**Total marks: 10**

**Total Time: 10 min**

**Q1. Fill in the blanks:**

a) When demand is elastic, an increase in price causes quantity demanded to ............... and total revenue to ................. (1)

b) When demand is inelastic, a decrease in price causes quantity demanded to ............... and total revenue to................ (1)

c) If price falls and total revenue falls, demand must be................ (1)

d) If price rises and total revenue stays the same, demand must be................ (1)

e) If price rises and total revenue rises, demand must be................ (1)

**Q2. Answer the following questions:**

a) What is meant by ‘price elasticity of demand’? (1)

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b) Identify and explain two methods of pricing. (4)

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