

Class - B.Com 1.

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and Environment

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Concept of Demand:

Demand refers to the desire to have a commodity backed by willingness and ability to purchase that commodity at given price during a period of time. Suppose one desire to have a car, but you do not have enough money to buy it. Then, this desire will remain just a wishful thinking, it will not be called demand. And if in spite of having enough money, you are not willing to spend it on car, demand does not emerge. The desire becomes demand only when you are ready to spend money to buy car. Thus, demand is the want or willingness of consumers to buy goods and services. To be an effective demand consumers must have enough money to buy commodities at various possible price. The demand for any commodity at a given price is the quantity of it which will be bought per unit of time at that price.

"The demand, thus for a commodity is a schedule of the quantities that buyers would be willing to purchase at different prices at any one instant of time. So far as the individual consumer is concerned his demand for a commodity refers to various quantities of it which he would buy at different prices at a particular time."

Definitions of Demand :

According to Benham: "The demand for any thing, at a given price is the amount of it which will be bought per unit of time at that price."

According to Penson, "Demand is effective desire. It implies three things: (i) Desire to possess a thing. (ii) mean for purchasing it and (iii) willingness to use these means for purchasing it."

According to Meyers: "The demand for a good is schedule of the amounts that buyers would be willing to purchase at all possible prices at any on instant of time."

Why do people demand for goods?

people's tastes and preference for various goods occur due often change and as a result there is change in demand for them. The change in demand for various goods occur due to the change in fashion and also due to the pressure of advertisement by the manufacturers and sellers of different products.

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

Demand and Quantity Demanded

Demand refers to different possible quantities to be purchased at different possible prices of a commodity. Thus, demand for commodity X refers to 10 units of X if $P_x = \text{Rs } 5$ per unit, 8 units of X if $P_x = \text{Rs } 6$ per unit, 6 units of X if $P_x = \text{Rs } 7$ per unit and so on...

Quantity demanded refers to a specific quantity to be purchased against a specific price of the commodity. Thus quantity demanded of commodity X refers to 8 units of X if P_x happens to be Rs 6 per unit.

Quantity demanded is a term used in economics to describe the total amount of a goods or services that consumers demand over a given interval of time. It depends on the price of a goods or service in a market place regardless of whether that market is in equilibrium. The relationship between the quantity demanded and the price is known as the demand curve, or simply the demand. The degree to which the quantity demanded changes with respect to price is called the elasticity of demand.

In short Demand refers to different possible quantities of a commodity that the consumer is ready to buy at different possible price of that commodity.

Quantity demanded refers to a specific quantity to be purchased against a specific price of the commodity.