Difference Between Need & Demand

Need
Demand

DEMAND

Demand
what is demand ?
Economics → needs + wants + willingness + ability
need → Necessity / Basic / Conditional / Luxury
want → Necessity / Basic / Conditional / Luxury

Individual Demand and Market Demand (Demand Schedule, Demand Curve)

DETERMINANTS OF DEMAND

(Factors Affecting Demand or Demand Function)

① Price of a Product
a. ↑ Price of a product → demand ↓
b. ↓ Price of a product → demand ↑
∴ Law of Demand
∴ Price and demand has Inverse Relationship
Ceteris Paribus

② Price of Related Goods

Substitute goods (Substitutes Commodity)
Complementary goods (Complementary Commodity)
Direct Relation
Inverse Relation
Tea and coffee
Pen and ink
Pen and refill
Car and petrol
Bus and diesel
Tea and sugar
Pen and refill
Car and petrol
Bus and diesel
Positive Relationship
Inverse relationship

③ Income & Demand

a. Income ↑ Real ↑
& Money ↑ Money ↑
Normal Goods
Superior Goods
Inferior Goods
Necessity Goods
Luxury Goods
Basic Goods
Conditional Goods
Necessity Goods
Luxury Goods
Basic Goods
Conditional Goods
Positive Relationship
Negative Relationship
∴ Income and Demand has Direct Relationship

④ Taste and Preference of Consumers
a. Change in taste or fashion, favourably, unfavourable

Change
Demand

⑤ Population
a. More people → More demand

Population
Demand
↑
↑
↓
↓

⑥ Growth (Future Outlook) on the demand why Buying Large stocks

a. Economic Growth
Income → demand ↑
Economic conditions ↑
Money conditions ↑

⑦ Government Policies
Taxation
Subsidy
Rationing
Control
Price
Quantity
Quality
Direct Tax
Indirect Tax