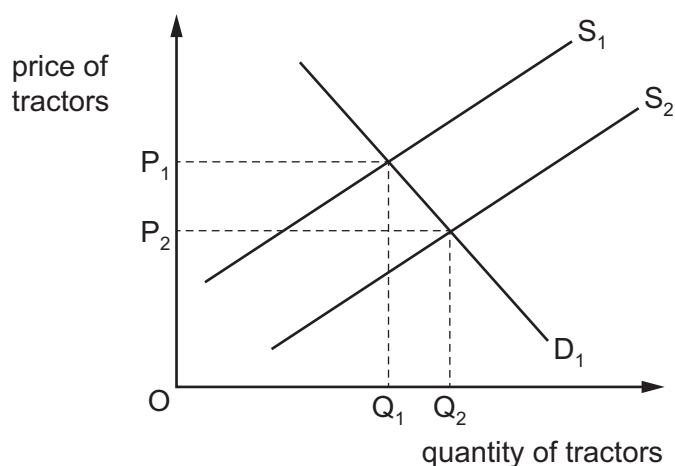
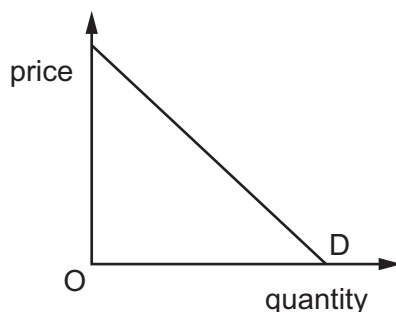


- 5 India is one of the largest producers of tractors in the world.  $S_1$  and  $D_1$  are the original supply and demand curves for Indian tractors.



What would cause the supply curve to move to  $S_2$ ?

- A a rise in the incomes of Indian farmers
  - B a rise in the price of electricity paid by Indian tractor manufacturers
  - C a rise in the price of tractors produced in the US
  - D a rise in the productivity of workers in Indian tractor factories
- 6 The diagram shows the demand curve for a product.



Which statement is correct?

- A Consumer expenditure on the product always rises when price falls.
- B Demand is less elastic at higher prices than at lower prices.
- C Price elasticity of demand differs at every price.
- D Price elasticity of demand equals one at every price.