# Government Degree College, Samthar Jhansi,
## Uttar Pradesh

BA 1st Semester Content

Title Name-Demand, Quantity of Demand,
Law of Demand

Presented By: Dr Arvind
Assistant Professor-Economics

# Demand

## Demand

### Meaning of Demand

Demand for a commodity refers to the quantity of a commodity that a consumer is willing to buy at a given price and at a given time.

**or**

Demand refers to the different quantities of a commodity that a consumer is willing and able to purchase at various prices during a given period of time.

**Elements of Demand-** Demand have 5 elements without these we can not say demand because demand is effective desire.

**1-Desire:** A consumer's wish or need to get a product.

**2-Ability to Pay:** Having enough money or purchasing power to buy the product.

**3-Willingness to Pay:** ready to spend that money on the item.

**4-Price:** Demand is always tied to a specific price and a specific

**5-Time:** For demand time is necessary without time demand would be only imaginary.

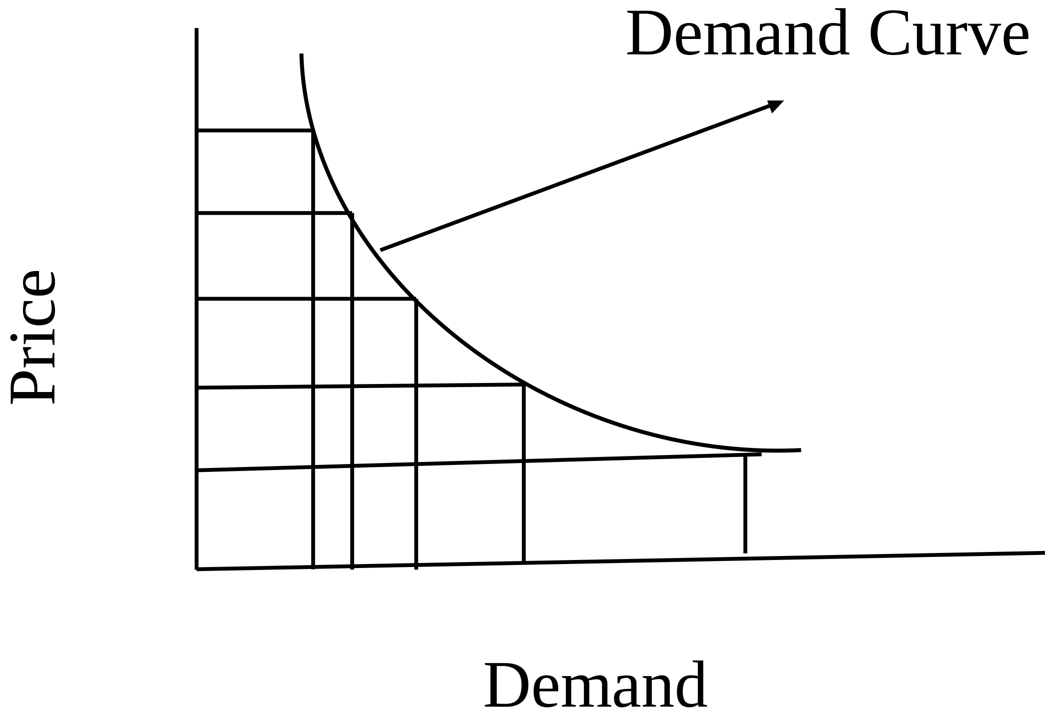
# Demand Curve

Demand curve is made with help of demand schedule.

Demand Schedule-

Table 1

| Sr. No. | Price | Demand |
|---|---|---|
| 1 | 20 | 4 |
| 2 | 16 | 8 |
| 3 | 12 | 12 |
| 4 | 8 | 16 |
| 5 | 4 | 20 |



# Quantity of Demand

**Quantity of demanded:** refers to the exact amount of a good or service consumers are willing and able to buy at a specific price point. It represents a single point on a demand curve.

Example: According to Table 1, at a price of 20, the quantity demanded of 4 units of the commodity is the quantity of demand.

**Demand:** The overall relationship between price and quantity across all possible price points. It represents the entire downward-sloping curve on a graph.

## Demand Function

A demand function is the functional relationship between the demand for a commodity and the factors that affect demand.

**Demand Function:**

$$D_x = f(P_x, P_o, Y, T, E)$$

Where:

$D_x$= Demand for commodity X

$P_x$= Price of commodity X

$P_o$= Price of other related goods

$Y$= Consumer's income

$T$= Tastes and preferences

$E$= Consumer expectations (about future prices, income, etc.)

**Demand Functions are two types:**

1-Individual Demand Function

2-Market Demand Function

**Individual Demand Function** shows how the demand for a commodity by an individual consumer in the market depends on its various determinants.

**Demand Function:**

$$D_x = f(P_x, , P_r, , Y\ T\ E)$$

**Where:**

$D_x$= Demand for commodity X

$P_x$= Price of commodity X

$P_r$= Price of related goods

$Y$= Consumer's income

$T$= Tastes and preferences

$E$= Consumer's expectations

# Factors Affecting Individual Demand

**Own price of the commodity Price of related goods:**

(i) Substitute goods (Tea & Coffee)

(ii) Complementary goods (Petrol & Car)

**Income of the consumer:** (i) Normal goods

(ii) Inferior goods

**Taste and preferences**

**Expectations**

# Market Demand Function

**Market Demand:** Market Demand refers to the sum total of the quantities demanded by all the individual households in the market at various prices in given time.

$$\text{Mkt. } D_x = f(P_x, P_r, Y, T, E, P, D)$$

## Factors affecting Market Demand Function

**Price of Commodity:** When the price of commodity rises demand of commodity will decrease and vice-versa.

**Price of other related commodity:** Price of other commodity affect the demand of commodity in two ways:

**Substitute Goods:-** In the case of substitute goods, the demand for a commodity rises with a rise in the Price and fall with the fall in price.

**Example-** Tea and coffee

**Complementary Goods:-** In case of complementary goods, the demand for a commodity rises with fall in the Price and decreases with the rise in the price of complementary goods.

**Example:** Car and Petrol, Ink and Pen, Bread and Butter.

**Income of Consumer:-** When the Income of Consumer rises the demand of normal goods increases and if the income decreases the demand of normal good decreases.

**In case of Inferior good** the demand will decrease with rise in income and increase with decrease in income.

**Taste and Preference: -** If the taste and preference of consumer develop for a commodity the demand will rise.

**Expectation: -** If the consumer expects that price in future will rise the demand will rise and vice-versa

**Population:-** More population, more demand, less population less demand.

**Climate: -** The demand of commodity changes according to the climate.

# Thanks