

SHORT QUESTION

Q.1. Define demand (with example).

Demand is desire with ability and willingness to pay.

Example: Buying a book with money.

Q.2. Define law of demand (with example).

When price falls, demand rises.

Example: Cheap clothes sell more.

Q.3. Define supply (with example).

Supply is quantity offered for sale.

Example: Farmer selling wheat.

Q.4. Define law of supply (with example).

Higher price → higher supply.

Example: More vegetables supplied when prices rise.

Q.5. Trend of demand curve (with example).

Downward sloping.

Example: Lower price → more buying.

Q.6. Trend of supply curve (with example).

Upward sloping.

Example: Higher price → more selling.

Q.7. Three assumptions of law of demand (with examples).

1. Income constant – salary same
 2. Taste unchanged – same preference
 3. Substitute price same – tea price unchanged
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Q.8. Three assumptions of law of supply (with examples).

1. Cost constant – raw material price same
 2. Technology unchanged – same machines
 3. No tax change – government stable
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Q.9. Why law of supply fails when money is needed urgently?

Seller sells more even at low price.

Example: Farmer sells crops cheaply to pay debt.

Q.10. Supply schedule (with example).

Price Supply

50	5
70	10
90	15

Example: Higher price → more supply.

Q.11. Demand schedule (with example).

Price Demand

100	5
80	10
60	15

Example: Lower price → more demand.

Q.12. Law of demand (brief with example).

CH # 03
Demand & Supply

Price fall increases demand.

Example: More people buy shoes on sale.

Q.13. Law of supply (brief with example).

Price rise increases supply.

Example: Bakers bake more bread when prices rise.

Q.14. Perishable good (with example).

Goods that spoil quickly.

Example: Milk, fruits.

Q.15. Effect of transferability on law of supply (with example).

Easy transfer increases supply response.

Example: Cement is easily transported, so supply increases quickly.

LONG QUESTION

Q.1. Define demand. Explain law of demand with example and schedule.

Demand (Definition)

Demand is the **desire for a good supported by willingness and ability to pay** at a given price and time.

Example:

A student wants a mobile phone, has money, and is ready to buy it → this is demand.

Law of Demand

According to the law of demand, **when price falls, quantity demanded rises, and when price rises, quantity demanded falls**, other things remaining the same.

Demand Schedule (Example)

Price (Rs.) Quantity Demanded

100	5
80	10
60	15
40	20

Example Explanation:

When the price of apples falls from Rs.100 to Rs.40, people buy more apples.

Q.2. Define supply. Explain law of supply with example and schedule.

Supply (Definition)

Supply is the **quantity of a good that producers are willing and able to sell** at different prices.

Example:

A shopkeeper bringing more goods to market when price increases.

Law of Supply

When price increases, **quantity supplied increases**, and when price falls, **quantity supplied decreases**, other things remaining constant.

Supply Schedule (Example)

Price (Rs.) Quantity Supplied

40	5
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CH # 03
Demand & Supply

Price (Rs.) Quantity Supplied

60	10
80	15
100	20

Example Explanation:

When milk price increases, farmers supply more milk to earn higher profit.

Q.3. Define law of demand. Explain assumptions with examples.

Law of Demand

Price and quantity demanded have an **inverse relationship**.

Assumptions (with examples)

1. **Income constant**
Example: Salary does not change.
 2. **Taste unchanged**
Example: People still like tea.
 3. **No substitute price change**
Example: Coffee price remains same.
 4. **No future expectation**
Example: People don't expect price rise.
 5. **Normal goods**
Example: Rice, sugar.
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Q.4. Define law of supply. Explain assumptions with examples.

Law of Supply

Price and quantity supplied have a **direct relationship**.

Assumptions (with examples)

1. **Cost of production constant**
Example: Raw material price unchanged.
2. **Technology unchanged**
Example: Same machinery used.
3. **No government tax change**
Example: No new tax imposed.
4. **Normal conditions**
Example: No flood or strike.

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