# 📘 Class 9 Social Science – Chapter 9 NCERT Textbook Solutions

## The Price Puzzle: What Drives the Market

**Book:** *Understanding Society: India and Beyond – Grade 9, Part 1*
**Session:** 2026–27

Chapter 9 introduces **demand, supply, market equilibrium, substitute and complementary goods, and the role of government in markets**.

Below are the solutions to the **textbook Questions and Activities**, following the chapter's concepts and terminology.

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## 📝 Q1. An increase in income always leads to a rise in demand for goods. Defend or refute, giving reasons.

### ✅ Answer:

The statement should be **refuted**.

An increase in income does not necessarily increase demand for **every** good.

For **normal goods**, higher income generally increases demand because consumers have greater purchasing power.

However, for some **inferior goods**, demand may decrease when income rises. Consumers may switch from cheaper alternatives to better-quality products.

For example, a person whose income increases may move from a low-cost product to a higher-quality alternative.

Therefore, income is an important factor affecting demand, but an increase in income does **not always lead to an increase in demand for all goods**.

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# 📝 Q2. If petrol prices double, what happens to:

### a. Demand for diesel cars

Demand for diesel cars is likely to **increase**, as some consumers may consider diesel vehicles a substitute for petrol vehicles.

### b. Demand for electric cars

Demand for electric cars is likely to **increase**, as consumers may shift towards alternatives to petrol-powered vehicles.

### c. Demand for car accessories

Demand for accessories specifically associated with petrol cars may **decrease** if consumers shift away from petrol vehicles.

### d. Demand for public transport

Demand for public transport is likely to **increase**, as travelling in petrol-powered private vehicles becomes more expensive.

### ⭐ Key concept:

When the price of one good changes, it can affect the demand for **related goods**, especially **substitutes and complementary goods**.

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# 📝 Q3. A farmer installs drip irrigation that reduces water use by 40% and increases yield by 30%. How does this affect:

### a. Cost of production

The initial installation requires investment, but after installation the farmer uses less water and may require fewer resources per unit of output.

Because yield also increases, the **cost per unit of output can decrease**.

### b. Willingness to supply at different prices

With improved productivity and lower cost per unit, the farmer can supply a **larger quantity at different market prices**.

### c. Overall market supply if many farmers adopt this technology

If many farmers adopt drip irrigation, overall production can increase and the **market supply curve shifts to the right**.

This means:

📈 Quantity supplied increases
📉 Equilibrium price may fall
📈 Equilibrium quantity may increase

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# 📝 Q4. During online festival sales, prices of many products are very low. Explain using demand and supply.

### ✅ Answer:

During festival sales, sellers may reduce prices to:

- 🛍️ Attract more customers
- 📦 Clear accumulated inventory
- 💰 Increase sales volume
- 🏪 Compete with other sellers

When the price is reduced, **quantity demanded generally increases** according to the Law of Demand.

Consumers benefit because they can purchase goods at lower prices.

Sellers can also benefit because higher sales may:

- Clear old stock.
- Increase total sales revenue.

- Attract new customers.
- Increase sales of related products.

However, a price deliberately fixed below the equilibrium price without an increase in supply can result in **excess demand or shortage**.

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# 📝 Q5. Suppose the government sets a maximum sale price for an essential vaccine below the market-driven price. What is likely to happen?

### ✅ Correct Answer:

### b. Shortage ✔️

When the government fixes a **maximum price below the equilibrium price**, it is a **binding price ceiling**.

At the lower price:

📈 Quantity demanded increases
📉 Quantity supplied decreases

Therefore:

**Quantity demanded > Quantity supplied**

This creates a **shortage** of the vaccine.

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# 📝 Q6. The government levies higher taxes on products such as tobacco and alcohol to promote healthier choices. Can

# you find other goods where price controls have been set? What are the reasons?

### ✅ Answer:

Governments may regulate the prices of certain essential goods and services.

Examples include:

💊 **Essential medicines** – to keep important medicines affordable.

⚡ **Electricity and public utilities** – to protect consumers where services are essential.

🚌 **Public transport** – to keep transportation affordable.

🍚 **Essential food items** – to protect vulnerable consumers.

### Reasons for price controls:

- 👨‍👩‍👧 Protect consumers.
- 💰 Keep essential goods affordable.
- ⚖️ Promote social welfare.
- 🛡️ Prevent unfair pricing.
- 🏥 Ensure access to essential goods and services.

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# 📝 Q7. Can excessive government regulation hurt markets? Explain with suitable examples.

### ✅ Answer:

**Yes. Excessive government regulation can hurt markets.**

Some regulation is necessary to protect consumers, workers and public welfare. However, excessive regulation may:

### 💰 Reduce incentives for producers

If prices are kept artificially low, producers may have less incentive to produce.

### 📉 Create shortages

A price ceiling below equilibrium can cause quantity demanded to exceed quantity supplied.

### 📝 Increase compliance costs

Too many licences, permits and complicated procedures can make it difficult and expensive for businesses to operate.

### 💡 Discourage innovation

Heavy regulation can reduce incentives for businesses to invest in new technologies and production methods.

Therefore, government regulation should aim to **correct market problems without unnecessarily restricting productive economic activity**.

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# 📝 Q8. Different prices of guava are given.

The textbook asks students to:

**a.** Decide how much guava they would buy at each price.
**b.** Ask three friends and complete the table.
**c.** Draw individual and total demand graphs.

### ✍️ Sample Answer

| Price of Guava | You | Friend 1 | Friend 2 | Friend 3 | Total |
|---|---|---|---|---|---|
| ₹100/kg | 1 kg | 0 kg | 1 kg | 2 kg | 4 kg |
| ₹80/kg | 2 kg | 1 kg | 2 kg | 3 kg | 8 kg |
| ₹50/kg | 3 kg | 2 kg | 3 kg | 4 kg | 12 kg |
| ₹20/kg | 5 kg | 4 kg | 5 kg | 6 kg | 20 kg |

This is a **sample response** because the actual quantities depend on the students surveyed.

### 📉 Observation:

As the price falls:

**Quantity demanded generally increases.**

This demonstrates the **Law of Demand**.

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# 📝 Q9. Visit the nearby vegetable market.

## a. Who decides the prices of different vegetables?

Prices are mainly determined by the **interaction of demand and supply**.

Sellers also consider:

- Wholesale prices
- Transportation costs
- Availability
- Weather
- Consumer demand
- Competition

Therefore, there is usually **no single person who decides the market price**.

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## b. Why are prices sometimes too high and sometimes too low?

Vegetable prices change because demand and supply keep changing.

### Prices may rise when:

📉 Supply falls
🌧️ Bad weather damages crops
🚚 Transportation is disrupted
🌱 Production is low
📈 Demand increases

### Prices may fall when:

📈 Supply increases
🌾 There is a large harvest
📉 Demand decreases

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### c. Why may tomato prices fall from morning to evening?

Tomatoes are **perishable goods**.

If sellers still have tomatoes near the end of the day, they may reduce prices to encourage customers to buy the remaining stock rather than risk spoilage and losses.

Thus, prices can fall as sellers try to clear their inventory before the market closes.

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## 📝 Q10. Categorise the following into substitute and complementary goods.

### 🟢 Substitute Goods

Goods that can satisfy a similar want and can replace each other.

- 💻 **Laptop and computer**
- ❄️ **Air conditioner and cooler**
- 🍎 **Apple and banana**

### 🟠 Complementary Goods

Goods that are generally used together.

- 🎬 **Movie ticket and popcorn**
- ✏️ **Eraser and pencil**
- 📓 **Notebook and pen**
- 📱 **Mobile and earphones**

### ⭐ Final classification:

| Substitute Goods | Complementary Goods |
|---|---|

| | |
|---|---|
| Laptop & computer | Movie ticket & popcorn |
| Air conditioner & cooler | Eraser & pencil |
| Apple & banana | Notebook & pen |
| | Mobile & earphones |

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# 📊 Q11. Fig. 9.8 shows the demand curve DD' and supply curve SS'.

## a. What does point E represent?

**Point E represents the market equilibrium.**

At this point:

**Quantity Demanded = Quantity Supplied**

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## b. What is the equilibrium price and equilibrium quantity at point E?

According to the figure:

💰 **Equilibrium Price = ₹30**

📦 **Equilibrium Quantity = 300 kg**

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## c. What do points A and B indicate? What does the gap represent?

**Point A** lies on the demand curve and represents the quantity demanded at the higher price.

**Point B** lies on the supply curve and represents the quantity supplied at that price.

At the higher price:

**Quantity Supplied > Quantity Demanded**

Therefore, the gap between A and B represents:

### 📦 Excess Supply / Surplus

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## d. What do points F and C indicate? What does the gap represent?

**Point F** on DD' represents quantity demanded at the lower price.

**Point C** on SS' represents quantity supplied at the lower price.

At the lower price:

**Quantity Demanded > Quantity Supplied**

Therefore, the gap between C and F represents:

### ⚠️ Excess Demand / Shortage

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## e. If the price stays at the lower dashed line, what could happen next in a free market?

At the lower price there is a **shortage** because demand is greater than supply.

Buyers compete for the limited quantity available.

This creates upward pressure on the price.

Therefore, the price would tend to **rise towards the equilibrium price**, where quantity demanded and quantity supplied become equal.

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# 🧠 Chapter 9 Quick Revision

## 📉 Law of Demand

**Price ↑ → Quantity Demanded ↓**

**Price ↓ → Quantity Demanded ↑**

## 📈 Law of Supply

**Price ↑ → Quantity Supplied ↑**

**Price ↓ → Quantity Supplied ↓**

## ⚖️ Market Equilibrium

**Quantity Demanded = Quantity Supplied**

## 📦 Surplus

**Supply > Demand**

## ⚠️ Shortage

**Demand > Supply**

## 🔄 Substitute Goods

One good can replace another.

**Example:** AC ↔ Cooler

## 🔗 Complementary Goods

Goods are generally used together.

**Example:** Notebook + Pen

## 🏛️ Government Intervention

Government may intervene to:

- Protect consumers
- Correct market failures
- Provide public goods
- Regulate prices where necessary
- Promote social welfare

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# 📌 Important Concepts from Chapter 9

| Concept | Meaning |
| --- | --- |
| 📉 **Demand** | Quantity consumers are willing and able to buy |
| 📈 **Supply** | Quantity producers are willing and able to sell |
| ⚖️ **Equilibrium** | Point where demand equals supply |
| 📦 **Surplus** | Quantity supplied exceeds quantity demanded |
| ⚠️ **Shortage** | Quantity demanded exceeds quantity supplied |
| 🔄 **Substitute Goods** | Goods that can replace each other |
| 🔗 **Complementary Goods** | Goods generally used together |
| 💰 **Price Ceiling** | Maximum price set by government |
| 📊 **Demand Curve** | Shows relationship between price and quantity demanded |
| 📈 **Supply Curve** | Shows relationship between price and quantity supplied |