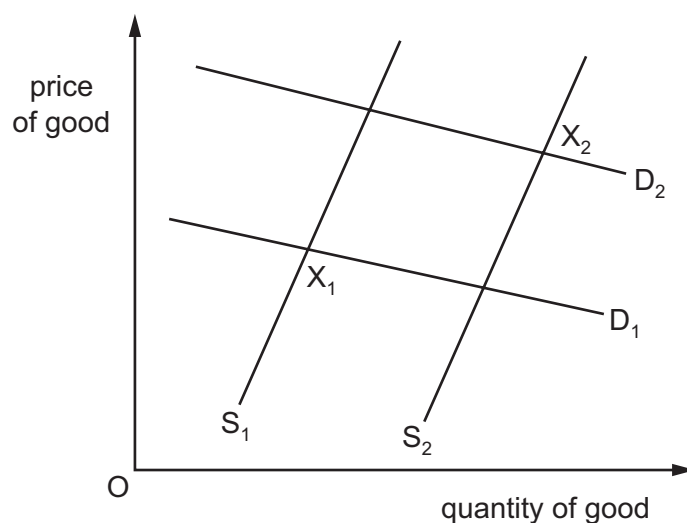


- 6 D_1 and S_1 are the initial demand and supply curves for a normal product. They then change to D_2 and S_2 .



Which pair of changes would result in the market equilibrium for the product changing from X_1 to X_2 ?

- A** a fall in the price of a raw material used in the manufacturing and a decrease in the price of a complementary good
- B** an increase in average consumer incomes and an increase in the level of an indirect tax imposed
- C** an increase in the price elasticity of demand for the product and a fall in its price elasticity of supply
- D** a rise in the population and an increase in the price of labour used in manufacturing
- 7 The table gives a set of price and cross-price elasticities for four commodities, W, X, Y and Z.

with respect to price of	elasticity of demand for commodity			
	W	X	Y	Z
W	-0.3	-0.5	+0.7	-1.3
X	-0.7	-1.2	+0.8	+1.6
Y	+1.3	+1.7	-3.6	+0.8
Z	-2.7	+2.6	+1.7	-0.7

Which pairs of commodities are complements?

- A** W and X; W and Z
- B** W and Y; X and Y
- C** W and Z; X and Z
- D** X and Y; X and Z