



Department of Education, Sabaragamuwa/weekly school

week- December 3

Subject-Economics

Grade-12

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1. What factors are held constant in drawing a market supply curve?
2. Describe how the income and substitution effects explain the “law of demand”.
3. Distinguish between a price floor and a price ceiling and give an example of each.
4. Who pays most of the burden of a specific (unit) tax on producers when supply is inelastic? Explain your answer using an appropriate diagram.
5. The following equations describe the market demand and supply functions of a commodity.

$$Q_d = 100 - 4P \text{ (Demand)}$$

$$Q_s = -30 + 6P \text{ (Supply)}$$

- (a) Calculate the equilibrium price and quantity using the equations and show this equilibrium accurately on a graph.
- (b) Calculate producer surplus and consumer surplus at market equilibrium and show them on a graph.