

SOCIAL SCIENCE • CLASS 9

CHAPTER 9

The Price Puzzle

What Drives the Market

CHAPTER NOTES



THE PRICE PUZZLE: WHAT DRIVES THE MARKET



DEMAND
(buyers willing
and able to buy)



**MARKET
PRICE**

determined by the
interaction of



SUPPLY
(sellers willing
and able to offer)



① Mangoes become cheaper when plentiful.



₹150
↓
₹50

② Vegetables change price during the day.



Morning:
higher price
↓
Evening:
lower price

③ The same hotel room costs more in a busy season.



Off-season
₹1,500
↓
Tourist season
₹8,000

➡ Prices do not change randomly.

They respond to:

- what people want
- how much is available
- seasons
- festivals
- trends
- sometimes rumours.

① **DEMAND**



② **SUPPLY**



③ **MARKET
EQUILIBRIUM**



④ **GOVERNMENT
ROLE**



★ Markets connect the choices of buyers and sellers. ★

DEMAND: MEANING AND LAW

Demand is the quantity of a product that consumers are willing and able to buy at a particular price.

DEMAND = WILLINGNESS + ABILITY TO PAY

Desire alone is not demand.

Purchasing power: how much a unit of money can buy at a particular time.



Law of Demand

Other factors remaining constant, price and quantity demanded move in opposite directions.

$P \uparrow \rightarrow Q_d \downarrow$

$P \downarrow \rightarrow Q_d \uparrow$

This is an inverse relationship.

 ₹ 150 per kg $\rightarrow$ 1 kg

 ₹ 100 per kg $\rightarrow$ 2 kg

 ₹ 50 per kg $\rightarrow$ 3 kg

Needs, preferences, season, trend and income can also affect demand.

INDIVIDUAL DEMAND: SCHEDULE AND CURVE

Individual demand is the quantity one consumer wants to buy at different prices, keeping other factors constant.

Srivalli's demand schedule



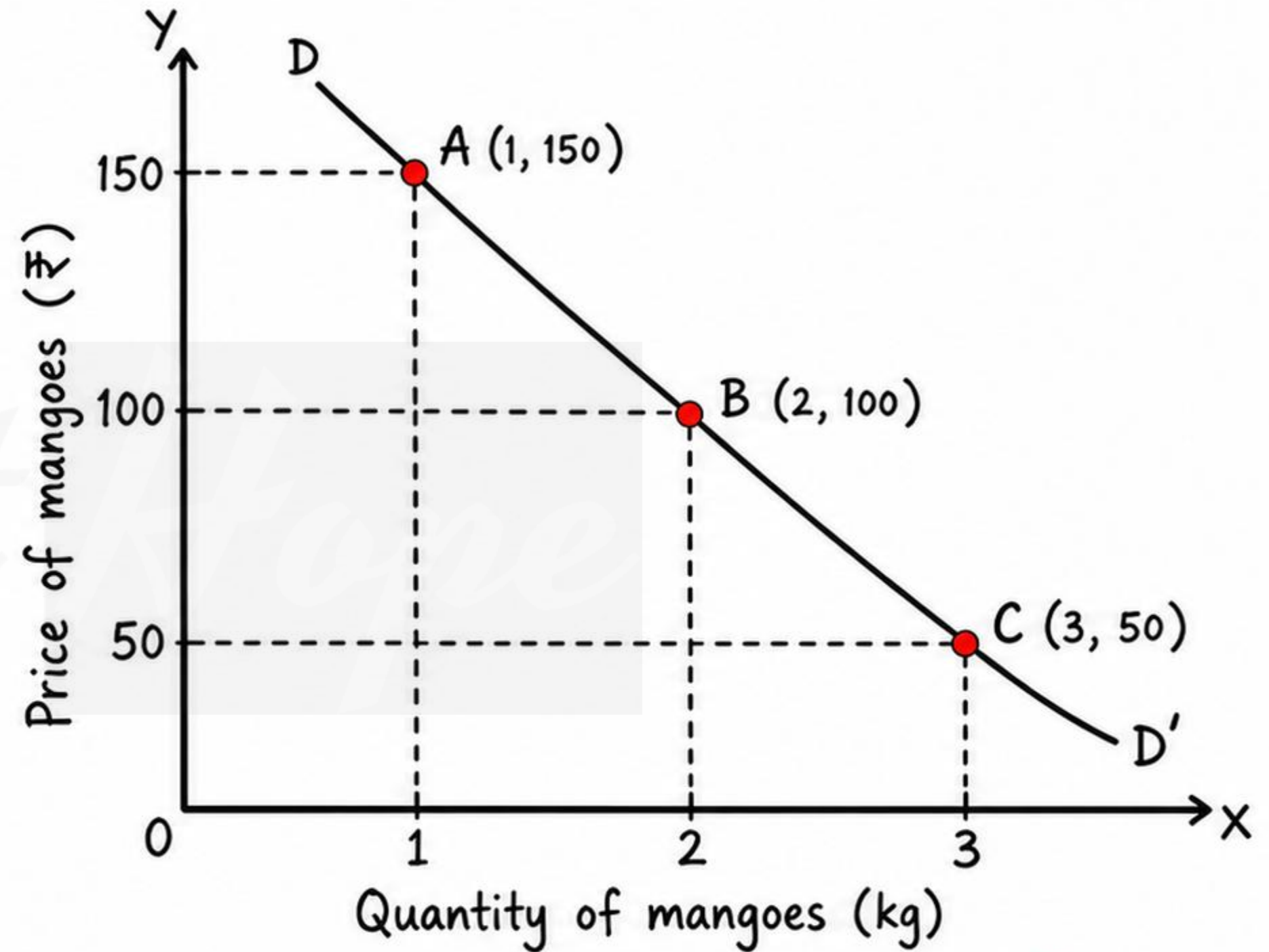
Price per kg	Quantity demanded
₹ 150	1 kg
₹ 100	2 kg
₹ 50	3 kg



Schedule

Plot A, B, C

Join points to form the demand curve



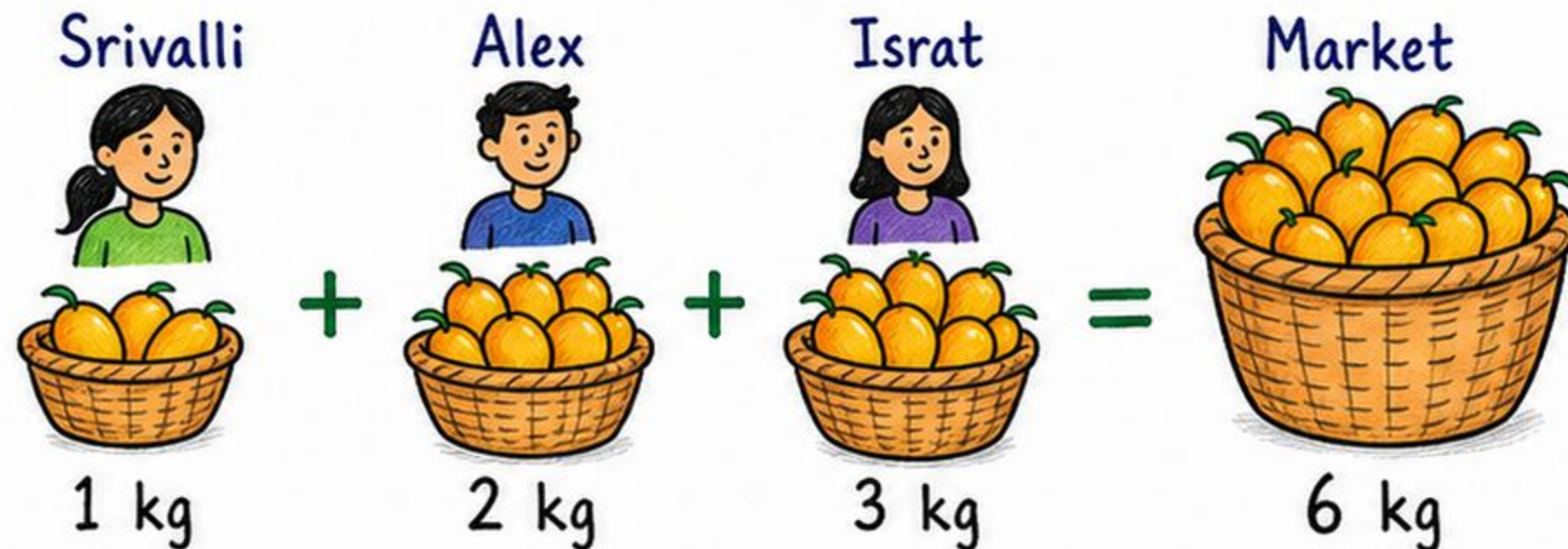
A downward demand curve shows the inverse relationship between price and quantity demanded.

MARKET DEMAND

Market demand is the total quantity demanded by all potential buyers at different prices.

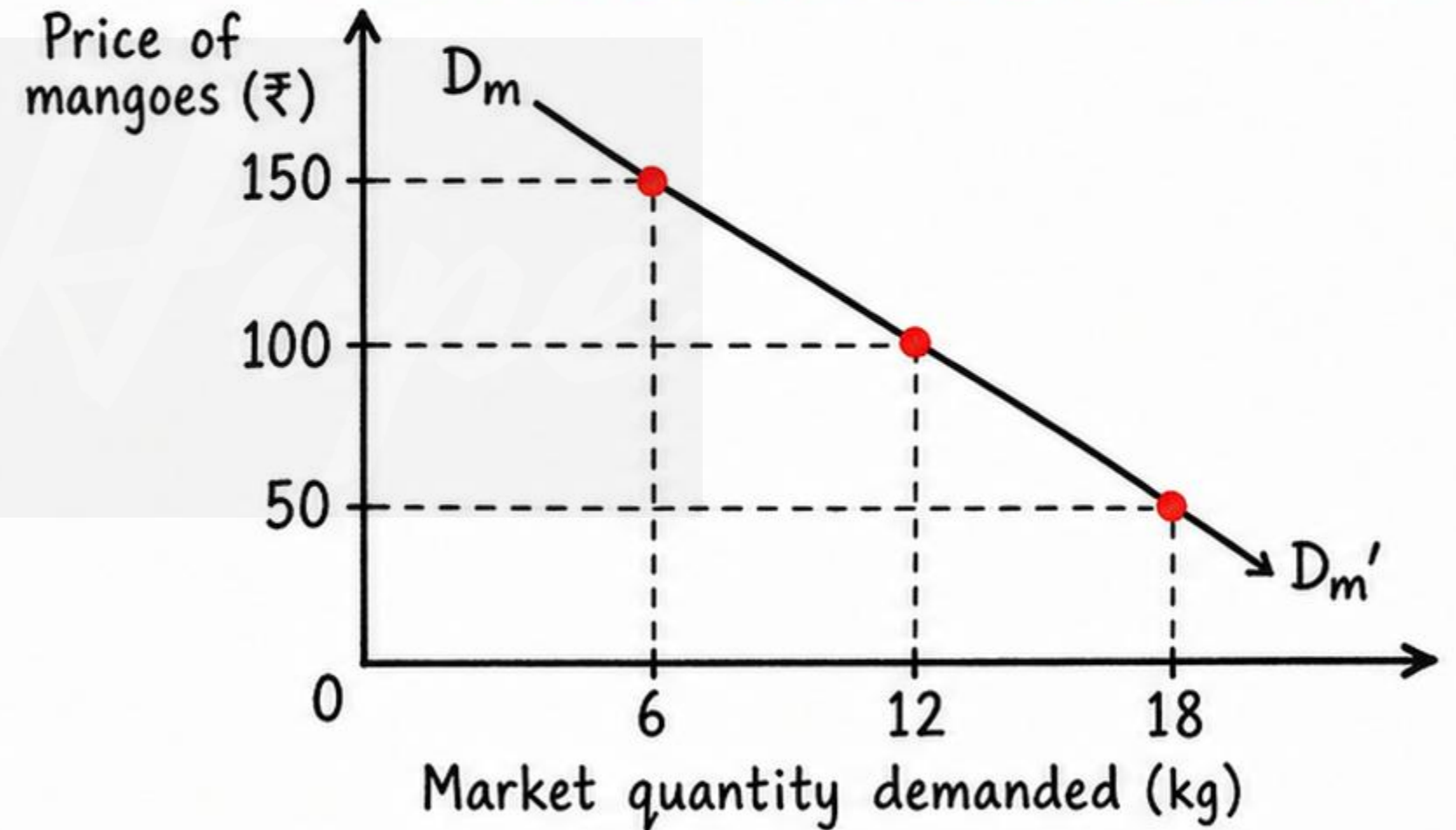
$$Q^D = Q_1 + Q_2 + Q_3$$

Price	Srivalli Q_1	Alex Q_2	Israt Q_3	Market Q^D
₹ 150	1 kg	2 kg	3 kg	6 kg
₹ 100	2 kg	4 kg	6 kg	12 kg
₹ 50	3 kg	6 kg	9 kg	18 kg



KEY STEPS

- Add quantities horizontally at each price.
- Price falls ₹150 → ₹50: Srivalli adds 2 kg, but the market adds 12 kg.



KEY FACT

Because many buyers respond, the market demand curve is flatter and more responsive.



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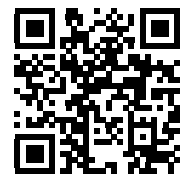


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