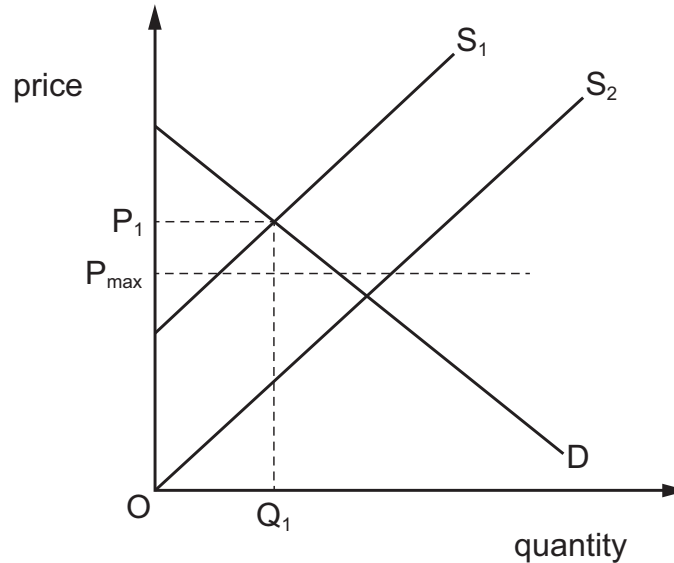


14 The diagram shows the demand and supply for rice.

The market for rice is initially in equilibrium at a price of P_1 . The government introduces a maximum price of P_{\max} . At the same time the supply of rice increases.



What is the impact of these changes on the market for rice?

- A A new market equilibrium will be established.
- B An illegal market for rice will develop.
- C There will be a shortage of rice.
- D There will be a surplus of rice.