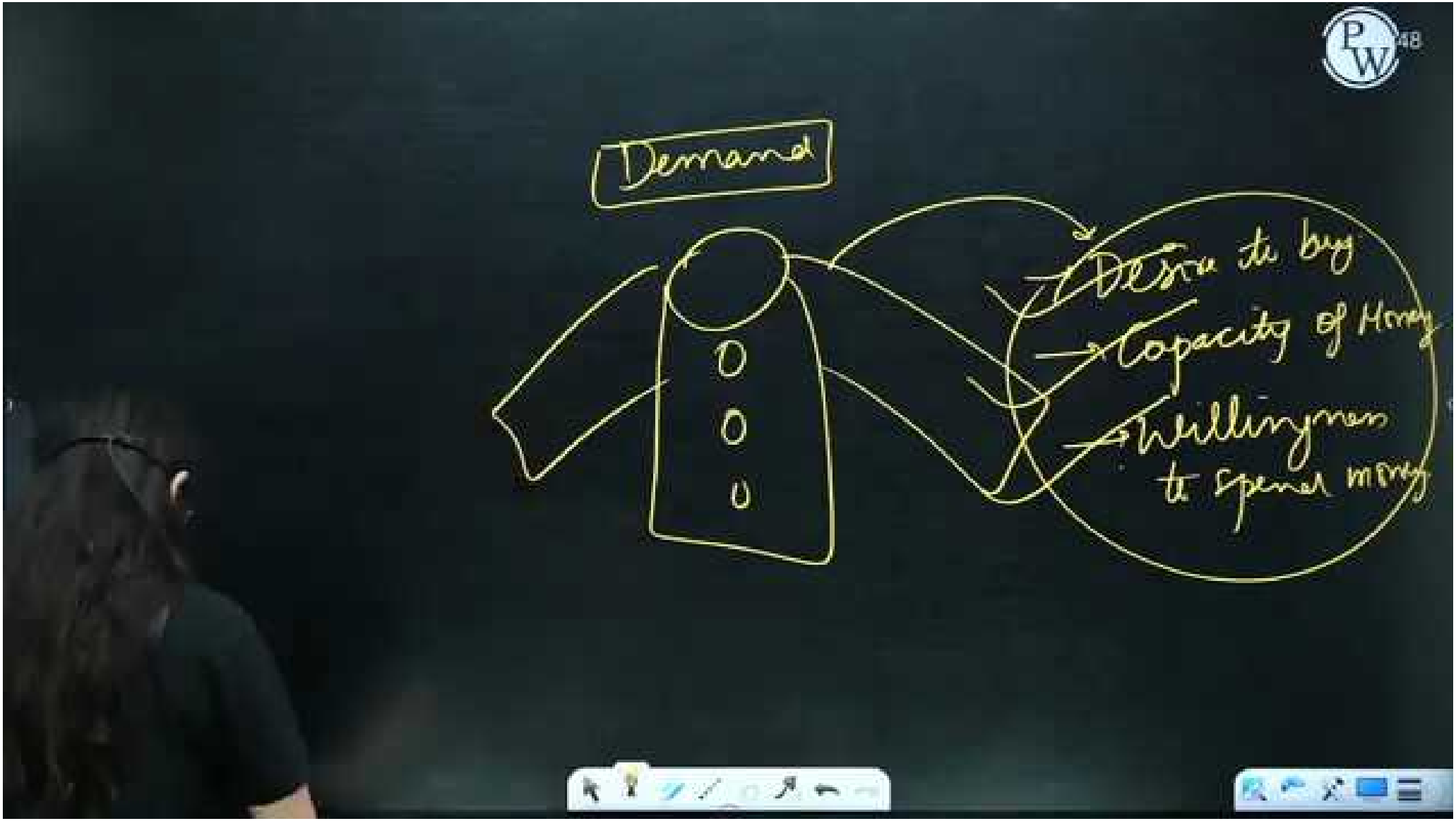
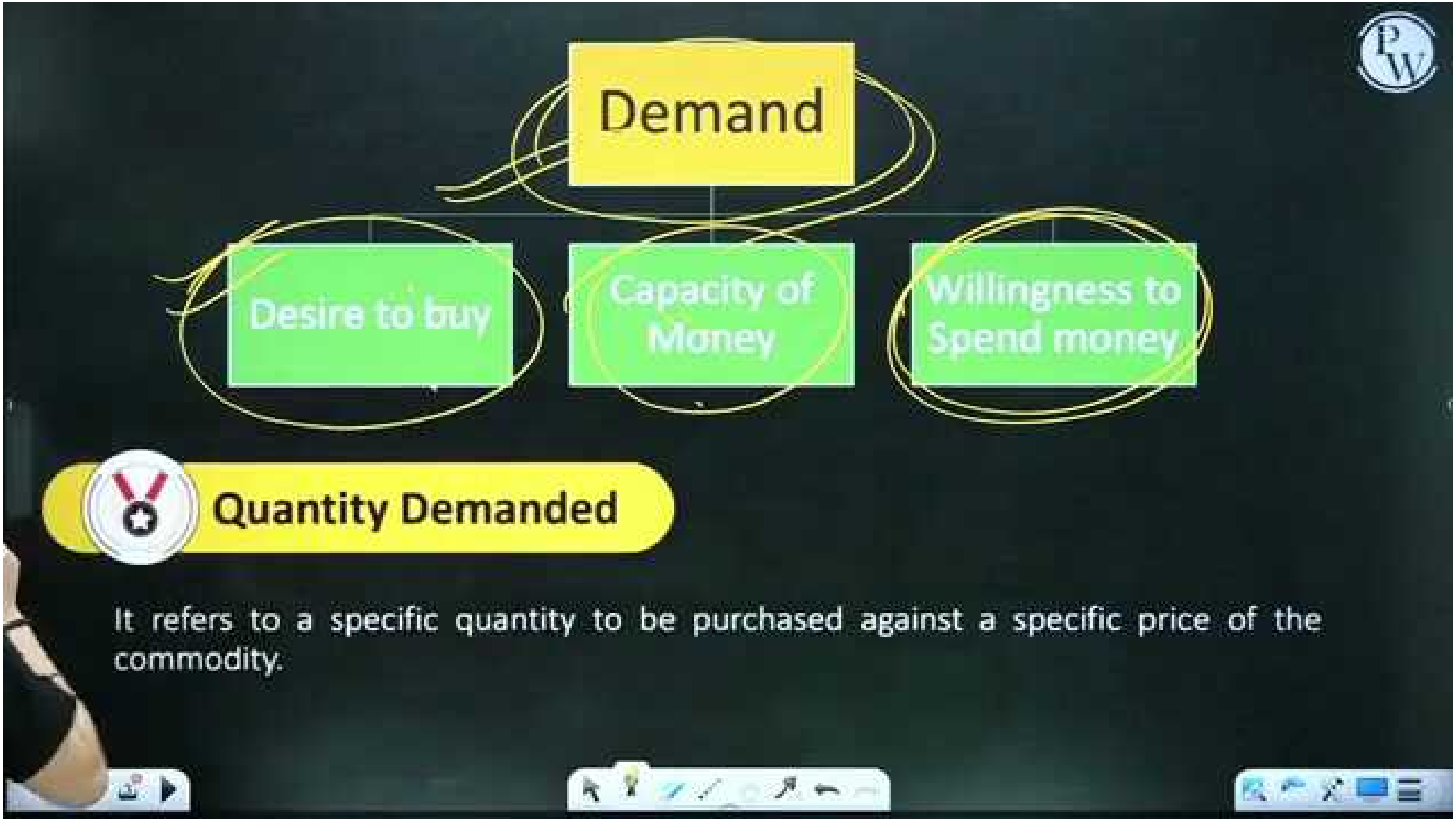
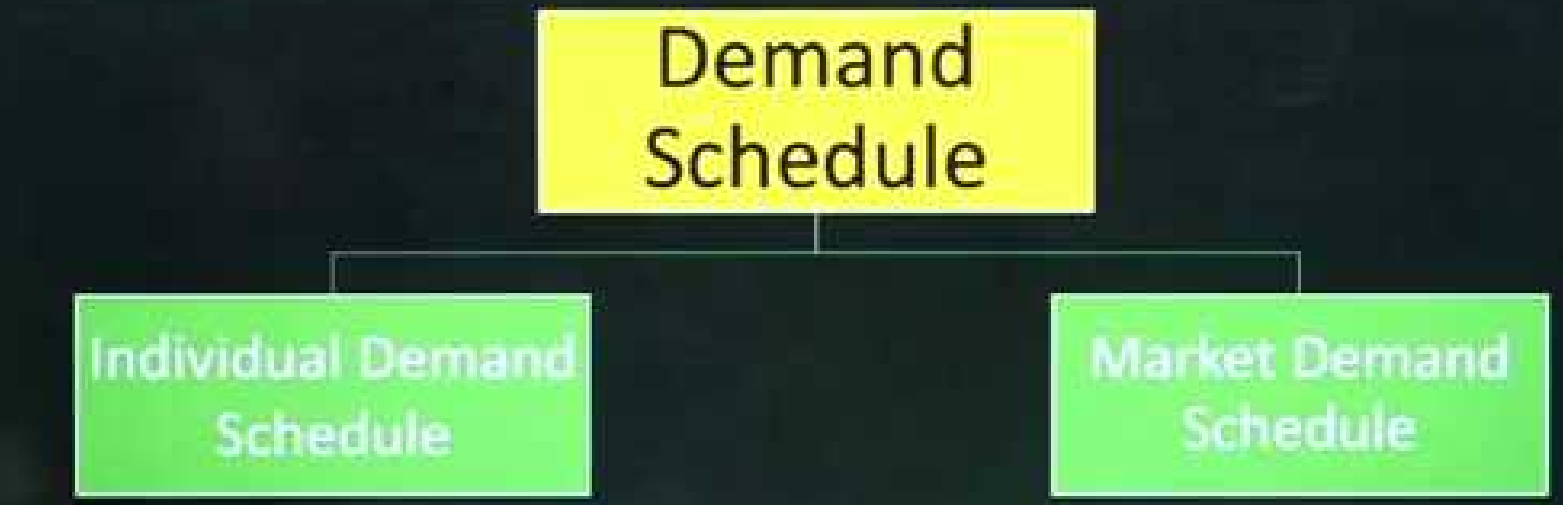

Demand
Desire to buy
Capacity of Money
Willingness
to Spend Money


Demand
Desire to buy
Capacity of Money
Willingness to Spend money
Quantity Demanded
It refers to a specific quantity to be purchased against a specific price of the commodity.

Demand Schedule:

It is a table which shows the inverse relationship between price of a commodity & its quantity demanded.



Demand Schedule:

Table

P ↑ Qd ↓
P ↓ Qd ↑

It is a table which shows the inverse relationship between price of a commodity & its quantity demanded.

inverse relation b/w Price & QD

P	Qd
5	20
10	15
15	10
20	5

Demand Schedule

- Individual Demand Schedule
- Market Demand Schedule

Demand Schedule:

Table

P ↑ Qd ↓
P ↓ Qd ↑

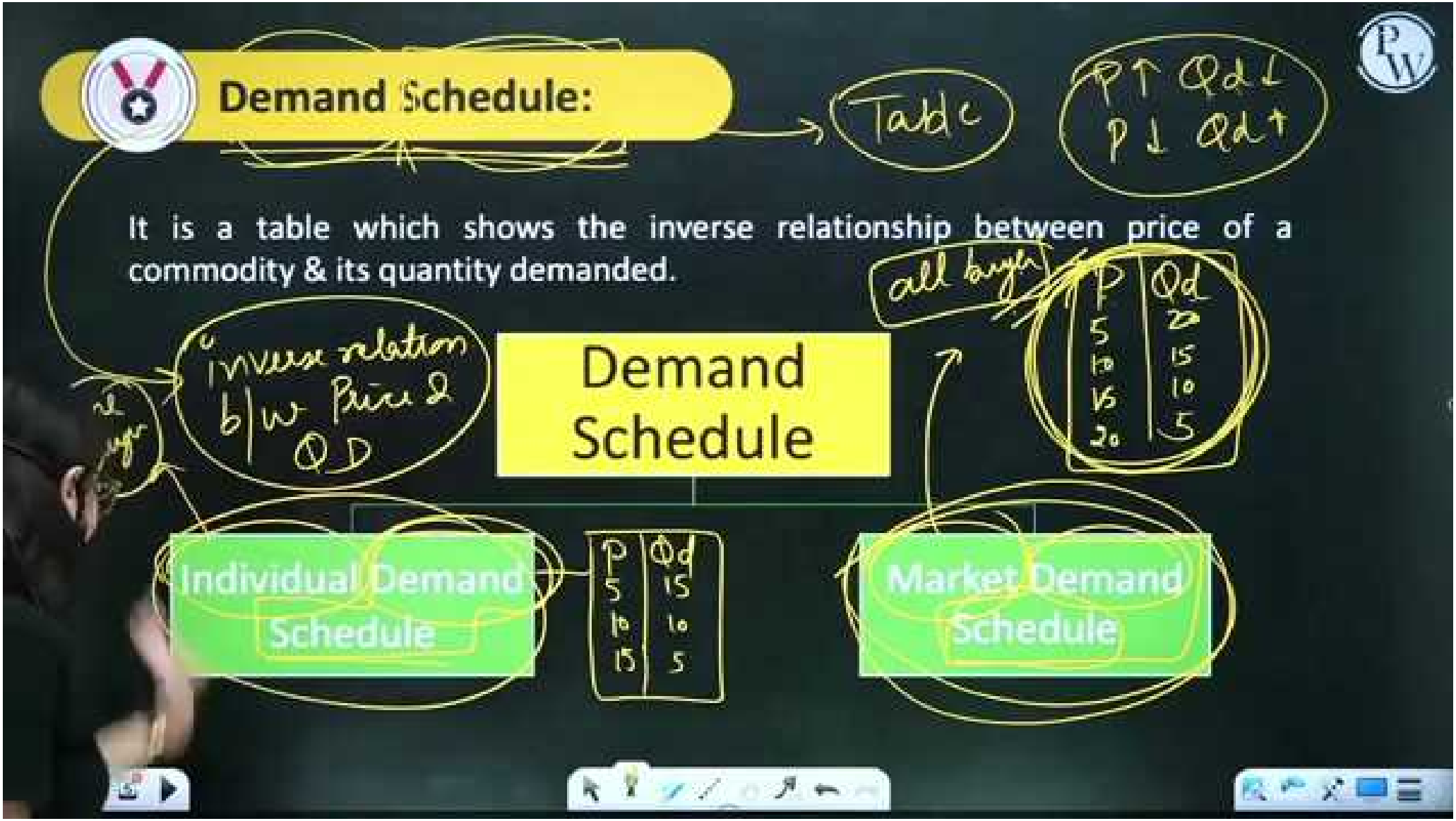
It is a table which shows the inverse relationship between price of a commodity & its quantity demanded.

inverse relation b/w Price & QD

P	Qd
5	20
10	15
15	10
20	5

Demand Schedule

- Individual Demand Schedule
- Market Demand Schedule


Demand Schedule:
Table
P↑ Qd↓
P↓ Qd↑
It is a table which shows the inverse relationship between price of a commodity & its quantity demanded.
all buyers
P | Qd
5 | 20
10 | 15
15 | 10
20 | 5
inverse relation b/w Price & QD
Demand Schedule
Individual Demand Schedule
P | Qd
5 | 15
10 | 10
15 | 5
Market Demand Schedule

i. Individual Demand Schedule:

It is a table which shows the inverse relationship between price of a commodity and its quantity demanded for a individual consumer.

Table:-

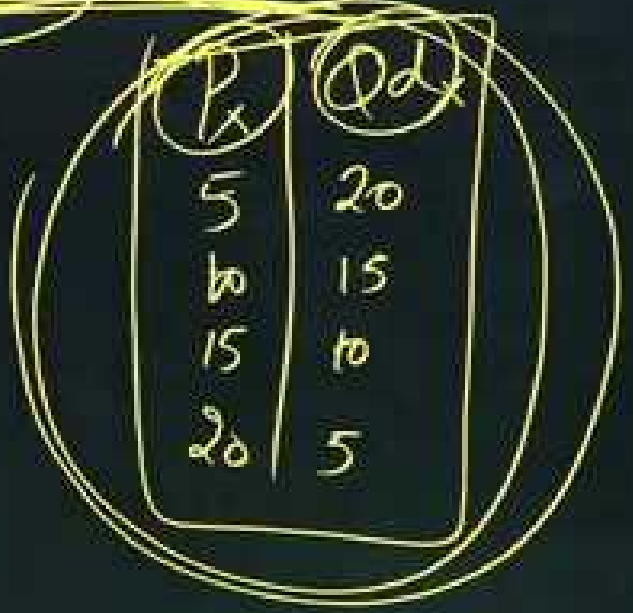
P_x	Q_x
1	4
2	3
3	2
4	1

i. Individual Demand Schedule:

It is a table which shows the inverse relationship between price of a commodity and its quantity demanded for a individual consumer.

Table:-

P_x	Q_x
1	4
2	3
3	2
4	1



II. Market Demand Schedule:

It is a table which shows a inverse relationship between price of a commodity and its quantity demanded for all the consumers.

Table:-

P_X	Q_x (Consumer A)	Q_x (Consumer B)	Market Demand (Q_x of Consumer A + Q_x of Consumer B)
1	4	5	4 + 5 = 9
2	3	4	3 + 4 = 7
3	2	3	2 + 3 = 5
4	1	2	1 + 2 = 3

II. Market Demand Schedule:

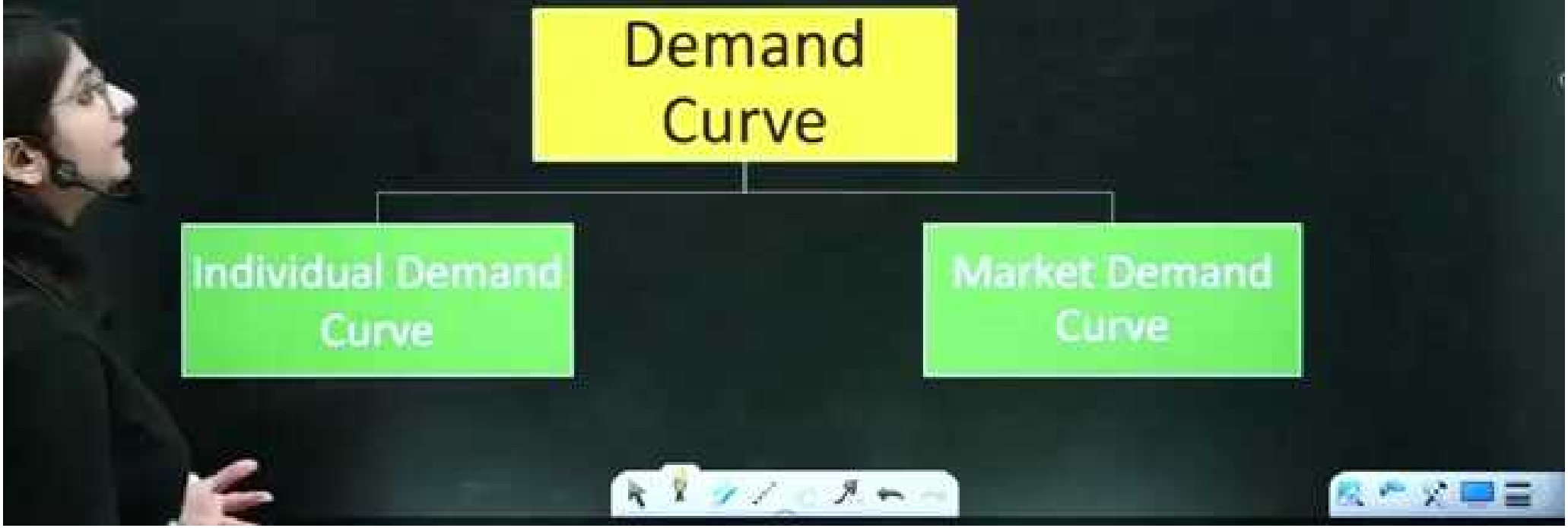
It is a table which shows a inverse relationship between price of a commodity and its quantity demanded for all the consumers.

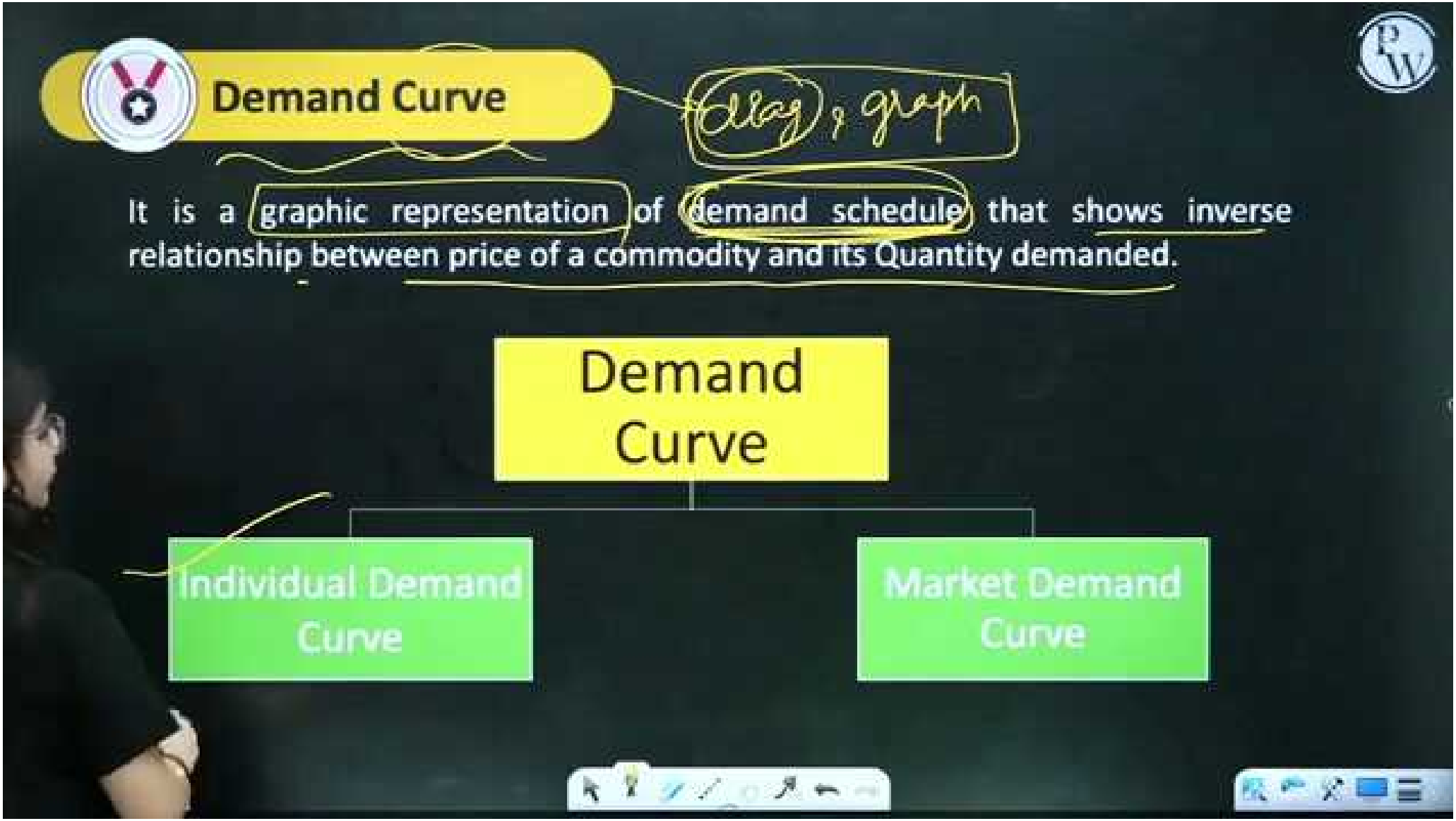
Table:-

P_X	Q_x (Consumer A)	Q_x (Consumer B)	Market Demand (Q_x of Consumer A + Q_x of Consumer B)
1	4	5	4 + 5 = 9
2	3	4	3 + 4 = 7
3	2	3	2 + 3 = 5
4	1	2	1 + 2 = 3

Demand Curve

It is a graphic representation of demand schedule that shows inverse relationship between price of a commodity and its Quantity demanded.



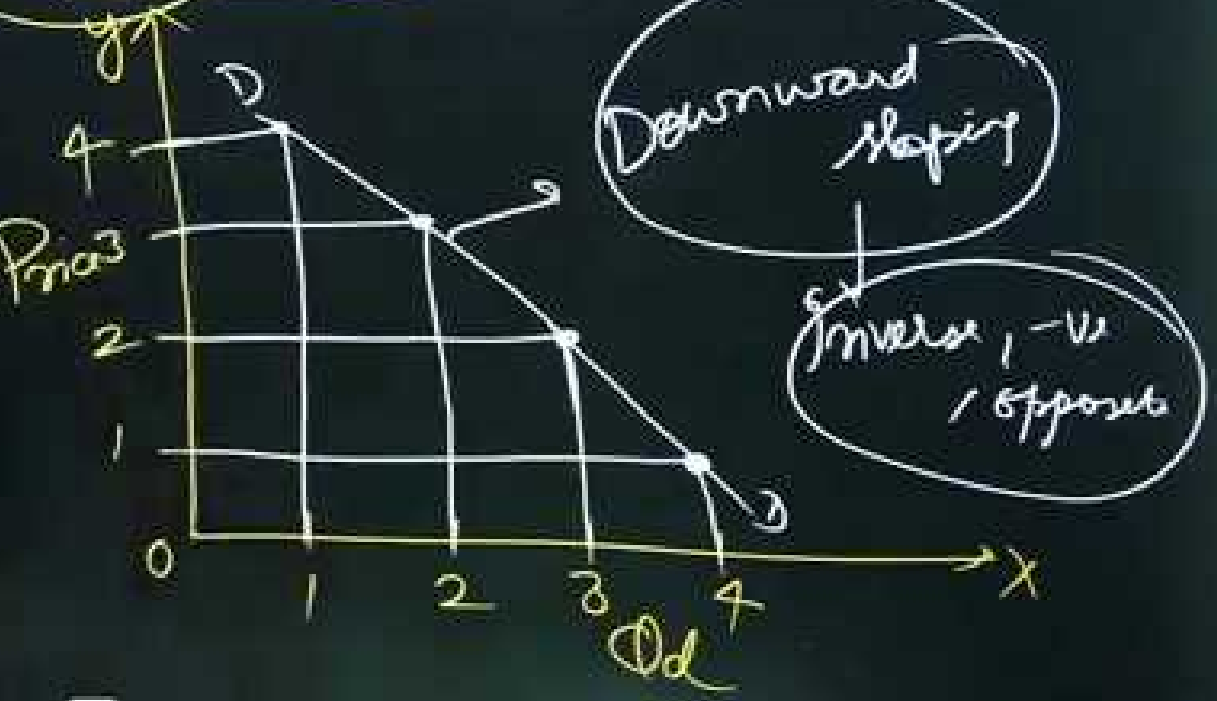

Demand Curve
diag ; graph
It is a graphic representation of demand schedule that shows inverse relationship between price of a commodity and its Quantity demanded.
Demand Curve
Individual Demand Curve
Market Demand Curve

i. Individual Demand Schedule:

It is a table which shows the inverse relationship between price of a commodity and its quantity demanded for a individual consumer.

Table:- Indw

P	Q_d
4	1
3	2
2	3
1	4

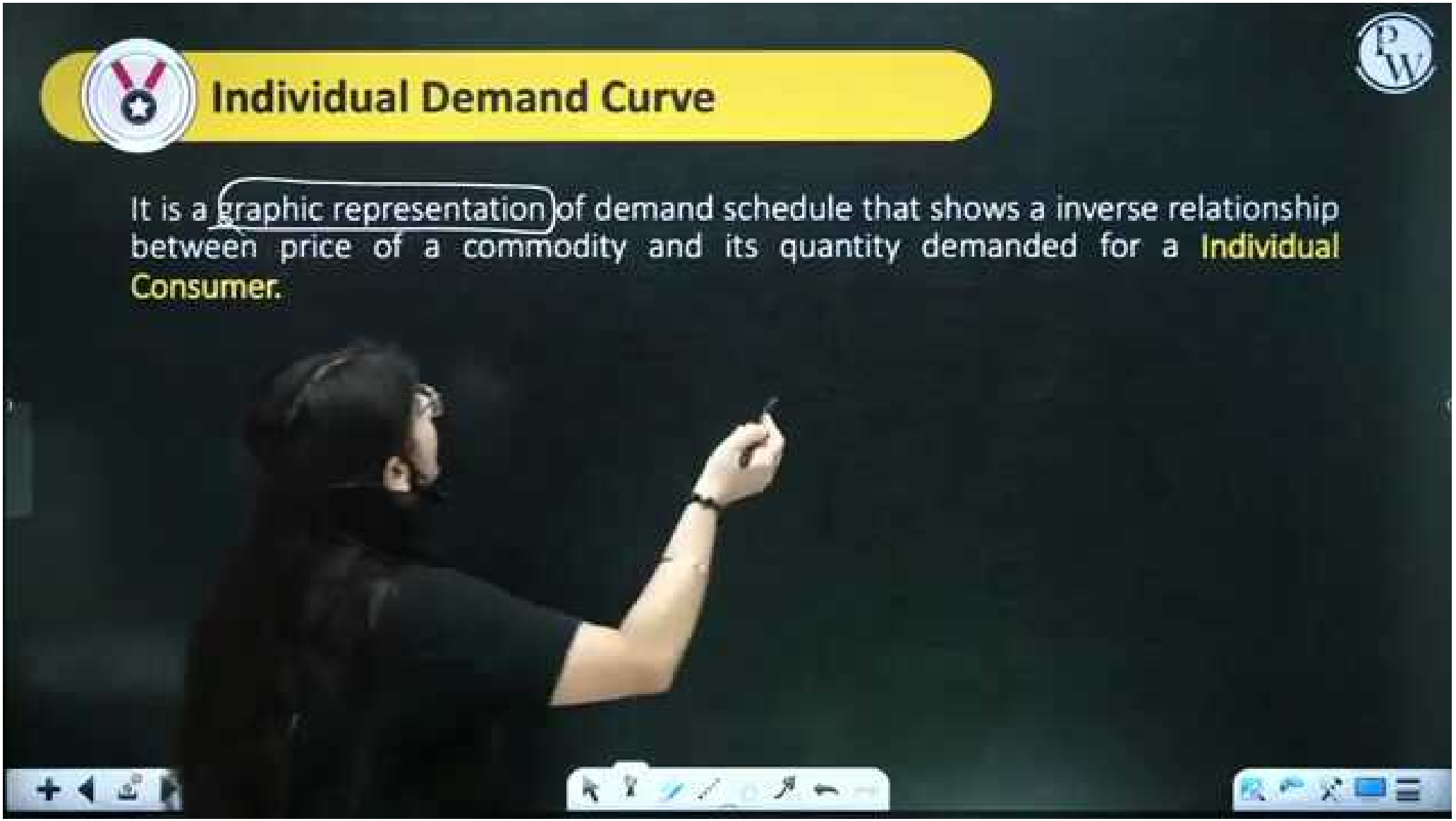


Downward sloping

i.e. Inverse / -ve / Opposite

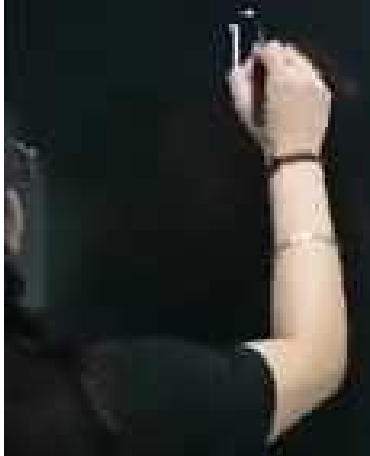
Individual Demand Curve

It is a graphic representation of demand schedule that shows a inverse relationship between price of a commodity and its quantity demanded for a Individual Consumer.



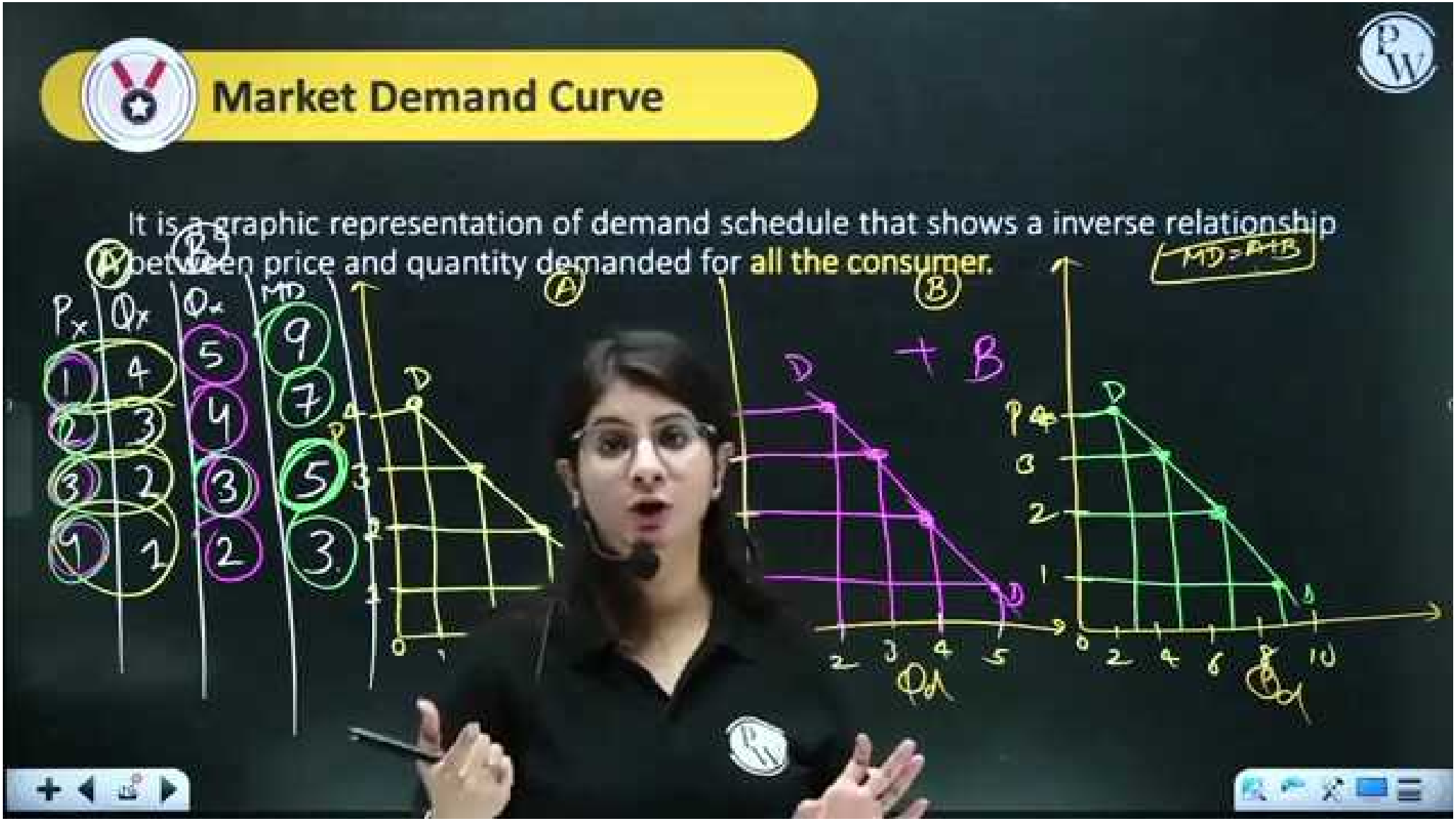
Market Demand Curve

It is a graphic representation of demand schedule that shows a inverse relationship between price and quantity demanded for all the consumer.



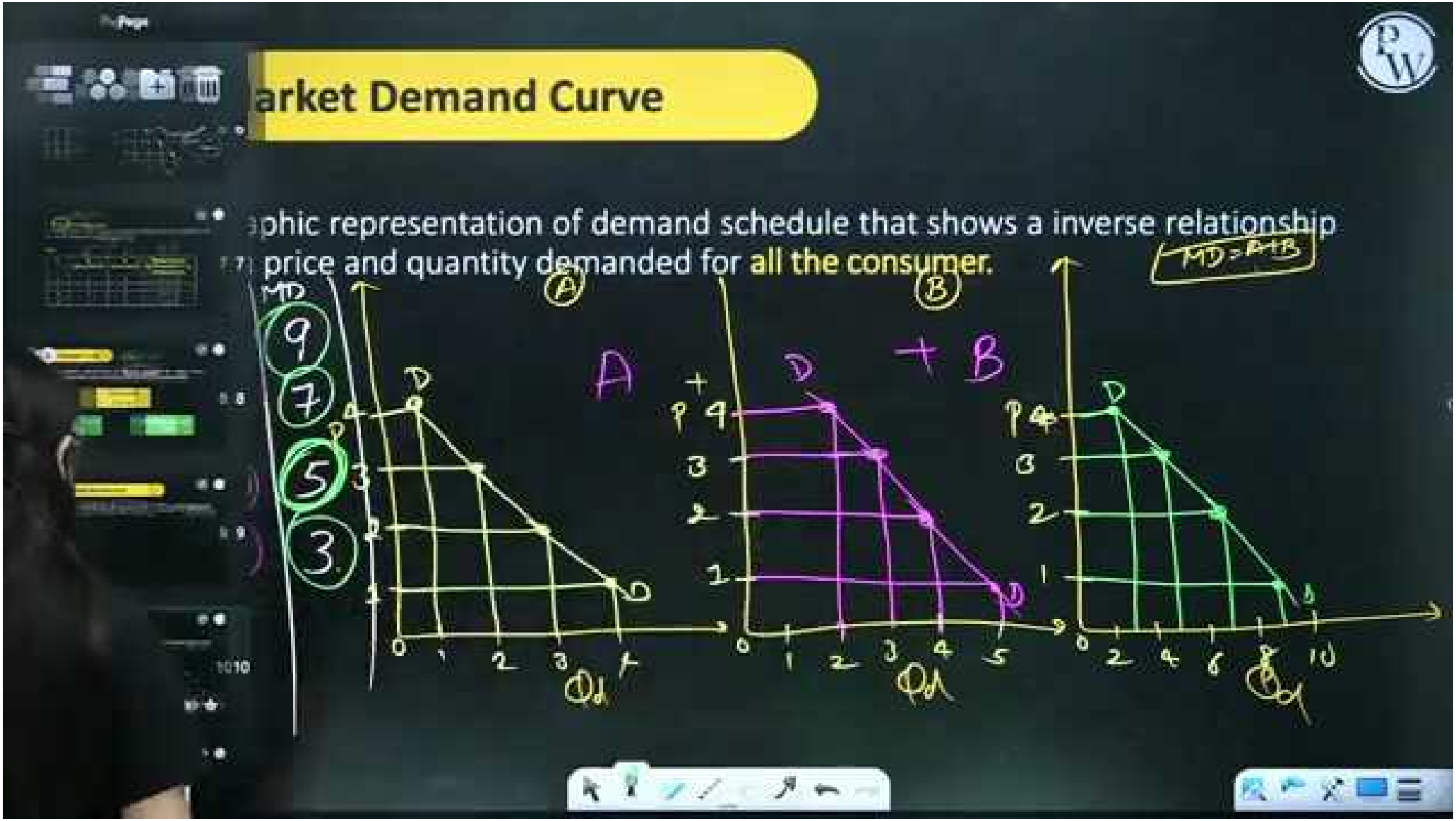
Market Demand Curve

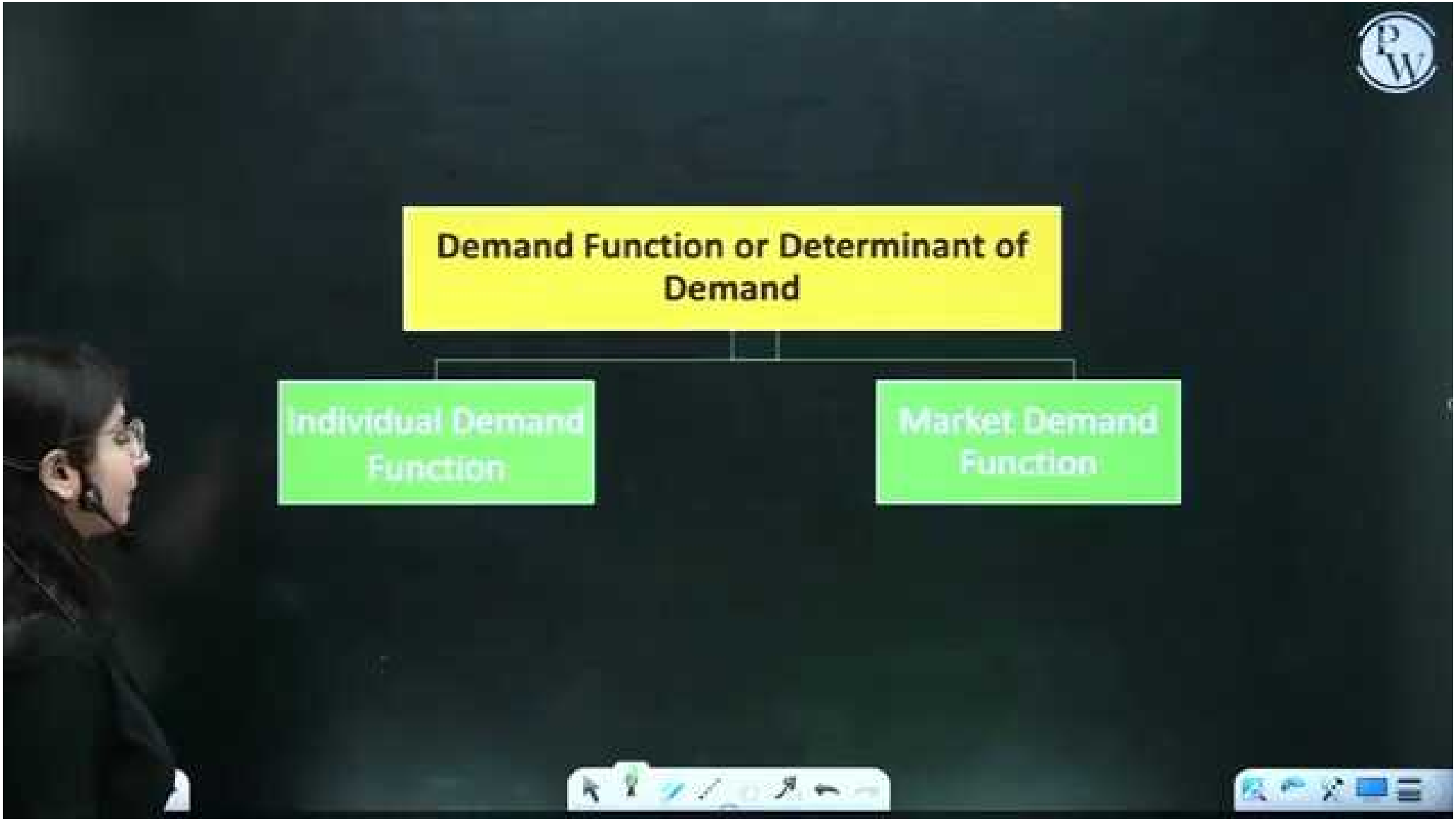
It is a graphic representation of demand schedule that shows a inverse relationship between price and quantity demanded for all the consumer.

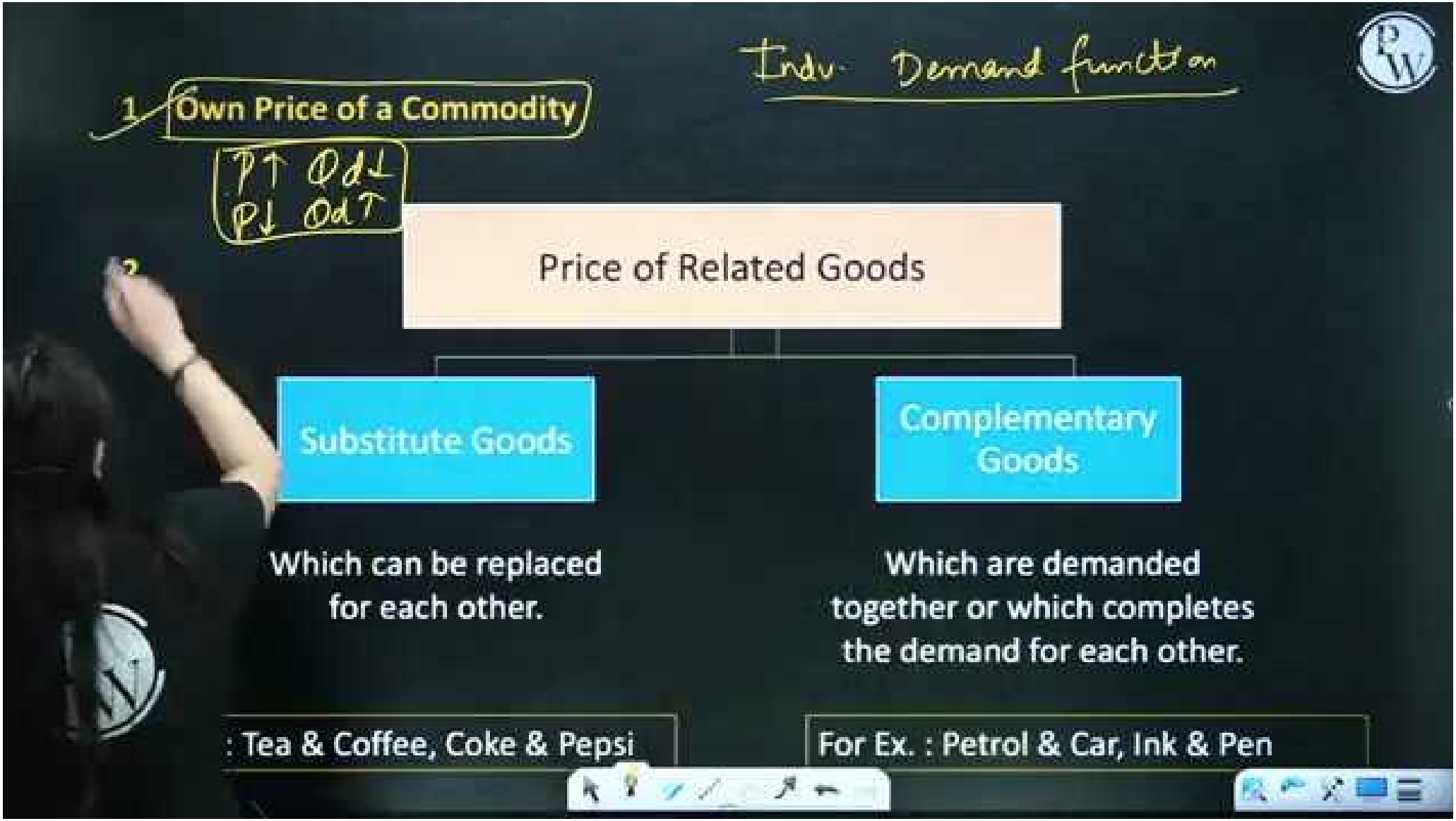


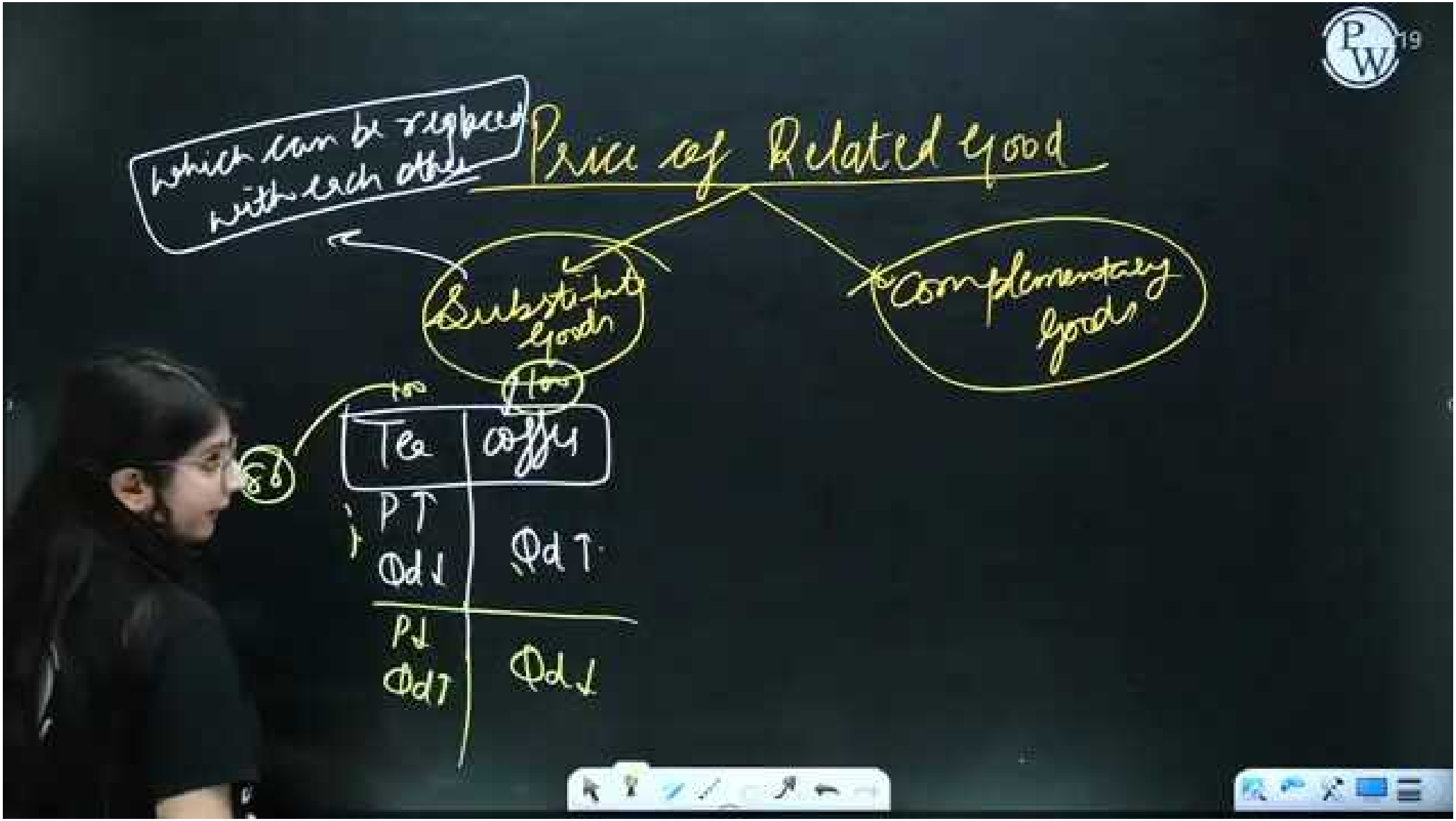
arket Demand Curve

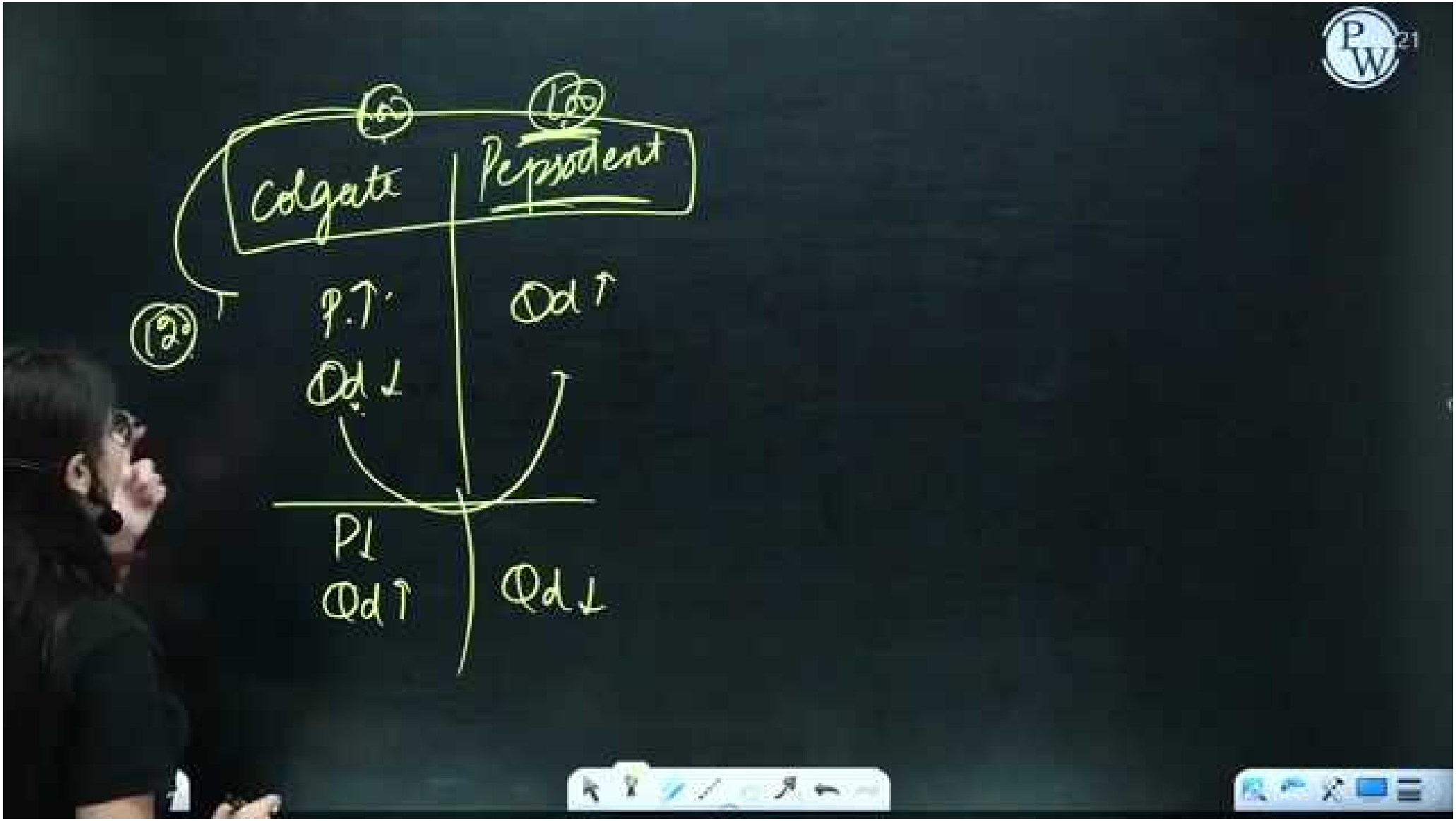
phic representation of demand schedule that shows a inverse relationship
price and quantity demanded for all the consumer.




Demand Function or Determinant of Demand
Individual Demand Function
Market Demand Function


Indv. Demand function
1 Own Price of a Commodity
P↑ Qd↓
P↓ Qd↑
Price of Related Goods
Substitute Goods
Complementary Goods
Which can be replaced for each other.
Which are demanded together or which completes the demand for each other.
: Tea & Coffee, Coke & Pepsi
For Ex. : Petrol & Car, Ink & Pen


which can be replaced with each other
Price of Related good
Substitute goods
Complementary goods
Tea
Coffee
PT
Qd ↓
Qd ↑
P ↓
Qd ↑
Qd ↓


Colgate
Pepsodent
P.↑
Qd↓
Qd↑
P↓
Qd↑
Qd↓


which can be replaced with each other
Price of Related Good
dependent
together
Substitute goods
Complementary goods
Tea
PT
Qd↓
Petrol
Car
PT
Qd↓
↑Qd
PJ
Qd↑
↓Qd

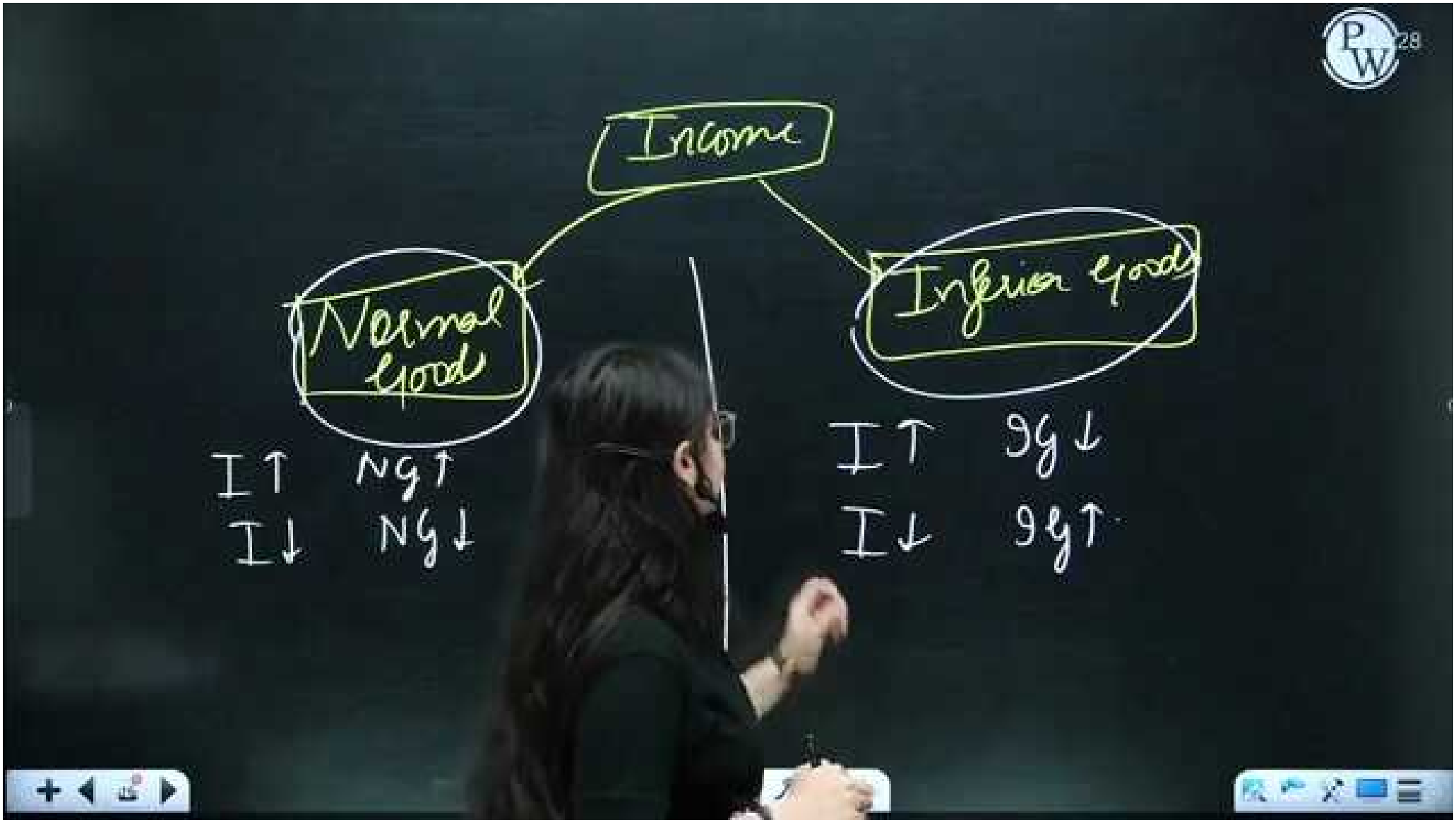
3. Income of the Consumer:

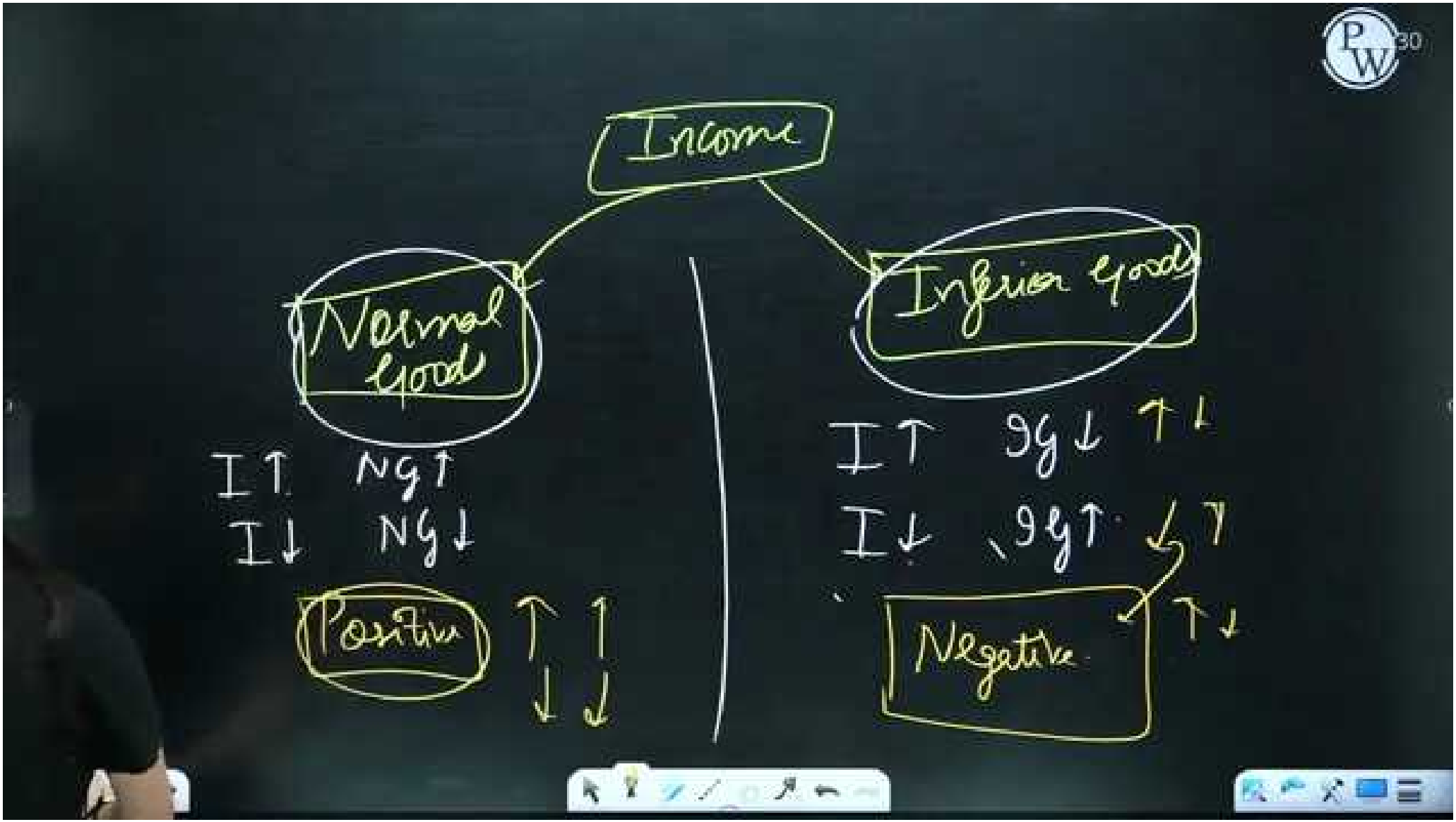
4. Taste & Preference of the buyer

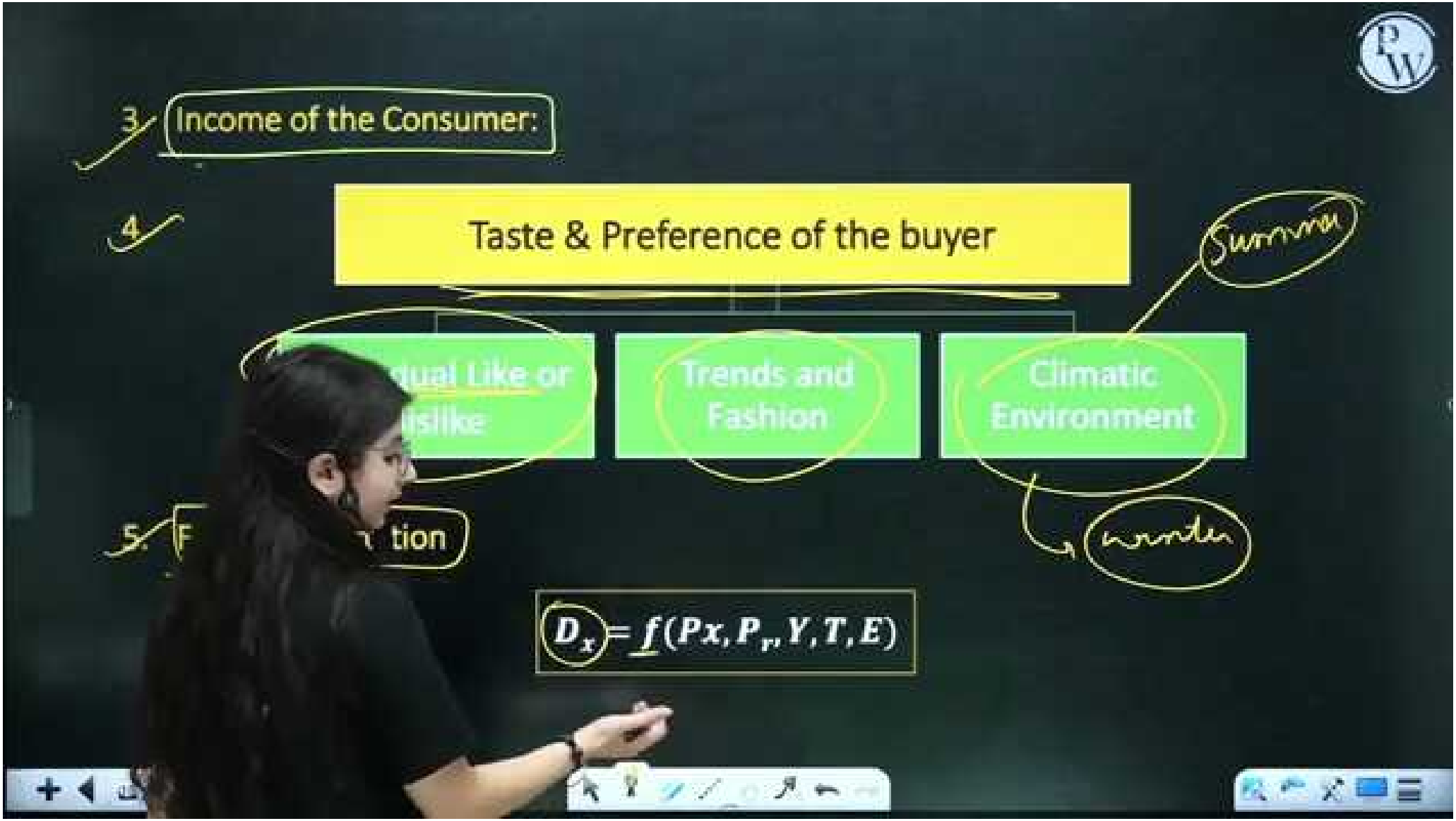
- Individual Like or dislike
- Trends and Fashion
- Climatic Environment

5. Future Expectation

$$D_x = f(Px, P_r, Y, T, E)$$


Income
Normal goods
Inferior goods
I↑ NG↑
I↓ NG↓
I↑ IG↓
I↓ IG↑

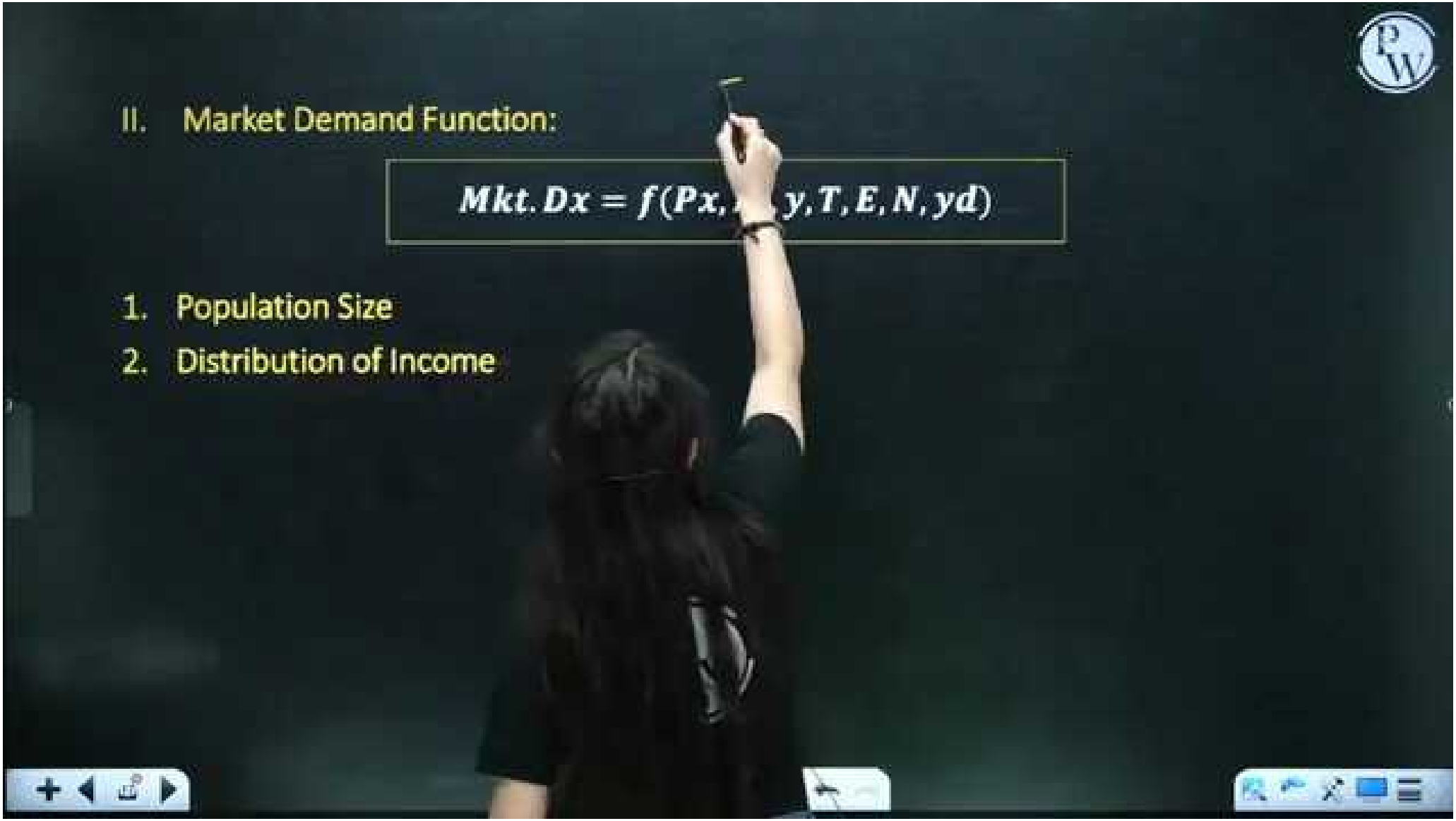

Income
Normal good
Inferior goods
I↑ Ng↑
I↓ Ng↓
Positive
I↑ Qg↓
I↓ Qg↑
Negative

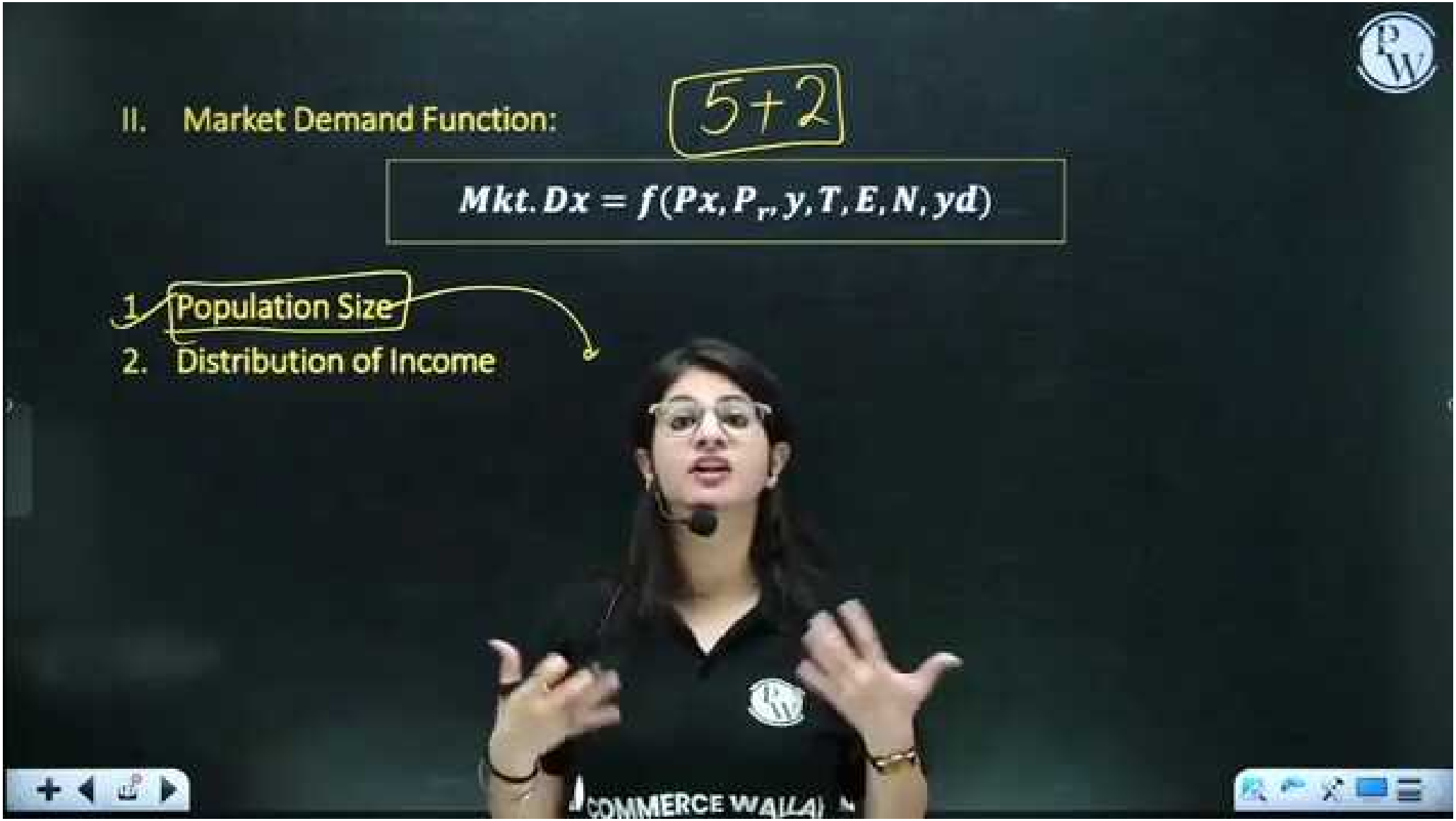

3 Income of the Consumer:
4
Taste & Preference of the buyer
ual Like or
islike
Trends and Fashion
Climatic Environment
tion
$D_x = f(Px, P_r, Y, T, E)$

II. Market Demand Function:

$$Mkt.Dx = f(Px, P_r, y, T, E, N, yd)$$

1. Population Size
2. Distribution of Income


II. Market Demand Function:
Mkt. Dx = f(Px, y, T, E, N, yd)
1. Population Size
2. Distribution of Income


II. Market Demand Function:
5+2
$Mkt.Dx = f(Px, P_r, y, T, E, N, yd)$
1. Population Size
2. Distribution of Income
COMMERCE WALLAH

II. Market Demand Function: 5+2

$$Mkt.Dx = f(Px, P_r, y, T, E, N, yd)$$

1. Population Size
   - Distribution of Income
     - Unequal Dist of Income
     - Rich → Lux
     - Poor
     - Pop ↑ (Necessity) → Demand ↑
     - Pop ↓ → Demand ↓
   - Doctors → Compounder

Law of Demand

It shows the inverse relationship between Price of a commodity and its quantity demanded. Other factors remaining constant.

Assumptions:

1. Price of Related Goods do not change
2. Taste & Preference remain constant
3. No change in Income of the buyer
4. Future Expectation remain constant.

Table:-

P_x (Rs.)	Q_x (units)
5	20
10	15
15	10
[illegible]	5

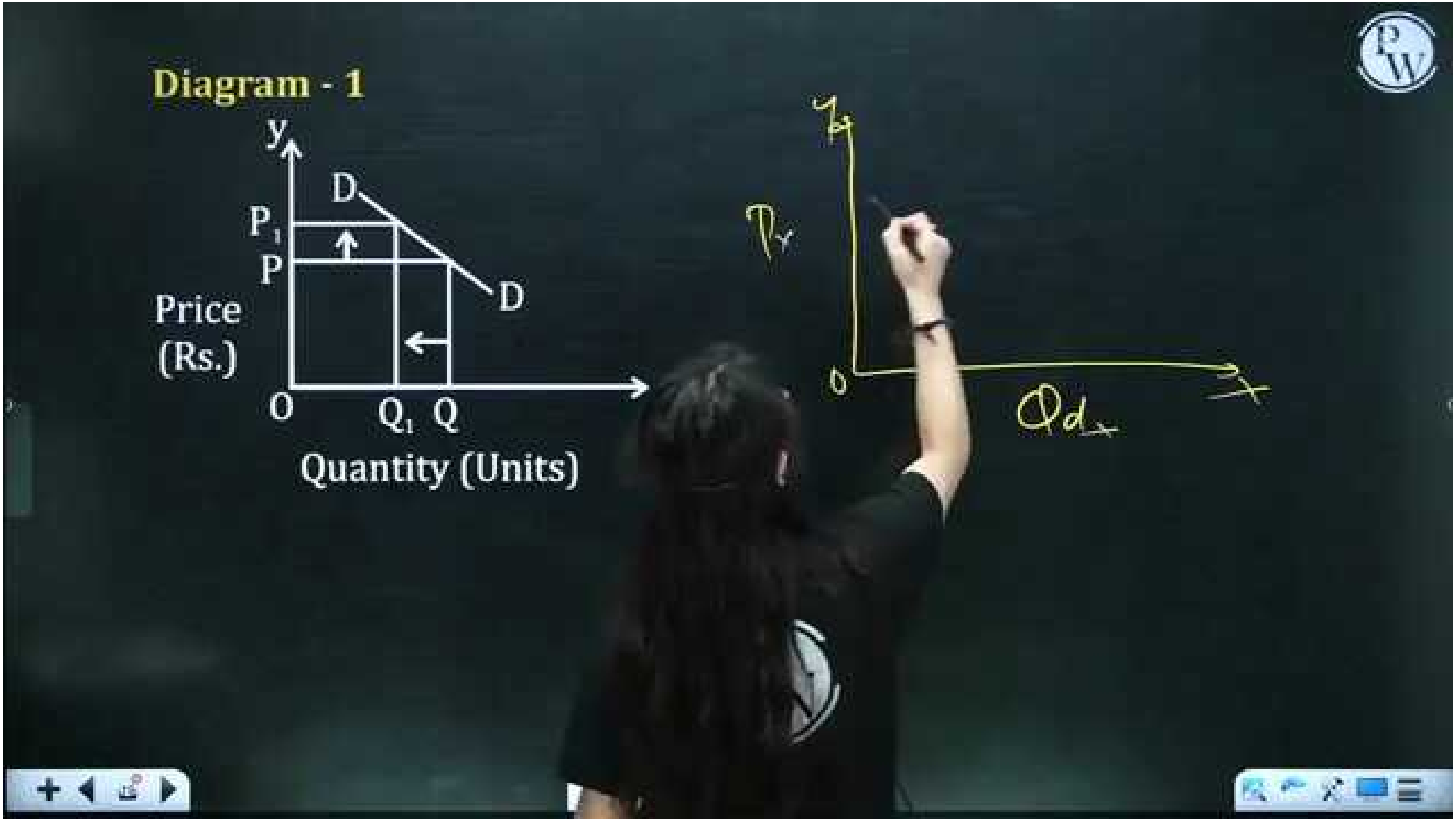
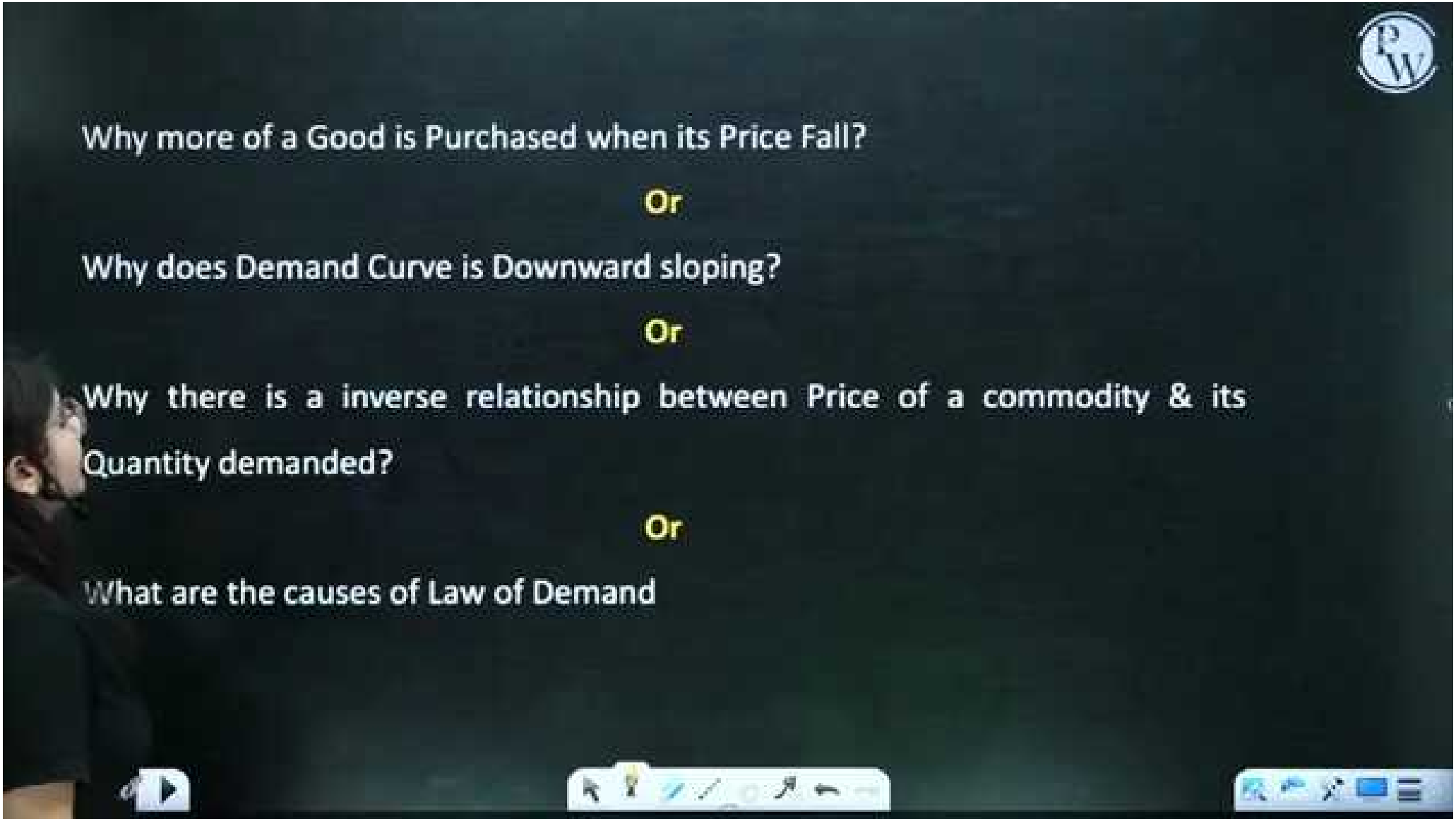
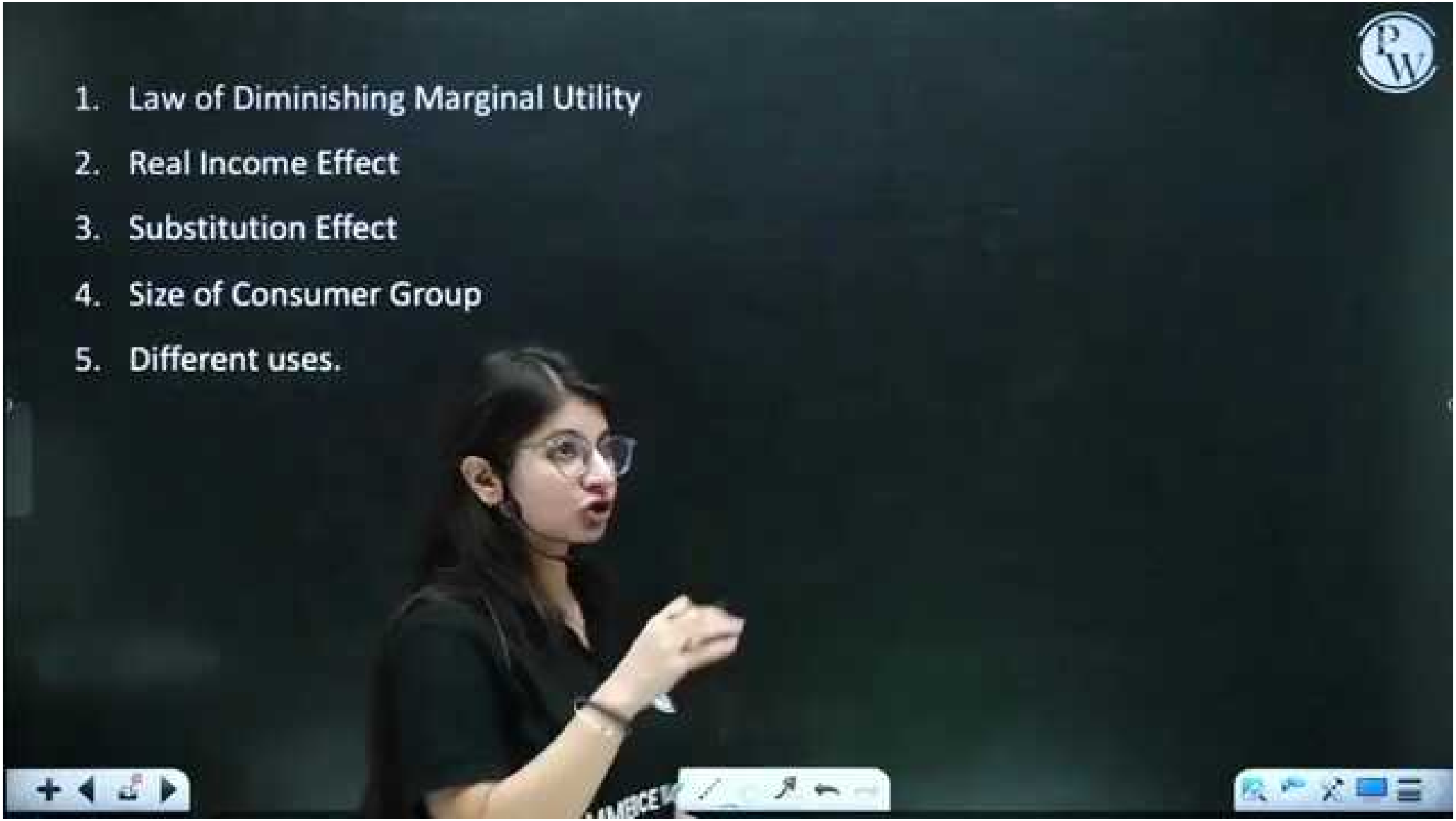
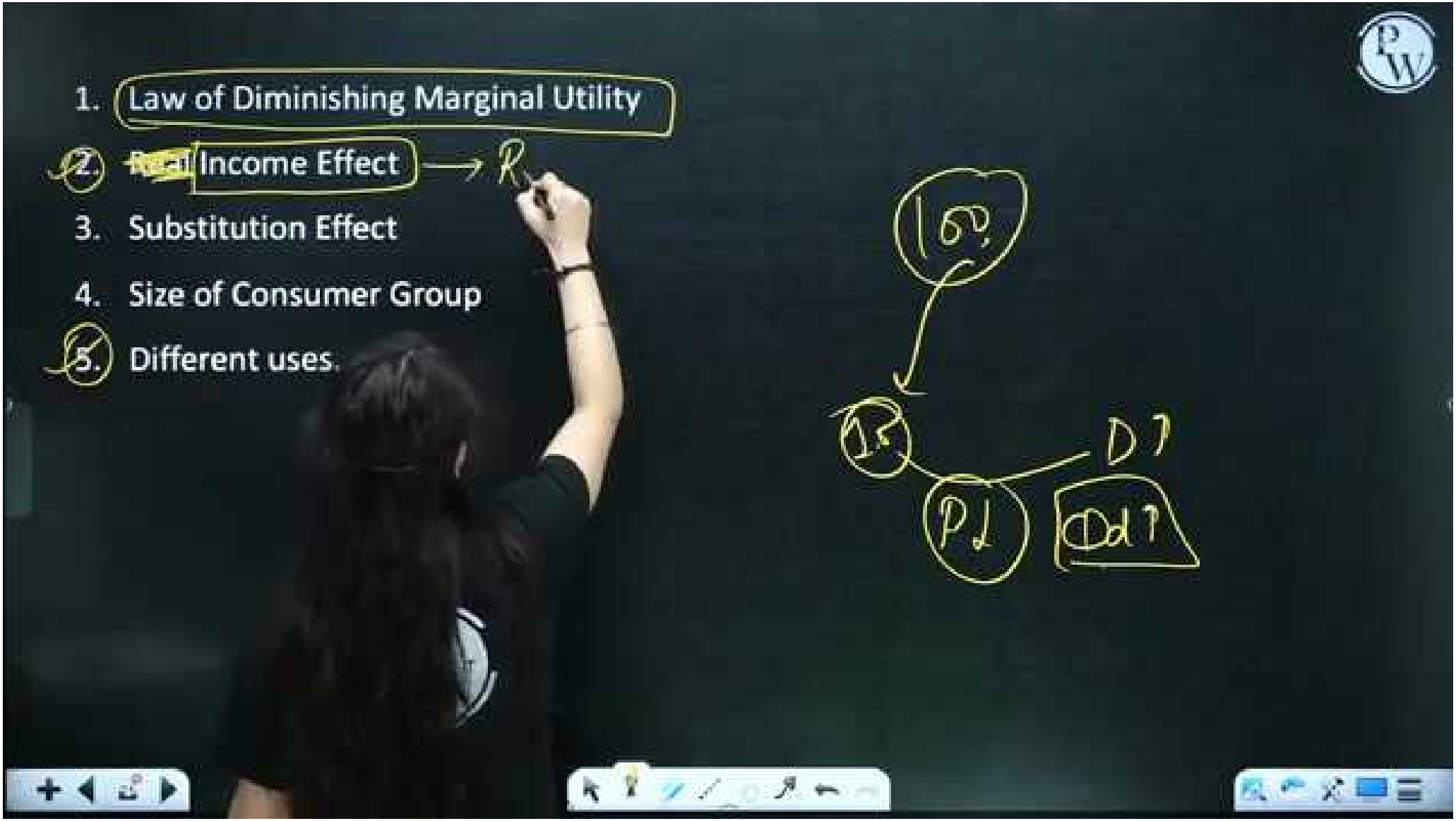
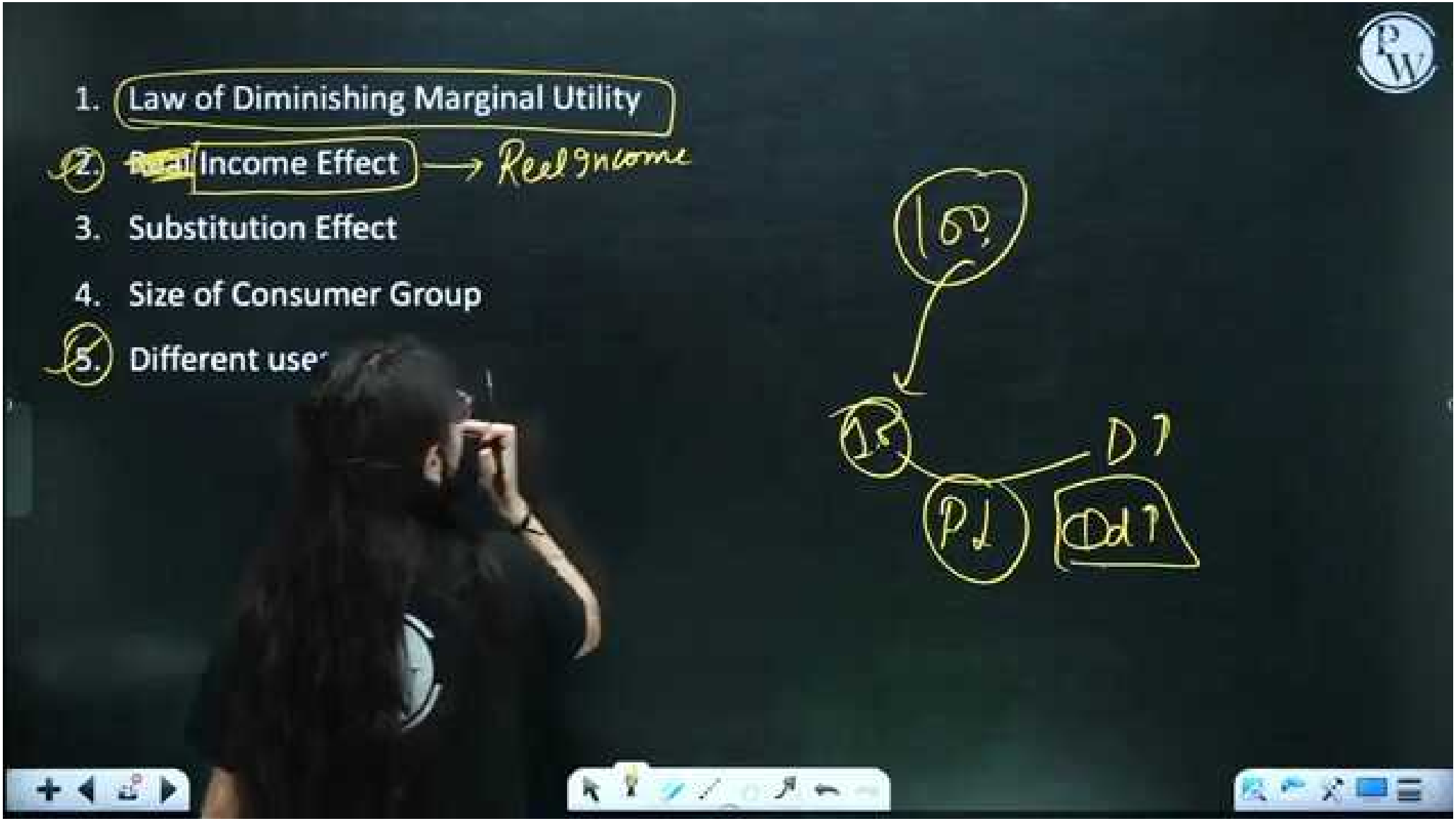


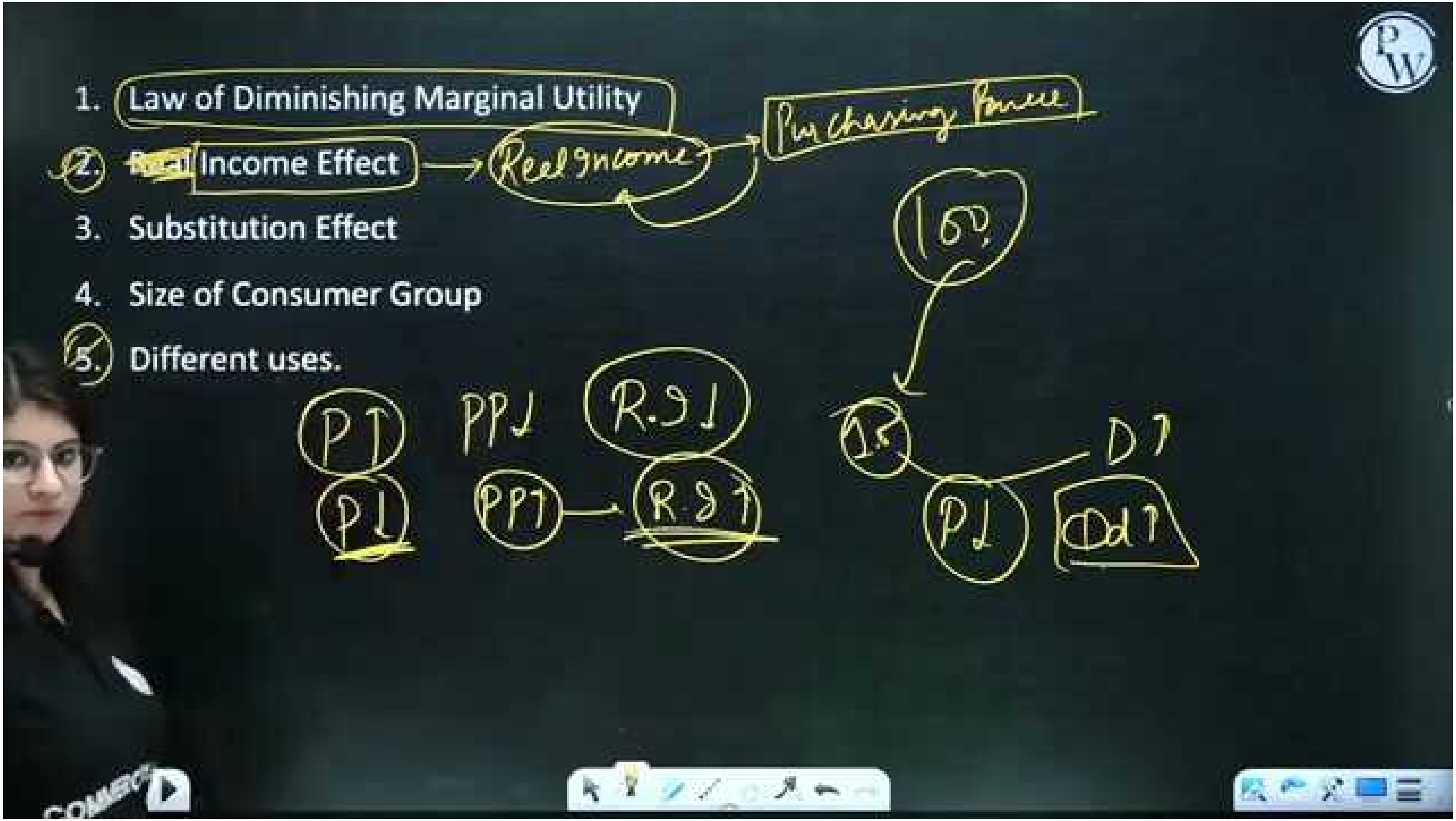
Diagram - 1
y
D
P1
P
D
Price
(Rs.)
O
Q1 Q
Quantity (Units)
Py
O
Qdx

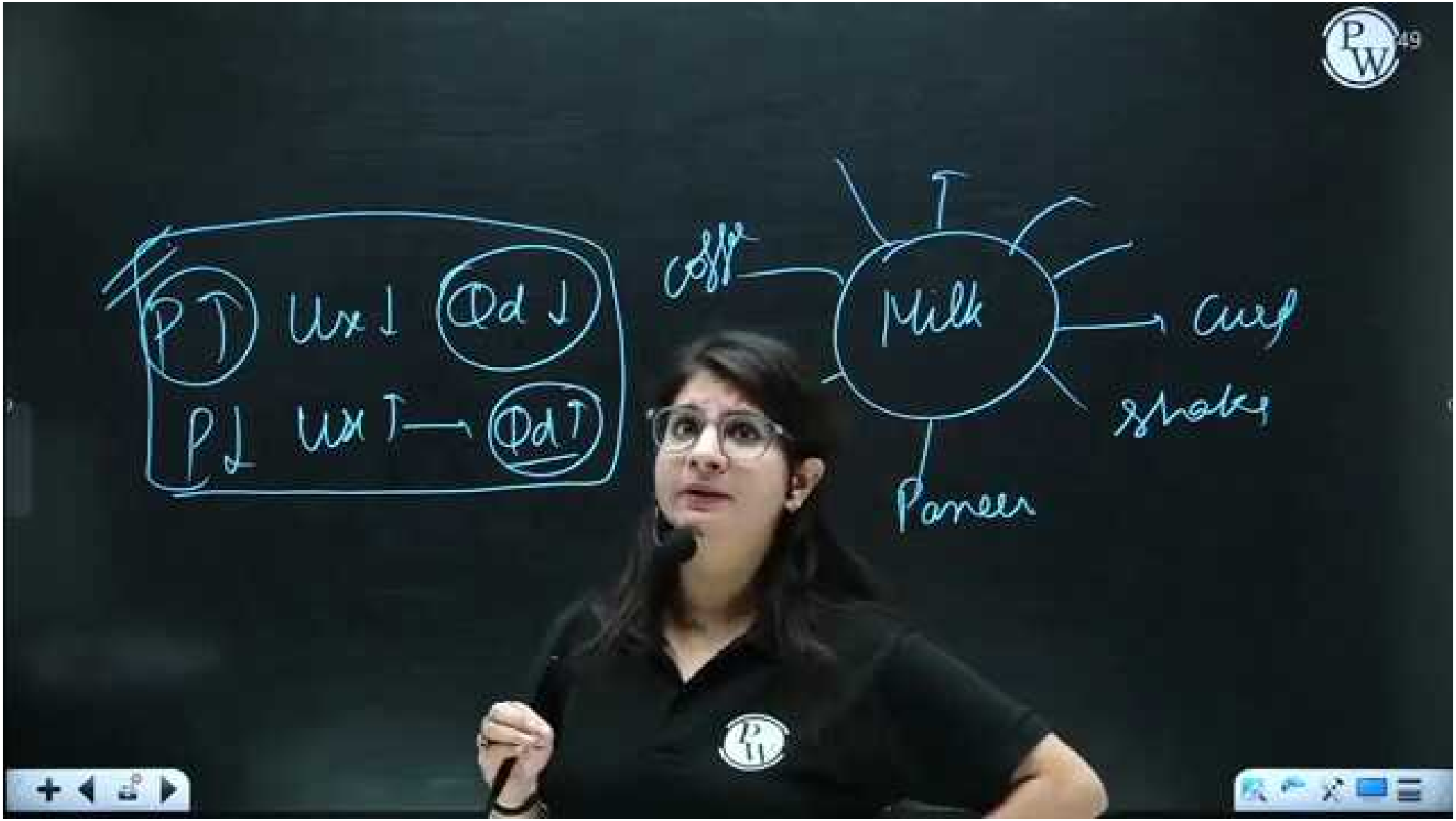

Why more of a Good is Purchased when its Price Fall?
Or
Why does Demand Curve is Downward sloping?
Or
Why there is a inverse relationship between Price of a commodity & its Quantity demanded?
Or
What are the causes of Law of Demand


1. Law of Diminishing Marginal Utility
2. Real Income Effect
3. Substitution Effect
4. Size of Consumer Group
5. Different uses.


1. Law of Diminishing Marginal Utility
2. Income Effect
3. Substitution Effect
4. Size of Consumer Group
5. Different uses.


1. Law of Diminishing Marginal Utility
2. Income Effect → Real Income
3. Substitution Effect
4. Size of Consumer Group
5. Different use
D
D1
P1


1. Law of Diminishing Marginal Utility
2. Income Effect
Reel Income
Purchasing Power
3. Substitution Effect
4. Size of Consumer Group
5. Different uses.


PT
Ux I
Qd J
PJ
Ux T
Qd T
Milk
Paneer

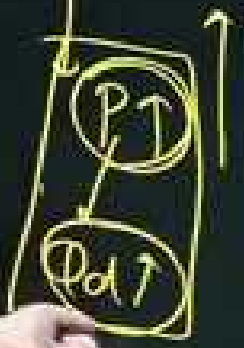
Exceptions to the law of Demand

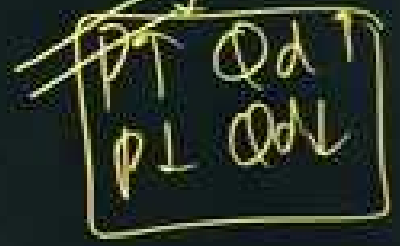
P↑ Qd↓
P↓ Qd↑

1. Article of Distinction
   (Social Distinction / Demonstration Effect / Prestigious Good Effect / Article of Social Distinction)
2. Giffen Goods
3. When a Consumer Judge Quality of a commodity by its Price.
4. Fashion related Goods
5. Fear of shortage
6. Necessities

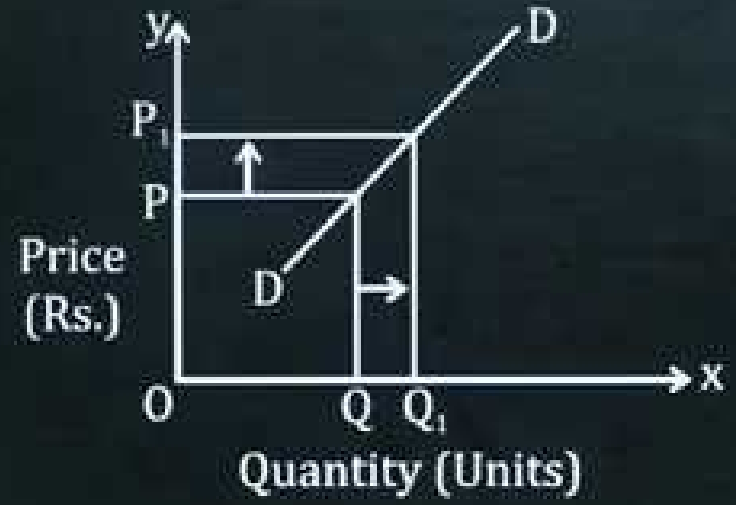
Exceptions to the law of Demand

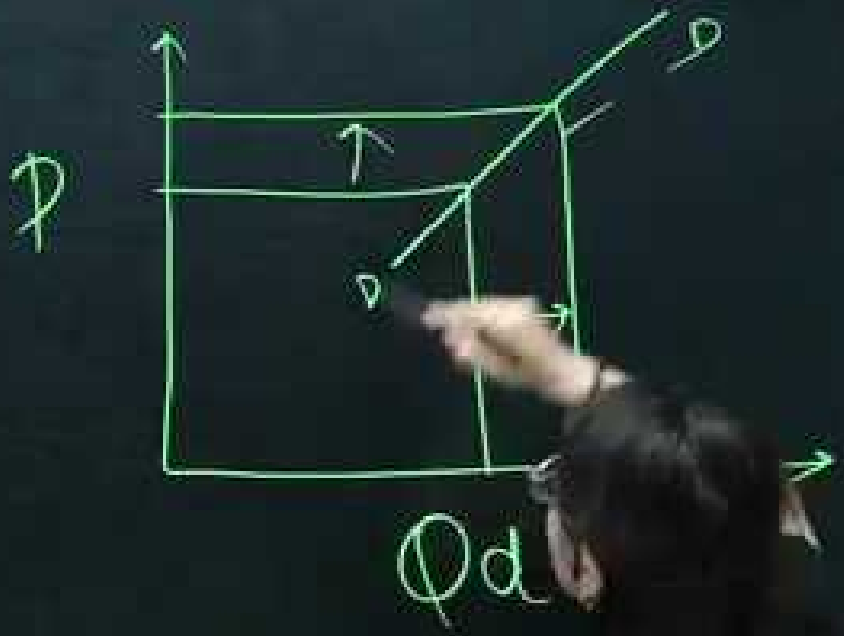
1. Article of Distinction
   (Social Distinction / Demonstration Effect / Prestigious Good Effect / Article of Social Distinction)
2. Giffen Goods / Giffen Paradox
3. Wh sumer Judge Quality of a commodity by its Price.
4. Fas ed Goods
5. Fea tage
6.





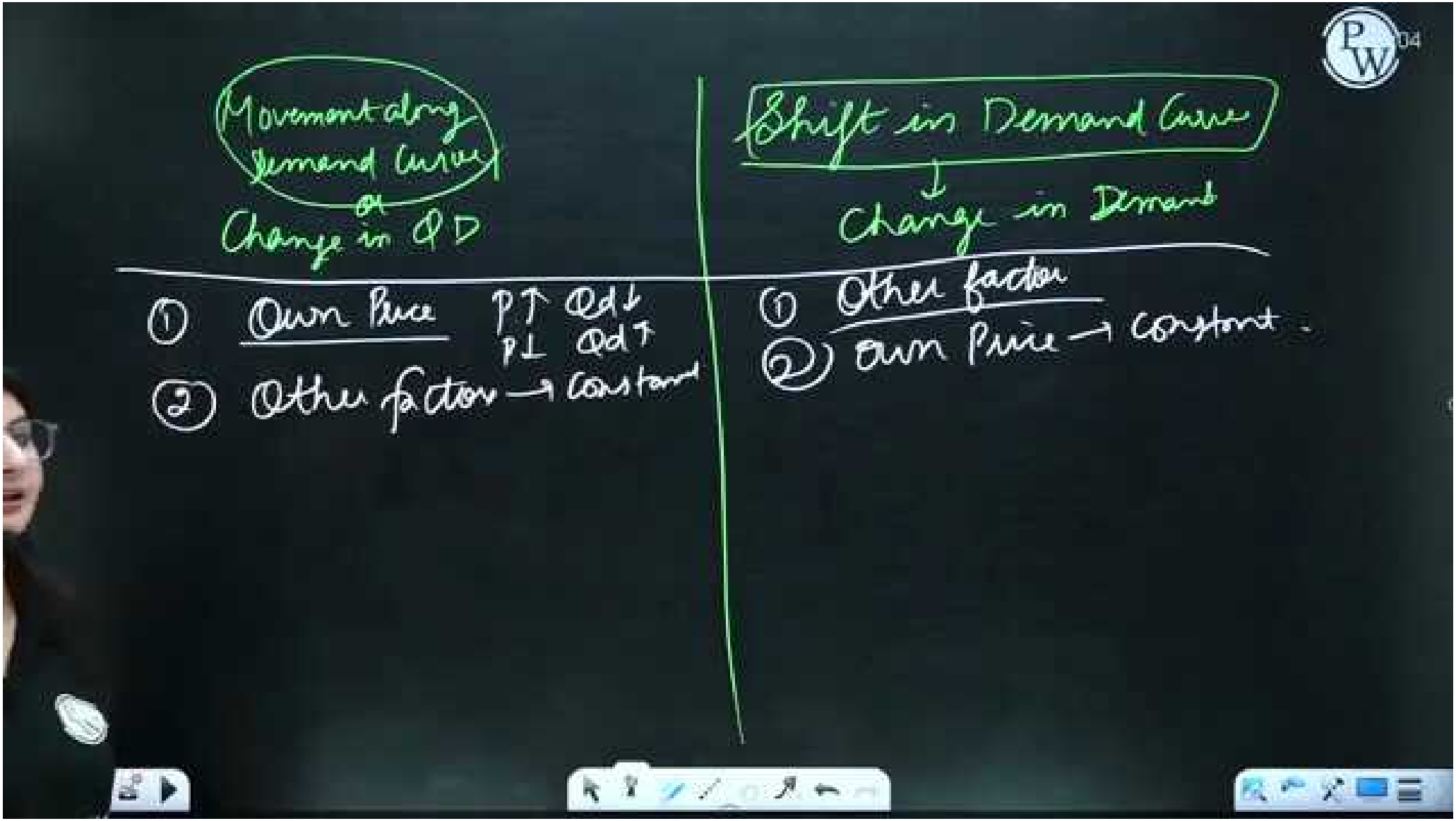
Diagram

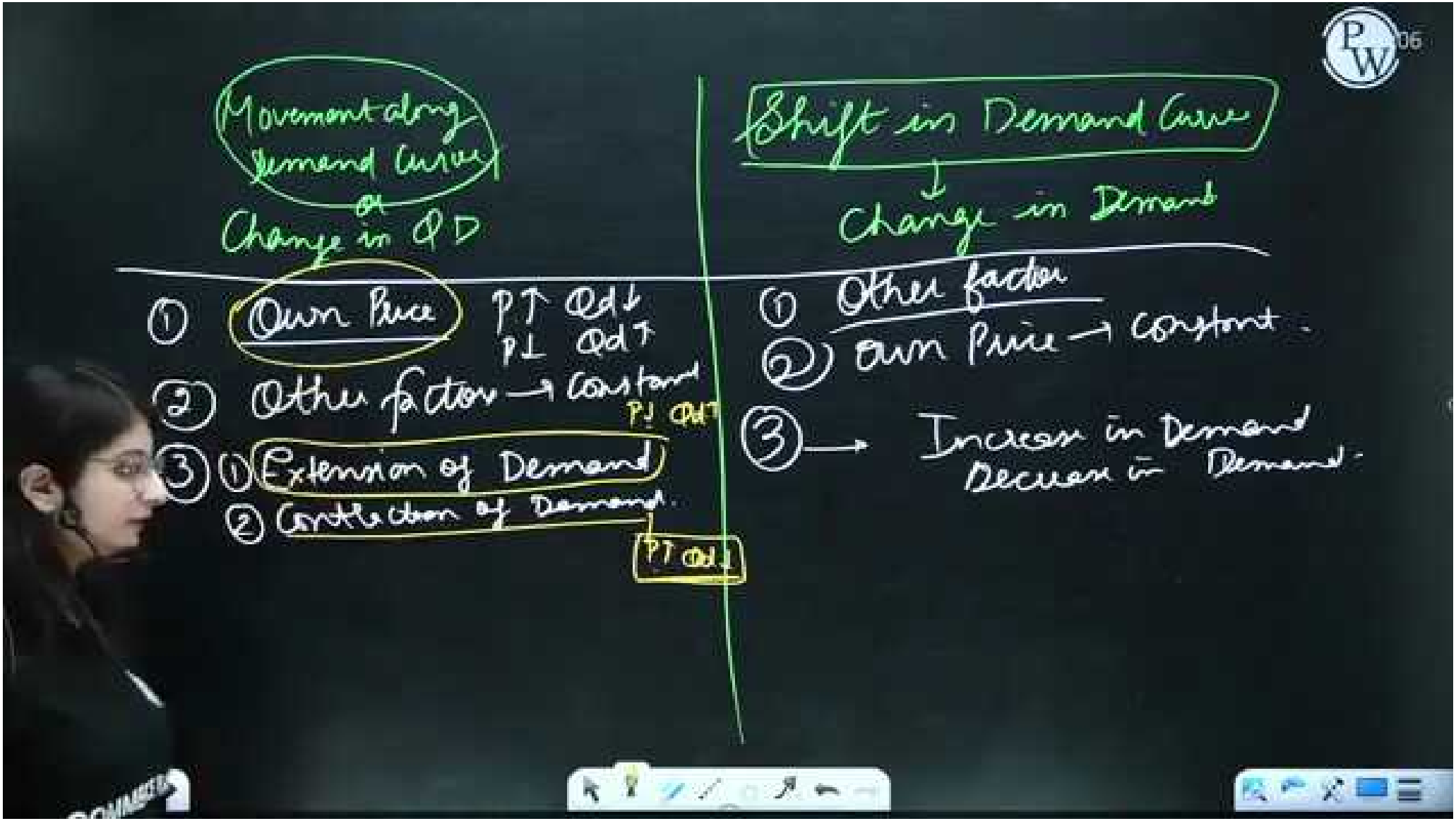


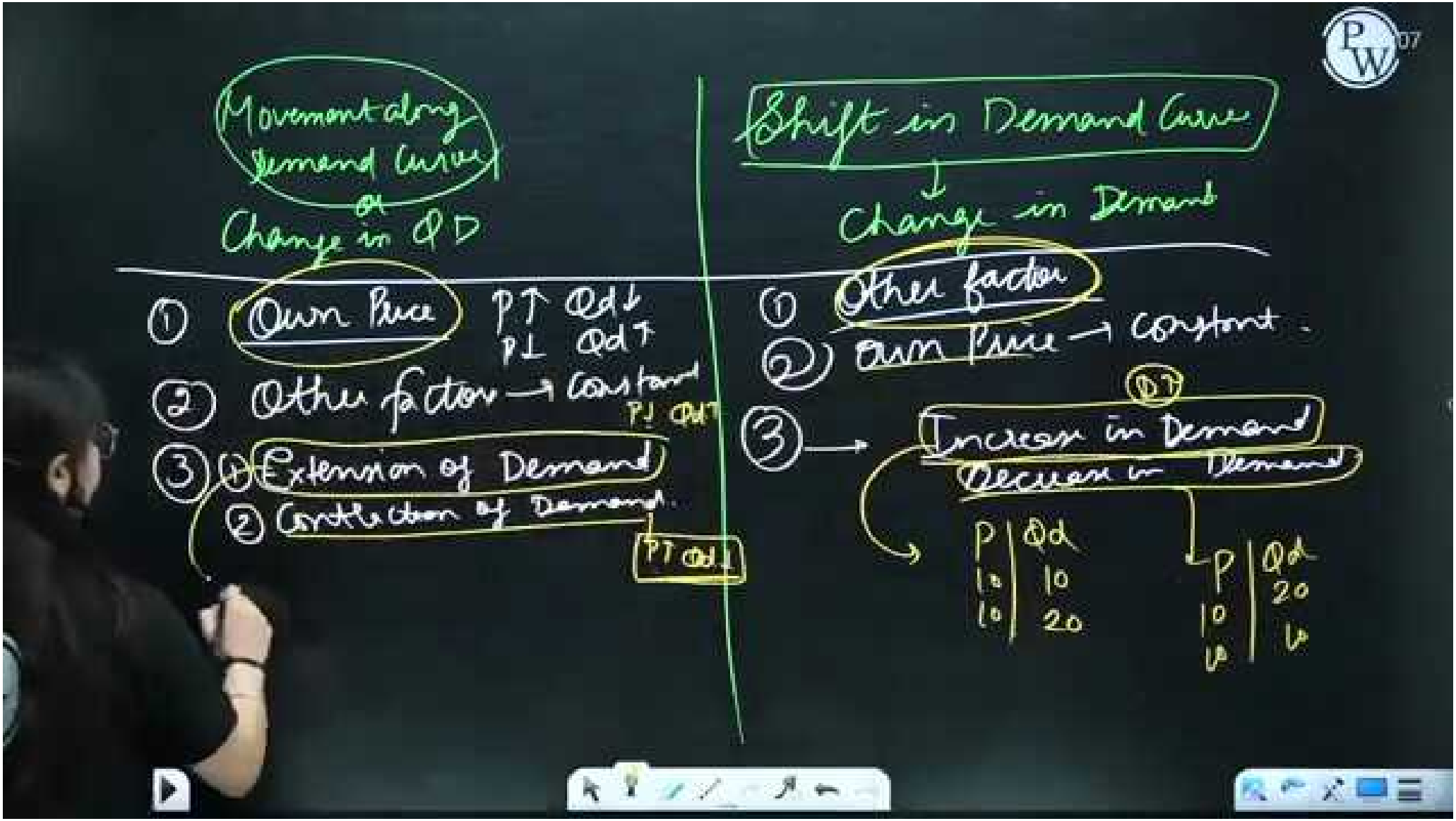


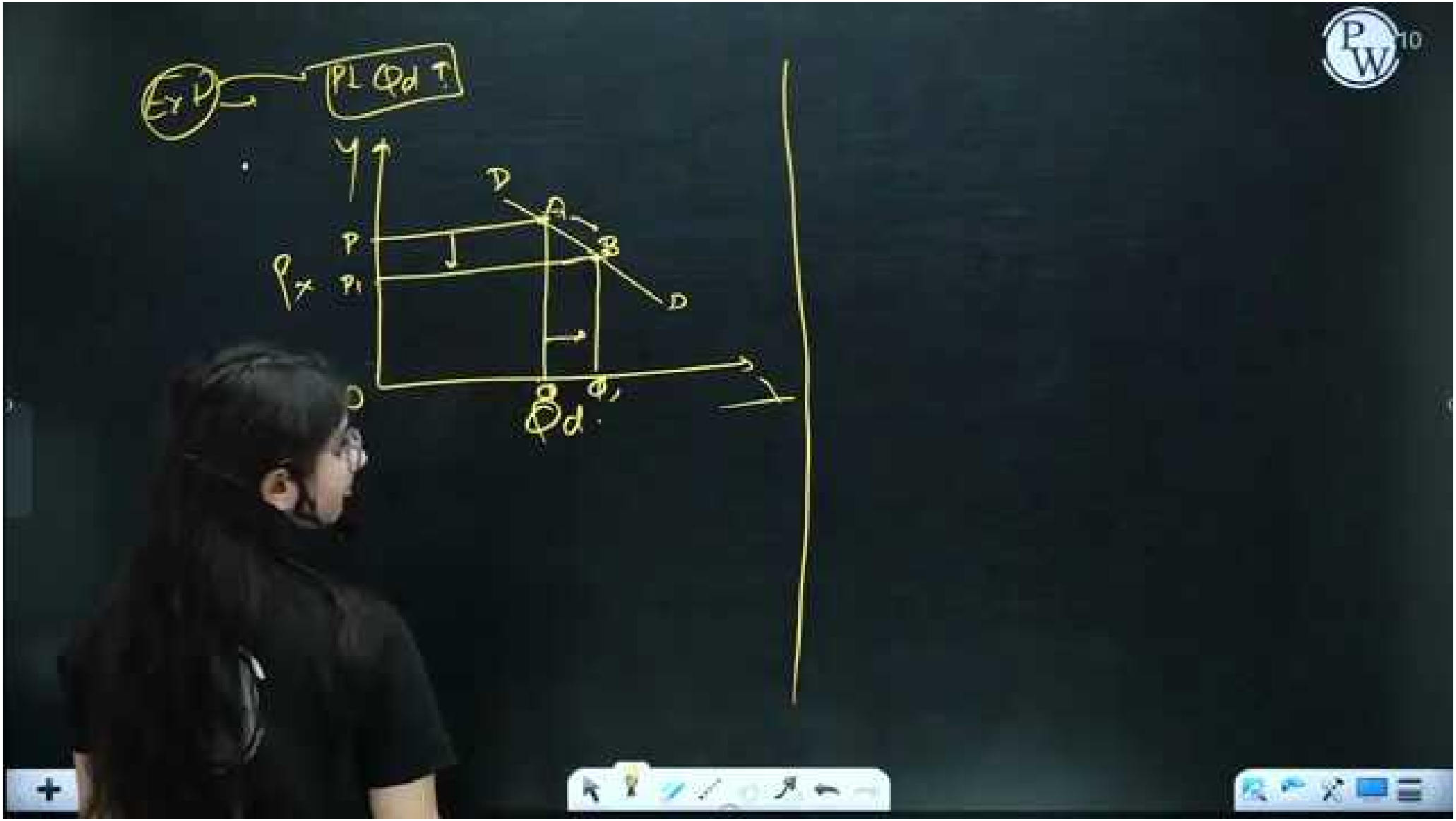
Exceptions to the law of Demand

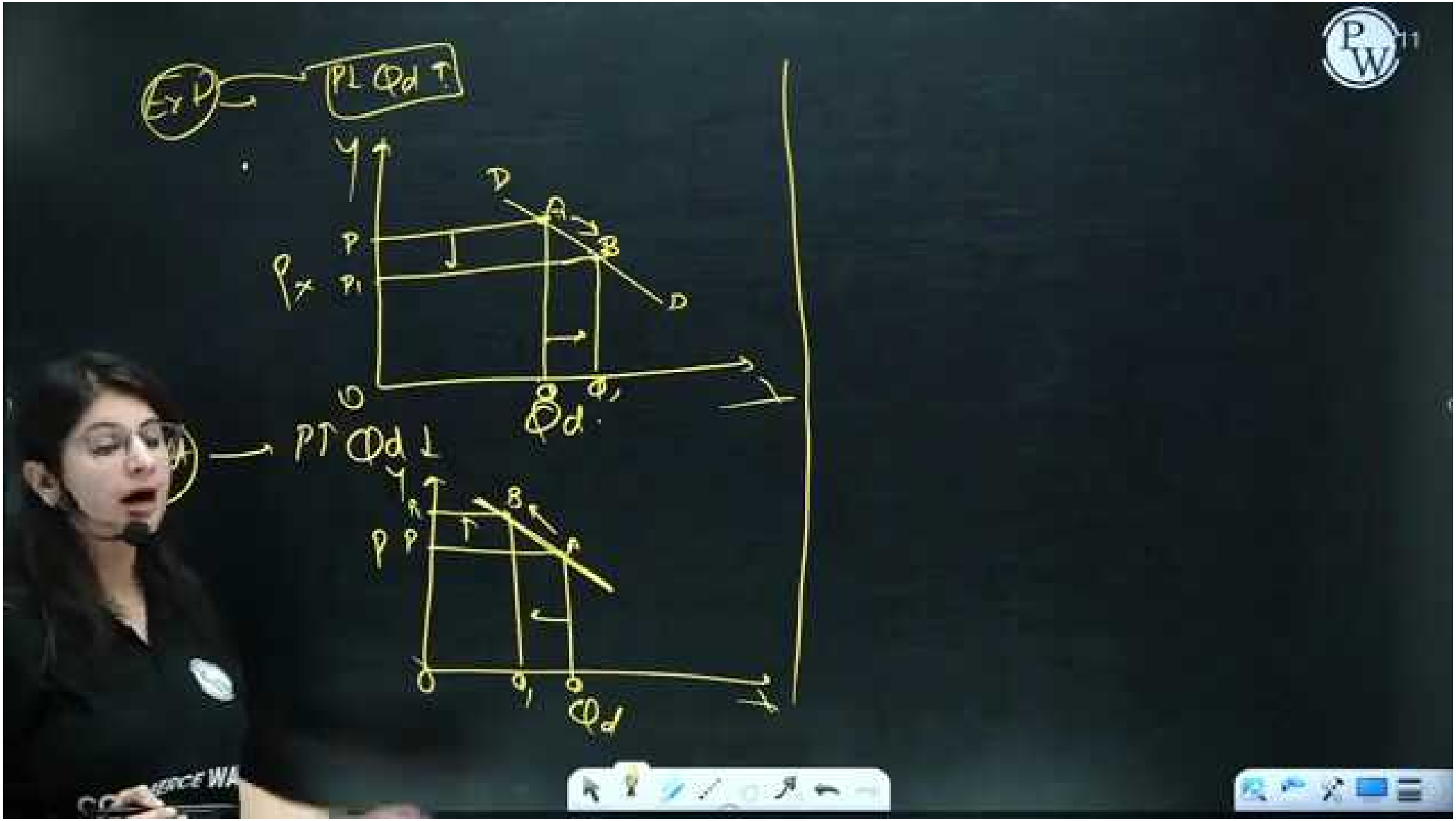
1. Article of Distinction
   (Social Distinction / Demonstration Effect / Prestigious Good Effect / Article of Social Distinction)
2. Giffen Goods / Giffen Paradox
3. When a Consumer Judge Quality of a commodity by its Price.
4. Fashion related Goods
5. Fear of shortage
6. Necessities

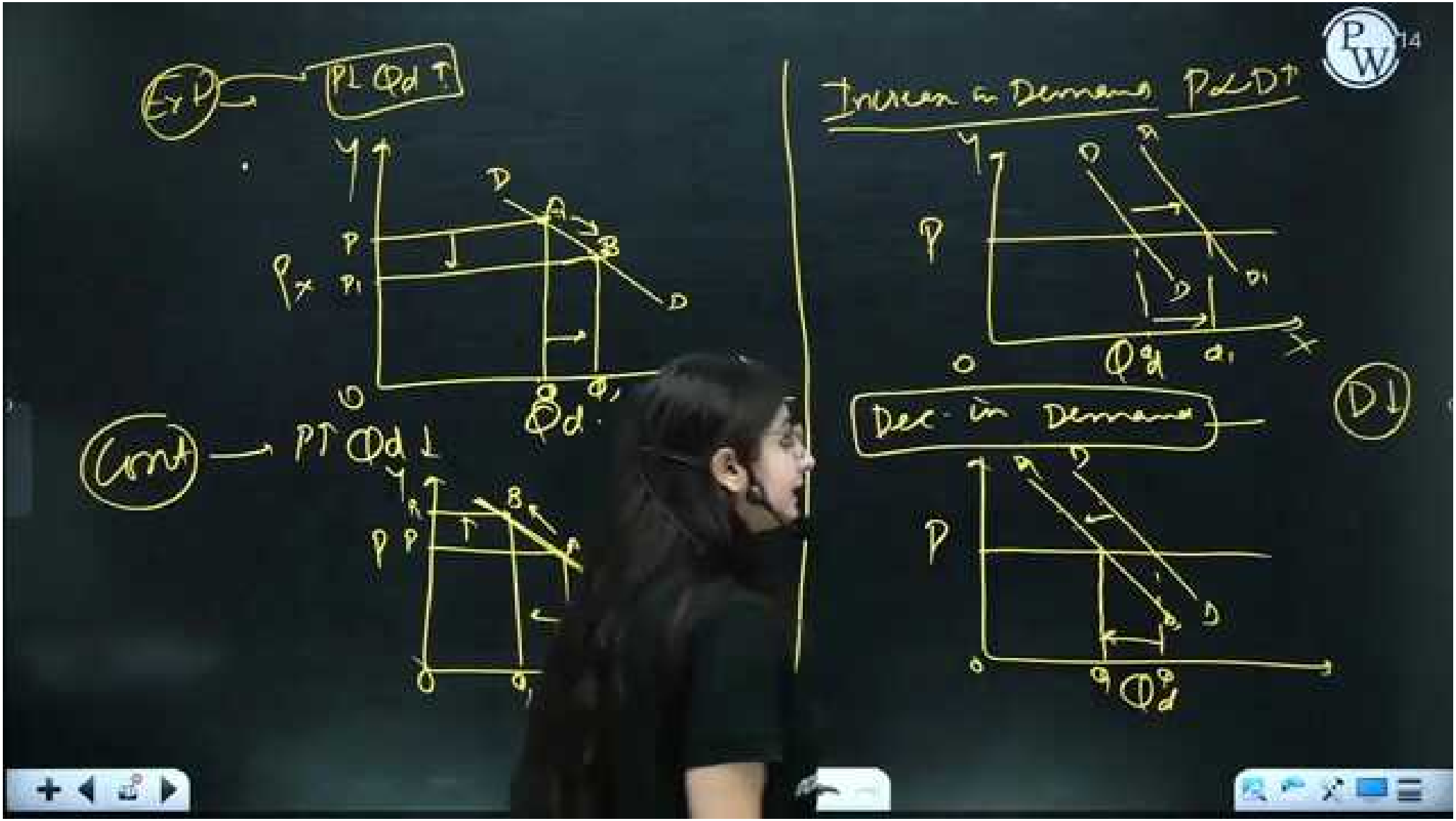

Movement along Demand Curve
or
Change in QD
Shift in Demand Curve
Change in Demand
① Own Price P↑ Qd↓ P↓ Qd↑
② Other factor → Constant
① Other factor
② Own Price → Constant


Movement along Demand Curve
or
Change in QD
Shift in Demand Curve
Change in Demand
① Own Price P↑ Qd↓ P↓ Qd↑
② Other factor → Constant
P↓ Qd↑
③ ① Extension of Demand
② Contraction of Demand
P↑ Qd↓
① Other factor
② Own Price → Constant
③ → Increase in Demand
Decrease in Demand


Movement along Demand Curve
or
Change in QD
Shift in Demand Curve
Change in Demand
① Own Price
P↑ Qd↓
P↓ Qd↑
② Other factor → Constant
P↓ Qd↑
③ (1) Extension of Demand
(2) Contraction of Demand
P↑ Qd↓
① Other factor
② Own Price → Constant
③ → Increase in Demand
Decrease in Demand
P | Qd
10 | 10
10 | 20
P | Qd
10 | 20
10 | 10


Ex P
PL Qd T
Y
D
A
P
B
Px P1
D
Qd


Ex P
PL Qd T
Y
D
A
P
B
Px P1
D
O
Q1
Qd
X
PT Qd ⊥
Y
B
P P
A
O
Q1
Qd
X


Ex P → PL Qd ↑
Y
D
A
P
B
Px P1
D
O
Qd
Q1
Const → PT Qd ↓
Y
A
B
P P
O
Q1
Increase in Demand P↓ D↑
Y
D
A
P
D
D1
O
Qd
Q1
X
Dec in Demand
D1
P
D
A
D
O
Q1
Qd

Movements along a Demand Curve and Shifts in Demand Curve

Or

Change in Quantity Demanded and Change in Demand

Movements along a Demand Curve or Change in Quantity Demanded	Shifts in Demand curve or Change in Demand
1. It occurs due to change in Own Price of a commodity	It Occurs due to change in other factors
2. Other Factors remain constant	Price of a own commodity remain constant.
3. It has to aspects: i. Extension of Demand ii. Contraction of Demand	It has 2 aspects: i. Increase in Demand ii. Decrease in Demand
Table: 4. Extension of Demand	Table: 4. Increase in Demand

P_x	Qd_x
10	5
5	10

P_x	Qd_x
5	5
5	20

Table:
Contraction of Demand

P_x	Qd_x
5	10
10	5

5. Diagram
Extension of Demand

P↓ Qd↑

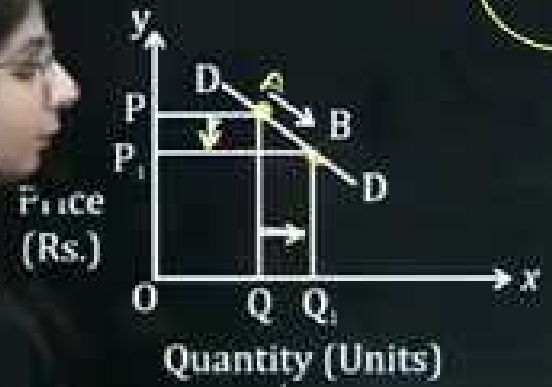
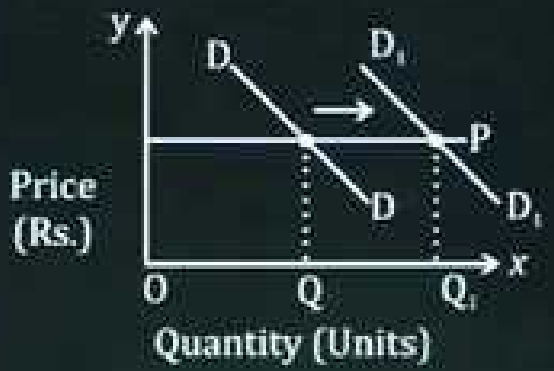


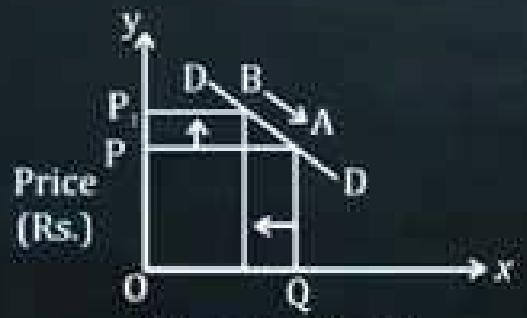
Table:
Decrease in Demand

P_x	Qd_x
5	20
5	10

Diagram
i. Increase in Demand

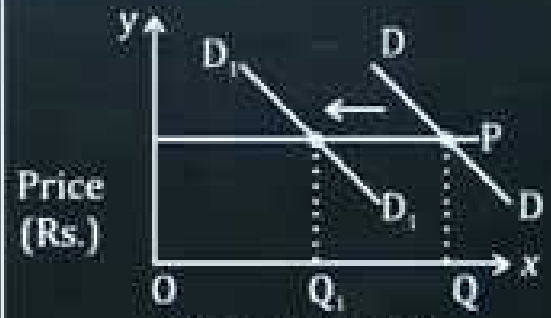


ii. Contraction of Demand

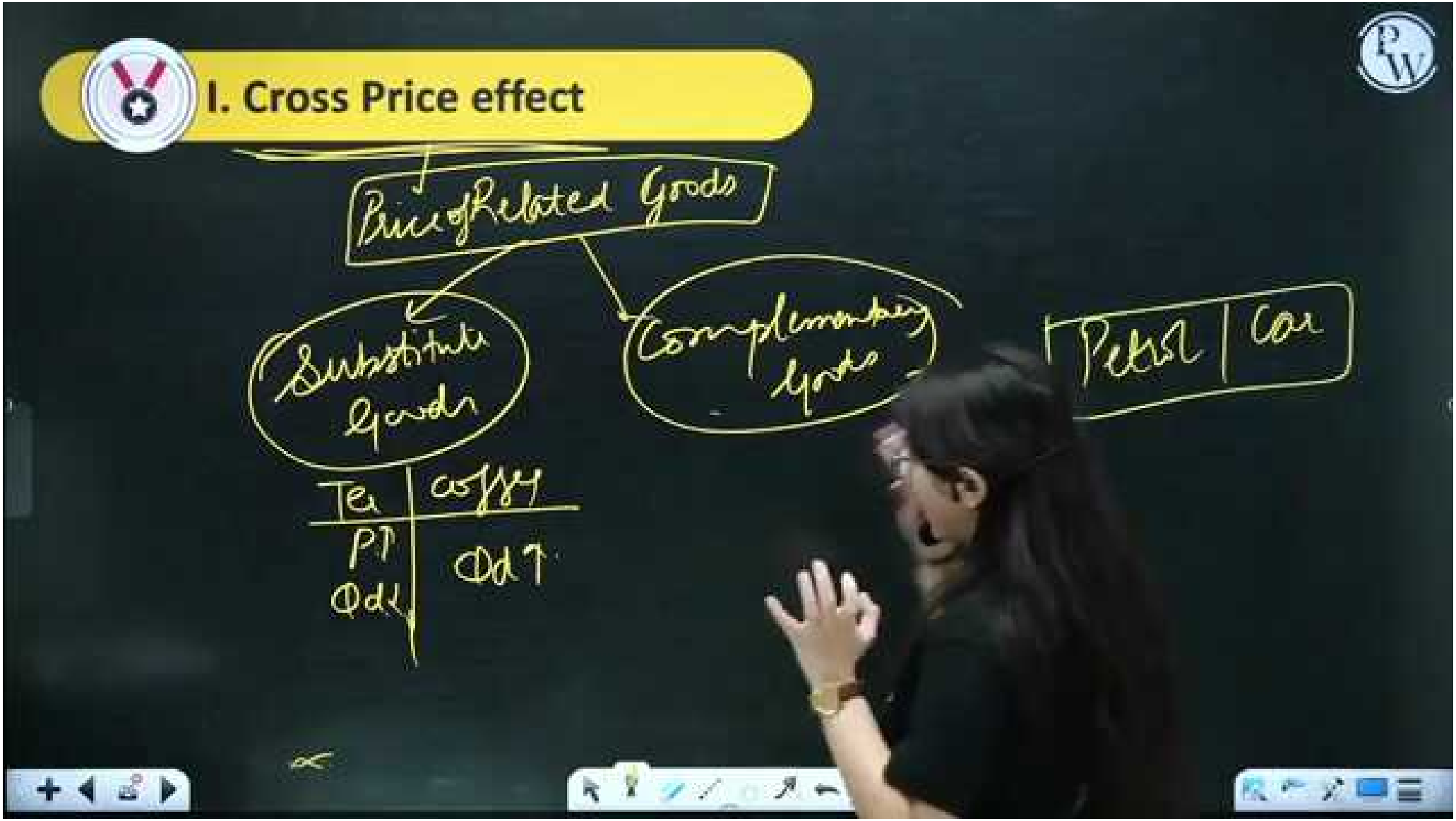


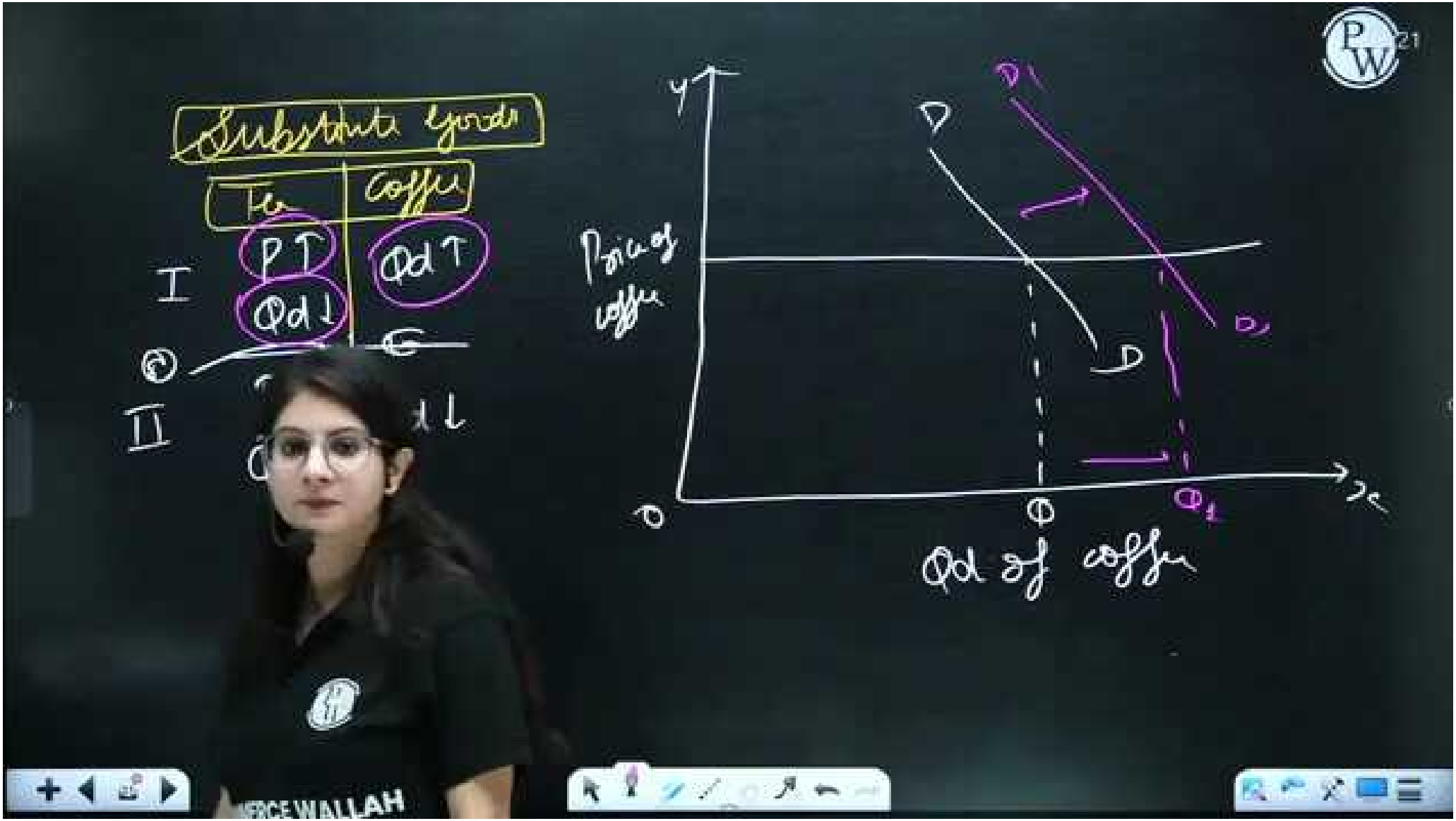
6. There is upward & downward movement in demand.

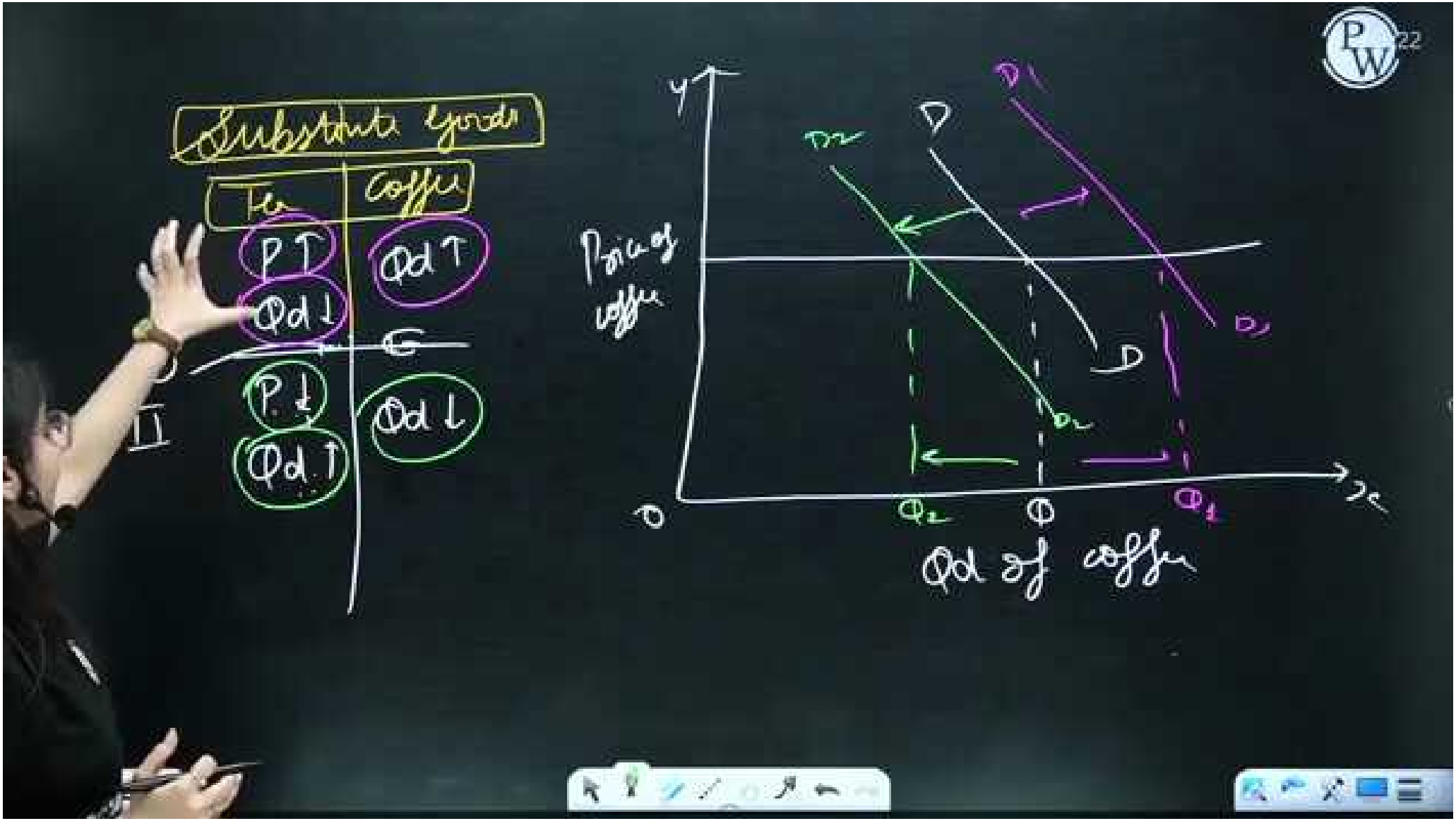
ii. Decrease in Demand

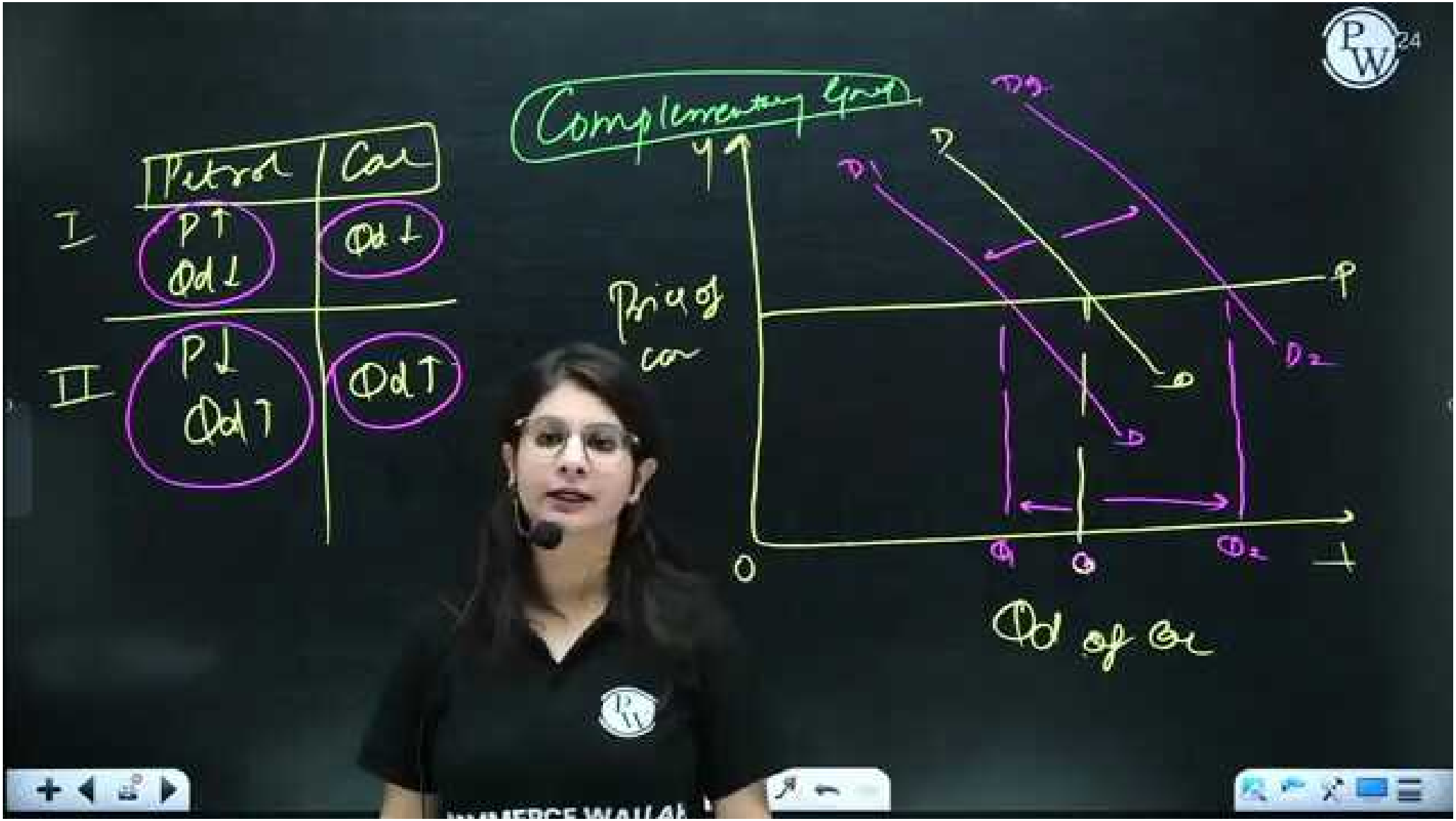


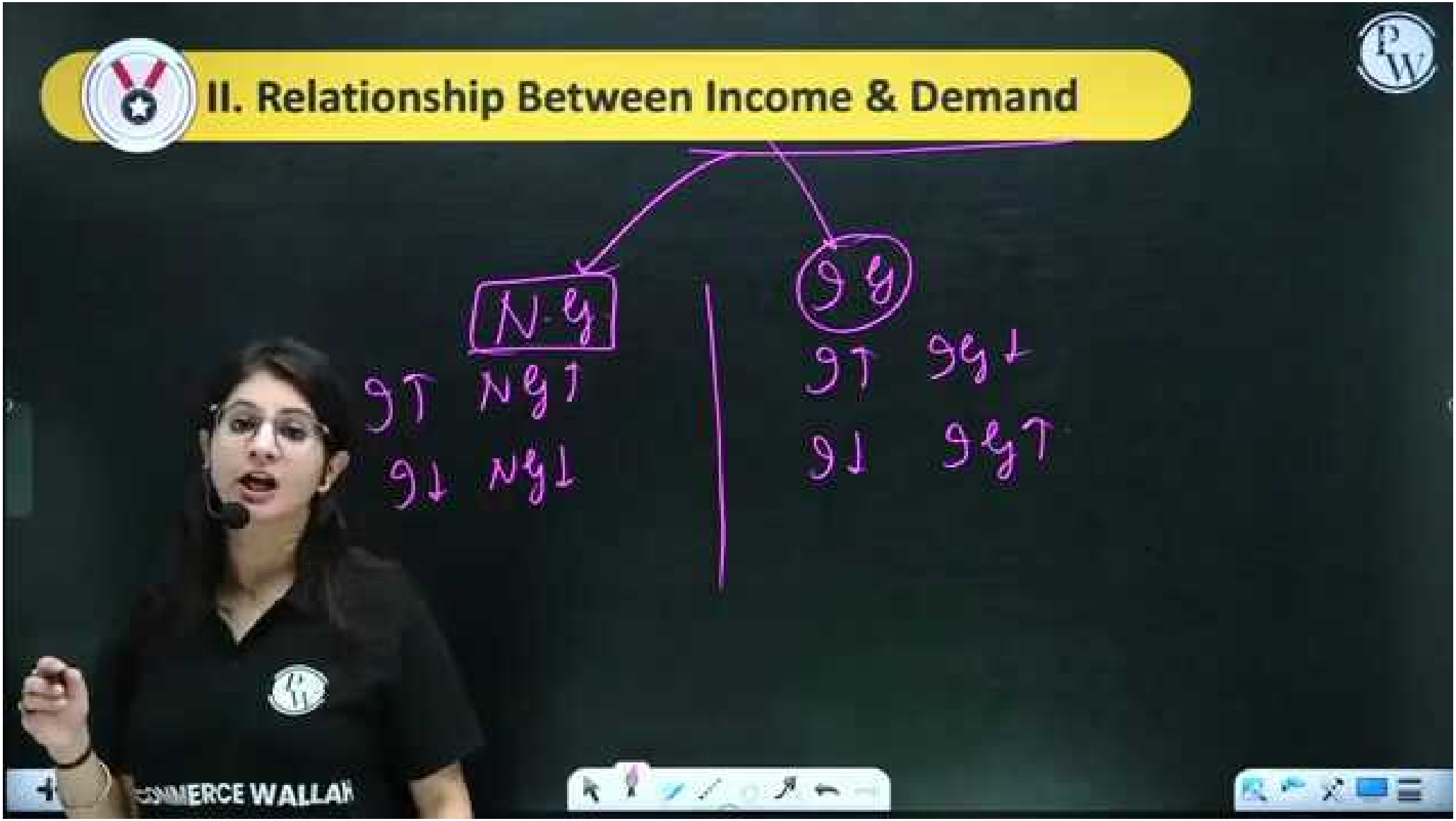
There is leftward and rightward shift in Demand curve

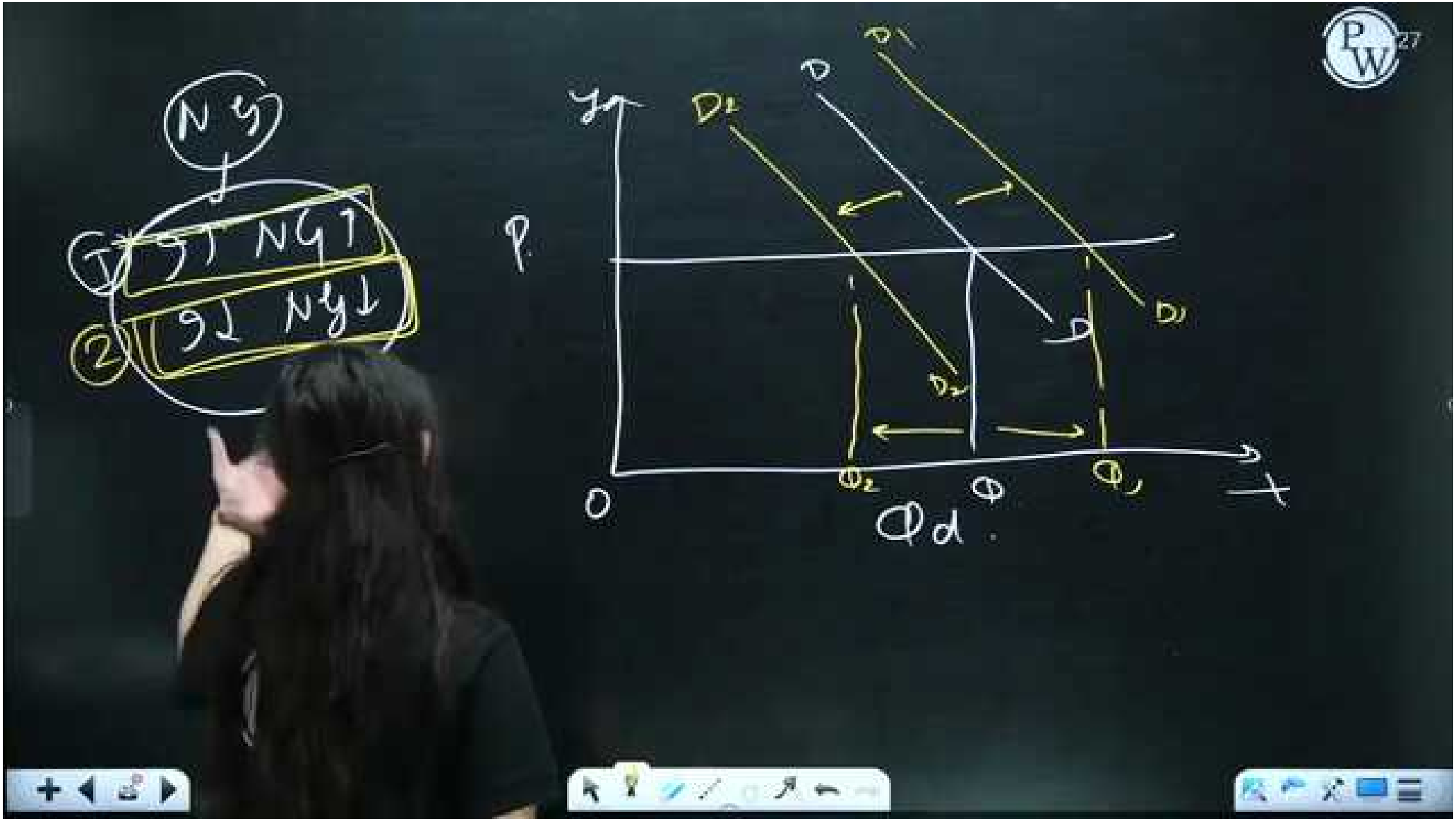

I. Cross Price effect
Price of Related Goods
Substitute goods
Complementary goods
Petrol
Car
Tea
coffee
P↑
Qd↓
Qd↑

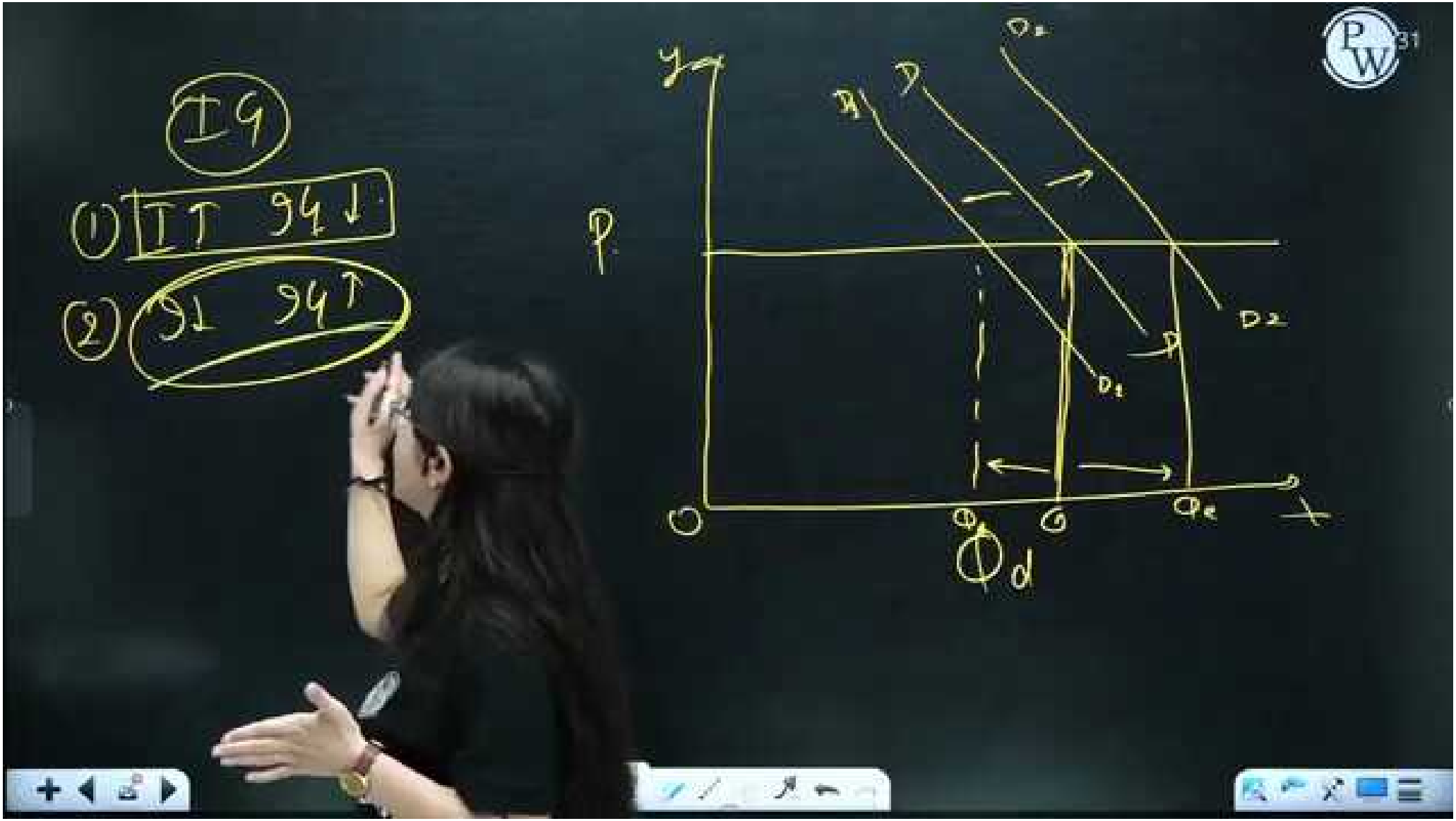

Substitute goods
Tea
Coffee
PT
Qd T
Qd 1
I
II
Price of coffee
Y
D
D1
D2
P
Q
Q1
X
Qd of coffee

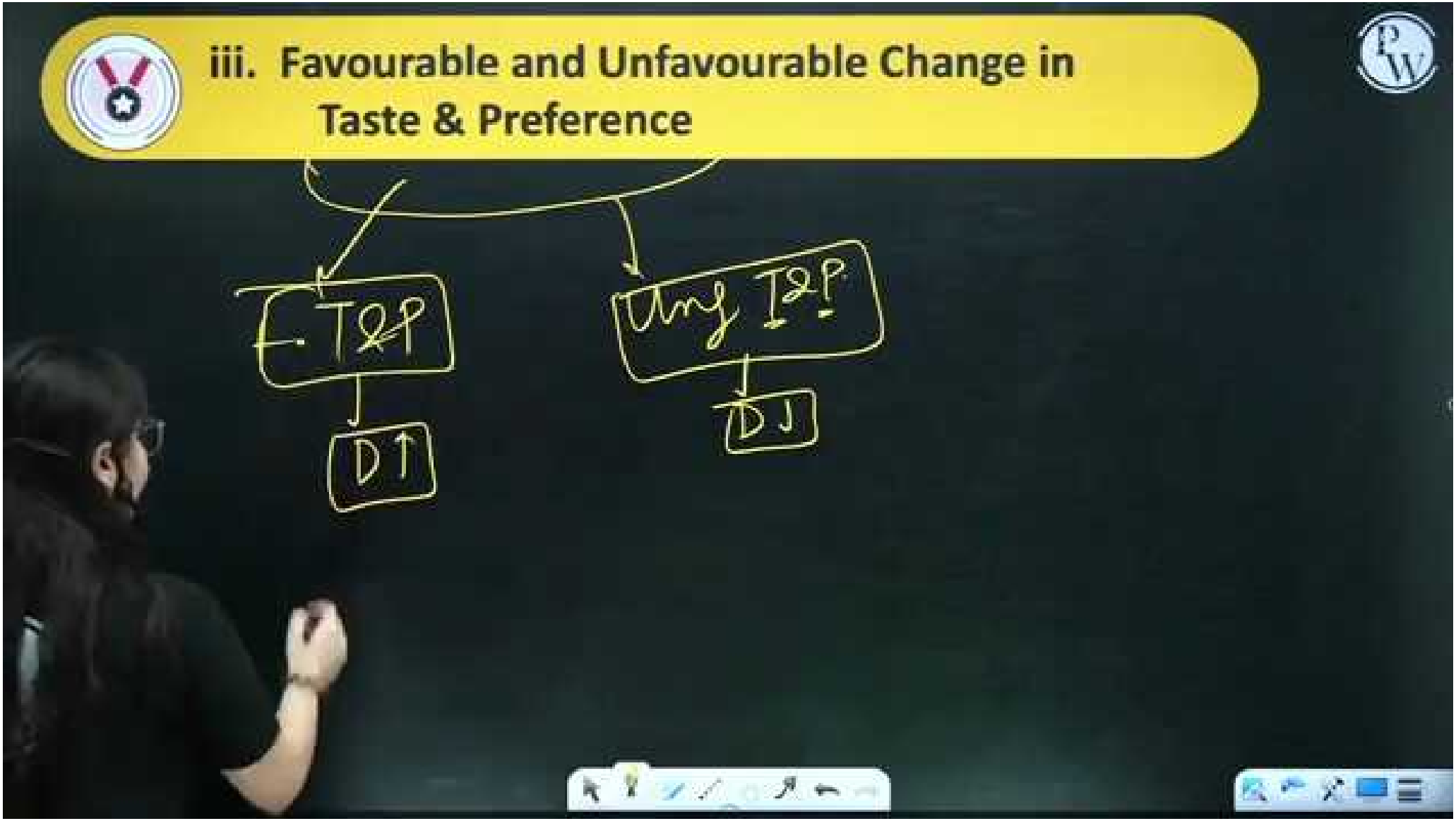

Substitute goods
Tea
Coffee
P ↑
Qd ↑
Qd ↓
P ↓
Qd ↓
Qd ↑
II
Y
Price of coffee
D1
D2
D
D
D1
Q2
Q
Q1
X
O
Qd of coffee


Complementary Goods
Petrol
Car
I
P↑
Qd↓
Qd↓
II
P↓
Qd↑
Qd↑
Price of car
D3
D
D1
D2
P
P1
O
Q1
Q
Q2
Qd of car

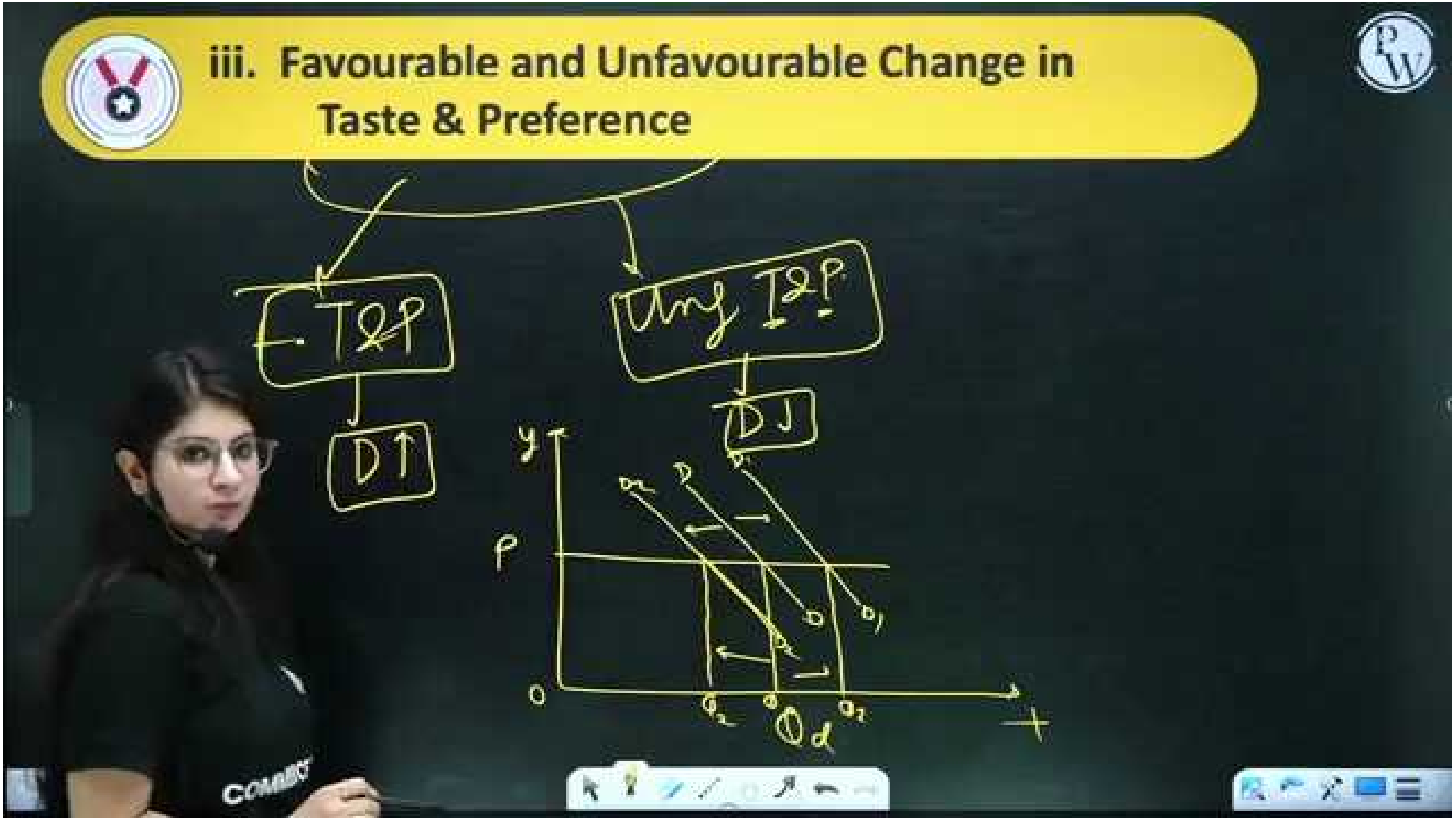

II. Relationship Between Income & Demand
N·y
y y
COMMERCE WALLAH


N ↓
P.
D₂
D
D₁
D₂
D₁
O
Qd.


I 9
(1) II 9↓
(2) 9↓ 9↑
P
y
D
D1
D2
O
Q
Qe
x
Qd


iii. Favourable and Unfavourable Change in Taste & Preference
F. T&P
DT
Unf T&P
DJ

iii. Favourable and Unfavourable Change in Taste & Preference



Question

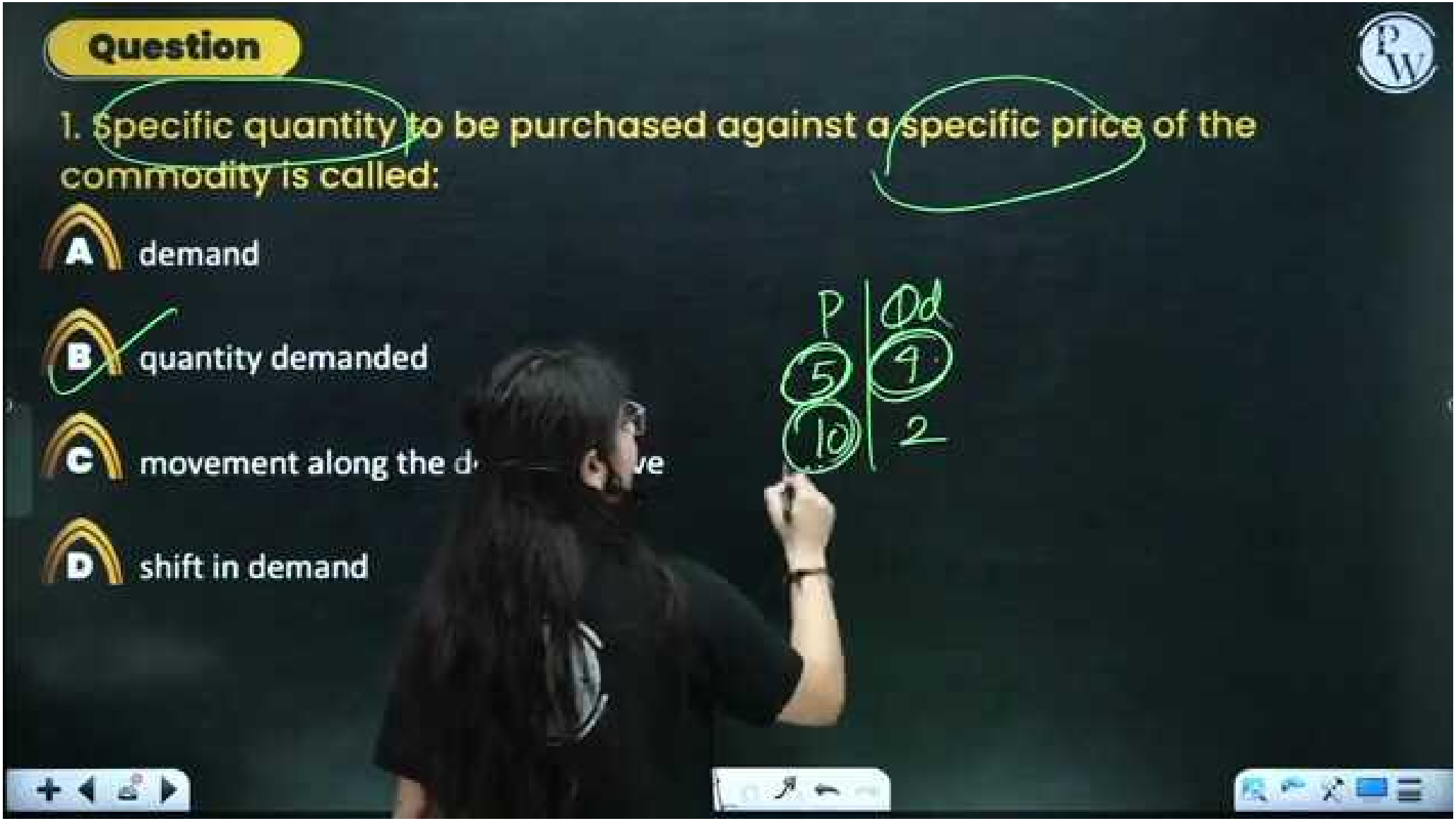
1. Specific quantity to be purchased against a specific price of the commodity is called:

A demand

B quantity demanded

C movement along the demand curve

D shift in demand


Question
1. Specific quantity to be purchased against a specific price of the commodity is called:
A demand
B quantity demanded
C movement along the d ve
D shift in demand
P
Qd
5
4
10
2

Question

2 Which of the following are determinants of demand for a product/service?

A Price of the product/service

B Income of the buyer

C Desire to purchase the product/service

D All of the above

Question

2 Which of the following are determinants of demand for a product/service?

A Price of the product/service

B Income of the buyer

C Desire to purchase the product/service

D All of the above

Question

3. The graphic presentation of a table showing price and demand relationship for a commodity in the market is called:

A individual demand curve

B producer's demand curve

C market demand curve

D consumer's demand curve

Question

3. The graphic presentation of a table showing price and demand relationship for a commodity in the market is called:

A. individual demand curve

B. producer's demand curve

C. market demand curve

D. consumer's demand curve

Question

4. The law of demand states that if there is an increase in a product's selling price_ _.

A The quantity demanded of that good will decrease

B The quantity supplied of that good will decrease

C The quantity demanded of that good will increase

D The quantity supplied of that good will increase

Question

4. The law of demand states that if there is an increase in a product's selling price___.

A. The quantity demanded of that good will decrease

B. The quantity supplied of that good will decrease

C. The quantity demanded of that good will increase

D. The quantity supplied of that good will increase

Question

5. When at the price of ₹10 per unit of a commodity, A 's demand is for 12 units, B 's demand is for 15units and C's demand is for 10 units, then market demand will be:

A 15units

B 12units

C 27 units

D 37units

Question

5. When at the price of ₹10 per unit of a commodity, A 's demand is for 12 units, B 's demand is for 15units and C's demand is for 10 units, then market demand will be:

A = 12
B = 15
C = 10
37

A 15units

12units

27 units

nits

Question

6. In case of normal goods, demand curve shows:

A a negative slope

B a positive slope

C zero slope

D none of these

Question

6. In case of normal goods, demand curve shows:

A a negative slope

B a positive slope

C zero slope

D none of these

Question

7. Law of demand must fail in case of:

A normal goods

B Giffen goods

C inferior goods

D none of these


Question
7. Law of demand must fail in case of:
A normal goods
B Giffen goods
C inferior goo
D none of these
MERCE WALLAH

Question

8. How are the two goods (apple and Mango) related when, as a result of rise in the price of apples, demand for Mango increases?

A Substitute goods

B Complementary goods

C Normal goods

D Inferior goods

Question

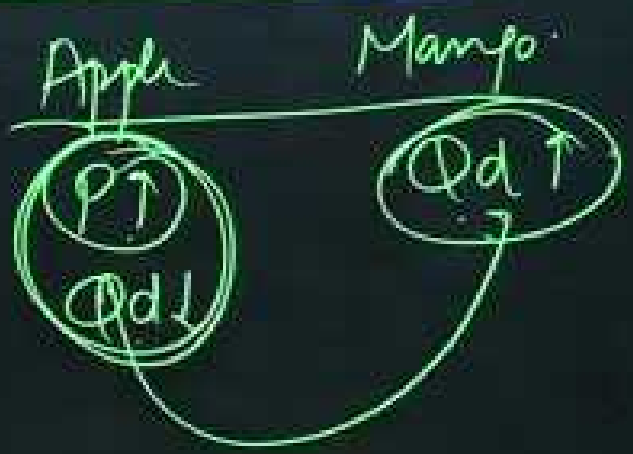
8. How are the two goods (apple and Mango) related when, as a result of rise in the price of apples, demand for Mango increases?

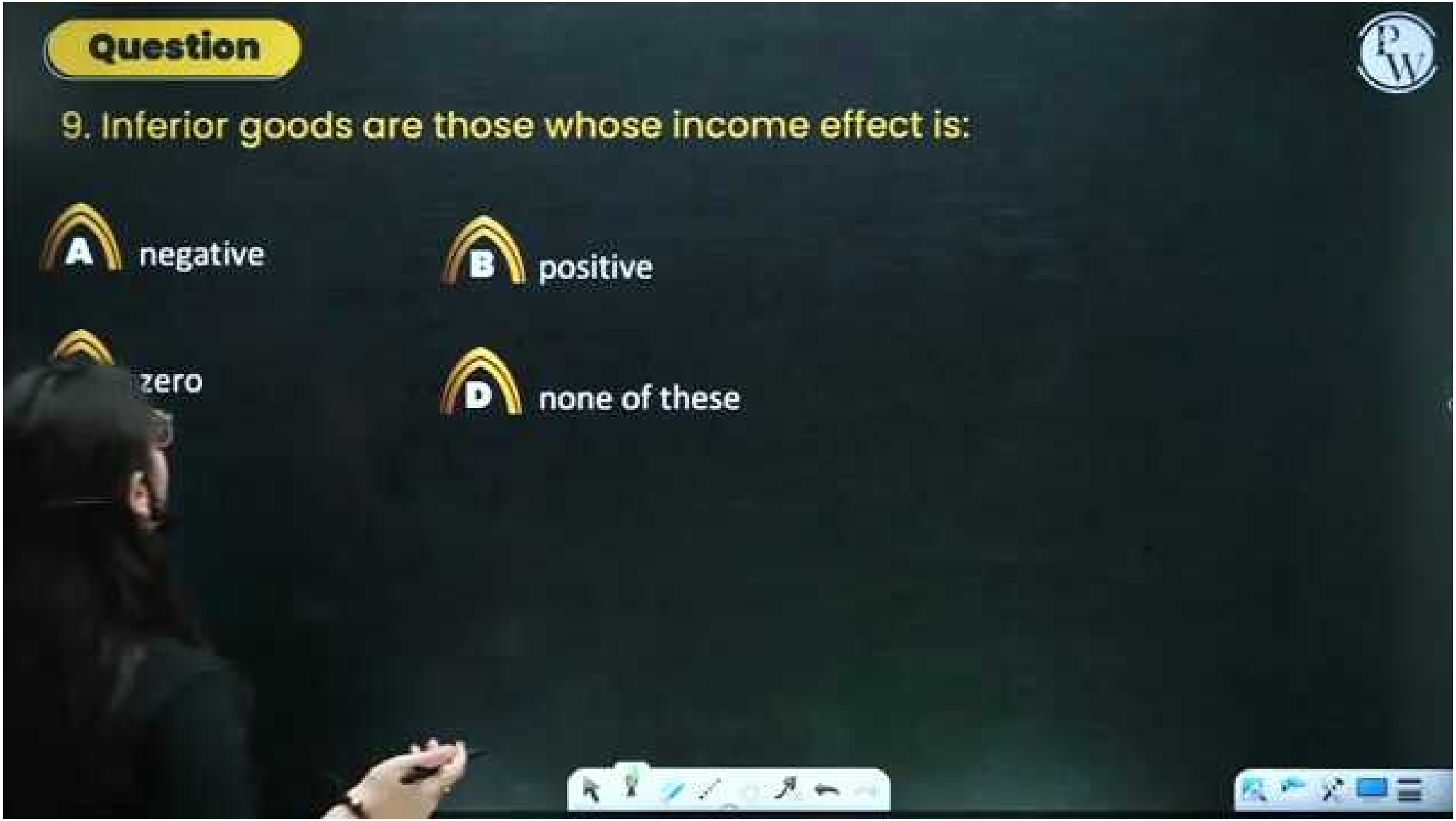
A. Substitute goods

Complementary goods

Normal goods

Inferior goods




Question
9. Inferior goods are those whose income effect is:
A negative
B positive
zero
D none of these

Question

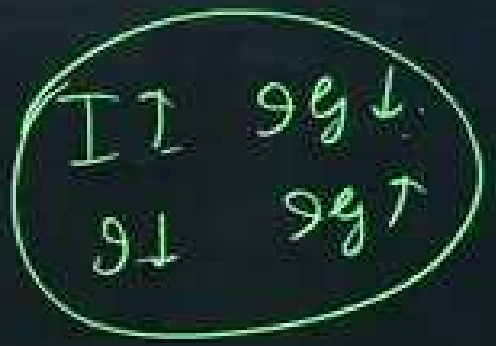
9. Inferior goods are those whose income effect is:

A negative

B positive

C zero

D none of these




Question
10. Which of the following pairs represents substitute goods?
A Car and petrol
B Juice and cold drink
C Bre
D of these

Question

11. Downward slope of the demand curve shows:

A positive relationship between price and quantity demanded

B inverse relationship between price and quantity demanded

C no relationship between price and quantity demanded

D none of these

Question

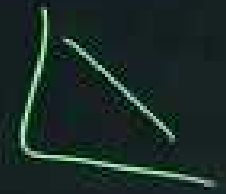
11. Downward slope of the demand curve shows:

A. positive relationship between price and quantity demanded

B. inverse relationship between price and quantity demanded

C. no relationship between price and quantity demanded

D. none of these



Question

12. As a result of rise in consumer's income, demand curve for coarse grain (inferior good):

A becomes a horizontal straight line

B becomes a vertical straight line

C shifts to the right

D shifts to the left

Question

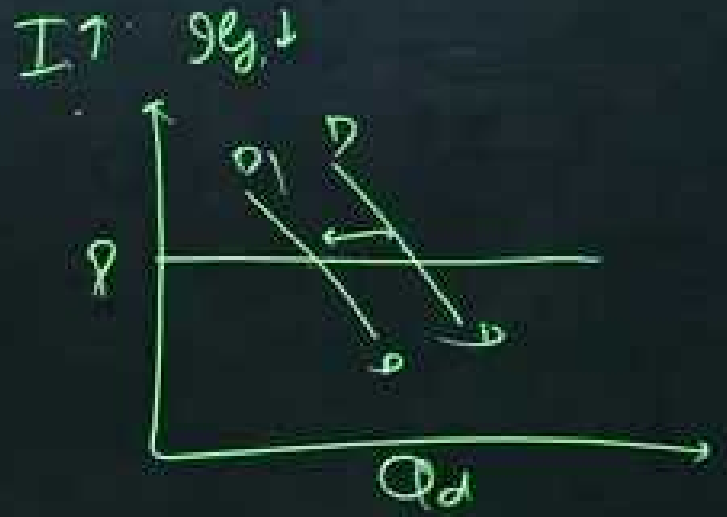
12. As a result of rise in consumer's income, demand curve for coarse grain (inferior good):

A becomes a horizontal straight line

B becomes a vertical straight line

C shifts to the right

D shifts to the left



Question

13. If two goods are complementary then rise in the price of one results in:

A rise in demand for the other

B fall in demand for the other

C rise in demand for both

D None of these

Question

13. If two goods are complementary then rise in the price of one results in:

A rise in demand for the other

B fall in demand for the other

C rise in demand for both

D None of these

Price ↑
P ↑
Qd ↓

Qd ↓

Question

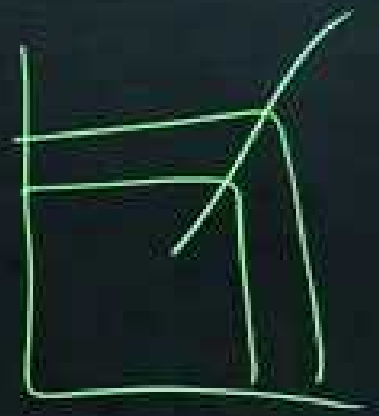
14. In case of Giffen's Paradox, the slope of demand curve is:

A negative

B positive

C parallel to X-axis

D parallel to Y-axis



Question

15. Shift in demand curve means:

A fall in demand due to rise in own price of the commodity

B rise in demand due to fall in own price of the commodity

C change in demand due to factors other than own price of the commodity

D none of these

Question

15. Shift in demand curve means:

A fall in demand due to rise in own price of the commodity

B rise in demand due to fall in own price of the commodity

C change in demand due to factors other than own price of the commodity

D none of these

Question

15. Shift in demand curve means:

A fall in demand due to rise in own price of the commodity

B rise in demand due to fall in own price of the commodity

C change in demand due to factors other than own price of the commodity

D none of these

Question

16. Movement along the demand curve occurs due to change in:

A Own price of the commodity

B determinants of demand, other than own price of the commodity

C both (a) and (b)

D none of these

Question

16. Movement along the demand curve occurs due to change in:

A Own price of the commodity

B determinants of demand, other than own price of the commodity

C both (a) and (b)

D none of these

Question

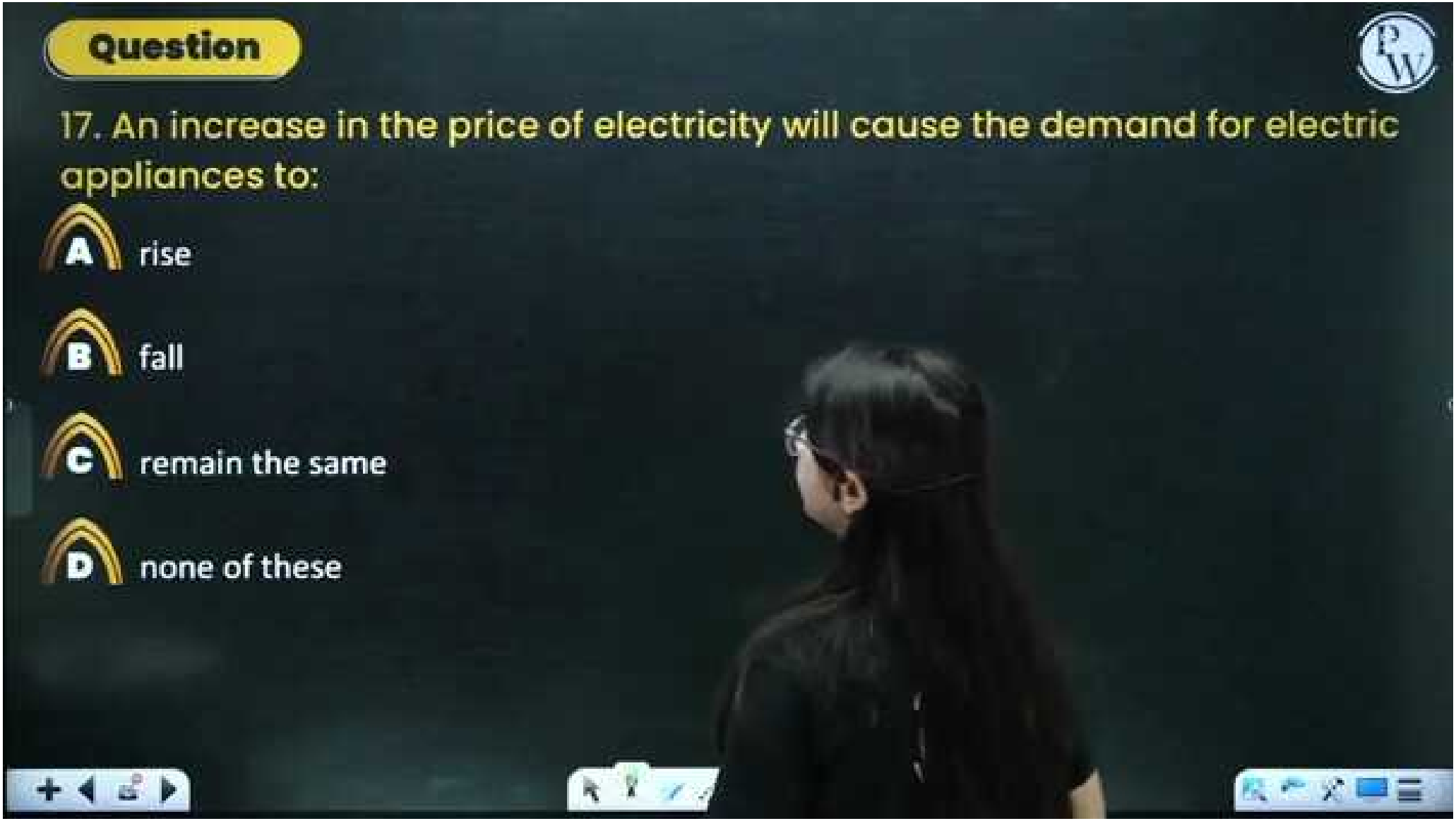
16. Movement along the demand curve occurs due to change in:

A. Own price of the commodity

B. determinants of demand, other than own price of the commodity

C. both (a) and (b)

D. none of these


Question
17. An increase in the price of electricity will cause the demand for electric appliances to:
A rise
B fall
C remain the same
D none of these

Question

17. An increase in the price of electricity will cause the demand for electric appliances to:

A rise

B fall

C remain the same

D ne of these

Question

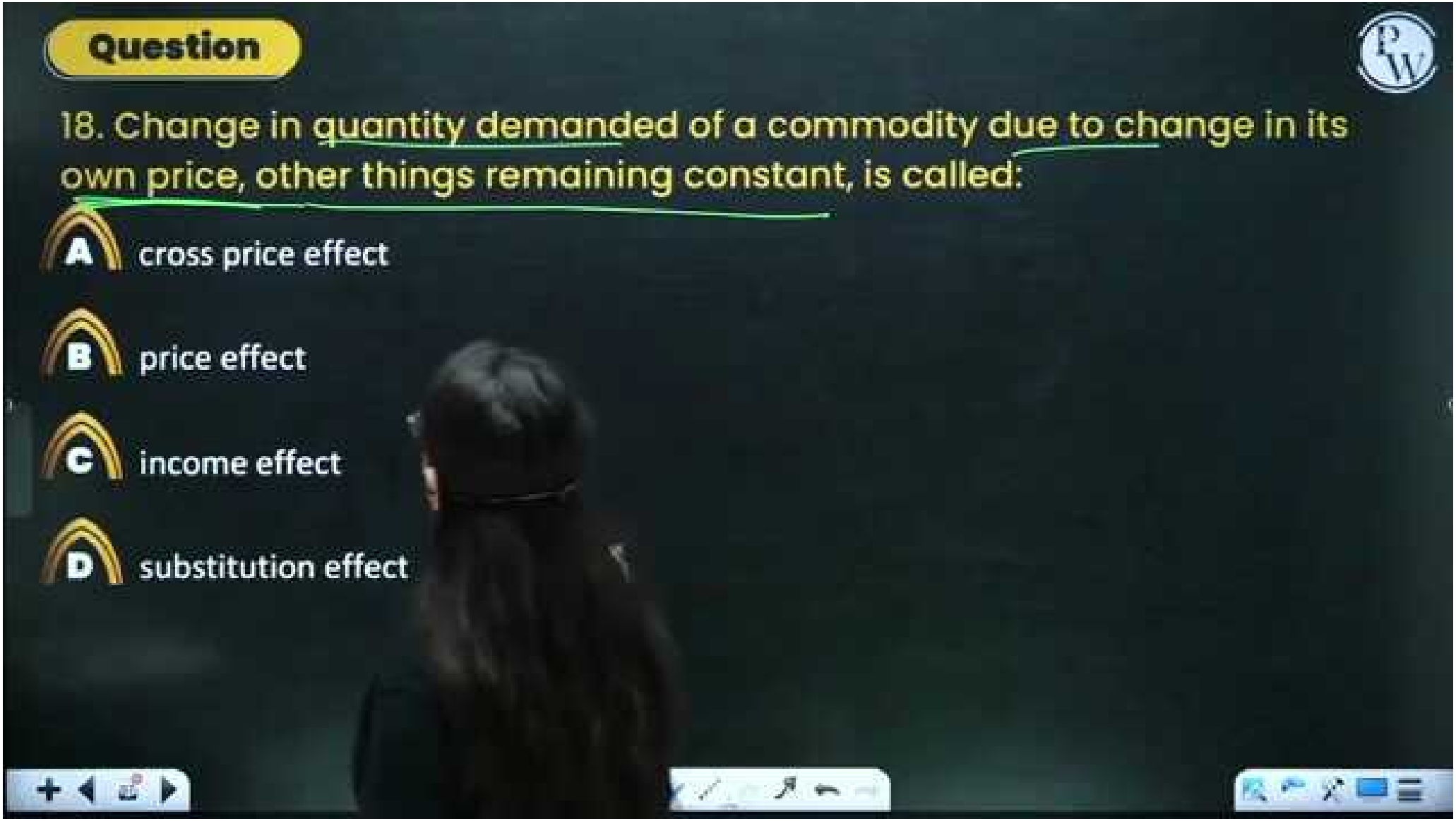
18. Change in quantity demanded of a commodity due to change in its own price, other things remaining constant, is called:

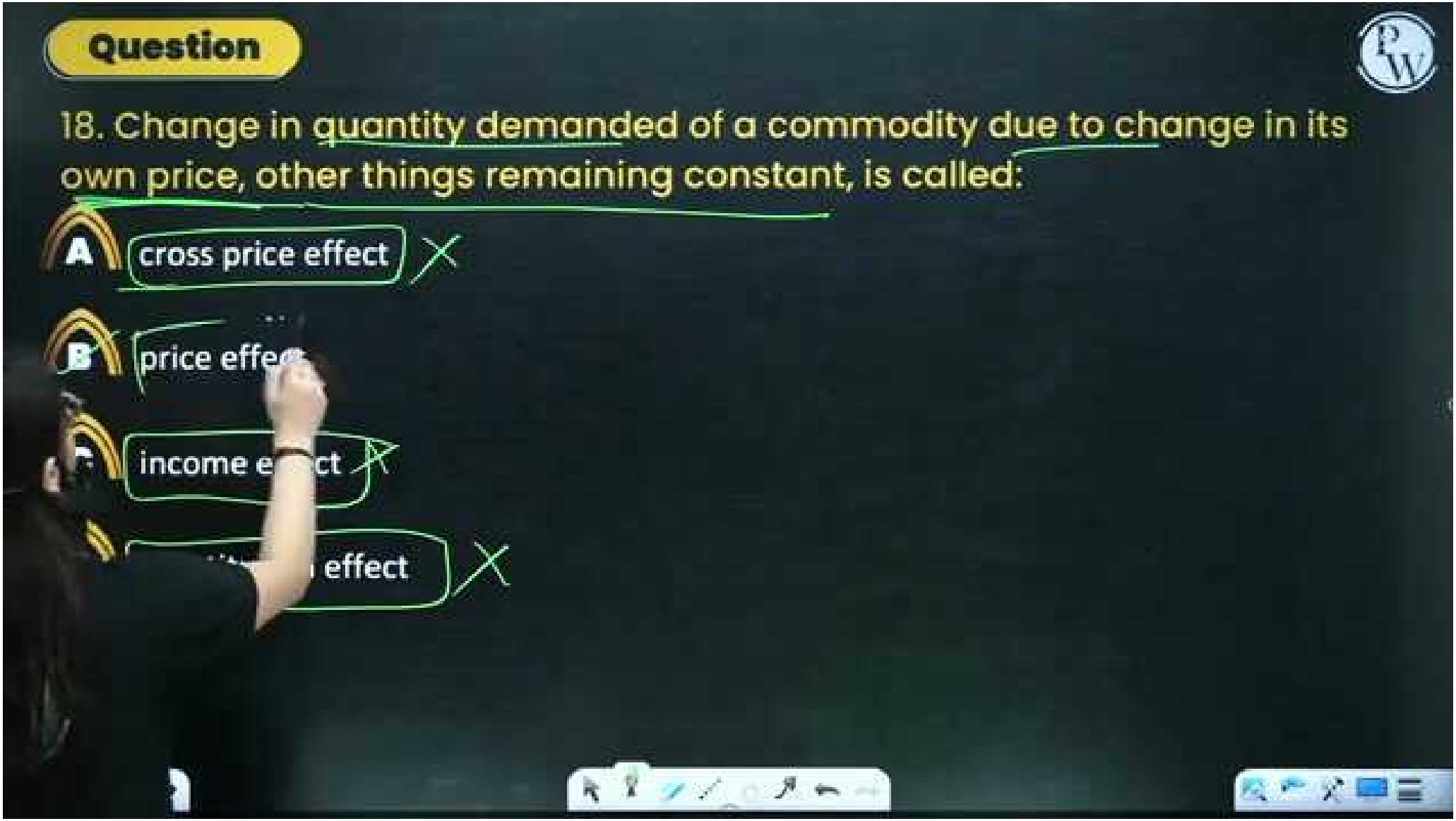
A cross price effect

B price effect

C income effect

D substitution effect


Question
18. Change in quantity demanded of a commodity due to change in its own price, other things remaining constant, is called:
A cross price effect
B price effect
C income effect
D substitution effect


Question
18. Change in quantity demanded of a commodity due to change in its own price, other things remaining constant, is called:
A
cross price effect
B
price effe
income e ct
effect

Question

19. Find the missing entries from the following:

Price (₹)	Demand for A (Units)	Demand for B (Units)	Market Demand (Units)
1	18	14	32
2	15	10	25
3	-	9	22
4	10	-	17
5	6	4	-

A 13, 7, 10

B 31, 27, 2

27, 40, 2

Question

19. Find the missing entries from the following:

Price (₹)	Demand for A (Units)	Demand for B (Units)	Market Demand (Units)
1	18	14	32
2	15	10	25
3	(	9	22
4		- 7	17
5		4	- 10

A. 13, 7, 10

C. 27, 40, 2