

# **Course– PRINCIPLES OF ECONOMICS**

## **Lecture 8 DEMAND**

**July, 2015**



# TOPICS TO BE DISCUSSED

## **1. Demand:**

- Meaning of demand

## **2. Demand Schedule:**

- Individual and market demand schedules

## **3. Demand Curve:**

- Individual and Market Demand Curve

# DESIRE, WANT & DEMAND

➤ Desire: When an individual has a wish to buy a product/good but does not have the ability to pay (money).

➤ Ex: You wish to buy a car but do not have money- Desire

➤ Want: When an individual desires to buy a product/good, has the ability to pay but is not willing to spend on the desired product.

➤ Ex: You desire to own a car, have the money but are not ready to spend money on car- Want

➤ Demand: The quantity of a good/product that buyers are willing and able to purchase during a given period of time.

➤ Ex: Want to buy a car, have the money and willing to purchase it at given prices at given period of time- Demand

# DEMAND

Demand- quantity of a commodity that a consumer is willing and able to pay at its various given prices during a period of time.

## **Constituents of Demand:**

- Desire to own a commodity
- Willingness to buy
- Ability to pay (Purchasing Power)
- Different given prices
- Period of time

# DEMAND SCHEDULE

- Demand schedule- shows the quantity of demanded of a commodity at different prices.
  - **Individual demand Schedule-** Quantity demanded of a commodity by an individual at different prices
  - **Market demand Schedule-** Quantity demanded of a commodity by all the individuals together in the market at different prices

# INDIVIDUAL VS MARKET DEMAND SCHEDULE

## Individual Demand Schedule for Milk

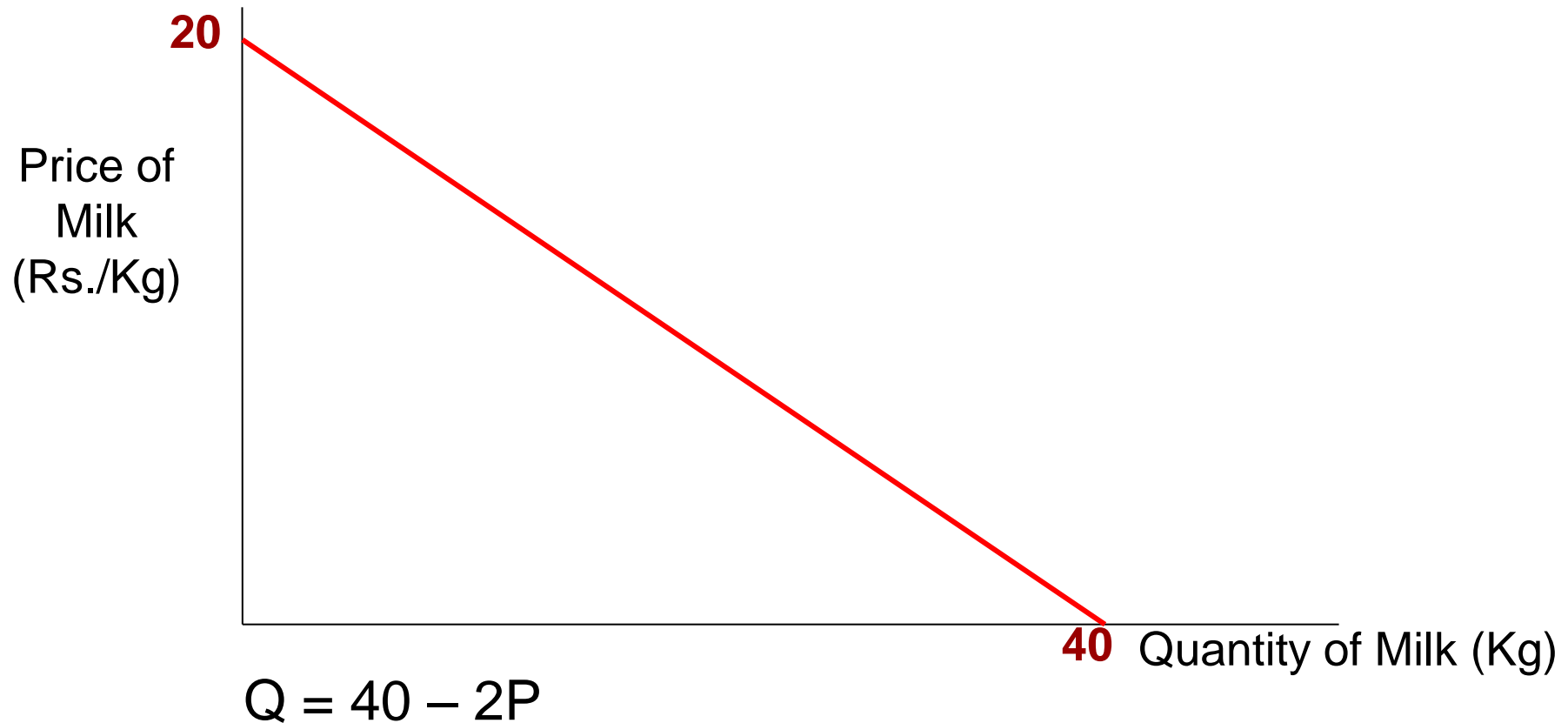
Price (Rs./Kg.)	Quantity Demanded (Kg.)		
	A	B	C
5	50	45	52
10	35	40	35
15	20	35	21

## Market Demand Schedule for Milk

Price (Rs./Kg.)	Quantity Demanded (Kg.)			
	A	B	C	Total (A+B+C)
5	50	45	52	147
10	35	40	35	110
15	20	35	21	76

# DEMAND CURVE

- A graphic representation of the demand schedule
- Individual demand curves are summed horizontally to obtain the market demand curve.





# WHY DO WE DEMAND GOODS?

**Utility-** level of satisfaction which an individual gets from the consumption of a commodity.

Consumers buy goods and services to maximize their satisfaction.

Greater the expected utility from a commodity, higher will be the demand for the same.

**Example-** The desire for alcohol may be immoral for a religious person, but its utility will be very high for an alcoholic.



**THANK YOU 😊**