



Department of Education, Sabaragamuwa/weekly school

week- August 1

Subject-Economics

Grade-12

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1. "Market demand is constructed by private demand". Explain this statement.
2. Why does the quantity demanded of a certain product become a negative function of the price of that product?
3. Use a graph to explain the changes in the price elasticity of demand and producers total revenue along a downward sloping straight lined demand curve.
4. Explain the reasons for the differences in the coefficients of price elasticity of supply of various product types.
5. The following are the demand and supply information of a certain product.

Price (Rs.)	Quantity demanded (units)	Quantity supplied (units)
16	120	40
20	100	60

- (a) Derive the demand and supply equations by using above data.
- (b) Find the equilibrium price and quantity by using the demand and supply equations.
- (c) If the government has granted a unit subsidy of Rs.10 for this product, how would be the government expenditure and consumer outlay change? Obtain solutions by applying equations.