



# St. Lawrence High School

*A Jesuit Christian Minority Institution*



## Study Materials 01

**Sub: Economics**

**Class: XII**

**Chapter 02: Demand**

**F.M.: 45**

**Topic: Demand and its determinants,**

**Demand schedule and its types**

**Date: 19/06/2020**

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**Short Answer questions**

**1x15 = 15**

**Fill in the blanks:**

1. The relation between the various amounts of a commodity or service and the determinants of its demand can be expressed by an equation is known as \_\_\_\_\_.
2. \_\_\_\_\_ and \_\_\_\_\_ are the factors of demand
3. Demand for inferior goods \_\_\_\_\_ with increases of income.
4. The demand for a commodity changes in the \_\_\_\_\_ direction as the price of its complements.
5. Copying the consumption habits of celebrity is known as \_\_\_\_\_.
6. The demand for a commodity changes in the \_\_\_\_\_ direction as the price of its substitutes.
7. When price of product decreases then its demand \_\_\_\_\_.
8. Demand depends on \_\_\_\_\_.
9. A list, showing the quantities that will be purchased by a consumer at different price is known as \_\_\_\_\_.
10. By adding up the demand schedule of all individual, we get \_\_\_\_\_.
11. Demand schedule is of \_\_\_\_\_ types
12. The chart showing quantities demanded by an individual at different prices is called \_\_\_\_\_.
13. \_\_\_\_\_ shows quantities demanded by all consumers in the market at different prices.
14. Demand also depends on the expectation of \_\_\_\_\_.
15. Total market demand depends on the \_\_\_\_\_ of the country.

**Answers:**

1. Demand function.
2. Price and income.
3. Decreases.
4. Opposite.
5. Demonstration effect.
6. Same.
7. Increases.
8. Price.
9. Demand schedule.
10. Market demand schedule.
11. Two.
12. Individual demand schedule.
13. Market demand schedule.
14. Future price.
15. Population.

## 2 marks questions

2x10=20

### 1. Define demand.

**Ans:** Desire of any commodity which is backed by the purchasing power of any individual.

### 2. What do you mean by individual demand schedule?

**Ans:** The chart showing quantities demanded by an individual at different prices is called individual demand schedule.

### 3. What do you mean by market demand schedule?

**Ans:** Market demand schedule shows quantities demanded by all consumers in the market at different prices.

### 4. Mention any two determinants of demand.

**Ans:** Two determinants of demand are:

- a. Price of the commodity: Demand depends on the price of the commodity. As price increases demand decreases and vice-versa.
- b. Income of the consumer: Demand depends on the income of the consumer. If income increases, demand will be more and vice-versa.

### 5. What do you mean by demonstration effect?

**Ans:** it refers to the effect of purchase of any commodity by an individual on the purchases of others.

### 6. Define inferior good.

**Ans:** In the case of some commodities it may happen that as income increases, the quantity demanded decreases. These are known as inferior good.

### 7. What do you mean by substitute goods?

**Ans:** When two goods are so related that the consumer can substitute one good for another then these goods are called substitute goods. For example, tea and coffee.

### 8. What do you mean by complementary goods?

**Ans:** When two goods are so related that they are always jointly consumed then they are called complementary good.

### 9. What do you mean by demand schedule?

**Ans:** The tabular representation of the relationship between price of the commodity and its quantity demanded is known as demand schedule.

### 10. What are the types of demand schedule?

**Ans:** Demand schedule is of two types. These are:

- a. Individual demand schedule and
- b. Market demand schedule.

## 5 marks questions

5x2=10

### 1. Define demand. What are the determinants of demand?

**Ans:** Desire of any commodity which is backed by the purchasing power of any individual.

Determinants of demand:

1. Price of the commodity
2. Income of the consumer
3. Taste and preference of the consumer
4. Price of other related commodities [ Substitute and Complementary goods
5. Future price expectation
6. Demonstration effect
7. Population and its composition
8. Advertisement expenditure

Explain all these points.

### 2. What do you mean by demand schedule? What are its types?

**Ans:** The tabular representation of the relationship between price of the commodity and its quantity demanded is known as demand schedule.

Demand schedule is of two types. These are:

- a. Individual demand schedule: The chart showing quantities demanded by an individual at different prices is called individual demand schedule.
- b. Market demand schedule: Market demand schedule shows quantities demanded by all consumers in the market at different prices.

Debaleena Ganguly.

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