

# **Course– PRINCIPLES OF ECONOMICS**

## **Lecture 10 CHANGE IN DEMAND**

**July, 2015**



# TOPICS TO BE DISCUSSED

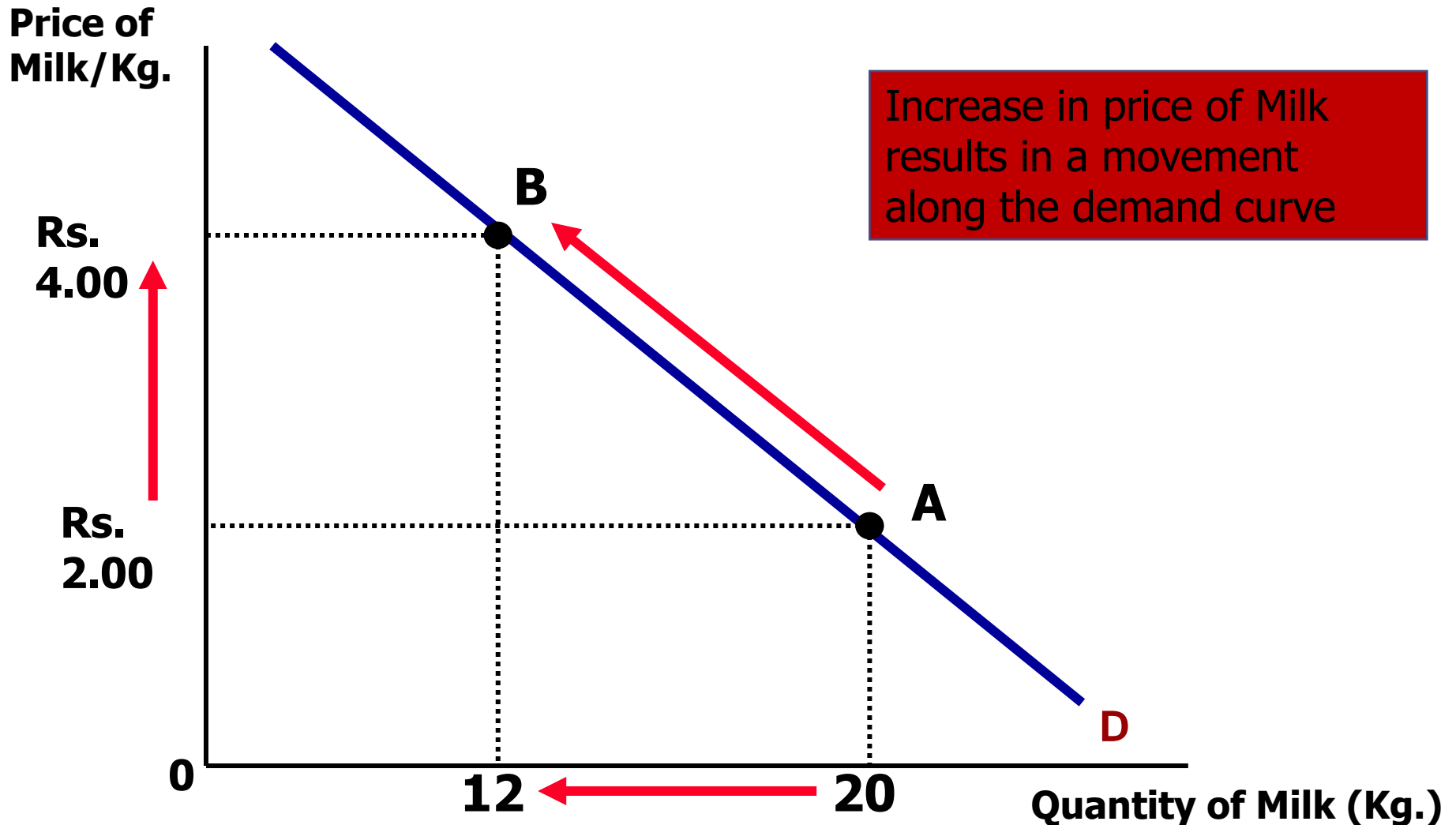
## 1. Change in Demand

- Shift in Demand Curve
- Movement along the same Demand Curve

# CHANGE IN QUANTITY DEMANDED

- A change in price, *ceteris paribus*, results in a change in **quantity demanded**.
  - Movement along the same demand curve.

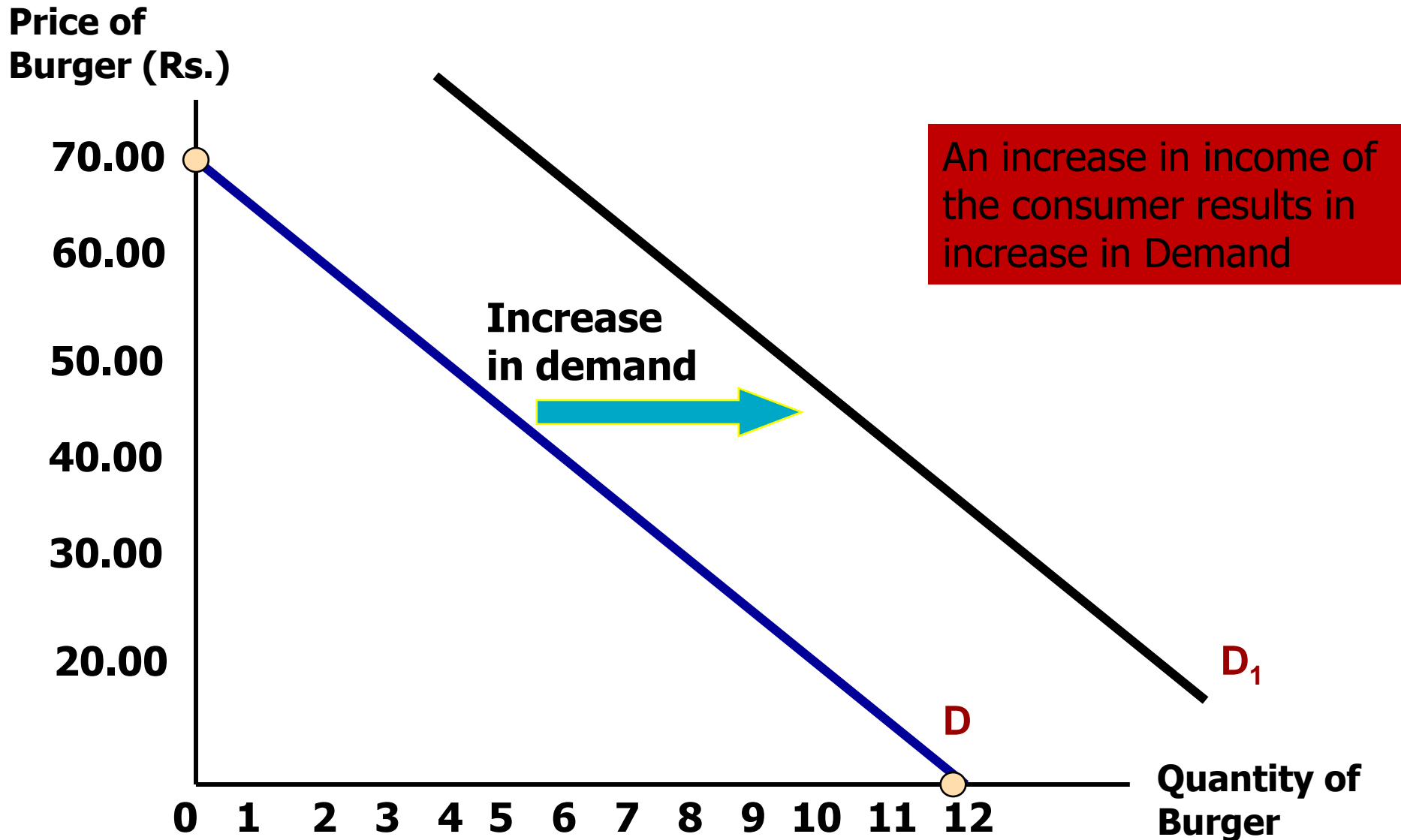
# CHANGES IN QUANTITY DEMANDED



# CHANGE IN DEMAND- SHIFT OF DEMAND CURVE

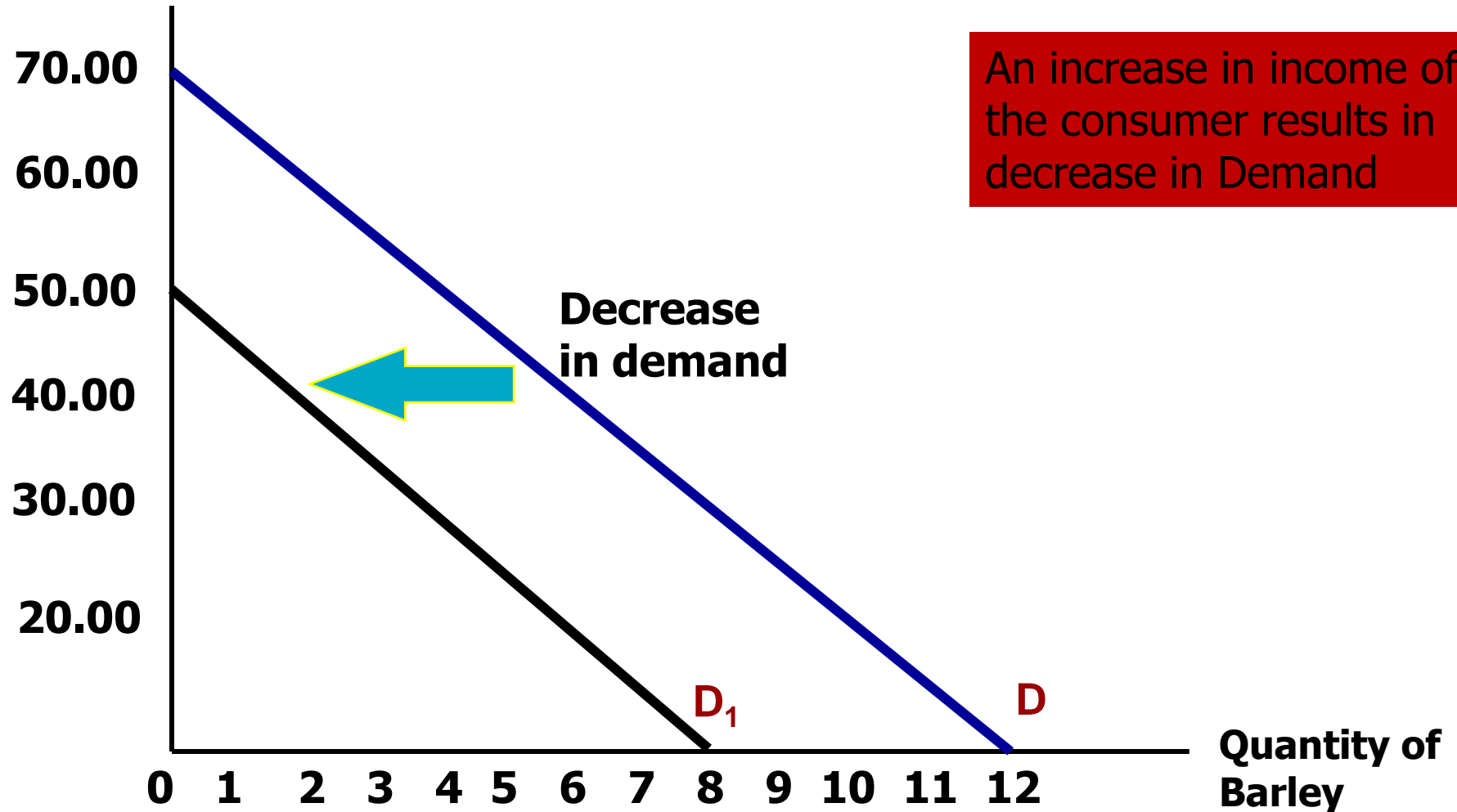
- A change in factors other than price, results in a change in **Demand**.
  - Shift of Demand Curve either to Left or Right

# CONSUMER INCOME- NORMAL GOODS



# CONSUMER INCOME- INFERIOR GOODS

Price of Barley  
(Rs./Kg.)



# FACTORS CAUSING SHIFT IN DEMAND

- Changes in income
- Taste and Preferences of Consumers
- Prices of related goods (substitutes or complementary goods)
- Expectations about future prices
- Number of buyers
- Change in Government Policies



# INCREASE IN DEMAND

Case-I

Price

Quantity

1

5

1

8

Case-II

Price

Quantity

1

5

2

5

# DECREASE IN DEMAND

Case-I

Price

Quantity

1

5

1

3

Case-II

Price

Quantity

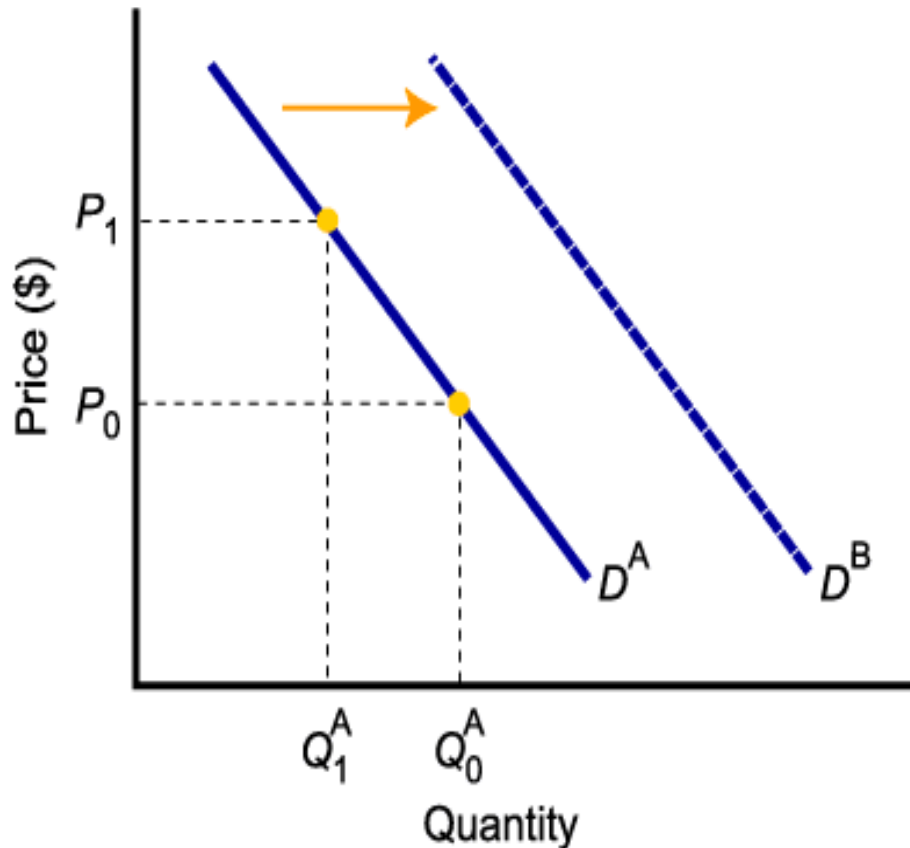
3

5

1

5

# SHIFT OF DEMAND VS MOVEMENT ALONG A DEMAND CURVE



- A change in **demand** is not the same as a change in **quantity demanded**.
- In this diagram, a higher price causes lower **quantity demanded**.
- Changes in determinants of demand, other than price, cause a change in **demand**, or a **shift** of the entire demand curve, from  $D_A$  to  $D_B$ .

**THANK YOU 😊**