Class ! 10th TENDER HEART HIGH SCHOOL
Subject:- Economics
Teacher: Lokesh Arora

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Ch-2 Elementary Theory of Demand.

Good Morning students
This lesson is for class 10th for the subject of Economics. The topic for today is 'Demand and types of Demand' which is covered in chapter 2 titled 'Elementary Theory of Demand' of your book titled 'Economics'.
This lesson is being submitted to you on 29.4.24 and the voice is of Mr. Lokesh Arora.
All the students now please open page number 40 of your book and listen carefully.

In the ordinary sense, the terms desire, want and demand have same meaning. But in economics, These terms have different meanings.

Desire:-
Desire means a mere wish to have a commodity. For example a beggar wishes to have a big car and a big house but this is not his want because he is not having resources to buy that.

Want:-
Want is an effective desire when it is backed by the resources and readiness to spend.

Demand:-
Demand refers to quantity of commodity

that a consumer is ready to buy at a given price and at a given time.

Thus Demand is made to show the relationship between the price of a commodity and the quantity of the commodity, which a consumer wants to purchase at a specific price, time and place.

Features of Demand:-

(i) Specific Quantity:-

Demand always refers to a specific desired quantity which a person is willing to purchase. It is not an approximation, but to be expressed in numbers.

(ii) Price:-

Demand has no meaning unless it is stated in terms of price. For example, you may be willing to buy a shirt if it is available at ₹ 500 each. You may not demand it at all if it is priced at ₹ 600. Moreover you may purchase 2 shirts if these are available at ₹ 300 each. Therefore, demand is always expressed in relation to a particular price.

(iii) Time:-

Demand is a flow concept as it is expressed per unit of time, say per day, per week, per month etc.

(iv) Market :-

Demand is always held in the market. Market is set of points of contact between buyers and sellers. It needs not be a definite geographical area.

Types of Demand :-

There can be different forms of demand. They are :-

(1.) Joint Demand :-

When a commodity is jointly demanded with some other commodity to satisfy a particular want. For example car and petrol, pen and paper etc. Joint demand is also called complementary demand.

(2.) Composite Demand :-

The demand for a commodity which can be put to several uses is known as composite demand. For example coal can be used for heating, cooking and operating railway engine etc. Similarly, milk is used for preparing cheese, butter, curd, sweets etc.

(3) Direct Demand :-

The demand for such commodities which are directly demanded by the consumers for the satisfaction of their wants is known as

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direct demand, such as demand for food, cloth, house etc. Direct demand is also known as 'Autonomous Demand' because it is independent of demand for other commodities

(4) Derived Demand :-
If a thing is needed for producing some other goods, which we actually need, the demand for that commodity is known as derived demand. For example, demand for a house is a direct demand but the demand for bricks, cement, sand, iron etc is derived from the demand for house.

(5) Competitive Demand :-
When two commodities are close substitutes of each other, an increase in the quantity demanded of one of them will reduce the demand for the other. Demand for such commodities is known as Competitive Demand. For example Tea and coffee, coke and pepsi etc. An increase in demand for coke will reduce the demand for pepsi.

Students, before going further, I will ask you some questions. You are requested to write the answers of the following questions in your note books.

1. What is Demand? Explain its features
2. What is Composite Demand?
3. What is Direct Demand?

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Individual Demand:-

The quantity of a commodity that an individual consumer is willing to buy at a given price during a given period of time is called Individual Demand.

Market Demand:-

Market Demand refers to the total demand for a commodity that all the consumers are willing to buy at a given price during a given period of time.

Demand Schedule:-

Demand Schedule shows different quantities of a commodity demanded at a given period of time at different prices. Demand schedule is of two types:-

Individual Demand Schedule:-

Individual demand schedule shows different quantities of a commodity demanded by a particular individual at different price at a given period of time.

Individual Demand Schedule

Price of Sugar ₹ (per kg)	Quantity of Sugar Demanded (per month) (kg)
30	1
29	2
28	3
27	4
26	5

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Market Demand Schedule:-

Market Demand Schedule shows the different quantities of a given commodity which all individual households in the market would demand at different prices at a given period of time. In other words, when the individual demand schedules are added together, we get market demand schedule.

Market Demand Schedule

Price of Sugar ₹ (per kg)	Demand by A (kg per Month)	Demand by B (kg per Month)	Demand by C (kg per Month)	Market Demand kg per Month (A+B+C)
30	1	2	3	6
29	2	3	4	9
28	3	4	5	12
27	4	5	6	15
26	5	6	7	18

Demand Curve:-

The graphical representation of demand schedule is known as Demand Curve. This curve shows the relation between the price of a commodity and the amount of that commodity the consumer wishes to purchase. Demand Curve can be of two types:-

(1) Individual Demand Curve:-

The graphical representation of individual demand schedule is known as Individual Demand Curve.

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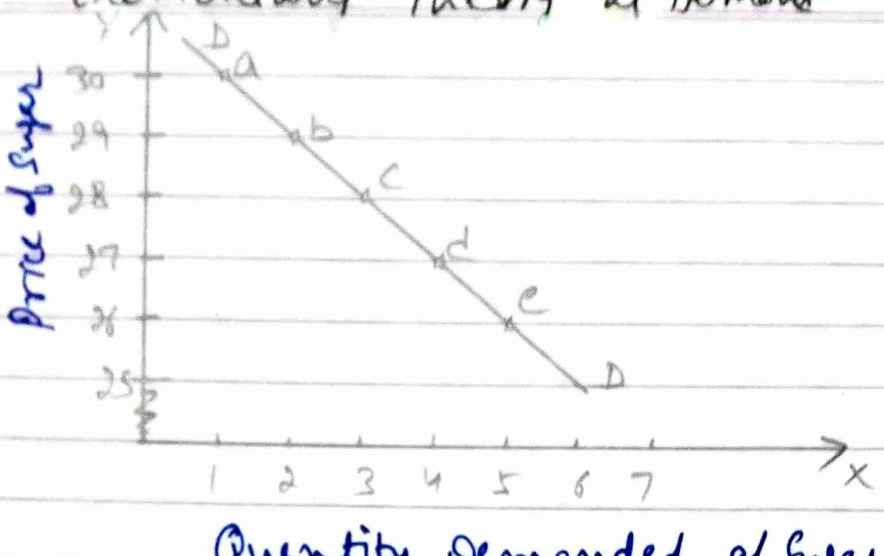
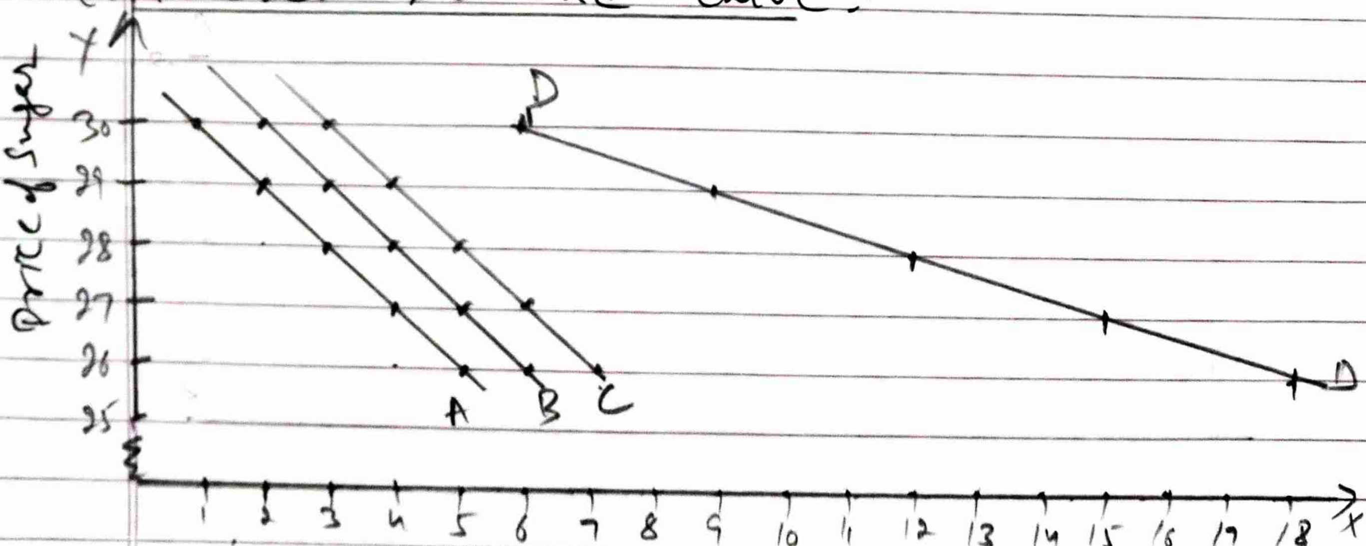


In the above figure, quantity demanded is measured along x-axis and price of sugar is measured along the y-axis. By ploting 1kg of the commodity at price ₹ 30, we get point 'a'. Likewise by ploting 2kg at a price of ₹ 29, 3kg at a price of ₹ 28, 4kg at ~~at~~ price of ₹ 27 and 5kg at a price of ₹ 26, we obtain points b, c, d and e respectively. By joining these points we get an individual demand curve.

(2) Market Demand Curve :-



Individual and Market Demand Curve

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Thus market Demand Curve shows the graphical representation of market demand schedule. In the above figure A, B, C are the individual demand curves (for consumers A, B and C) for any particular commodity and DD represents the Market Demand Curve.

Students,
With this I am ending my topic here, you are requested to read the topic carefully and write the answers of the following questions in your note books.

Ques 1. What is Individual Demand?
Ques 2. What is Market Demand Schedule?
Ques 3. Draw a demand curve with the help of a hypothetical Individual demand schedule.

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