

Economics - 9th Class English Medium Economics Chapter 3

Q1. What is Population.

Ans 1: Since peiple are potential buyers, therefore, the demand for most goods will increase with the rise in population. For example, migration of people formrural to urban areas increases the demand for housing, restaurants and transportin urban areas.

Q2. Write two factors affecting Demand other than price.

- **Ans 1:** 1- Liking or disliking: If you like chocolate, your friend may lie ice cream, Preferences or tastes are important in determining our willingess to buy different types of goods. The demand for many goods, such as clothing and hairstyle, changes frequently as fashion changes. People plan to buy more at same price, if these are in fashion.
- **Ans 2:** Income: An increase in income will also cause an increase in our demand for most of the goods. For example anincrease in income will icrease the demand for cloghith if higher income causes an increase in the demand for a good, the product is a normal good.

Q3. What is Giffen Goods

Ans 1: Giffen Goods are special kinds of inferor goods. When price increases more is demanded and less of it is demanded if price is lower. It goes against the law of demand. for example, barley is inferior to wheat,.

Q4. What does elasticity of demand mean?

- **Ans 1:** Elasticity of demand refers to the responsivencessor sensitivity of the quantity demanded of a good or service to changes in its price. In other words it measures how the quantity demanded chagne in response to a cahing ein price.
- Ans 2: 1. Price Elasticity of Demand: This measures the percentage chagne in quantity demanded relative to the percentage change in price. If PED is greater than 1, demand is considered elastic, meaning that a small change in price leades to a relatively large change in quantity demanded.
- Ans 3: 2. Income Elasticity od Demand: This measures the percentage chagne in quantity demanded relative to the perentage chagne income. It indicates whether a good is a normal good YED >0, an inferior good YED <0, or a luxury good YED >1
- **Ans 4:** 3. Cross Price Elasticity of Demand: This measures the percentage chagne in quantity demanded of one good relative to the percentage chagne in the price of antoher good. It helps determine whether goods ae substitutes XED>0, Complements XED <0 or unrelated XED =0

Q5. Demand Demand.

Ans 1: Demand refers to the quantity of a good or service that consumers ae willing and able to purchase at vaious prices during a specific period. It represents the desire and purchasing power of consumers for a particular product or service. Demand is influencedby various factors including price, consumer preferences, income level, and the availability of substitutes, in ecomics,

demand is ofter depicted graphically as a downward sloping curve, indicating an invers relationship between price and quantity demanded, assuming othe rfactor remain constant.

Q6. Write the functional dquation of demand

Ans 1: The functional equation of demand, ofter represented as Qd= f (P, I,T,O,.....) Where:

Ans 2: Qd = represents the quantity demanded of a good or service.

P = Represents the pric of the good or service.

I = Represents the income of consumers.

T = Rrpresents the tastes or preferences of consumers.

O = Represents other relevant factors that may influence demand.

Q7. What is the slope of a demand curve?

Ans 1: The slope of a demand curve represent the rate at which quantity demanded chagnes in respense to a change in price. It's typically negative, indicating that as the price of a good or service increases, the quantity demanded decreases. The magnitude of the slope indicates the degree of responsiveness of quantity demanded to chagne in price, known as price elasticity of demand.

Q8. What is innovation and Inventions.

Ans 1: Sometimes demand for a good is changed without any change in price level. For example, demand for computers will go up for publisheing books if it is quicker and easier to compose books on computer rather than manually.

Q9. What does other thing remain constnat mean in the law of demand.

Ans 1: In the law of demand, the phrase " Other things remainign constant" refers to the assumption that all other factors influencing demand are held constant, except for the price of the good or service in question.

Ans 2: The law of demand states that,all else being equal as the price of a good or service decreases, the quantity demanded of that good or serice will increases, and vice versa. However,in real -wordl situations, many factors can influence demand apart from just the price, such as consumer income preferences, prices of relatd goods, and so on.

Q10. Write Limitation of the Law of Demand.

Ans 1: 1- Inferior goods: In case of inferir goods people do not buy more evenif its price decreases so the law of demand will not apply in such cases.

Ans 2: 2- Scarce goods: If a shortage of supply of certain goods is expected, people will increse their demand even if its price increases. This is against the definition of the law so the law will not hold.