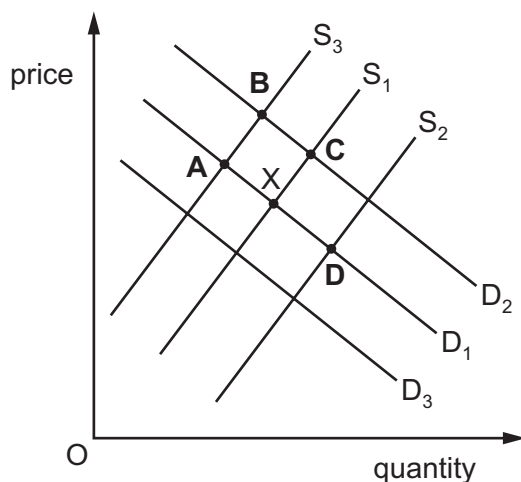
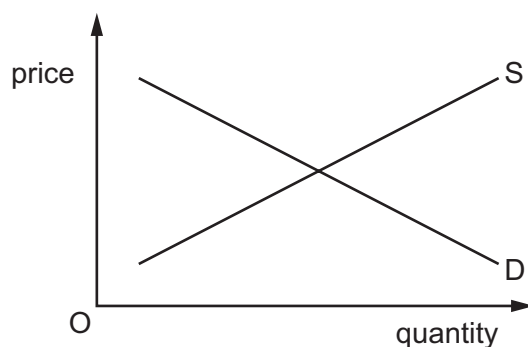


11 The diagram shows supply and demand for a good. The original equilibrium is X.

What will be the new equilibrium if subsidies are given to firms for new machinery?



12 The diagram shows the market for a normal good.



What is likely to cause both demand and supply curves to shift to the right?

- A** a fall in the price of the good and a fall in the rate of indirect tax on the good
- B** a rise in the price of a complementary good and an increase in the number of firms in the industry
- C** a rise in the price of a substitute good and a fall in the price of a raw material used in the production of the good
- D** an improvement in production techniques and a fall in the incomes of consumers