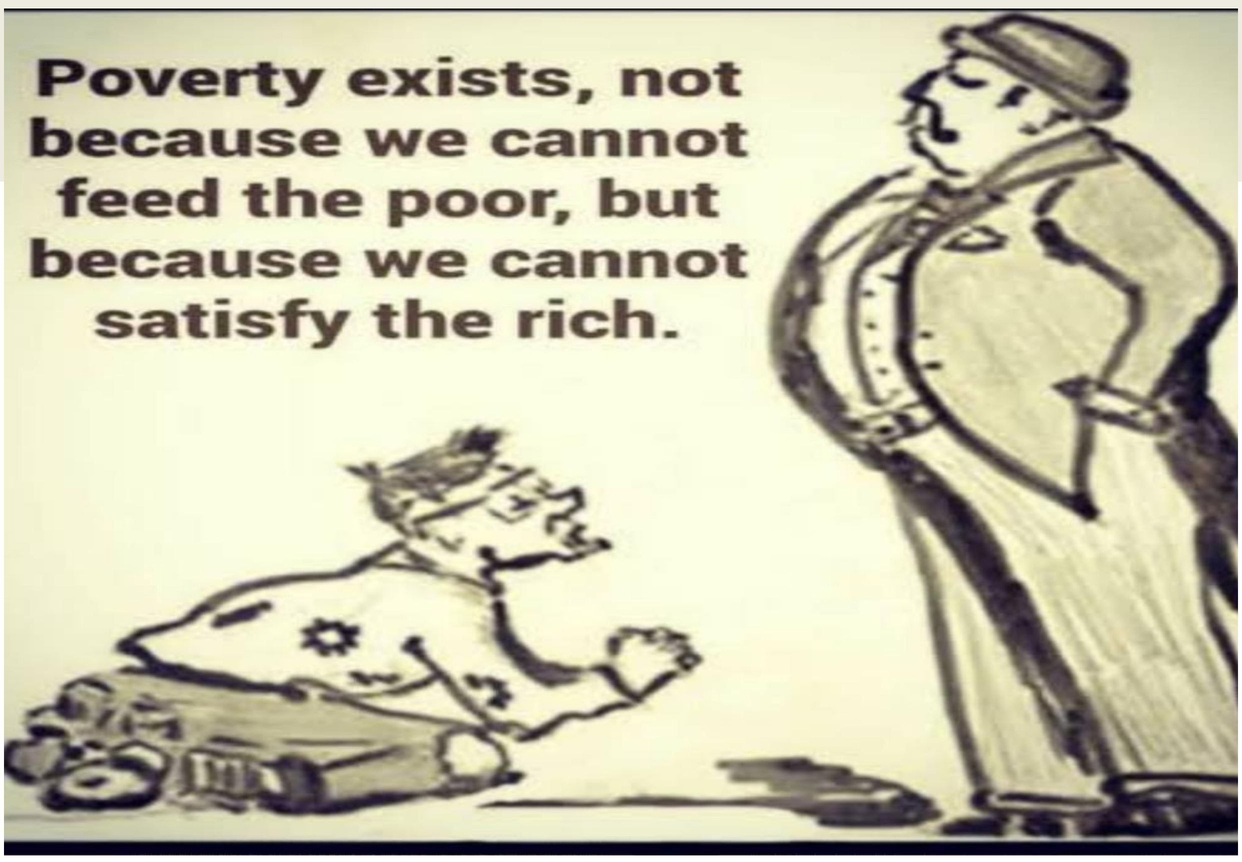
SHEMFORD TIMES

PRICE CEILING REFERS TO FIXING THE MAXIMUM PRICE OF A COMMODITY AT A LEVEL LOWER THAN EQUILIBRIUM PRICE.

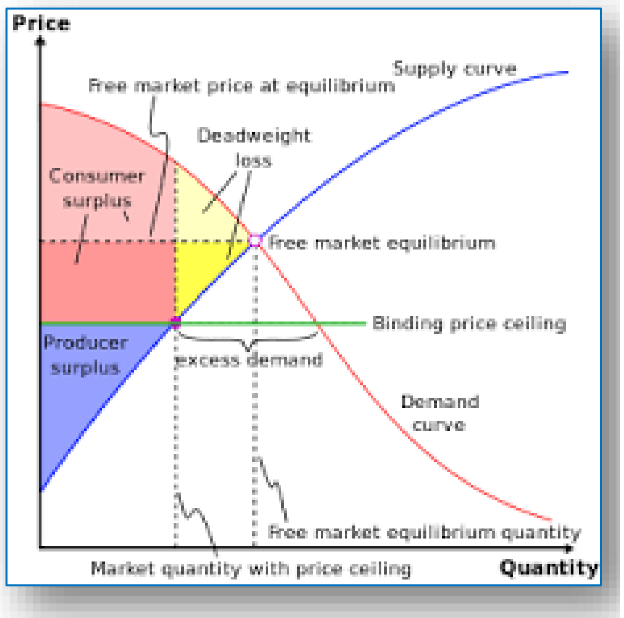


Pic 1.1 Shows that rich also eat the food of poor they get from price ceiling and they suffer because of satisfaction of rich. [poor is requesting not to do so].

PRICE CILING

PREM KUMAR

Definition: *Price ceiling is a situation when the price charged is more than or less than the equilibrium price determined by market forces of demand and supply. It has been found that higher price ceilings are ineffective. Price ceiling has been found to be of great importance in the house rent market.*



WHAT IS PRICE CEILING

PREM KUMAR

Description: ***Government imposes a price ceiling to control the maximum prices that can be charged by suppliers for the commodity. This is done to make commodities affordable to the general public. However, prolonged application of a price ceiling can lead to black marketing and unrest in the supply side.***

For example: Let's consider the house-rent market. Here in the given graph, a price of Rs. 3 has been determined as the equilibrium price with the quantity at 30 homes. Now, the government determines a price ceiling of Rs. 2. At this rate there is a shortage (demand for 40 houses, but supply is for only 20 houses). In the long run, the extra 20 people will try to get a house on rent, which will eventually give rise to black market and higher rents.

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PIC :- SHOWS PRICE CEILING AND PRICE FLOOR

KEYWORD

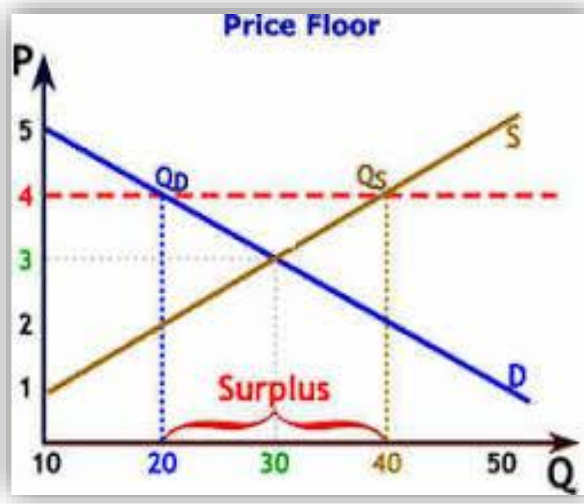
PRICE FLOOR

LETS SEE THE PRICE FLOOR

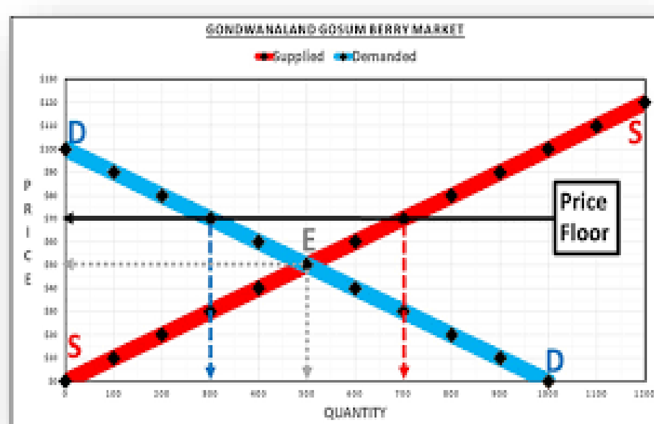
PREM KUMAR

Description: Minimum wage laws have been passed in various countries to determine the minimum wages to be paid to the worker. Minimum wages are formulated from the demand-supply curve of labour. This helps the government ensure higher wages and a good standard of living for the workers. But this has a flip side too. Price floor leads to a lesser number of workers than in case of equilibrium wage. This is shown by the diagram below.

Equilibrium wage rate is Rs. 3. The price floor is determined at Rs.4, which is good for workers, who will earn more than before. But the flip side is that while at equilibrium there were 30 workers, after the price floor there are only 20 workers. Thus 10 workers have been laid off. At a wage of Rs. 4 we see a gap of 20 workers (40 workers are willing to work but only 20 workers get work), thus giving rise to a surplus of workers.



PIC 2.1:- Graph of price floor



PIC2.2:- Graph shows demand and supplied

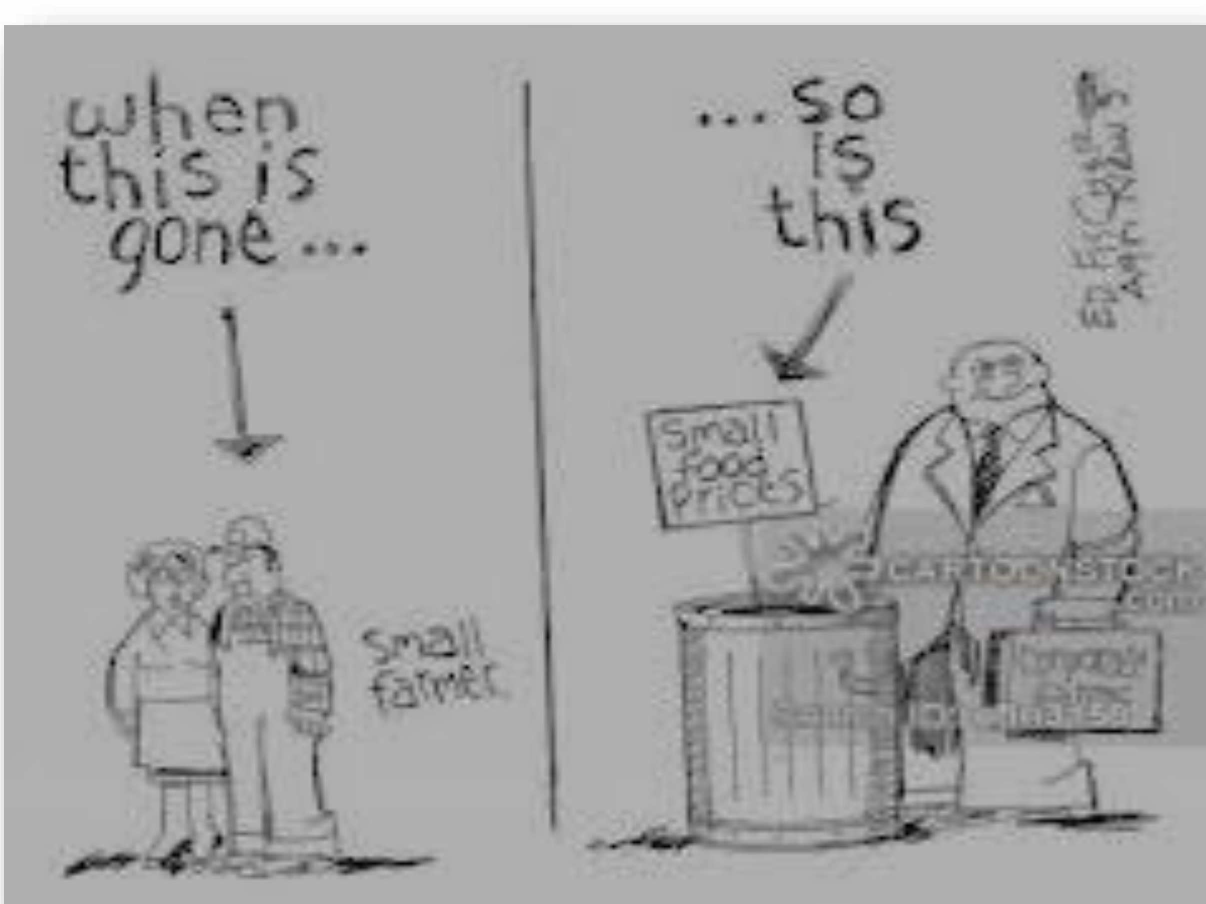
KEYWORD

Price floor

PK.

DEFINITION: Price floor is a situation when the price charged is more than or less than the equilibrium price determined by market forces of demand and supply. By observation, it has been found that lower price floors are ineffective. Price floor has been found to be of great importance in the labour-wage market.

- **TIMES NOW**



PIC :- SHOWS PRICE CEILING AND PRICE FLOOR

***PIC:- 3.2** WHY? The people are feeding the Government but the government in returns are not benefiting again. Their plans are like Mohammed Tughliq they plans are good but implementing and excutive is not good it does not reach the people and they take Ration food from government.*