

10 A refinery which processes oil into petrol (gas) is faced with the following conditions.

- 1 It is working at full capacity.
- 2 Its petrol storage tanks are full.
- 3 It has received delivery of a new fleet of petrol tankers to transport its petrol.
- 4 It requires six months to train new workers to qualify in safety procedures.

Which of the conditions will tend to make the supply of petrol relatively price inelastic?

- A** 1 and 2 **B** 1 and 4 **C** 2 and 3 **D** 3 and 4

11 The table gives estimates of the price elasticities and cross elasticities of demand for bus and rail travel.

service	elasticity with respect to the price of:	
	bus travel	rail travel
bus travel	-0.37	+0.13
rail travel	+0.16	-0.43

What would be the change in the volume of rail travel resulting from a 1 % increase in bus fares?

- A** an increase of 0.16 %
B an increase of 0.43 %
C a reduction of 0.13 %
D a reduction of 0.37 %