

Sol 6

Given

$$Ped = (-) 2$$

P

10

8

falls  
from ↓

To find  $\rightarrow$  %  $\Delta$  in qty dd

$$Ped = \frac{\% \Delta \text{ in qty dd}}{\% \Delta \text{ in price}}$$

$$\% \Delta \text{ in price} = \frac{\Delta P}{P_{\text{original}}} \times 100 = \frac{2}{10} \times 100 = 20\%$$

New formula

$$2 = \frac{\% \Delta \text{ in qty dd}}{20\%}$$

$$\% \Delta \text{ in qty dd} = 40\%$$

Since there is a fall in price, as per the law of demand, percentage change in quantity demanded increases by 40%