Assignment- 03

The due date for submitting this assignment has passed. As per our records you have not submitted this assignment. 

1) The price elasticity of demand measures

- The slope of a budget curve
- How often the price of a good changes
- The responsiveness of the quantity demanded to changes in price
- None of these

No, the answer is incorrect.
Score: 0
Accepted Answers: 
The responsiveness of the quantity demanded to changes in price

2) A positive cross elasticity of demand coefficient indicates that:

- a product is an inferior good
- a product is a normal good
- two products are substitute goods
- two products are complementary goods

No, the answer is incorrect.
Score: 0
Accepted Answers: 
two products are substitute goods

3) Income elasticity of inferior goods is

- greater than one
- less than one
- zero
- equal to one

No, the answer is incorrect.
Score: 0
Accepted Answers: 
less than one
4) A tax either on consumers or on producers
- creates a deadweight loss for society as a whole
- creates a loss only to consumers
- creates a loss only to producers
- None of these

No, the answer is incorrect.
Score: 0

Accepted Answers:
creates a deadweight loss for society as a whole

5) Suppose demand for salt is perfectly inelastic. Which of the following statements is true?
- entire tax paid by a seller
- entire tax paid by a buyer
- both will share the tax burden
- none of these

No, the answer is incorrect.
Score: 0

Accepted Answers:
entire tax paid by a buyer

6) The demand function for frisbees is $Q(P, I) = 4 - 2P + I/100$, where $P$ is the price of frisbees and $I$ is income. If $I$ is 100 and $P$ is 1, what is the income elasticity of demand for frisbees?
- $1/3$
- $2/3$
- $3$
- $3/2$

No, the answer is incorrect.
Score: 0

Accepted Answers:
$1/3$

Comprehension:
The market demand for ink pens is $P=24-Q$ and the market supply is $P=4+Q$. A tax of $t=2$ INR is imposed on one unit of ink pen sold. Answer following nine questions.

7) The equilibrium quantity of ink pens before the incidence of tax is
- $Q^*=10$ units
- $Q^*=12$ units
- $Q^*=14$ units

No, the answer is incorrect.
Score: 0

Accepted Answers:
$Q^*=10$ units
8) The equilibrium price before incidence of tax is

- P=12 INR
- P=14 INR
- P=10 INR
- P=16 INR

No, the answer is incorrect.
Score: 0
Accepted Answers:
P=14 INR

9) The equilibrium quantity after the incidence of tax is

- Q*=13 units
- Q*=6 units
- Q*=8 units
- Q*=9 units

No, the answer is incorrect.
Score: 0
Accepted Answers:
Q*=9 units

10) The new price that buyer pays after incidence of tax is

- P=11 INR
- P=13 INR
- P=15 INR
- P=17 INR

No, the answer is incorrect.
Score: 0
Accepted Answers:
P=15 INR

11) The net price received by the seller after incidence of tax

- P=11 INR
- P=13 INR
- P=15 INR
- P=17 INR

No, the answer is incorrect.
Score: 0
Accepted Answers:
P=13 INR

12) The loss in consumer surplus due to incidence of tax is

- Q*=8 units

No, the answer is incorrect.
Score: 0
Accepted Answers:
Q*=10 units
13) The loss in producer surplus due to incidence of tax is
- INR 12.5
- INR 11.5
- INR 9.5
- INR 13.5

No, the answer is incorrect.
Score: 0
Accepted Answers:
INR 9.5

14) The total tax revenue is
- INR 16
- INR 18
- INR 20
- INR 14

No, the answer is incorrect.
Score: 0
Accepted Answers:
INR 18

15) Deadweight loss of tax is
- INR 4
- INR 3
- INR 2
- INR 1

No, the answer is incorrect.
Score: 0
Accepted Answers:
INR 1