

LAW OF DEMAND



Dr. Seema Goutam
Assistant Professor
Deptt. Of Economics
Govt. Girls Degree College Kharkhauda, Meerut

DEMAND

Demand is defined as the quantity of product which a consumer is willing and able to purchase at any given price during some specified period of time provided all other influences remaining unchanged.



TYPES OF DEMAND

- ▶ PRICE DEMAND
- ▶ INCOME DEMAND
- ▶ CROSS DEMAND



TYPES OF DEMAND

**PRICE
DEMAND**

DEMAND CHANGES WITH THE CHANGE IN PRICES PROVIDED INCOME, TASTES & PREFERENCES AND PRICES OF OTHER GOODS REMAIN CONSTANT

**INCOME
DEMAND**

WHEN THE CONSUMER'S INCOME GOES UP, THE DEMAND FOR SUPERIOR QUALITY GOODS GOES UP. WHEN IT FALLS THE DEMAND FOR INFERIOR GOODS TEND TO RISE

**CROSS
DEMAND**

CHANGE IN THE QUANTITY DEMANDED FOR ONE PRODUCT AS A RESULT OF CHANGE IN THE PRICE OF ANOTHER COMMODITY

ETERMINANTS OF DEMAND

Price of the commodity

Price of the related goods

Income of the consumer

Tastes and preferences of the consumer

Expectation of price change of the commodity

Population

Distribution of income



AW OF DEMAND

Law of demand states that the higher the price, the lower the quantity demanded in the market and the lower the price, the higher the quantity demanded in the market.

In other words , the law of demand says that the price and the quantity demanded are negatively related , all other things bring equal.



LAW OF DEMAND

As Price Falls...

...Quantity Demanded Rises

As Price Rises...

...Quantity Demanded Falls

Price



**Quantity
Demanded**

ASSUMPTIONS:

No change in tastes and preferences of consumers.

No change in consumer's income.

No change in the price of related goods.

No change in the wealth of consumer.

No expectation of the future change in the price of the commodity.



DEMAND SCHEDULE

- ▶ A Demand schedule is table shows that the quantity demanded of a good or service at different price level. A demand schedule can be graphed as a continuous demand curve on a chart where the Y-axis represents price and the X-axis represents quantity.

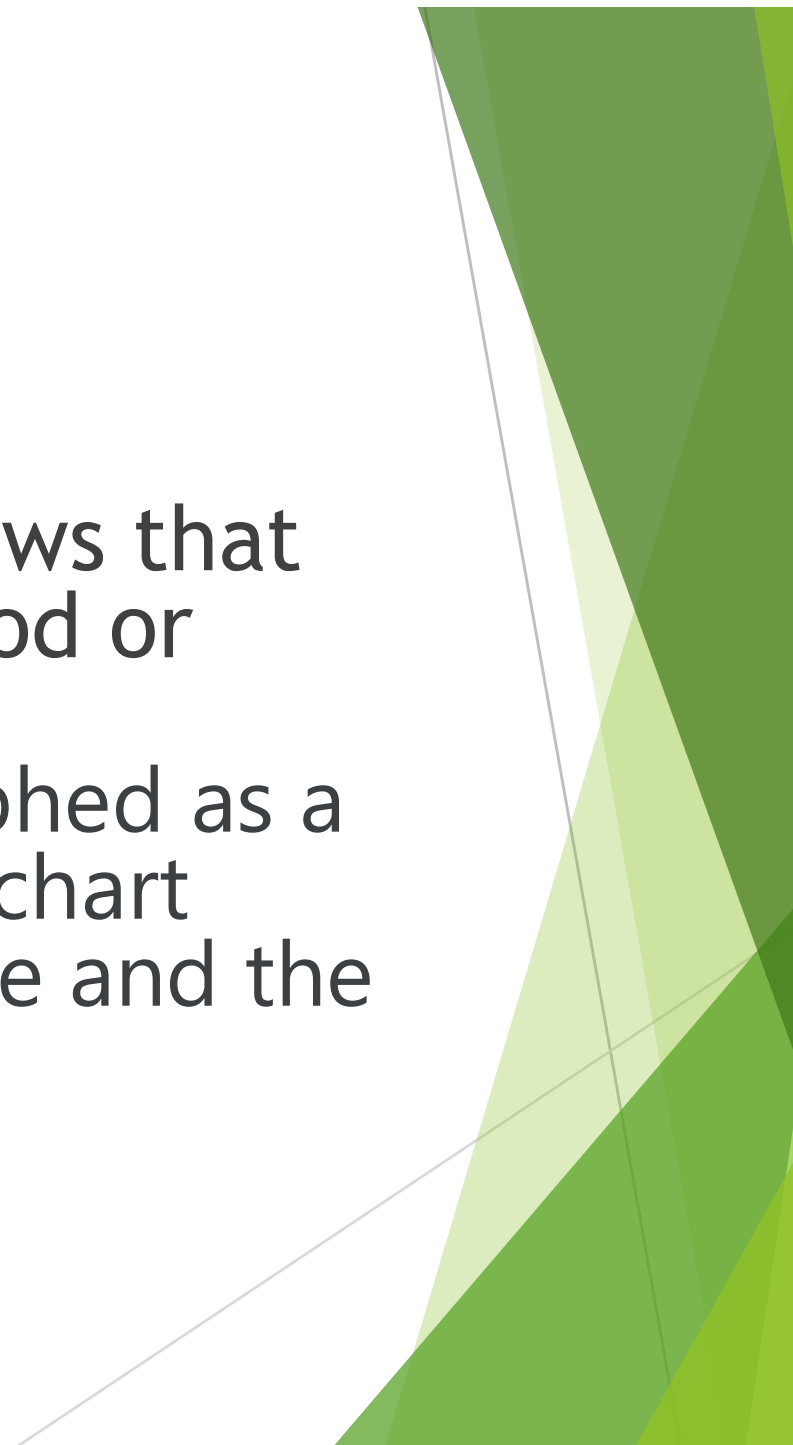
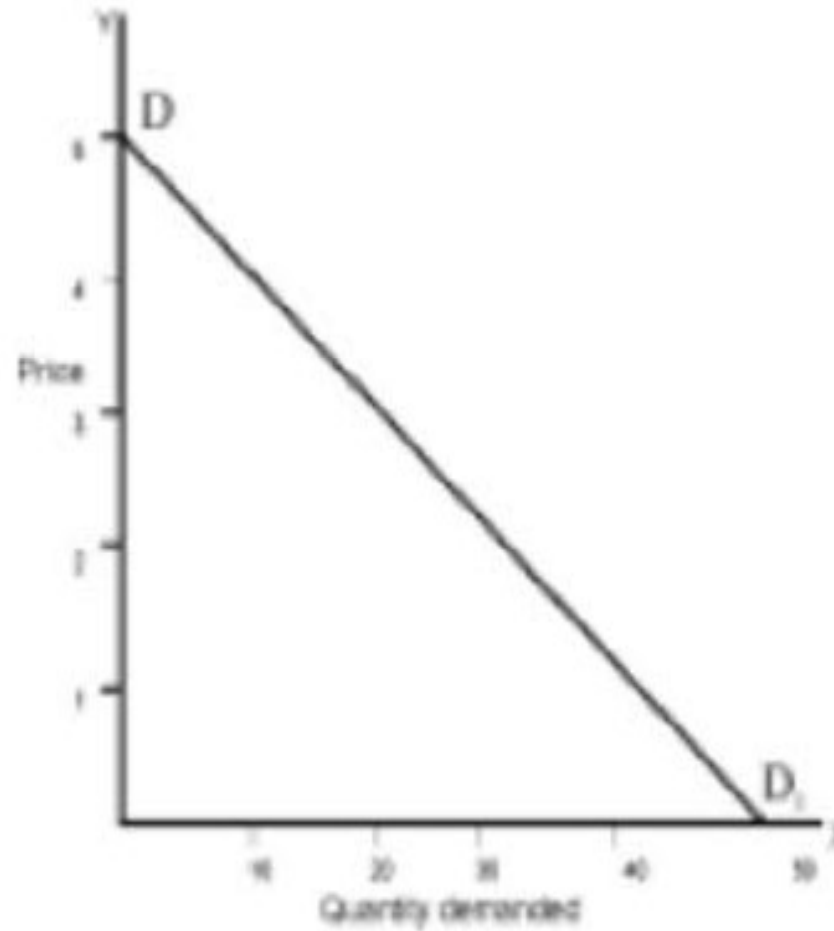


Table Demand Schedule

Price (Rs)	Quantity Demanded (Units)
5	10
4	20
3	30
2	40
1	50

Figure Demand Curve



Why does demand curve slope downwards??

Law of diminishing marginal utility.

Income Effect.

Substitution Effect.

Size of consumer group.

Different uses.



Exceptions of the Law of Demand

Luxury goods.

Ignorance or unawareness.

Giffen goods.

Expectation of rise and fall in price in future.

Possibility of decrease in supply.



HANK YOU !!!!!!!!!!!!!



**Thank
You!!!**

