IGCSE ECONOMICS · 1.1 THE MARKET SYSTEM · CHAPTER 9 · PAPER 1

Price Elasticity of Supply

Topic question sheet L09 | **Total: 30 marks** | **Time: 35 minutes** | **Student Book pp. 56–62**

Instructions: answer **all** questions. Write your answers on lined paper. The marks for each question are shown in brackets: use them as a guide to how much to write.

Calculators may be used. Show your working. Draw diagrams in pencil and label them fully. The mark scheme starts on a new page: do not look at it until you have finished.

Section A: Multiple choice

One mark each. Choose **one** answer: A, B, C or D.

1 What is the PES of a straight-line supply curve that passes through the origin? **(1)**

A 0 **B** 0.5
C 1 **D** Infinity

2 The price of a product rises by 12% and quantity supplied rises by 18%. PES is: **(1)**

A 12 **B** 6
C 1.5 **D** 0.67

3 Which of the following would make supply more price elastic? **(1)**

A Producers working at full capacity **B** Goods that cannot be stored
C Plenty of spare capacity **D** A long growing season

4 A perfectly inelastic supply curve is: **(1)**

A horizontal **B** vertical
C downward sloping **D** a straight line through the origin

Section B: Short answers

Define, state, calculate, draw and explain. Show your working for calculations.

5 Define the term **price elasticity of supply**. **(1)**

6 Using the extract, calculate the PES for Kenyan avocados. You are advised to show your working. **(2)**

7 Calculate the PES for printed T-shirts. **(2)**

8 Draw a diagram showing perfectly inelastic supply. **(3)**

9 Explain why the supply of manufactured goods is usually more elastic than the supply of primary products. **(3)**

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Section C: Data response

Read the extract, then answer the questions. Use evidence from the extract in every answer.

Extract: Avocados and T-shirts in Kenya

The world price of avocados rose by 40% between 2023 and 2025. Kenyan avocado farmers increased the quantity supplied by only 8%, because new trees take three to four years to produce fruit.

Over the same period, the price that Kenyan clothing factories received for printed T-shirts rose by 10%. Several factories had spare machines and were able to increase output by 25% within weeks.

Fictional case, written for this sheet.

10 With reference to the extract, analyse why the PES for avocados is lower than the PES for T-shirts. **(6)**

11 With reference to the extract, assess whether Kenyan avocado supply will become more elastic in the future. **(9)**

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Mark scheme: Price Elasticity of Supply

How to mark: Multiple choice, Define, State: 1 mark. **What is meant by** (2): two separate parts to the definition. **Calculate**: working and answer (with units). **Draw** (3): one mark per correct labelled feature. **Explain** (3): 1 for a point, 2 for developing it in context. **Analyse** (6): knowledge 2, application 2, analysis 2. **Assess** (9) and **Evaluate** (12) are marked by levels: choose the level that best fits the whole answer. Indicative content is a guide: credit other valid points.

Section A

1 *What is the PES of a straight-line supply curve that passes through the origin? (1 mark)*

Answer: C (1). Any straight line through the origin has unitary elasticity.

2 *The price of a product rises by 12% and quantity supplied rises by 18%. PES is: (1 mark)*

Answer: C (1.5). 18 ÷ 12 = 1.5.

3 *Which of the following would make supply more price elastic? (1 mark)*

Answer: C (Plenty of spare capacity). Spare capacity allows output to rise quickly.

4 *A perfectly inelastic supply curve is: (1 mark)*

Answer: B (vertical). Quantity supplied is fixed.

Section B

5 *Define the term price elasticity of supply. (1 mark)*

The responsiveness of quantity supplied to a change in price (1).

6 *Using the extract, calculate the PES for Kenyan avocados. You are advised to show your working. (2 marks)*

Working: 8% ÷ 40% (1).

Answer: 0.2 (1).

7 *Calculate the PES for printed T-shirts. (2 marks)*

Working: 25% ÷ 10% (1).

Answer: 2.5 (1).

8 *Draw a diagram showing perfectly inelastic supply. (3 marks)*

Diagram: axes labelled price and quantity (1); vertical supply curve (1); labelled PES = 0 or fixed quantity shown (1).

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9 *Explain why the supply of manufactured goods is usually more elastic than the supply of primary products. (3 marks)*

Point: factories can increase output quickly (1).

Development: by working overtime or using spare machines (1), whereas crops take months or years to grow (1).

Section C

10 *With reference to the extract, analyse why the PES for avocados is lower than the PES for T-shirts. (6 marks · K2 · Ap2 · An2)*

Knowledge (2): time and spare capacity affect PES; primary vs manufactured goods.

Application (2): avocado PES 0.2 (new trees take 3–4 years); T-shirt PES 2.5 (spare machines, output up 25% in weeks).

Analysis (2): farmers cannot grow more fruit until new trees mature, so a large price rise brings little extra supply; factories with idle machines can respond at once.

Knowledge 2 · Application 2 · Analysis 2.

11 *With reference to the extract, assess whether Kenyan avocado supply will become more elastic in the future. (9 marks · levels)*

Yes: in 3–4 years new trees will produce fruit; high prices give farmers an incentive to plant; investment in storage (cold chains) and irrigation.

No: land and water may be limited; disease or weather may limit yields; prices may fall back before new trees mature, discouraging planting.

Judgement: supply becomes more elastic in the long run as time allows adjustment, but stays inelastic in the short run; depends on investment and prices staying high.

Levels: L1 1–3 (points listed, little use of the data) · L2 4–6 (developed points, some use of the data, limited evaluation) · L3 7–9 (developed points on both sides using the data, with a supported judgement).

Original practice questions written in the style of the Pearson Edexcel International GCSE Economics (4EC1) papers. This is not an official paper. Unless a source is given, the firms, countries and figures are fictional and made up for practice.

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