

Demand function:-

* A demand function is a mathematical expression. it says about the relation b/w. Quantity demanded of goods and services at various factors that influence the demand.

* general form of demand function:-

$Q_x = f(P_x, Y, P_r, T, O)$ → Independent or Explanatory variable.

Dependent or Explained Variable: $Q_x =$ Quantity demand of product x .

$f =$ factors.

$P_x =$ price of 'x' commodity

$Y =$ income.

$P_r =$ price of related goods

$T =$ Taste and preference.

$O =$ other factors.

* Ceteris paribus (or) other things being equal:-

if we are reading one variable then other being constant.

Example:-

if we are studying about price of 'x' then other things be constant except price.

* All the determinants are not equal.

* from the above general form. we can't take other factors (which are not mention) because they are not measurable.

* We can take from above form. because they are measurable.

2001 shortages of
consumer Expend
decrease.
hence:-

ie. the present
trends are

will trade increas
and vice-versa

en.
↓
for rich
People.

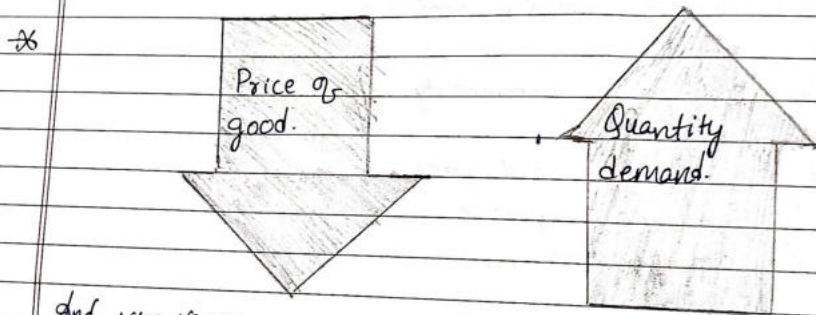
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Law of Demand:-

- * The law of demand is one of the most important laws of economic theory.
- * Law of demand explains the relation b/w 'Quantity demanded' and 'its own price'



And vice versa.

- * It says about inverse relation.

NOTE:-

Difference b/w Qualitative and Quantitative:-

- * Law of demand is Qualitative statement because it shows direction of changes

- * Quantitative means says about measurement

[Assumptions in material].

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