Concept of Demand, Factors Affecting Demand & Law of Demand

1 Mark Questions

1. What is market demand? (Delhi 2013)

Ans. Market demand is sum of individual demand at different price level at a particular period of time by different people.

2. What does a rightward shift in demand curve indicate? (All India 2013)

Ans. Increase in demand.

3. Give one reason for a shift in demand curve. (All India 2oi2)

Ans. Shift in demand curve occurs due to changes in other determinants of demand like price of related goods, income of the consumers, etc other than own price of the commodity.

4. State whether the following statement is true or false.
'The demand for a commodity always increases with increase in the prices of other goods'. (All India 2011)
Ans. False, it is possible only in case of substitute goods.

5. What causes an upward movement along a demand curve? (All India 2011)

Ans. Increase in own price of the commodity causes an upward movement along a demand curve.

6. What is Law of Demand? (Delhi 2010)

Ans. Law of Demand states that other things remaining constant, quantity demanded of a commodity increases with a fall in its own price and diminishes with a rise in its own price. Geometrically, it is represented by a downward sloping demand curve.

7. What is meant by inferior goods in economics? (All India 2010,2009)
or
When is a good called an inferior good? (Delhi 2008C, 2006)

Ans. Inferior goods are the goods for which the demand is inversely related to consumer's income, e.g. coarse cereals, toned milk, etc.

Note There is no list of good which are normal or inferior, it depends on the level of consumer's income.

8. What is meant by normal goods in economics? (MI India 2010) or
When is a good called a normal good? (Ad India 2008; Delhi 2006)

Ans. Normal goods are the goods for which the demand is directly related to consumer's income, i.e. with rise in income demand rises and vice-versa e.g. full cream milk, pulses, grains, etc.

9. What is demand schedule? (All India 2008)

Ans. Demand schedule is a table showing the relationship between different quantities of a commodity to be purchased at different prices of that commodity.