

**KING SAUD UNIVERSITY**

**COLLEGE OF BUSINESS ADMINISTRATION**

**MUZAHIMIYAH BRANCH- KSA**

**Home Assignment (ECON- 101) - 1**

**Student Name:** ……...………………………………………………………………

**Student ID**……………………………… **Seq. No:** …………

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­­­­­­­­­­­­­­­­­­­­­­

**Instructions:** All questions are compulsory.

 Solve the problems in a separate paper attaching this question paper.

1. What are basic economic problems or questions?
2. What are the differences between expansion in demand and increase in demand curve?
3. Define diagrammatically- perfectly elastic demand, imperfectly elastic demand, elastic demand, inelastic demand and unitary elastic demand.
4. Given price and two demand schedules for mobile and laptop, determine their elasticity of demand using the total outlay or expenditure method:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Price | 500 | 400 | 300 | 200 | 100 |
| Qmobile | 20 | 21 | 23 | 25 | 30 |
| QLaptop | 20 | 25 | 35 | 60 | 130 |

1. Find arc elasticity of supply if price of rice rises from SR 20 to SR 25 per kg and supply increases from 20 kg to 30 kg in a month.