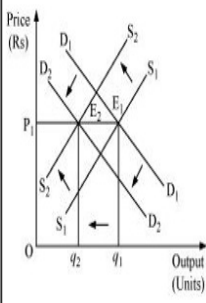
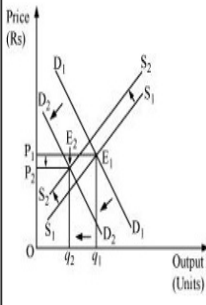
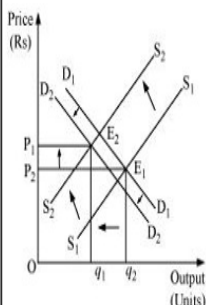




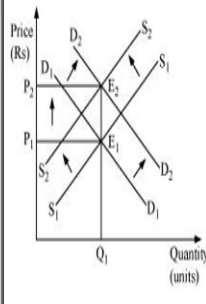
Q16. How are the equilibrium price and quantity affected when
 (a) both demand and supply curves shift in the same direction?
 (b) demand and supply curves shift in opposite directions?
 Ans:

(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	<p>The graph shows a coordinate system with Price (Rs) on the vertical axis and Output (Units) on the horizontal axis. There are two downward-sloping demand curves, D_1 and D_2, and two upward-sloping supply curves, S_1 and S_2. Arrows indicate a rightward shift from D_1 to D_2 and from S_1 to S_2. The initial equilibrium E_1 is at the intersection of D_1 and S_1, with price P_1 and quantity q_1. The new equilibrium E_2 is at the intersection of D_2 and S_2, with the same price P_1 and a higher quantity q_2.</p>
2) Increase in Dd more than increase SS	Increases	Increases	<p>The graph shows a coordinate system with Price (Rs) on the vertical axis and Output (Units) on the horizontal axis. There are two downward-sloping demand curves, D_1 and D_2, and two upward-sloping supply curves, S_1 and S_2. Arrows indicate a rightward shift from D_1 to D_2 and from S_1 to S_2. The initial equilibrium E_1 is at the intersection of D_1 and S_1, with price P_1 and quantity q_1. The new equilibrium E_2 is at the intersection of D_2 and S_2, with a higher price P_2 and a higher quantity q_2.</p>
3) Increase in Dd less than increase in SS	Falls	Increases	<p>The graph shows a coordinate system with Price (Rs) on the vertical axis and Output (Units) on the horizontal axis. There are two downward-sloping demand curves, D_1 and D_2, and two upward-sloping supply curves, S_1 and S_2. Arrows indicate a rightward shift from D_1 to D_2 and from S_1 to S_2. The initial equilibrium E_1 is at the intersection of D_1 and S_1, with price P_1 and quantity q_1. The new equilibrium E_2 is at the intersection of D_2 and S_2, with a lower price P_2 and a higher quantity q_2.</p>

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 D_d = increase in S_s	Unchanged	Increase	
3. Decrease in D_d < increase in supply	Decrease	Increase	
4. Decrease in D_d > increase in supply	Decrease	Decrease	
5. Increase in D_d < decrease in S_s	Increase	Decrease	
6. Increase in D_d > decrease in S_s	Increase	Increase	

***** END *****