

# LAW OF DEMAND

# ***Demand***

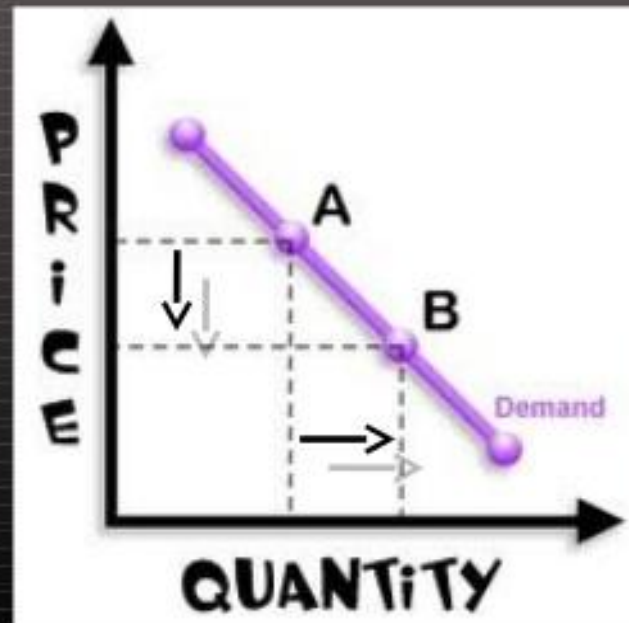
- An economic principle that describes  
A consumer's desire and willingness to pay a price for a specific good or service.

## Three elements of demand

1. Desire to acquire a commodity.
2. Willingness to pay price for it.
3. Ability to pay for it.

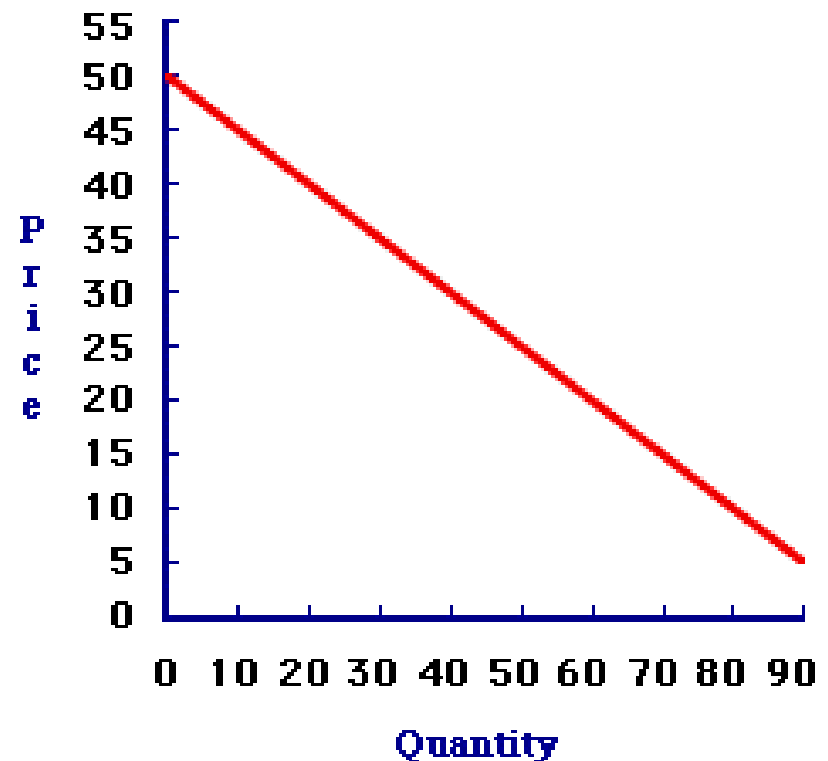
## Law Of Demand

When price decreases demand increases,  
& When price increases the demand decreases.

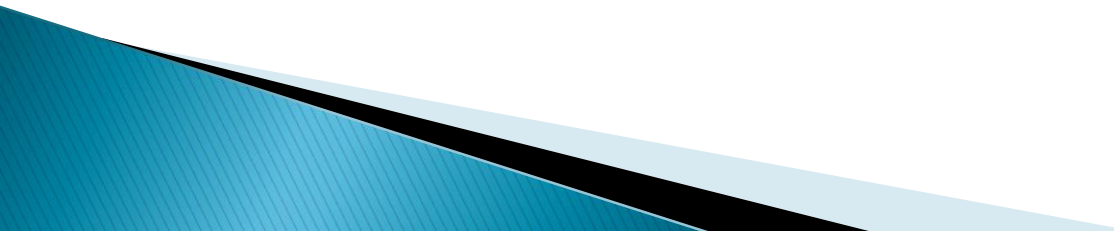


# Demand Schedule › Demand Curve

	Price of Stuffed Animals	Quantity of Stuffed Animals
A	5	90
B	10	80
C	15	70
D	20	60
E	25	50
F	30	40
G	35	30
H	40	20
I	45	10
J	50	0



# Reason for Downward Sloping Demand Curve

- ▶ Income Effect
  - ▶ Substitution Effect
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# Exceptions to Law of Demand

- Goods of high prestige value–  
Veblen Effect
- Giffen goods

# Determinants of Demand

- Taste and preference
- Income
- Prices of related goods
- Wealth
- No. of consumers in the market
- Consumer's expectation