

PRINCIPLES OF ECONOMICS

B. Com Hons Part - I

TOPIC -

CHANGE IN DEMAND

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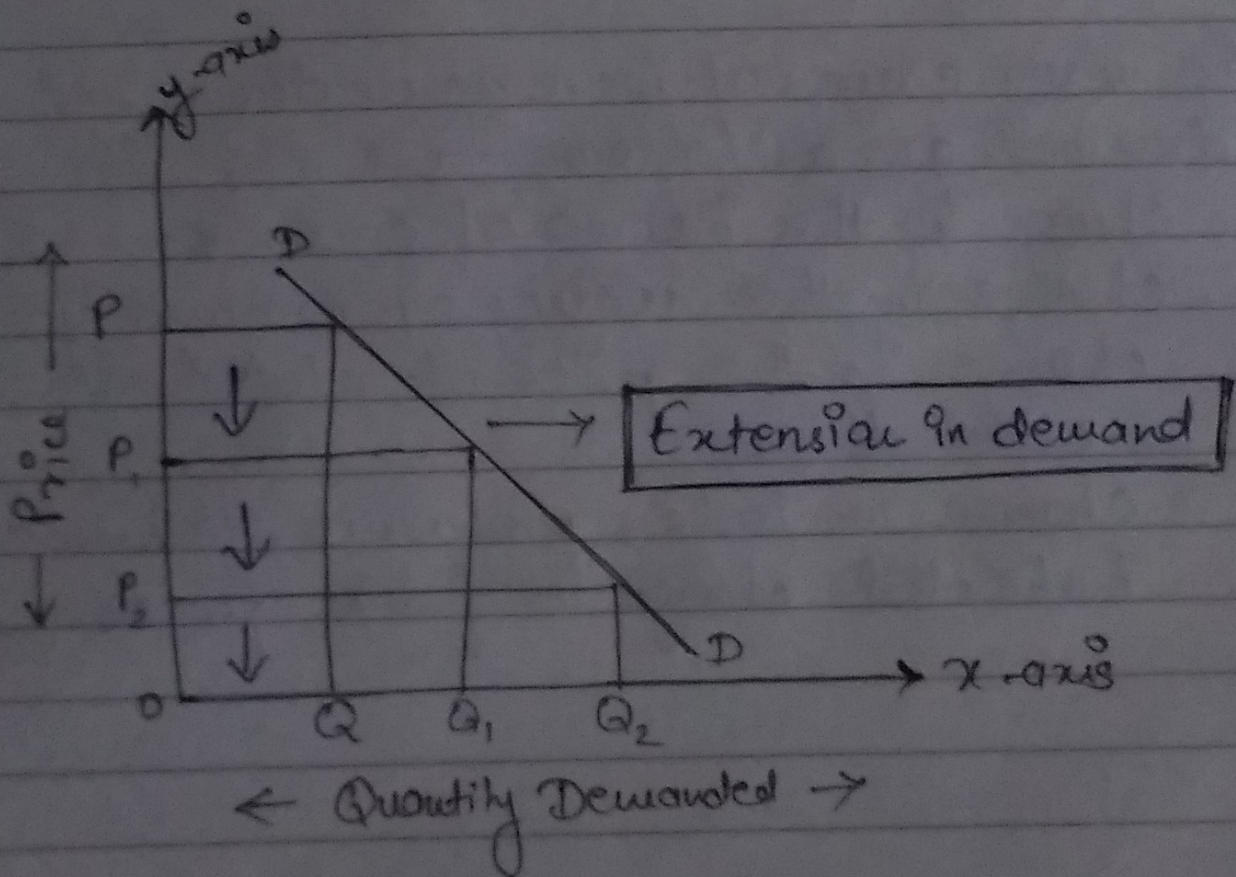
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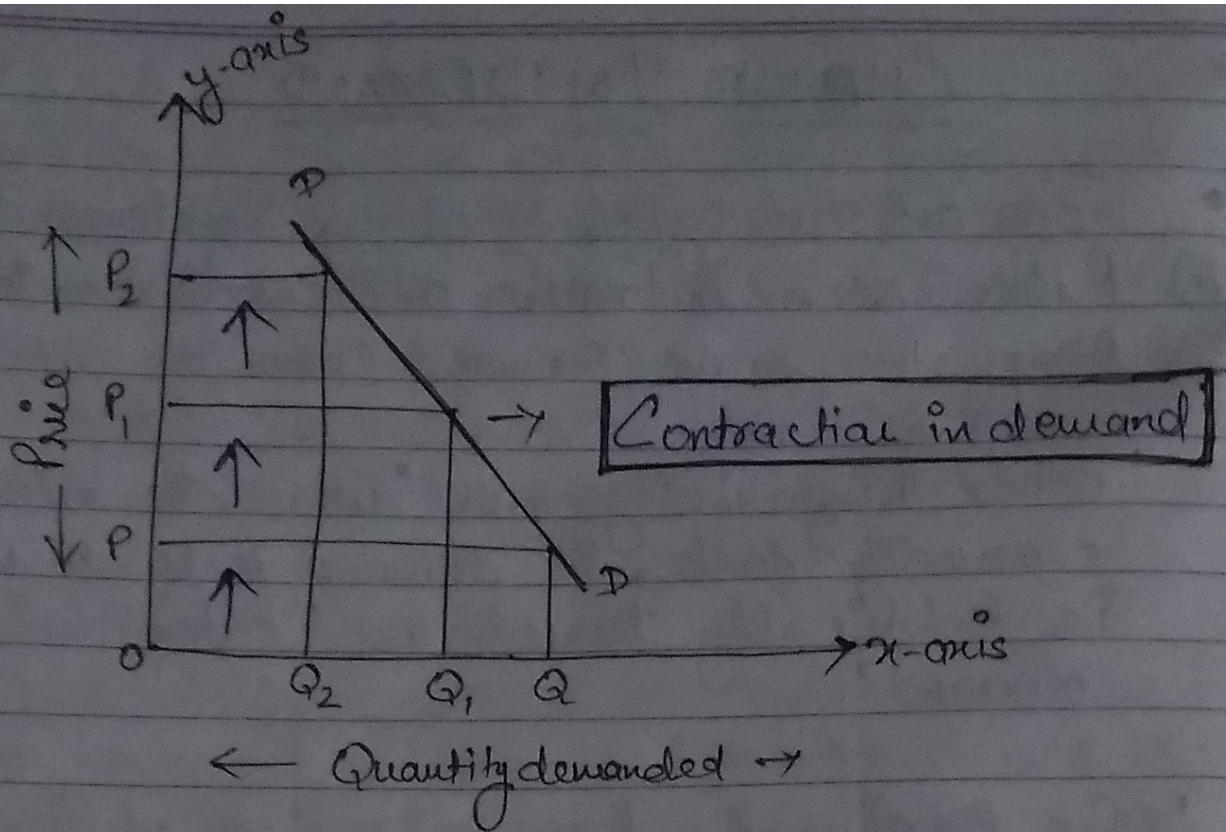
CHANGE IN DEMAND

- There are two types of change in demand -
(A) Extension or Contraction of Demand or Movement Along the same Demand Curve -

'Other things being equal' when the price of commodity falls, its demand expands which is technically termed as 'extension in demand'.

- On the other hand a price rise will result in reduction in demand which is called 'Contraction of demand'.





(B) Increase or Decrease in Demand Curve or shifting of the Demand Curve -

The main causes of increase or decrease in demand are as follows -

- (i) change in the income of consumer.
- (ii) change in the utility of commodity.
- (iii) change in the price of related commodities.
- (iv) change in taste, preference, fashion etc.
- (v) Expected change in future prices.

