

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

Q1.	Define Elasticity of supply (Es) and write its formula.	

**Ans 1:** Elasticity of Supply:Elasticity of supply is the ratio of percentage change in qs to percentage in price.Formula:Es = Percentage change in quantity supply / Percentage change in priceEs = Elasticity of supply

## Q2. 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.

## 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. Describe elasticity of supply less than unity.

**Ans 1:** Elasticity less than unity (Es < 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.

### Q5. What is expansion / extension and contraction of supply?

**Ans 1:** Extension and contraction-of Supply: When quantity supplied changes due to change in price only it is known as expansion and contraction of supply.

## Q6. Write down the types of supply in view of time period.

Ans 1: According to time period, there are three types of supply.

- 1. Market period supply
- 2. Short period supply
- 3. Long period supply

#### Q7. 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.

Q8. 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.

Q9. Describe elasticity of supply equal to unity.

**Ans 1:** Elasticity equal to unity (Es = 1): If the rate of change in quantity supplied is equal to the rate of change in price, elasticity of supply will be equal to unity.

Q10. Write four factors of determinants of elasticity of supply.

**Ans 1:** Factors determinants of elasticity of supply are as follows:

- 1. Change in cost of production.
- 2. Nature of goods and services.
- 3. Nature of productive techniques.
- 4. Application of laws of production.