Exercise 01

Following equations shows demand and supply of a hypothetical market.

$Qd = 50 - 5p$

$Qs = -10 + 5p$

1. Calculate equilibrium price and quantity.
2. Show equilibrium price and quantity in a diagram.
3. Calculate consumer surplus at equilibrium price.
4. Calculate producer surplus at equilibrium price.
5. If government impose a price ceiling of Rs.4/- show it in the diagram.
6. What is the excess demand with price ceiling of Rs. 4/-
7. What is the maximum black market price and black market price range?
8. What is the consumer surplus & producer surplus if price ceiling operates with no black market price?
9. What is the consumer surplus & producer surplus if price ceiling operates with black market price?

Exercise 02

Following equations shows demand and supply of a hypothetical market.

$Qd = 150 - 3p$

$Qs = -10 + 2p$

1. Calculate equilibrium price and quantity.
2. Show equilibrium price and quantity in a diagram.
3. Calculate consumer surplus at equilibrium price.
4. Calculate producer surplus at equilibrium price.
5. If government impose a price ceiling of Rs.26/- show it in the diagram.
6. What is the excess demand with ceiling of Rs. 26/-
7. What is the maximum black market price and black market price range?
8. What is the consumer surplus & producer surplus if price ceiling operates with no black market price?
9. What is the consumer surplus & producer surplus if price ceiling operates with black market price?

Exercise 03

Following equations shows demand and supply of a hypothetical market.

$$Qd = 180 - 4p$$

$$Qs = -20 + p$$

10. Calculate equilibrium price and quantity.

11. Show equilibrium price and quantity in a diagram.

12. Calculate consumer surplus at equilibrium price.

13. Calculate producer surplus at equilibrium price.

14. If government impose a price ceiling of Rs.32/- show it in the diagram.

15. What is the excess demand with ceiling of Rs. 32/-

16. What is the maximum black market price and black market price range?

17. What is the consumer surplus & producer surplus if price ceiling operates with no black market price?

18. What is the consumer surplus & producer surplus if price ceiling operates with black market price?

Exercise 04

Following table shows demand and excess demand at different market prices in a hypothetical market.

Price	Qd	Ed
4	40	20
8	20	-20

01. Draw demand and supply curves using the table and determine equilibrium price and quantity.

02. Calculate consumer surplus and producer surplus at equilibrium.

03. Suppose government impose a price celling at Rs.4/-. What is the excess demand in the market?

04. Calculate new consumer surplus and producer surplus at price ceiling of Rs.4/- assuming no black market price

05. What is the maxium black market price of this market.

05. What is the dead weight loss after the price ceiling of Rs.4/-?

Exercise 05

Following equations shows demand and supply of a hypothetical market.

$$Qd = 30 - 2p$$

$$Qs = -2 + 2p$$

1. Calculate equilibrium price and quantity.

2. Show equilibrium price and quantity in a diagram.

3. Calculate consumer surplus at equilibrium price.

4. Calculate producer surplus at equilibrium price.

5. Calculate new consumer surplus and producer surplus at price ceiling of Rs.6/- assuming no black market price

6. What is the maxium black market price of this market.

7. What is the dead weight loss after the price ceiling of Rs.6/-?