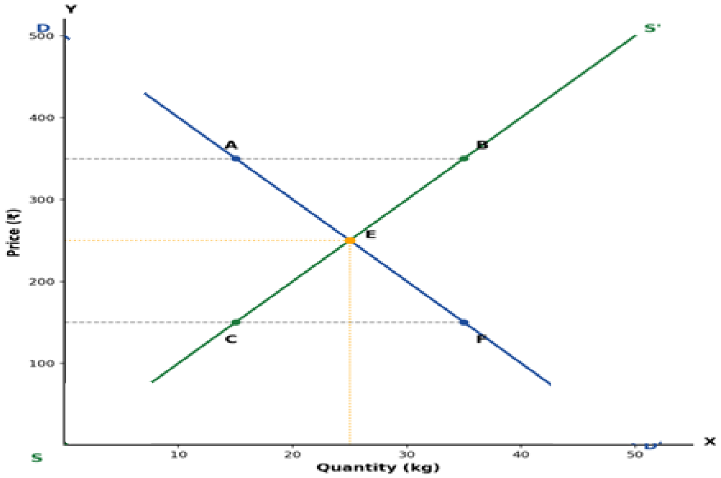
INDIAN SCHOOL AL WADI AL KABIR

Class: IX	**Department: Social Science**	**Sub: Economics**
Chapter-9 **Worksheet:9**	**Topic: The Price Puzzle: What Drives the Market**	**Year: 2026-27**

1	**When the price of apples rises, the quantity demanded falls. This relationship is known as:** A. Law of Supply **B. Law of Demand** C. Law of Equilibrium D. Law of Diminishing Utility
2	**Tea and coffee are examples of:** A. Complementary goods B. Inferior goods C. Public goods **D. Substitute goods**
3	**Market demand is:** A. The demand of the richest consumer in the market B. The average of all individual demands **C. The sum of individual demands of all consumers at a given price** D. The demand for luxury goods only
4	**The market demand curve is flatter than an individual demand curve because:** **A. Market demand aggregates many consumers, so the same price change causes a larger total quantity response** B. Market prices are always lower C. Individual consumers do not respond to price changes D. Market demand curves are drawn to a different scale
5	**Law of Supply states that:** A. As price increases, quantity demanded also increases. B. As price decreases, quantity supplied also increases. C. As price increases, quantity supplied is constant. **D. As price increases, quantity supplied also increases.**
6	**If the price is set below the equilibrium price, the market will experience:** A. Excess supply **B. Excess demand** C. No change D. A fall in demand
7	**During COVID-19, mask demand surged. Prices rose sharply because:** A. Supply immediately exceeded demand B. Demand equals supply **C. Demand rose faster than supply** D. Consumers stopped buying

<table>
<tr><td>8</td><td>Which government intervention is most appropriate to prevent exploitation by monopolies?
A. Increase imports only
B. Remove all regulations
C. Regulate prices and market practices
D. Ban production</td></tr>
<tr><td>9</td><td>An electronics store notices that customer visits have dropped significantly a few weeks before the Diwali festival. This situation best illustrates that:
A. Present demand increases due to future price expectations.
B. Present demand decreases because consumers expect lower future prices.
C. Supply decreases due to lower production.
D. Demand remains unaffected by future expectations.</td></tr>
<tr><td>10</td><td>

a. What does point E represent in this market?
Ans: Point E represents the market equilibrium, where the quantity demanded equals the quantity supplied.

b. What is the equilibrium price and equilibrium quantity at point E?
Ans: Equilibrium price = ₹250; Equilibrium quantity = 25 kg.

c. Point A lies on DD'. Point B lies on SS'. What do the points A and B indicate about demand and supply? What does the gap between A and B (both on the upper dashed price line) represent?
Ans: Point A shows quantity demanded and point B shows quantity supplied. Since quantity supplied is greater than quantity demanded, the gap between A and B represents excess supply.

d. Point F lies on DD'. Point C lies on SS'. What do the points F and C indicate about demand and supply? What does the gap between C and F (both on the lower dashed price line) represent?
Ans: Point C shows quantity supplied and point F shows quantity demanded. Since quantity demanded is greater than quantity supplied, the gap between C and F represents excess demand.

e. If the price stays at the lower dashed line, what could happen next in a free market?
Ans: Since demand exceeds supply at this price, buyers will compete for the limited quantity available, pushing the price upward until it moves back toward the equilibrium price of ₹250.</td></tr>
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11	**Assertion and Reason:** In the question given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option: **Assertion (A):** Market equilibrium, once reached, remains fixed forever in the real world. **Reason (R):** Real-world markets are dynamic and constantly adjust to changing conditions such as weather, technology, and income. **Options:** **A.** Both A and R are true and R is the correct explanation of A. B. Both A and R are true but R is not the correct explanation of A. C. A is true but R is false. D. **A is false but R is true.**
12	**Assertion and Reason:** In the question given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option: **Assertion (A):** Heavy regulation and price controls increase incentives to invest in new ideas or better technology. **Reason (R):** When prices are fixed below market levels, producers may lose motivation to supply goods, leading to shortages. **Options:** A. Both A and R are true and R is the correct explanation of A. B. Both A and R are true but R is not the correct explanation of A. C. A is true but R is false. **D. A is false but R is true.**
13	**Read the source given below and answer the questions that follow:** Hotels do not charge the same price for rooms all the time. A hotel in Goa charges ₹1,500 per night on an off-season weekday, ₹8,000 per night on a weekend during the tourist season, and ₹25,000 per night on New Year's Eve. If a group tour cancels its booking, the hotel may reduce its tariff by 40 per cent overnight to quickly fill empty rooms. These changes depend on factors such as how fast rooms are getting booked, tariffs charged by nearby hotels, festivals or events in the area, weather forecasts, and past booking trends**.** **13.1. Why does the hotel charge a much higher tariff on New Year's Eve compared to an off-season weekday?** **Ans:** On New Year's Eve, demand for rooms is very high while the number of rooms (supply) remains fixed, so the price rises sharply to balance demand and supply. **13.2. What economic concept does this example best illustrate?** **Ans:** It illustrates that market equilibrium is dynamic because prices change according to changes in demand and supply rather than remaining fixed at one equilibrium. **13.3. Name other factors, other than season, that influence the hotel's pricing decisions as mentioned in the passage.** **Ans:** The other factors are tariffs charged by nearby hotels, festivals, events in the area, weather forecasts, number of days left before arrival, past booking trends.