

**National Institute of Open Schooling**  
**Senior Secondary- Economics (318)**  
**Lesson 22: Price Determination under Perfect Competition**  
**Worksheet - 22**

1. You are assigned to collect data of an industry regarding demand and supply of a product produced by the industry in your locality. Explain how the price and quantity of that product is determined. Use diagram and schedule.
2. On the basis of above information, prove that a firm is only a price taker and not a price maker in a market situation. Explain the statement with the help of a diagram. Does it satisfy the characteristics of a perfect competitive market?
3. Price of milk supplied by Mother Dairy has gone up and producers intend to supply more and more quantities of milk. Resultantly, consumers have reduced the quantity of demand for milk. What measures should be taken by the entrepreneur to control the market to increase the demand for milk by consumers. Discuss the situation with the help of diagrams and imaginary schedules.
4. On the basis of information in question 3, the price of milk has suddenly reduced very sharply. The company has reduced the supply of milk. Explain the situation using diagrams and imaginary schedules.
5. On the basis of question number 2, you find that the nature of the demand curve is parallel to the x axis. Which shows  $AR=MR$ . Identify and explain the reason.
6. Minimum wage legislation has proved its relevance in the current scenario of the economy with a view to protect the exploitation of labour in our economy. In the light of the statement, prove how the forces of demand and supply play an important role in this context.
7. In the situation of crisis, the government makes some policies to support the low income people of society and wage earners to support their family needs and requirements by providing availability of essential goods and services at very low price. How does the concept of equilibrium help make policy?
8. Because of a shortage of unskilled labour force and increased tax policy, the Government of Britain has increased the price of bread. What will be the effect on the market price of bread? Discuss the situation with the help of diagrams.
9. Refer to question number 8 and design the plan of action which has been taken by the British government to control the situation.
10. Because of disturbance in coastal areas of Mumbai, a large number of the population shifted to some other town in Maharashtra and with the passage of time, people's income decreased. How did this situation affect the demand for a commodity in the market?