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3 The table shows the estimated price elasticity of demand for different car types in Norway.

Car type	Price elasticity of demand
Diesel	−0.99
Petrol	−1.08
Electric	−1.27

Which **one** of the following can be deduced from the table?

- ☒ **A** Demand for all three car types is price inelastic
- ☒ **B** Demand for all three car types is price elastic
- ☒ **C** An increase in the price of diesel cars will result in an increase in the total revenue for diesel car manufacturers
- ☒ **D** An increase in the price of electric cars will result in an increase in the total revenue for electric car manufacturers

(Total for Question 3 = 1 mark)

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1 Which **one** of the following statements is a consequence of diminishing marginal utility?

- ☒ **A** Total utility will rise at a faster rate as more of a product is consumed
- ☒ **B** The supply curve for a product will slope upwards
- ☒ **C** The demand curve for a product will slope downwards
- ☒ **D** Total utility will rise at a constant rate as more of a product is consumed

(Total for Question 1 = 1 mark)

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3 The table shows the estimated price elasticity of demand for railway tickets for use on underground trains in selected Mexican cities in 2020.

City	Price elasticity of demand
Guadalajara	−0.32
Mexico City	−0.25
Monterrey	−0.23

(Source adapted from: https://www.nber.org/system/files/working_papers/w28244/w28244.pdf)

Which **one** of the following can be deduced from the table?

☒ **A** The demand for railway tickets in Guadalajara is price elastic

☒ **B** A decrease in the price of railway tickets in Mexico City will decrease total revenue

☒ **C** An increase in the price of railway tickets in Monterrey will decrease total revenue

☒ **D** The demand for the railway tickets in all three cities will decrease in response to an increase in income

(Total for Question 3 = 1 mark)

11 The table shows the total utility gained by Luca as he increases the number of drinks he consumes in one day.

Number of drinks	Total utility	Marginal utility
1	15	
2	32	
3	52	
4	73	
5	85	
6	90	

Explain how the above table may be used to illustrate the concept of diminishing marginal utility. Use the last column in the table to show your workings.

10 In February 2021, British Gas increased the price of gas by 22%. As a result, the number of British Gas customers decreased by 350 000 to 17 000 000.

Ceteris paribus, calculate the price elasticity of demand for gas from British Gas. Show your workings.

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11 Between January 2020 and May 2020 the price of bananas charged by retailers in the USA increased from $1.17 to $1.30 per kg. This was mainly caused by increased costs of transportation from banana growers to markets in North America.

Explain the likely impact of this change in price on consumer surplus.

Illustrate your answer with a diagram.

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10 In September 2017, Centrica increased the price of gas and electricity by 12.5%. Before the price rise Centrica had 12 800 000 customers but this fell by 800 000 after the price increase.

Ceteris paribus, calculate the price elasticity of demand for gas and electricity from Centrica. Show your workings.