CLASS XII
DEMAND ANALYSIS

I. Answer in one sentence each
   a. Define demand
   b. State law of demand.
   c. Demand for good X decreases as price of good Y increases then the two goods are:
      A. Absolute necessities          B. complementary good
      C. inferior goods               D. Substitute goods
   d. If a good is absolute necessity, then its price elasticity of demand is:
      A. Zero   B. Unitary   C. Infinity   D. Inelastic
   e. Draw a relatively inelastic demand.

II. Answer in around 60 words.
   a. State law of demand. Explain with a schedule and diagram.
   b. Consider two commodities Tea and Coffee. What could be the effect on demand for Tea if price of coffee falls. Explain with reason and suitable diagram.
   c. Government declares a compulsory festival bonus of Rs.10000/- to all workers working in the country. Explain the likely impact on the demand for refrigerators in the country?
   d. Distinguish between normal good and inferior good. Use examples.
   e. Distinguish between complementary good and substitute good with examples.
   f. Law of demand to holds good only under certain conditions. What are these?

III. Answer in around 75 words.
   a. What does change in demand mean? Explain using diagram.
   b. What does change in quantity demanded mean? Explain using diagram.
   c. Define market demand curve. Explain with the help of a diagram.
   d. Why does demand curve slope down ward? Explain the reasons behind this.
   e. How is price elasticity of demand measured on a linear demand curve? Explain with the help of a diagram.

IV. Answer in around 100 words.
   a. Define price elasticity of demand. State the meaning of five cases of price elasticity of demand with suitable diagram.
b. What are the important factors that influence price elasticity of demand for a good? Explain each.

c. How is expenditure on a good by the consumer and price elasticity of its demand related when price of the good changes? Explain.

d. Explain the impact of demand for a good when:
   i. Income of the consumer changes
   ii. Price of related good changes
   iii. Taste and preference of the consumer changes.