

DON BOSCO SCHOOL, KOKAR, RANCHI

Class 10

Economic Applications

Chapter :1

DEMAND: LAW OF DEMAND AND DETERMINANTS OF DEMAND

Short Answer Type Questions (2 Marks)

Kindly write all the questions _answers in the note copy :

Q. 1. Define the term demand.

Ans: Demand for a commodity refers to the amount of the commodity which consumers are willing to purchase at different prices during a given period of time.

Q. 2. What is meant by Economic Goods?

Ans: All those goods which have price because they are useful as well as scarce (less) in their availability.

Q. 3: what are inferior?

- Ans: All those goods whose price is less and have low value in the the eyes of consumers. They are cheap goods. The demand for inferior goods tends to fall with an increase in the income of the consumers.

Q. 4: what do you mean by substitute goods? Give two examples.

Ans: Substitute goods are those goods which satisfy the same type of demand and can be used in place of one another. Two examples are :1. Pepsi and Coca Cola.2. Tea & coffee

Q. 5: **What do you mean by complementary goods? Give two examples.**

Ans: complementary goods are those goods which are complementary to each other in the sense that they are used together or jointly. Two examples are :1. Car and petrol 2. Pen & ink

Q. 5 If price of X increases, the demand for Y too increases. What is the relationship between goods X and Y? Give an example.

Ans: if price of X increases the demand for Y too increases, then the relationship between goods X and Y is that they are substitute goods. For example: coffee and tea.

Q.6: **Distinguish between individual demand and market demand.**

Ans: individual demand for a commodity is, the amount that a single consumer is willing to purchase at a given price during a given period of time.

Market Demand refers to the total quantity of a commodity that all the households (consumers) are prepared to buy at a given price during a specified period of time.

Q. 7: Differentiate between joint demand and composite demand.

Ans: Joint Demand - It refers to the demand for two goods or more goods which are used together or consumed together.

Composite Demand - The demand for a commodity that has more than one use is called composite demand.

Q. 8: What are complementary goods? Examine their impact on demand.

Ans: Complementary goods are those goods which are used together such as car and petrol. Change in price of a product brings change in demand for its complements in the opposite direction. For example, an increase in the price of petrol will cause decrease in the demand for petrol and also will lead to a decrease in demand for cars.

Q. 9: If the quantity demanded of a commodity X decreases as the household's income increases, what type of goods is X? give example.

Ans: If the quantity demanded of a commodity X decreases as the household's income increases, the good x is inferior goods. For example, jowar and bajra.

Q. 10: Explain ceteris paribus assumptions of the law of demand.

Ans: The law of demand assumes that other things remaining equal or unchanged that is the assumptions of ceteris paribus order. Demand for a commodity depends not only on its own price but also on many other factors such as consumers income, price of the related goods, consumer's tastes and preference, etc. These are the factors that affect the demand for the products are assumed to be constant or unchanged. Thus, the law of demand is based on the assumptions. There should be no changes in these factors which affect demand.