

Girls High School and College

2020-2021

Class 12th C&D

ECONOMICS

Worksheet - 03

Chapter - Demand and Law of Demand

Note :Parents please ensure that your ward spends at least three days to read and understand the chapter from the books and the mentioned websites before attempting the questions.

Books :ISC economics by Frank Publications - DkSethi and Andrews part II

Principles of Economics by DrAsis Banerjee and Dr Majumdar.

Websites :1.www.economicdiscussion.net

2 www.yourarticlelibrary.com

Introduction

A commodity is demanded because it has ability to satisfy a want. By demand for a commodity we mean the desire for the commodity backed by purchasing power. When a consumer wishes to consume a commodity and also has the necessary purchasing power, he is set to have a demand for the commodity.

This chapter explains us about various concepts of demand like price demand, income demand, cross demand and composite demand.

Demand depends upon a variety of factors the most important being the price of the commodity followed by income of the consumer, taste and preferences, price expectations and prices of related commodities.

Demand function expresses mathematical relationship between demand and factors affecting demand.

Law of Demand expresses an inverse relationship between price and demand. Demand is a function of its price.

Demand schedule shows the relationship between price and demand in the form of a table whereas demand curve is a diagrammatic expression of the law of demand.

Demand curve is negatively sloped due to factors like, income effect, substitution effect and several uses of the commodity.

Answer in brief

1.What is desire?

2.Define 'exante' demand.

- 3 What are giffen goods?
- 4.How does income affect the demand of a commodity?
- 5.What is composite demand?
- 6.Define substitution effect.
- 7 Differentiate between individual and market demand schedule.
- 8.With an example explain derived demand.
- 9.What are complementary goods?. Give examples.
- 10 .What is market demand curve?

Answer in detail :

- 11 Discuss in detail the law of demand with the help of a schedule and a diagram.
- 12.Explain any four of factors affecting demand other than price of the commodity.
13. Why does the demand curve have a negative slope?
14. How are inferior goods different from 'Giffen Goods'?
15. How does price of related commodities affect the demand of a commodity?

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