

National Institute of Open Schooling
Secondary Course: Economics
Lesson 10: Supply
Worksheet -10

1. If the total quantity of a commodity available with a seller/firm at a particular point of time is called stock then what is supply? Give one example each of stock and supply. Also identify the three elements of supply in your example.
2. Given below are individual supply schedules of suppliers A and B and the market supply schedule of three suppliers in the market Viz. A, B and C. Can you find the individual supply schedule of supplier C assuming there are only three suppliers in the market?

| Price of Commodity | Quantity Supplied by A | Quantity Supplied by B | Demand by Consumer C | Market Demand |
|--------------------|------------------------|------------------------|----------------------|---------------|
| 50 | 20 | 100 | ? | 200 |
| 51 | 30 | 120 | ? | 240 |
| 52 | 40 | 130 | ? | 270 |
| 53 | 50 | 150 | ? | 280 |
| 54 | 60 | 160 | ? | 300 |

3. Draw the individual supply curve for supplier C? Why is it upward sloping? Could it be downward sloping as well?
4. Supply of a commodity is influenced by a number of factors. The most prominent one at times is the price of the commodity. With an increase in price the sellers are likely to increase quantity supplied and with a decrease in price they are likely to reduce the quantity supplied. Why does this happen? Do you think price is the only driving force of supply? Explain with reasons.
5. If you are a producer or supplier of a commodity which you have been producing with the help of labor-intensive technology so far, now gets an advanced automatic machine to produce the same quantity but in lesser time. What impact does this technological change is going to have on the supply?
6. Assuming yourself to be a seller of smart phones. You sell variety of smart phones in different price ranges. One of the smart phones which was your best-selling smart phone was being sold at Rs. 20,000. You have received some information and expect that the price of this model of smart phone is going to be increased from tomorrow and now it can be sold for Rs, 22,000. How does this expectation of price change impact the supply by you? Would your supply be any different if the expectation was that the price will go down?
7. In general, supplier supplies more of products when price increases and supplies less when price decreases. Can you think of any situation where despite of a decrease in price supplier is willing to supply more quantity of products?

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8. Do you think supply is influenced by total number of sellers in the market? If yes, how?
9. If you are a manufacturer of a commodity which is taxed heavily by the government. What will you do if the government decides to lower the tax rate for your product as a result of which now have to pay less tax on the product being manufactured? Comment.
10. Suppose you are a manufacturer of sweets and you were employing various factors to produce the sweets. One of the main ingredients of sweets is sugar. How an increase in sugar price will affect the supply of sweets. Explain with reasons and give one example when an increase or decrease in cost of inputs affects supply.