IGCSE ECONOMICS · 1.1 THE MARKET SYSTEM · CHAPTER 7 · PAPER 1

Market Equilibrium

Topic question sheet L07 | **Total: 34 marks** | **Time: 35 minutes** | **Student Book pp. 40–47**

Instructions: answer **all** questions. Write your answers on lined paper. The marks for each question are shown in brackets: use them as a guide to how much to write.

Calculators may be used. Show your working. Draw diagrams in pencil and label them fully. The mark scheme starts on a new page: do not look at it until you have finished.

Section A: Multiple choice

One mark each. Choose **one** answer: A, B, C or D.

1 If the price is set below the equilibrium price: **(1)**

A supply and demand are equal
B there is excess supply
C there is excess demand
D supply is greater than demand

2 If demand for a product falls and supply increases, the price will: **(1)**

A rise
B fall
C stay the same
D rise then fall

3 Using the table, what is the equilibrium price of durian? **(1)**

A S$15
B S$20
C S$25
D S$30

4 Excess supply is most likely to be removed by: **(1)**

A raising the price
B lowering the price
C increasing supply
D a subsidy

Section B: Short answers

Define, state, calculate, draw and explain. Show your working for calculations.

5 What is meant by the **equilibrium price**? **(2)**

6 Using the table, calculate the total revenue of durian sellers at the equilibrium price. You are advised to show your working. **(2)**

7 Calculate the excess demand at a price of S$15. **(2)**

8 Draw a supply and demand diagram showing excess supply. **(3)**

9 Explain how market forces remove excess demand. **(3)**

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Section C: Data response

Read the extract, then answer the questions. Use evidence from the extract in every answer.

Extract: The market for durian in Singapore

Durian is a popular fruit in Singapore, most of it imported from Malaysia. The table shows weekly demand and supply at different prices.

In 2025 a storm damaged many durian farms in Malaysia. At the same time, durian became more fashionable among young Singaporeans thanks to social media.

Price (S$ per kg)	10	15	20	25	30
Quantity demanded (tonnes)	90	75	60	45	30
Quantity supplied (tonnes)	30	45	60	75	90

Fictional case, written for this sheet.

10 With reference to the extract, analyse the likely effect of the storm on the market for durian in Singapore. Use a diagram. **(6)**

11 With reference to the extract, evaluate the likely effect of the storm and the social media trend on the price and quantity of durian sold. **(12)**

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Mark scheme: Market Equilibrium

How to mark: Multiple choice, Define, State: 1 mark. **What is meant by** (2): two separate parts to the definition. **Calculate**: working and answer (with units). **Draw** (3): one mark per correct labelled feature. **Explain** (3): 1 for a point, 2 for developing it in context. **Analyse** (6): knowledge 2, application 2, analysis 2. **Assess** (9) and **Evaluate** (12) are marked by levels: choose the level that best fits the whole answer. Indicative content is a guide: credit other valid points.

Section A

1 *If the price is set below the equilibrium price: (1 mark)*

Answer: C (there is excess demand). Below equilibrium, more is demanded than supplied.

2 *If demand for a product falls and supply increases, the price will: (1 mark)*

Answer: B (fall). Both shifts push the price down.

3 *Using the table, what is the equilibrium price of durian? (1 mark)*

Answer: B (S$20). At S$20, demand and supply are both 60 tonnes.

4 *Excess supply is most likely to be removed by: (1 mark)*

Answer: B (lowering the price). A lower price increases quantity demanded and reduces quantity supplied.

Section B

5 *What is meant by the equilibrium price? (2 marks)*

The price at which supply (1) and demand are equal / the market clears (1).

6 *Using the table, calculate the total revenue of durian sellers at the equilibrium price. You are advised to show your working. (2 marks)*

Working: S$20 × 60 000 kg (60 tonnes) (1).

Answer: S$1 200 000 per week (1). (Accept S$20 × 60 = S$1200 thousand.)

7 *Calculate the excess demand at a price of S$15. (2 marks)*

Working: 75 − 45 (1).

Answer: 30 tonnes (1).

8 *Draw a supply and demand diagram showing excess supply. (3 marks)*

Diagram: axes and correctly drawn D and S (1); a price above the equilibrium marked (1); the gap between Qs and Qd labelled excess supply (1).

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9 *Explain how market forces remove excess demand. (3 marks)*

Point: sellers raise the price (1).

Development: a higher price reduces quantity demanded (1) and increases quantity supplied until the market clears (1).

Section C

10 *With reference to the extract, analyse the likely effect of the storm on the market for durian in Singapore. Use a diagram. (6 marks · K2 · Ap2 · An2)*

Knowledge (2): natural factor shifts supply left; diagram S1 → S2.

Application (2): storm damaged farms in Malaysia, where most durian comes from.

Analysis (2): less durian at every price creates excess demand at S$20, so the price rises above S$20 and quantity sold falls below 60 tonnes.

Knowledge 2 · Application 2 · Analysis 2.

11 *With reference to the extract, evaluate the likely effect of the storm and the social media trend on the price and quantity of durian sold. (12 marks · levels)*

Price: both shifts raise the price (supply left, demand right) — clearly higher than S$20.

Quantity: supply falls but demand rises, so quantity may rise or fall depending on which shift is bigger.

Judgement: a severe storm likely dominates in the short run, so quantity falls; as farms recover supply returns while fashion may persist, so quantity could rise later; prices stay high while fashion lasts.

Levels: L1 1–3 · L2 4–6 · L3 7–9 · L4 10–12 (balanced, well-developed arguments using the data throughout, and a justified conclusion that answers the question).

Original practice questions written in the style of the Pearson Edexcel International GCSE Economics (4EC1) papers. This is not an official paper. Unless a source is given, the firms, countries and figures are fictional and made up for practice.

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