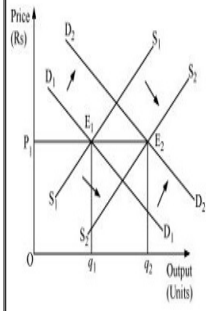
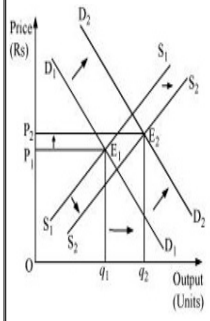
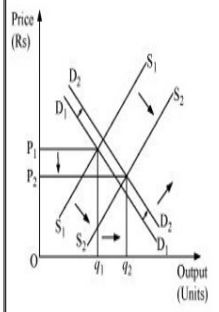
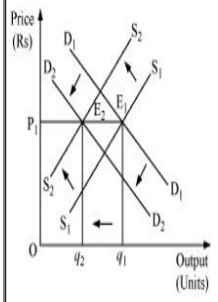
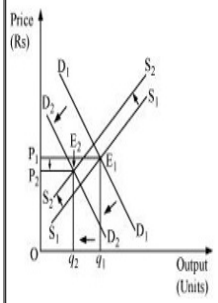
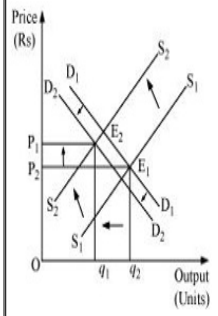
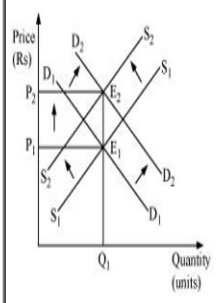
Q16. How are the equilibrium price and quantity affected when
(a) both demand and supply curves shift in the same direction?
(b) demand and supply curves shift in opposite directions?
Ans:

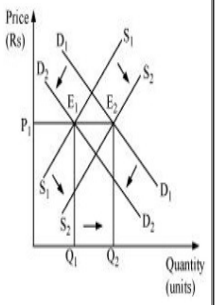
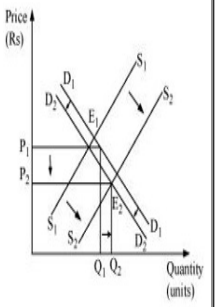
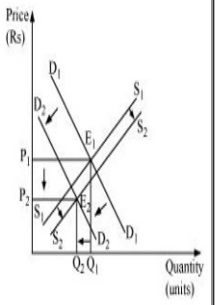
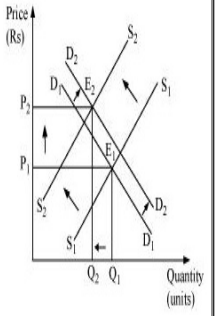
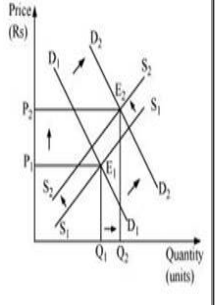
(a) **both demand and supply curves shift in the same direction**

Cases	Equilibrium Price	Equilibrium Quantity	Figure
1) Increase in Dd = Increase in supply	Unchanged	Increases	
2) Increase in Dd more than increase SS	Increases	Increases	
3) Increase in Dd less than increase in SS	Falls	Increases	

4) Decrease in Dd = decrease in SS	Unchanged	Falls	
5) Decrease in Dd more than decrease in SS	Falls	Falls	
6) Decrease in Dd less than decrease in SS	Increases	Falls	

(b) demand and supply curves shift in opposite direction

Cases	Equilibrium Price	Equilibrium Quantity	Figure
1. Increase in Dd = decrease in SS	Increase	Unchanged	

2. Decrease in Dd = increase in SS	Unchanged	Increase	
3. Decrease in Dd < increase in supply	Decrease	Increase	
4. Decrease in Dd > increase in supply	Decrease	Decrease	
5. Increase in Dd < decrease in SS	Increase	Decrease	
6. Increase in Dd > decrease in SS	Increase	Increase	

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