

1. What is the price elasticity of demand? (NCERT)
2. What will be the value of elasticity of demand if the demand curve is a horizontal line parallel to X-axis?
3. What is the value of elasticity of demand on a rectangular hyperbola demand curve?
4. What will be the value of elasticity of demand if the demand curve is a vertical line parallel to Y-axis?
5. Why is coefficient of price elasticity of demand negative?
6. If two negatively sloped straight line demand curves cross each other, will price elasticity demand be equal at the point of intersection?
7. Is the demand for the following elastic, moderate elastic, highly elastic or completely inelastic? Give reasons in support of your answer. (i) demand for textbooks (ii) demand for cars (iii) demand for petrol (iv) demand for seasonal vegetables (v) demand for fridge (vi) demand for milk.
8. Which of the following commodities have inelastic demand: (i) medicines, (ii) mobile phone (iii) salt (iv) school uniform (v) a particular brand of talcum powder
9. Draw (i) Perfectly inelastic demand curve, (ii) Perfectly elastic demand curve, and (iii) Demand curve with unit elasticity.
10. Explain with the help of a diagram the geometric method of measuring price elasticity of demand.
11. Suppose the price elasticity for a good is -0.2 . If there is a 5% increase in the price of the good, by what percentage will the demand for the good go down? (NCERT)
12. Suppose the price elasticity of demand is -0.2 . How will the expenditure on the good be affected if there is a 10% increase in the price of the good? (NCERT)
13. Suppose there was a 4% decrease in the price of the good and as a result, the expenditure on the good increased by 2%. What can you say about elasticity of demand? (NCERT)
14. When price of a good falls from Rs. 10 per unit to Rs. 9 per unit, its demand rises from 9 unit to 10 units. Compare expenditures on the good to find price elasticity of demand. (Delhi 2008)
15. Price elasticity of demand for a good is -2 . The consumer buys a certain quantity of this good at a price of Rs. 8 per unit. When the price falls he buys 50 per cent more quantity. What is the new price? (AI 2008)
16. Price elasticity of demand of a good is -3 . If the price rises from Rs. 10 per unit to Rs. 12 per unit, what is the percentage change in demand? (AI 2008)
17. At a given market price of a good a consumer buys 120 units. When price falls by 50 percent he buys 150 units. Calculate price elasticity of demand.

Lesson 5

Answer the following questions

1. Explain the law of Diminishing Returns with the help of diagram. Does it apply to agriculture only?
2. Discuss the law of diminishing Returns. Why is it specially applicable on agriculture only?
3. State law of constant Returns. Why is it also called the law of constant costs?
4. Discuss the law of variable proportions? Why is the law applicable to industry. (Delhi 2004C, 05)
5. State the law of increasing returns. Illustrate with the help of TPP schedule and curve. (Delhi 2008C)