise in own price of a piece of goods



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59. Differentiate between increase in supply and expansion in supply [increase in quantity supplied]





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60. Differentiate between decrease in supply and contraction in supply (decrease in quantity supplied)



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61. If price of a commodity falls from 50rs per unit to 45rs per unit, its supply falls from 1000 units to 800 units. Find out its elasticity of supply.



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62. The price of a commodity is 12rs per unit and its quantity supplied is 500 units. When its price rises to 15rs per unit, its quantity supplied rises to 650 units. Calculate its price elasticity of supply. Is the supply elastic ?



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63. The supply for a good rises to 1000 units in response to rise in price by 1rs. If the original supply was 800 units at the price of 10rs , calculate price elasticity of supply.



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64. The coefficient of elasticity of supply of a commodity is 3. A seller supplies 20 units of this commodity at a price of 8rs per unit. How

much quantity of this commodity will the seller supply if the price rises by 2rs per unit.



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65. PES of a commodity is 5 . A producer sells 500 units of a good at a price of 5rs per unit. How much will he be willing to sell at the price of 6rs per unit ?



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66. The coefficient of PES is 3. A seller supplies 30 units of this commodity at a price of 10rs per unit. How much quantity of it will he supply when its price rises by 12% .



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67. At a price of 8rs per unit, the quantity supplied of a commodity is 200 units. Its price elasticity of supply is 1.5. If its price rises to

10rs per unit, calculate its quantity supplied at the new price.



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68. The price elasticity of supply of a commodity is 2.5 . At a price of 5rs per unit, its quantity supplied is 300 units. Calculate its quantity supplied at a price of 4rs per unit.



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69. The price elasticity of supply of a commodity is 2. When its price falls from $10rs$ per unit to $8rs$ per unit, its quantity supplied falls by 500 units. Calculate the quantity supplied at the reduced price.



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70. Price elasticity of supply for a commodity is 5. When price of the commodity rises from $9rs$ per unit to $10rs$ per unit, supply rises by 25

units. Calculate quantity supplied at 9rs per unit.



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71. When price of a commodity falls by 50%, the quantity supplied decreases by 100%. Find out its price elasticity of supply.



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72. As a result of fall in price of the commodity by 10% , the quantity supplied also falls by 15% . Comment on PES.



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73. When the price of a good falls from 10rs per unit to 8rs per unit, its supply falls by 25 units from 125 units. Calculate elasticity of supply (ES) by percentage method.



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74. The price of a commodity is $10rs$ per unit and its quantity supplied at this price is 500 units . If its price falls by 10 per cent and quantity supplied falls to 400 units, calculate its price elasticity of supply.



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75. Quantity supplied of a commodity increases by 50% when its price rises from

8rs per unit to 10rs per unit. Calculate elasticity of supply.



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76. The price of a commodity rises from 5rs per unit to 6rs per unit. Consequently, its supply increases by 20%. Comment on PES.



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77. PES for commodities A and B is known to be 1 and 2 respectively. If price of A falls by 10 % and that of B rises by 10 % , then what will be percentage change in supply in both the cases.



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78. Commodities X and Y have equal price elasticity of supply. The supply of X rises from 400 units to 500 units due to a 20 per cent rise

in its price. Calculate the percentage fall in supply of Y if its price falls by 8 per cent.



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79. A producer received $10000rs$ when the price of a commodity was $100rs$ per unit. The receipts increased to 15000 when price increased by $20rs$. Calculate the elasticity of supply ?



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80. When the price of a good rises from 20rs per unit to 30rs per unit, the revenue of the firm producing this good rises from 100rs to 300rs. Calculate the price elasticity of supply.



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81. Price of commodity A is 10rs per unit and total revenue at this price is 1600rs. When its price rises by 20 percent, total revenue increases by 800rs. Calculate its price elasticity of supply.



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82. Total revenue at a price of 4rs per unit of a commodity is 480rs. Total revenue increases by 240rs when its price rises by percent. Calculate its price elasticity of supply.



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83. If there is decrease in supply, producer moves downward along the same supply curve

?



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84. If there is increase in quantity supplied supply curve shifts rightwards ?



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85. Ceteris paribus, if price rises, quantity supply of good will fall.



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86. When price of factor input falls, supply curve shifts rightward.



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87. When government imposes more unit tax, supply of the concerned good increases ?



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88. If there is an improvement in technology of producing a good, supply decreases ?



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89. Elasticity of supply explains qualitative relationship between supply and price of a commodity.



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90. If supply curve touches X-axis, elasticity of supply is greater than one ?



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91. If supply curve passes through origin, elasticity of supply is greater than one ?



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92. If supply curve touches Y-axis, elasticity of supply is less than one ?



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93. Distinguish between change in quantity supplied and change in supply. Use diagram.



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94. If two supply curves intersect , which one has the higher price elasticity ?



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95. If a farmer grows rice and wheat, how will a decrease in the price of wheat affect the supply curve of rice ?



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96. A straight line supply curve cuts X-axis in its positive range. What can you say about the elasticity of supply ?



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97. A straight line supply curve cuts the Y-axis in its positive range. What is the elasticity of supply ?



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98. What is meant by market period ?



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99. There are three different supply curves passing through the origin. Curve A makes an angle of 60° . Curve B makes an angle of 75° and curve C makes an angle of 55° . What will be the price elasticity of curves A, B and C ?



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100. Give one point of difference between individual supply and market supply.



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101. Does a change in producers' technology lead to a movement along the supply curve or a shift in the supply curve ? Does a change in price lead to a movement along the supply curve or a shift in the supply curve ?



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102. What is the price elasticity of supply ,
when :

(a) Supply curve passes through the origin ,

(b) Supply curve is a vertical straight line,

(c) Supply curve is a horizontal straight line.



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103. State geometric or point method of
measuring ES (in case of straight line supply
curve).



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104. Explain the geometric method of measuring price elasticity of supply. Use diagram.



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105. Distinguish between stock and supply .



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106. Because of cyclone in a coastal area the sea level covers a lot of rice fields. This reduces the productivity of land. How will it affect the supply curve of that region ?



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107. How can the tax policy of government be effective in controlling the supply of liquor like harmful products ?



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108. What is the price elasticity of supply of M.F. Husain paintings ?



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109. The area of cultivable land is more or less fixed in a country. Under such conditions suggest two ways to increase the productivity of land.



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110. There are three firms A, B and C in a market. The supply schedule for the market and that for firms A and B is given below. Prepare the supply schedule for firm C.



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111. Firm 'A' produces both jeans and shirts. How will an increase in the price of jeans affect the supply curve of the shirts ?





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112. The supply schedule of a commodity changes as follows :



(a) Calculate elasticity of supply when prices rises from $2rs$ to $3rs$, both the cases A and B.

(b) Why do supply elasticity differ in two cases even though absolute change in quantity supplied is 20 units in both the cases ?



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113. The price elasticity of supply of commodity X and Y are equal. The price of X falls from $10rs$ to $8rs$ per unit and its quantity supplied falls by 16 per cent. The price of Y rises by 10 per cent. Calculate the percentage increase in its supply.



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114. The price elasticity of supply of good X is half the price elasticity of supply of Good Y. A 10% rise in the price of good Y results in a

rise in its supply from 400 units to 520 units. Calculate the percentage change in quantity supplied of good X when its price falls from 10rs to 8rs per unit.



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115. The measure of price elasticity of demand of a normal good carries minus sign while price elasticity of supply carries plus sign. Explain why ?



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