

## C O S - Reason-Based Questions

---

**Q.1. Supply and quantity supplied are identical terms.**

**Ans.** False. Supply refers to various quantities of a commodity that the producers wish to sell at different possible prices of the commodity at a point of time. Where as quantity supplied refers to a specific quantity that the producer is willing to sell at a specific price of the commodity. Therefore, quantity supplied is just an element of supply.

**Q.2. Market supply schedule refers to supply schedule of the industry as a whole.**

**Ans.** True. Because sum total of the firms producing a particular commodity in the market is called industry. Therefore, market supply schedule, which by definition is the supply schedule of all the firms in the market producing a particular commodity, also refers to supply schedule of the industry as a whole.

**Q.3. Due to improvement of technology, the supply curve of televisions has shifted to the left.**

**Ans.** False. Due to improvement of technology, the supply curve of televisions has shifted to the right, showing greater supply at the same price.

**Q.4. If a farmer grows rice and wheat, then due to an increase in the price of wheat, the supply curve of rice shifts to the left.**

**Ans.** True. Increase in price of wheat will shift the supply curve of rice to the left. The farmer will grow less rice, as he would prefer to shift to the production of wheat.

**Q.5. When new technique of production reduces the cost of producing stainless steel, the supply curve of stainless steel utensils shifts to the right.**

**Ans.** True. A reduction in the cost of stainless steel raises the supply of stainless steel. When supply of stainless steel increases, the supply of utensils (using stainless steel as the raw material) shall increase implying a shift in supply curve of stainless steel utensils to the right.