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Features of Demand.

Demand in economies means a desire to possess a good supported by willingness and ability to pay for it. If you have a desire to buy a certain commodity, say a T.V, but you have a desire to buy a certain commodity do not have the adequate means to pay it, it will simply be a wish, a desire, or a want and not demand. Demand is an effective desire ~~or a want and not demand.~~ ie a desire which is backed by willingness and ability to pay for a commodity in order to obtain it.

In the words, of Prof. Hibdon, "Demand means the various quantities of goods that would be purchased per time period at different price in a given market".

(1) Demand depends upon the utility of the commodity:

Goods are demanded because they have capacity to satisfy human wants. A rational consumer will ~~become~~ make demand for a commodity only when it provide utility to him.

(ii) Demand always means effective demand

Desire for a commodity will become demand only when it is backed up by purchasing power and willingness to spend. Thus there are three essentials of a demand.

(i) Desire for a commodity.
(ii) means to fulfil the desire
(iii) readiness to buy the commodity.

(iii) Demand has its reference with price and time :

Demand is always related with price and time. Since demand is expressed per unit of time, It is a flow concept. The time may be a day, a week, a month or a year.

Demand is meant the amount of the commodity that buyers are able and willing to purchase at any given price over some given period of time. Demand is also described as a schedule of how much a good people will purchase at any price during a specified period of time.

Factors Affecting Demand :

In economics, demand is a fundamental concept that refers to a consumer's desire to purchase goods and services and willingness to pay a price for them. Demand along with supply, determines the actual price of goods and the volume of goods that changes hand in a market.

Some major factors affect demand in microeconomics. ~~Beside~~ are as under:

① Own price of commodity :

Other things being equal with a rise in own price of the commodity its demand contracts and with a fall in its own price, the demand extends. This inverse relationship between own price of the commodity and its demand is called Law of Demand.

2. Income of the consumer:

The demand for goods and services also depends on the incomes of the people. The greater their demand will be. However, the effect of change in income on demand depends on the nature of the commodity under consideration. If a specific goods is a normal good, then an increase in income leads to rise in its demand, while a decrease in income reduces the demand. But if the given commodity is an inferior goods, an increase in income will then reduce the demand, and a decrease in income leads to rise in demand.

3. Price of Related Goods:

Demand for a commodity is also influenced by change in price of related goods. These are of two types:

(a) Substitute goods:

These are the goods which can be substituted for each other, such as tea and coffee, or ballpen and ink-pen. In case of such goods, increase in the price of one causes increase in demand for the other and decrease in the price of one causes decrease in the demand for the others. Increase in the price of coffee for example will increase the demand for tea - the consumers will shift from the consumption of coffee to the consumption of tea :

(b) Complementary Goods:

Complementary goods are those goods which complete the demand for each other and are therefore, demanded together. Pen and ink, or bread and butter may be cited as example. In case complementary goods, a fall in the price of one causes increases in the demand for the other and a rise in the price of one causes decrease in the demand for the other. For example when the price of fountain pen rises, its demand will fall, as a result demand for ink will also fall. Converesely, if the price of fountain pen falls, its demand will rise also will rise the ~~p~~ demand for ink.

4. Utility of the Goods:-

Utility means the power to satisfy human wants. At a given period of time, the quantity demanded of a commodity depends upon its utility. The commodities having greater utility will be demanded more.

5. Distribution of wealth:

If national income is equally distributed there will be more demand for necessities. If the distribution of income is unequal, there will be more demand for luxury goods like, Car, TV, etc.

6. Expectation:

If the consumer expects a significant change in the availability of the concerned commodity in the near future, he may decide to change his present demand for the commodity. Particularly, if the consumer fears acute storage of the commodity in the near future, he may raise his present demand for the commodity at its existing price.

7. Tastes and Preferences:

The demand for goods and services also depends on individual's taste and preference. Taste and preference of the consumers are influenced by ~~indivi~~. advertisement, change in fashion, ~~etc~~. climate, new inventions etc. other things being equal, demand for those goods increases for which consumers develop strong tastes and preference. Contrary to it, if taste or preference for a product is fading (decreasing) its demand will decrease.

Individual demand function shows how demand for a commodity by an individual consumer in the market, it related to its various determinants. It is expressed as under:-

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