J. H . TARAPORE SCHOOL

ECONOMICS (Worksheet)

CHAPTER- 4 ELASTICITY OF DEMAND

STD: XII

Answer the following questions:

Question 1. When is demand for a good said to be inelastic?

Question 2. Give the meaning of Price Elasticity of Demand.

Question 3. Explain two factors that affect Price Elasticity of Demand.

Question 4. How is Price Elasticity of Demand for a good influenced by the availability of close substitute? Explain by giving example.

Question 5. Explain the Geometric Method of measuring Price Elasticity of Demand.

Question 6. Explain the relationship between Price Elasticity of Demand and Total Expenditure.

Question 7. What are the different types of Income Elasticity of Demand?

Question 8. What do you understand by Income Elasticity of Demand and Cross Elasticity of Demand?

Question 9. Explain the different types of Cross Elasticity of Demand.

Question 10. Explain the importance of Elasticity of Demand (any four points)

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NUMERICAL QUESTIONS:

Question 1. When the price of a commodity is Rs 10 the consumer demands 100 units of the product. If the price rises to Rs 12 his demand falls to 80 units. Calculate elasticity of demand.

Question 2. The price elasticity of demand is 5. If the price changes by 10 percent, what will be the percentage change in quantity demanded?

Question 3. Price elasticity of good is (-) 1. At a given price the consumer buys 60 units of the good. How many units will the consumer buy if price falls by 10 percent?

Question 4. When price of good is Rs 15 per unit, the consumer buys 12 units of the good. When price rises to Rs 18 per unit, the consumer continues to buy 12 units. Calculate price elasticity of demand.

Question 5. A consumer buys 60 units of a good at a price of Rs 5 per unit. If the price elasticity of demand is (-)2 at what price he will purchase 65 units of the commodity?

Question 6. A consumer buys 40 units of good at a price of Rs 3 per unit. When price rises to Rs 5 per unit, he buys 25 units of the commodity. Calculate the price elasticity of demand by expenditure method.

Question 7. A consumer increases the demand for a commodity from 40 units to 50 units when it's price falls by 10 percent. What is the price elasticity of demand? Is it elastic or inelastic?

Question 8. A consumer demands 400 units of a commodity when the price is Rs 20 per unit. If the price falls by 10 percent , it's quantity demanded rises by 60 units. Calculate price elasticity of demand.

Question 9. Price of goods falls from Rs 22 to Rs 20. As a result demand rises from 80 units to 90 units. What can you say about price elasticity of demand in terms of total expenditure method?

Question 10. Price elasticity of demand of a good is (-)1. The consumer buys 50 units of a good when price is Rs 2 per unit. How many units the consumer will buy if the price rises to Rs 4 per unit. Answer this question with the help of total expenditure method of determining price elasticity of demand.
