



% change in Income

% change in D

Size of the change in Demand

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Size of the change in Income

$e_y d =$



Income

# Demand





Formula to calculate the **Income** elasticity of  
**Demand**





$$\left( \frac{\text{Change in } D}{\text{Average } D} \right)$$

$$\left( \frac{\text{Change in Income}}{\text{Average Income}} \right)$$

$$e_{y_d} = \frac{\% \Delta D}{\% \Delta \text{Income}}$$

# Formula to calculate the **Income** elasticity of Demand

**Demand**

**Income**

$$e_{y^d} = \frac{\text{Size of the change in Demand}}{\text{Size of the change in Income}} = \frac{\left( \frac{\text{\% change in } D}{\left( \frac{\text{Change in } D}{\text{Average } D} \right)} \right)}{\left( \frac{\text{Change in Income}}{\text{Average Income}} \right) \text{\% change in Income}}$$

$$e_{y^d} = \frac{\% \Delta D}{\% \Delta \text{Income}}$$

Income	Demand Good X
1000	300
2000	400