

Principles of Economics (English Medium) - ICOM Part 1 Economics English Medium Chapter 4 Short Questions Preparation

Q1. Write four limitations of law of supply.

Ans 1: Limitations of law of supply are as follows: 1. Need of cash in emergency. 2. In efficient means of transportation. 3. Political instability. 4. Crisis of energy resources.

Q2. What is joint supply ?

Ans 1: When two or more commodities come into existence as a result of a single process and with the same expense. For example wheat and straw, cotton and cotton seeds, meat and wool.

Q3. What is short period supply ?

Ans 1: Short period supply is the supply of goods and services which can be increased by bringing a change in the variable factors of production while some other factors of production will held constant.

Q4. Define supply and stock

Ans 1: Supply: The quantity of a product, which is offered for sale in a market at a certain price over a specific time period, is called supply of product. Stock: "Stock is the total quantity of output which producers and sellers hold".

Q5. What is market period supply ?

Ans 1: Market period supply means the supply of goods is available at least for one day or for two days, For example perishable goods such as vegetables, fruits, meat etc.

Q6. What is meant by long period supply.

Ans 1: Long period supply is the supply of output which can be increased according to existing demand. So in case of long period supply all factors of production are variable.

Q7. What is contraction of supply ?

Ans 1: Contraction of Supply: When price decreases of any commodity, its quantity supplied also decreases which represents contraction of supply.

Q8. Write five causes of change in supply.

Ans 1: 1. Change in cost of production.2. Change in Productive Techniques.3. Mean of transport.4. Weather conditions.5. Uncertain Conditions.

Q9. Define more elastic and less elastic supply.

Ans 1: More Elastic Supply:When a small change in price brings a big change in quantity supplied, it is known as more/higher elastic supply.Less Elastic Supply:When a significant change in price brings a small change in quantity supplied, it is known as less elastic supply.

Q10. Describe elasticity of supply less than unity.

Ans 1: Elasticity less than unity ($E_s < 1$):If the rate of change in quantity supplied is lesser than the rate of change in price, elasticity of suppl will be lesser than unity.
