Issued On:		Past Paper Questions [PPQs]	**7** [62 - 68]
Deadline:		Model Questions [MQs]	
Marks : Time	**1 mark** = **1 ½ Mnt**	Units - Essentials Covered	**Unit 3**

[01] 2015 A/Ls (ECON – II): Q2 (III)

Distinguish between a **price floor** and a **price ceiling** and give an example of each

[04 marks]

[02] 2017 A/Ls (ECON – II): Q2 (V)

What are the **economic consequences** of a **maximum price** for an essential consumer good imposed by the government?

[05 marks]

[03] 2009 A/Ls (ECON – I - II): Q3

The demand and supply curves for a good sold in competitive market are given by the following equations:

$$Qd = 30 - 2P \qquad Qs = -2 + 2P$$

In the equations above, Qd and Qs are the quantities demanded and supplied respectively and P is the price in rupees.

(I) Determine the equilibrium price and quantity for this market
(II) Calculate the producer surplus at equilibrium
(III) What is the price elasticity of demand at equilibrium?

[04 marks each]

(IV) Suppose the government imposes a floor price equal to Rs. 10 per unit without taking any price supportive action. What will be the excess demand or supply in the market resulting from the floor price?

[03 marks]

[04] 2008 A/Ls (ECON – I - II): Q4 (II)

The market supply and demand for lime are described by the following equations:

Supply: Qs = -10 + 20P   Demand: Qd = 50 – 10P

(Price (P) is in rupees and quantity (Q) is lime per week in millions)

(A) Draw the market supply and demand curves in a diagram
(B) What are the market equilibrium price and quantity?
(C) Suppose the government decides to offer the farmers a guaranteed price of Rs. 2.50 per lime. How much lime will the farmers supply now?
(D) What will be the market price when the total output comes to the market?

[02 marks each]

(E) How much total money will the farmers receive from the government each week?

[03 marks]

[05] 2010 A/Ls (ECON – I - II): Q3 (IV)

Assume that the market demand curve for sugar is **Qd = 260 – 3P** and the market supply curve of sugar is **Qs = -140 + 2P**

(a) Suppose the government imposes an excise tax of Rs. 5 per unit of sugar. What is the price the consumers pay for a unit of sugar after the tax is implemented

[02 marks]

(b) What is the change in consumer surplus as a result of the tax?

[04 marks]

[06] 2013 A/Ls (ECON – II): Q2 (III - V)

(III) Some of the data relevant for market demand and supply are given below:

Price (Rs)	Quantity Demanded (Qd)	Quantity Supplied (Qs)
4.00	84	12
8.00	68	44

Assuming that both demand and supply curves are linear, derive the equations for market demand and supply curves.

[04 marks]

(IV) Compute the equilibrium price and quantity using demand and supply equations

[04 marks]

(V) Assuming that the government imposes a specific tax of Rs. 3 per unit and compute the price received by the producer after the tax and the tax revenue of the government.

[04 marks]

[07] 2015 A/Ls (ECON – II): Q2 (V)

The following equation describes the market demand and supply functions of a commodity:

Qd = 100 – 4P (Demand) **Qs = -30 + 6P (Supply)**

(a) Calculated the equilibrium price and quantity using the equations and show this equilibrium accurately on a graph

[02 marks]

(b) Calculate producer surplus and consumer surplus at market equilibrium and show them on a graph

[02 marks]

Be 'Proactive & Smart'
Attempt: 'Pen on Paper'