

# Assignment

**Unit:** Eco 101 Microeconomics

**Total Marks:** This assignment is 40 marks in total (40% of the course). Each question is worth 10 marks.

**Instructions:**

1. Students are required to cover all stated requirements.
2. Your answer must be uploaded to Moodle in word file with your full name and student ID number.
3. You need to support your answers with appropriate Harvard style references where necessary.
4. Only include information in your appendixes that has been directly referred to in the body of your document.
5. Include a title/cover page containing the subject title and code and the name, student id number and name.
6. Please save the document as
7. ACC102\_B2T22016\_first name\_Surname\_Student Number  
Eg:Eco101\_B1T22018\_John\_Smith\_NA20160000

DO NOT START UNTIL INSTRUCTED TO DO SO

- 1 **Define the price elasticity of demand and the price elasticity of supply. What is the difference between elastic and inelastic demand?**
- 2 **Both the slope of the demand curve and the elasticity of demand are measures of how consumers alter their quantities demanded in response to changes in price. How are the two concepts different from each other? Given a negatively sloped straight-line demand curve, how will slope and elasticity differ? Given a vertical or horizontal demand curve, how will they differ?**
- 3 **Why is substitution the key factor in determining how elastic or inelastic a demand curve will be? Under what conditions will demand be more elastic?**
- 4 **What will happen to total revenue of a firm if it raises its price and its demand is elastic (or inelastic)?**