SUBJECT:

Introduction to Economics

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Submitted to:

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Class:

BS Computer Science III

Q No 1:

Consumer Behaviour

- Utility

Ability of anything which can satisfy human want is called utility.

-> Utility should always be produced
-> Utility have different types.
. Total utility . Marginal utility
. Zero utility

Units Apple	Total utility (TU)	Marginal utility (MU)
1	8	8
2	14	6
3	18	4
4	20	2
5	20	0
6	18	-2

-> The unit of utility is utilis

Marginal utility:
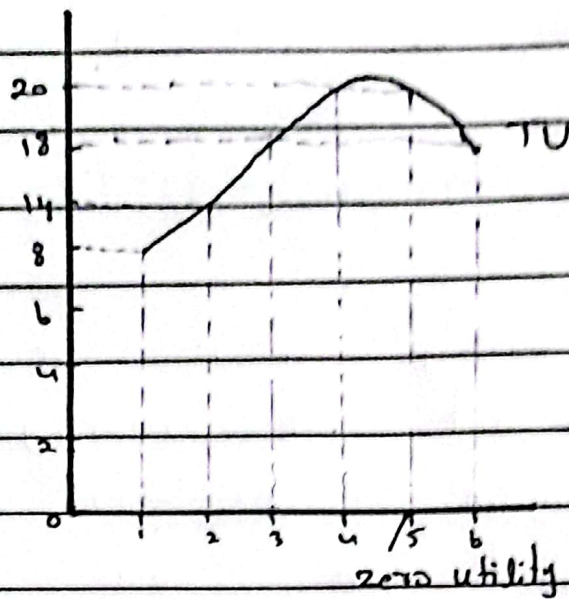
It is given as
" Per unit change in total utility".

Zero utility:

When there is no change in total utility.

$$MU = \frac{\Delta TU}{\Delta Q}$$

zero utility

Cardinal Approach

Law of Deminishing Marginal utility

Other thing remaining same, If a consumer increase the consumption of a commodity, the utility of every unit decreases as compare to previous one.

Assumption:

- Homogenous commodity
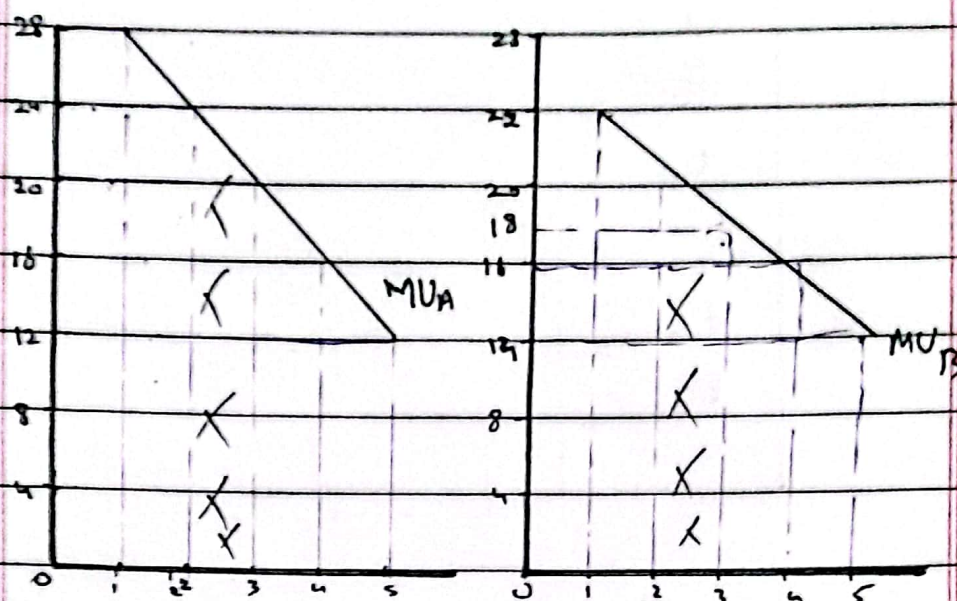- Taste remain same
- Income of consumer remain same
- Normal units

• Consumption is continuous.

law of Equi-marginal utility

Total utility from a given amount of money is maximum when it is spent in such a way that marginal utility of money spent on each good is equal.

Units money	MU A	MU B
1	28	22
2	24	20
3	20	18
4	16	16
5	12	14

Q NO 2:

Law of Demand:

" If the price of a commodity increases then its demand decrease and vice versa.

→ other things remain same

P	Q_d
10	5
20	4
30	3
40	2
50	1
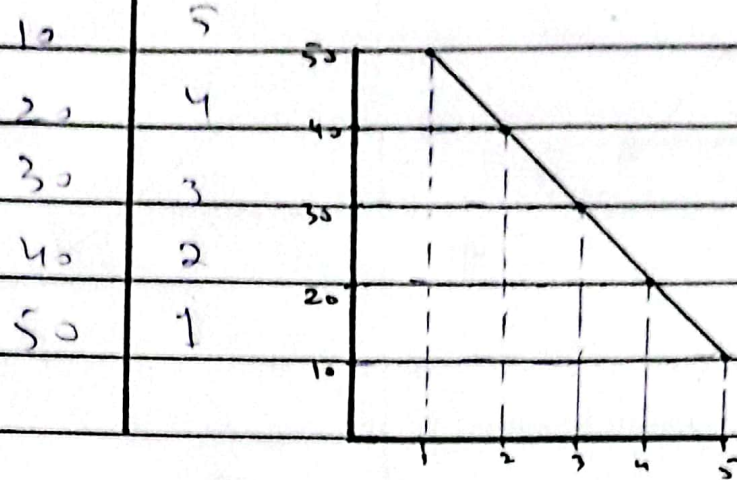
Reason for Demand curve

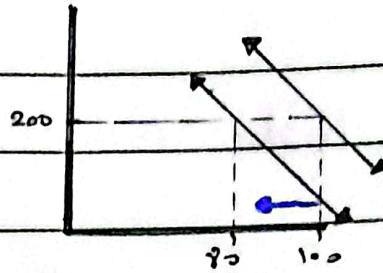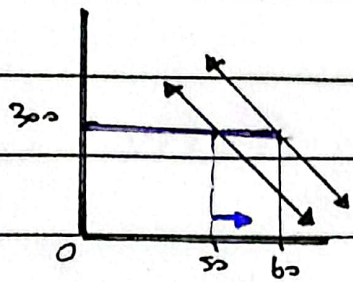There are a following reason for shift in demand curve:

- Price effect
- income effect
- Substitution effect
- Weather effect

Shift in Demand Curve

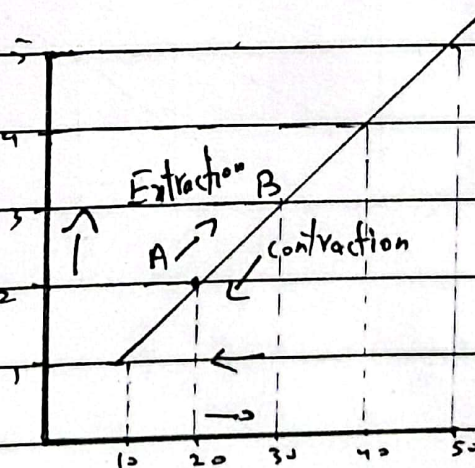"Change in demand curve due to the factor other then price"

Law of Supply:

"Other things remaining same, if the price of a commodities increases its supply also increase and vice versa

$$Q_s = f(P)$$

$$P\uparrow = Q_s\uparrow \quad or \quad P\downarrow = Q_s\downarrow$$

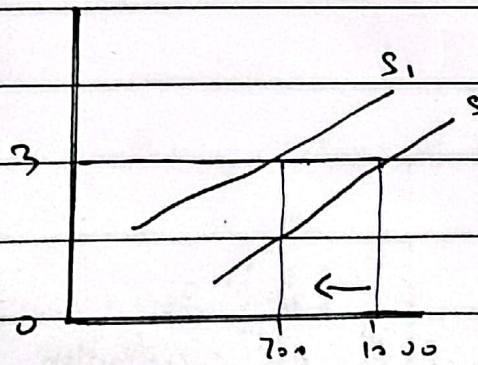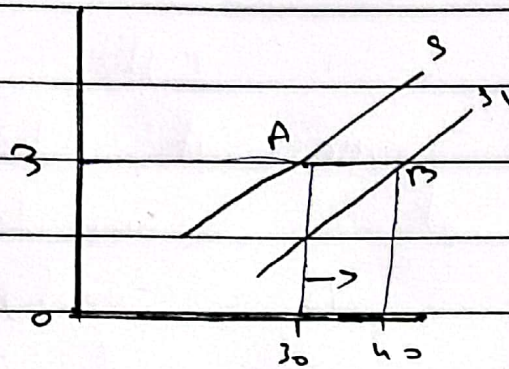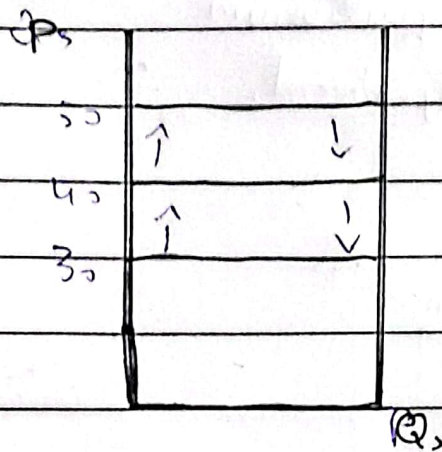| P	Q
10	1
20	2
30	3
40	4
50	5

Shift in Supply Curve

It depend upon factor other than price.

Types of Supply:

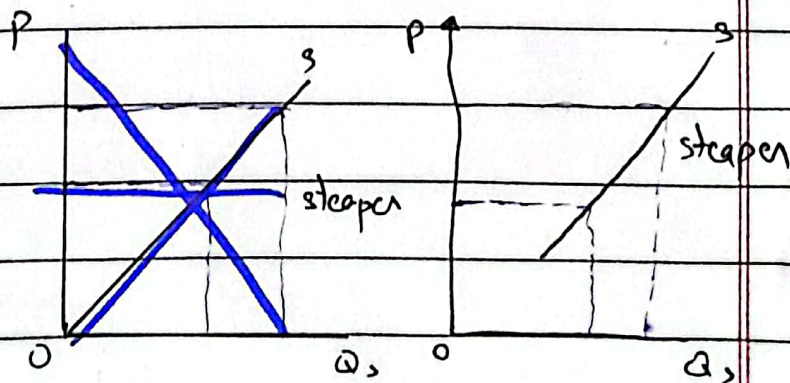## Market period supply

→ Day to Day Market

Short period supply

change in price is more than change in supply.

Long period supply:

Key features:
- → Flexible input
- → Entry and exist
- → market equilibrium
- → cost Adjustment.