1. Price of a commodity rises from ₹5 to rupees 6. As a result, its demand falls from 100 units to 80 units. Find out the price elasticity of demand by percentage method.
2. A household increases the demand for a commodity from 40 units to 50 units when its price falls by 10%. What is the price elasticity of demand? Is it elastic or inelastic?
3. A consumer buys 160 units of a good at price of ₹8 per unit. The price falls to rupees 6 per unit. How much quantity will the consumer buy at the new price if price elasticity of demand is -2?
4. Goods with positive income elasticity of demand are called \_\_\_\_\_\_\_\_\_\_\_ goods.
5. Goods with income elasticity >1 (greater than 1) are called \_\_\_\_\_\_\_\_\_\_\_\_\_\_.
6. If the change in income leaves the quantity demanded unchanged, for example salt the income elasticity of demand will be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
7. Inferior goods are goods where the income elasticity of demand is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
8. A fall in price of coffee leads to an increase in quantity demanded for tea. Tea and coffee are called \_\_\_\_\_\_\_\_\_\_\_\_. the cross elasticity of demand for such products will be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
9. Negative cross elasticity of demand can be explained using products such as bread and butter. Bread and butter are called \_\_\_\_\_\_\_\_\_\_\_\_\_\_.
10. Zero cross elasticity of demand means that the products are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
11. The weekly demand schedule for milk in Delhi is given below.

|  |  |
| --- | --- |
| Price (Rs/Ltr) | Demand (Lakh Ltrs) |
| 9 | 18 |
| 10 | 16 |
| 11 | 14 |
| 12 | 12 |
| 13 | 10 |
| 14 | 8 |

1. Draw the weekly demand curve for milk in Delhi
2. Derive add the weekly demand function for milk in Delhi
3. What is the maximum quantity of milk that can be demanded for a week in Delhi?
4. At what price no milk will be demanded in Delhi.
5. The monthly demand schedule for rice of a family is given below.

|  |  |
| --- | --- |
| Price (Rs/Kg) | Qty Demand (Kg) |
| 10 | 30 |
| 11 | 25 |
| 12 | 21 |
| 13 | 18 |

The current price of Rice is rupees 12 Per Kg. Compute the price elasticity of demand (using arc method) for an increase in price by one rupee per Kg.