1) The market price may not be the same as the equilibrium price due to various market imperfe-tions or external factors, such as :-

- Price controls :- Government-imposed price ceilings or floors can prevent the market from reading equilibri
- Information asymmetry :- Buyers or sellers may not have complete information about mar-ket conditions, leading to temporary price deviations.
- External shocks :- Sudden changes in demand or supply can disrupt the equilibrium.
- Sticky prices :- Prices may

not adjust immediately to changes in market conditions due to contractual agreements or other rigidities.

-> Why If the price of a good above the equilibrium price, the quantity supplied exceeds the quantity demanded, resulting in a surplus. This surplus creates downward pressure on the price as :->

-> Sellers compete :-> Firms [illegible] to sell their excess supply leading to price reductions.

-> Buyers have bargaining [illegible] With a surplus, buyers [illegible] negotiate lower prices.

-> Market forces push prices

As sellers reduce prices to clear inventory, the market price falls towards the equilibrium price.

3) If the price of a good is below the equilibrium price, the quantity demanded exceeds the quantity supplied, resulting in a shortage. This ~~quantity~~ shortage creates upwards pressure on the price :-

- Buyers compete
- Sellers increase prices
- Market forces push prices up.