1.

a) An increase in price of Jeans will make the production of jeans more attractive. As a result, Trendz will shift its resources from shirts to jeans. It will shift the supply curve of shirt towards left.
b) The **market demand curve** is flatter than the individual demand curves as it is more elastic. For the market as a whole, the percentage change in quantity demanded will be bigger than the percentage change in price, as compared to that of individual demand curves.
c) When there are more substitutes, the product becomes more **elastic**. Despite the availability of substitutes, **iPhone** is **inelastic** because of its uniqueness.
d) Students will explain it with the help of a graph.
e) GDP_{FC} – Depreciation + NFIA +NIT = NNP_{MP}

2.a) i) Qc = 9,00,000 units

ii) Qc = 1,00, 000 – 100 Pc +2000(200) + 50(10,000) +30 (8000) -1000(80) + 3(2,00,000) +40,000 (1) = **18,00,000 – 100Pc.**

iii) Students will draw the curve assuming hypothetical values.

b) ed = 1(100 * 9000/900000)

3.

a)i) Qmdx= 10,000(12-2Px) **= 1,20,000 – 20,000 Px**

Qmsx= 1000 (20 Px) = **20,000 Px**

ii) Qmdx = Qmsx

Px= **Rs 3** Qx = **60,000 units**

iii) New equilibrium price = Px -2 when tax of Rs 2/unit is imposed and collected from each of 1000 sellers of coomodity X.

i.e. Qmdx = Qmsx

1,20,000 – 20,000 Px = 20,000 Px – 40,000

Px= 4 and new equilibrium quantity is **40,000 units**

b)

Q	MR	TR	AR	Ed
1	10	10	10	>1
2	6	16	8	
3	2	18	6	
4	2	20	5	
5	2	22	4.5	
6	0	22	3.66	==1
7	0	22	3.14	
8	0	22	2.75	
9	-5	17	1.88	<1

4.

a) F = A(F/A, 15,5) = 1,68,558 $

A= F(A/F, 15,5) = 25,956 $

b) A = $ 1000 - $ 150 (A/G, 7, 6) = $654.67

5.

a) No, this statement is wrong. A consumer achieves equilibrium when MUx/Px = MUy/Py. But if prices of Good X changes, then equilibrium condition is disturbed.

Students will explain what if MUx/Px < MUy/Py and what if MUx/Px > MUy/Py.

b) R= 12.68%

F= P (F/P, 12.68, 15) = Rs 11, 98,760.90