

C O S - R & U - Very Short - Info & Con

Q.1. What is meant by supply?

Ans. Supply refers to various quantities of a commodity that a seller is willing to sell corresponding to different possible prices at a given point of time.

Q.2. What is meant by supply schedule?

Ans. Supply schedule is a table showing a relationship between price and quantity supplied of a commodity.

Q.3. What is supply curve?

Ans. Supply curve is a graphic presentation of supply schedule.

Q.4. What is meant by market supply?

Ans. Market supply is a table showing various amounts of a commodity that all the firms in the industry are willing to sell at different possible prices of that commodity.

Q.5. How is the market supply curve derived from individual supply curves?

Ans. Market supply curve is derived as a horizontal summation of individual supply curves.

Q.6. What is supply function?

Ans. The functional relationship between supply and the determinants of supply is known as supply function.

Q.7. What is meant by law of supply?

Ans. The law of supply states that, other things being equal, quantity supplied increases with increase in price and decreases with decrease in price of a commodity.

Q.8. What is meant by change in quantity supplied?

Ans. Extension or contraction of supply due to change in own price of the commodity is known as change in quantity supplied.

Q.9. What is meant by change in supply?

Ans. Increase or decrease in the supply of a commodity due to the factors other than own price is known as change in supply. While increase in supply implies a forward shift in supply curve, decrease in supply implies a backward shift in supply curve.

Q.10. What is meant by extension of supply?

Ans. When a rise in own price of a commodity leads to increase in quantity supplied of a commodity, it is called extension/expansion of supply.

Q.11. What is meant by contraction of supply?

Ans. When a fall in own price of a commodity leads to decrease in quantity supplied of a commodity, it is called contraction of supply.

Q.12. Define increase in supply.

Ans. When the quantity supplied increases due to factors other than own price of the concerned commodity, it is a situation of increase in supply.

Q.13. Define decrease in supply.

Ans. When the quantity supplied decreases due to factors other than own price of the concerned commodity, it is a situation of decrease in supply.

Q.14. What causes an upward movement along a supply curve of a commodity?

Ans. Increase in price of the commodity causes an upward movement along the supply curve of that commodity.

Q.15. What causes a downward movement along a supply curve of a commodity?

Ans. Decrease in price of the commodity causes a downward movement along the supply curve of that commodity.

Q.16. State one reason for a rightward shift in supply curve.

Ans. Due to technological improvement, supply curve shifts to the right.

Q.17. State one reason for a leftward shift in supply curve.

Ans. Due to rise in input prices, supply curve shifts to the left.

Q.18. Give two examples where technological progress leads to shift in the supply curve.

Ans. (i) e-commerce has substantially reduced the cost of marketing, causing supply curve to shift to the right.

(ii) Use of powerloom in place of handloom has enhanced productivity, lowered unit cost of production, causing shift in supply curve to the right.

Q.19. What is meant by market period?

Ans. Market period is a period when supply of a product can be increased only up to the extent of its existing stock.

Q.20. What is the nature of supply curve?

Ans. Supply curve generally slopes upward, showing a positive relationship between price and quantity supplied of a commodity.