Class 9 Social Science Chapter 9: The Price Puzzle: What Drives the Market - Notes, Important Questions and MCQs (2026-27)

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These Class 9 Social Science Chapter 9 notes cover “The Price Puzzle: What Drives the Market” from the new NCERT textbook Understanding Society: India and Beyond (Part 1, 2026-27): demand and the law of demand, factors affecting demand, supply and the law of supply, factors affecting supply, market equilibrium, dynamic pricing, and why and how the government intervenes through price ceilings and floors – with tables, Q&A, 10 MCQs and a free PDF.

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Chapter Overview

Why are mangoes costly at the start of the season and cheap in the middle? Why does the same flight ticket have different prices? Prices are set by the interaction of demand (what buyers are willing and able to buy) and supply (what sellers are willing and able to offer).

When quantity demanded equals quantity supplied, the market reaches equilibrium. Markets keep adjusting as weather, trends, income and technology change. When markets fail – for example, essentials become unaffordable or a few sellers dominate – the government steps in, though too much regulation can also cause problems.

Important Topics and Concepts

Demand and the Law of Demand

- Demand: quantity of a good consumers are willing and able to buy at different prices in a given period.
- Law of Demand: other things remaining the same, as price falls, quantity demanded rises (inverse relation).
- A demand schedule lists prices and quantities; a demand curve slopes downward.
- Market demand = sum of all individual demands.

Determinants of Demand

- Price of the good itself.
- Income of consumers – higher income usually raises demand.
- Prices of related goods – substitutes (tea and coffee) and complements (pen and ink).
- Tastes and preferences, seasonality, future price expectations and population size.

Supply and the Law of Supply

- Supply: quantity sellers are willing and able to offer at different prices.
- Law of Supply: as price rises, quantity supplied rises (direct relation); supply curve slopes upward.
- Example: at the start of mango season supply is low and prices high; mid-season supply rises and prices fall.

Determinants of Supply

- Price of the good and prices of related goods (a farmer may switch from wheat to a crop with higher price).
- Number of sellers and technology.
- Cost of inputs (seeds, fuel, wages).
- Future expectations, government policies and weather.

Market Equilibrium

- Equilibrium is where the demand and supply curves intersect: quantity demanded = quantity supplied.
- Above equilibrium price → surplus → price falls; below it → shortage → price rises.
- Dynamic pricing: hotels and airlines change tariffs with demand – higher in peak seasons and festivals.
- Markets constantly move to new equilibria as conditions change.

Government Intervention

- Price ceiling: maximum legal price, e.g. on essential medicines, to prevent overcharging.
- Price floor: minimum legal price, e.g. minimum wage for workers (and minimum support prices for crops).
- Government also acts against hoarding and black-marketing (e.g. sanitiser overpricing during COVID-19) and against monopolies.
- Limits: excessive control can cause shortages, black markets or reduce supply.

Equilibrium Worked Example

Illustrative schedule.

Price (₹/kg)	Quantity demanded (kg)	Quantity supplied (kg)	Situation
20	100	40	Shortage
30	80	60	Shortage
40	70	70	Equilibrium
50	55	85	Surplus
60	40	100	Surplus

Demand vs Supply

Basis	Demand	Supply
Who	Buyers / consumers	Sellers / producers
Relation with price	Inverse	Direct
Curve	Downward sloping	Upward sloping
Key factors	Income, related goods, tastes, expectations, population	Input costs, technology, sellers, related goods, weather

Important Definitions and Terms

Term	Meaning
Demand	Quantity buyers are willing and able to buy at various prices
Law of Demand	Price and quantity demanded move in opposite directions
Supply	Quantity sellers are willing and able to sell at various prices
Law of Supply	Price and quantity supplied move in the same direction
Substitutes	Goods used in place of each other
Complements	Goods used together
Equilibrium	Point where demand equals supply
Shortage	Demand exceeds supply at a price
Price ceiling	Maximum price fixed by the government
Price floor	Minimum price fixed by the government

Short Answer Questions

Q1. State the law of demand.

Other things remaining the same, quantity demanded rises when price falls and falls when price rises.

Q2. Give an example of substitute goods and complementary goods.

Q3. Why are mangoes expensive at the beginning of the season?

Supply is low while demand is high, so the price is high.

Q4. State the law of supply.

Other things remaining the same, quantity supplied rises when price rises.

Q5. What is market equilibrium?

The situation where quantity demanded equals quantity supplied at a particular price.

Q6. What happens when price is above equilibrium?

There is a surplus; sellers reduce price until equilibrium is restored.

Q7. What is a price ceiling? Give an example.

A maximum legal price, e.g. on essential medicines.

Q8. Why do hotel tariffs change during festivals?

Demand rises sharply in peak seasons, so hotels raise prices (dynamic pricing).

Long Answer Questions

Q1. Explain the factors affecting demand.

Price of the good – inverse relation.

Income – higher income usually increases demand.

Prices of substitutes and complements.

Tastes, preferences and seasonality.

Future price expectations and population.

Q2. How is market equilibrium determined? Explain with a schedule.

Demand and supply are compared at each price.

At low prices demand exceeds supply – shortage pushes price up.

At high prices supply exceeds demand – surplus pushes price down.

Equilibrium is where both are equal (e.g. ₹40, 70 kg).

A change in demand or supply creates a new equilibrium.

Q3. Why and how does the government intervene in markets? What are the limits?

When essentials become unaffordable – price ceilings on medicines.

To protect producers and workers – price floors such as minimum wages.

To stop hoarding, black-marketing and monopolies.

To provide public goods markets under-supply.

Excessive control may cause shortages, black markets and inefficiency.

MCQs with Answers

1. Price and quantity demanded are(a) directly related (b) inversely related (c) unrelated (d) equalAnswer: (b) inversely related

2. The supply curve slopes(a) downward (b) upward (c) horizontally (d) verticallyAnswer: (b) upward

3. Tea and coffee are(a) complements (b) substitutes (c) public goods (d) inferior goodsAnswer: (b) substitutes

4. Equilibrium occurs when(a) demand > supply (b) supply > demand (c) demand = supply (d) price is zeroAnswer: (c) demand = supply

5. A shortage occurs when price is(a) above equilibrium (b) below equilibrium (c) at equilibrium (d) zeroAnswer: (b) below equilibrium

6. Minimum wage is an example of(a) price ceiling (b) price floor (c) subsidy (d) taxAnswer: (b) price floor

7. Maximum price on medicines is a(a) price floor (b) price ceiling (c) tariff (d) quotaAnswer: (b) price ceiling

8. Rise in input costs generally(a) increases supply (b) decreases supply (c) increases demand (d) has no effectAnswer: (b) decreases supply

9. Different airfares for the same seat show(a) fixed pricing (b) dynamic pricing (c) barter (d) monopoly onlyAnswer: (b) dynamic pricing

10. Market demand is(a) demand of one person (b) sum of individual demands (c) supply of sellers (d) government demandAnswer: (b) sum of individual demands

Quick Revision Points

- Demand: inverse with price; downward curve.
- Determinants: income, related goods, tastes, season, expectations, population.
- Supply: direct with price; upward curve.
- Determinants: input costs, technology, sellers, related goods, weather.
- Equilibrium: D = S; shortage and surplus.
- Ceiling (medicines), floor (minimum wage); limits of intervention.

Chapter Summary

Prices in a market are determined by demand and supply. Demand falls as price rises and depends on income, related goods, tastes, seasons and expectations; supply rises with price and depends on input costs, technology, number of sellers and weather.

Market equilibrium is reached where demand equals supply, and prices keep adjusting as conditions change, as seen in dynamic pricing. When markets fail, the government uses price ceilings, price floors and anti-hoarding measures, though too much regulation can create its own problems.

Exam Tips and PYQ Pattern

- Draw demand, supply and equilibrium curves with labels.
- Practise reading demand and supply schedules.
- Learn determinants as two separate lists.
- Give Indian examples: mangoes, onions, festival airfares.
- Price ceiling vs floor is a common 2-mark question.

Frequently Asked Questions

Is this chapter in the 2026-27 CBSE syllabus?

Yes. It is part of the new NCERT Class 9 Social Science textbook “Understanding Society: India and Beyond” (Part 1), prescribed for the 2026-27 session.

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What is the law of demand?

Other things being equal, quantity demanded rises when price falls and falls when price rises.

What is the difference between price ceiling and price floor?

A ceiling is a maximum price set by the government; a floor is a minimum price, such as a minimum wage.

Conclusion

The Price Puzzle explains why prices change every day. Learn the demand-supply tables, practise drawing equilibrium, use the Q&A here and save the free PDF for revision.

More Notes: Class 9 Social Science Chapter 8: Building Blocks in Economics: The Problem of Choice notes | Class 9 Social Science Chapter 10: Oceans and Life notes | All Class 9 Social Science notes

Author Bio: Written and reviewed by the Nextoper Editorial Team, a group of CBSE social science educators who build chapter notes directly from the NCERT textbook and past board paper patterns.

Freshness Note: These notes follow the NCERT Class 9 Social Science textbook, Understanding Society: India and Beyond (Parts 1 and 2, first edition 2026, NCF-SE 2023), and the CBSE syllabus for the 2026-27 session. Last checked on 23 November 2026.