Name- Shivya Gupta Group - 259

1. b)

2. c)

3. b)

4. d)

Problem 1. Given $E = -3$ and a price change of -10%

$\% \Delta Q = -3 \times (-10\%) = 30\%$

Quantity demanded rises by 30%

because demand is elastic $|E| > 1$, a fall in price increases total revenue.

So, total revenue next month will rise.

Prob 2. The price must fall by 30%

because demand is inelastic $|E| < 1$, a fall in price reduces total expenditure

So total consumer expenditure on Brussels sprouts will fall after the price cut.