

DEMAND.

(1)

Q.1) What are essentials of demand?

There are two essentials of demand:

- i) Will to purchase.
- ii) Ability to purchase.

Q.2) Define demand.

A specific quantity of a commodity that is purchased at a specific price is called demand.

Q.3) What is demand function?

It means a mutual relationship between price and demand of a commodity. It is written as $Q_d = f(P)$

It is a decreasing function. It shows an inverse relationship between both variables.

Q.4) Define law of demand.

Other things remaining the same, when a price of a commodity increases, its demand decreases and when price of a commodity decreases, its demand increases.

Q.5) Define derived demand.

Demand of some commodity is not direct. It is derived from the demand of some other commodity. e.g. demand for a house is direct but for the construction of that house demand for bricks, cement, iron, wood, labour etc.

Q.6) What is joint demand?

The satisfaction of some human want depends upon the simultaneous demand for more than one good ^{ie} such as car and petrol, pen and ink etc. Such goods have joint demand.

BUSINESS ECONOMICS

Short Question answers:

Q.1) Define business economics.

Business economics is a field of applied economics that studies the financial, organizational, market related and environmental issues faced by corporations. It includes subjects such as concept of scarcity, product factors, distribution and consumption.

Q.2) What is the importance of business economics?

It is important because it helps people understand how a variety of factors work with and against each other to control how resources such as labor and capital get used, and how inflation, supply, demand, interest rates and other factors determine how much you pay for goods and services.

Q.3) What is scope of business economics?

It covers most of the problems that a manager or businessman faces. Hence, the scope of business economics is wider. Since, a firm can face internal/operational as well as external/environmental issues, ~~for each corporation~~ there are different economic theories applicable to them.

Q.4) Write down main features of business economics.

- i) Business economics is micro in nature.
- ii) It provides basis of Theory of Markets and Private Enterprises.
- iii) Pragmatic in its approach.
- iv) Normative in nature.
- v) Macro Analysis.

Q.5) Differentiate between business and economics.

Business and economics go side by side as business offers products and services that generate economic output e.g. business sell goods and services to consumers whereas economics determines the supply and demand of such products in an economy.

Q.6) What is the role of business economist?

- i) To bring reasonable profit to the company.
- ii) To study internal and external factors influencing the business.
- iii) To make accurate forecast.
- iv) To establish and maintain contact with individual and data resources.
- v) To keep the management well informed of all possible economic trends.

It is a field of applied economics that ~~studies the financial~~ ~~operations~~ in which we apply different economic theories about cost, demand, supply, price etc to analyze business. It is also an important tool of decision making and helps in the management of the firms.