

I - M. com (CA) Economics for Decision Making - 18MCC111

Unit - II ^{I Semester} Book Ref. Managerial Economics - Saubara

Demand Analysis and Forecasting

Demand Determinants - Demand distinctions
- Demand Forecasting.

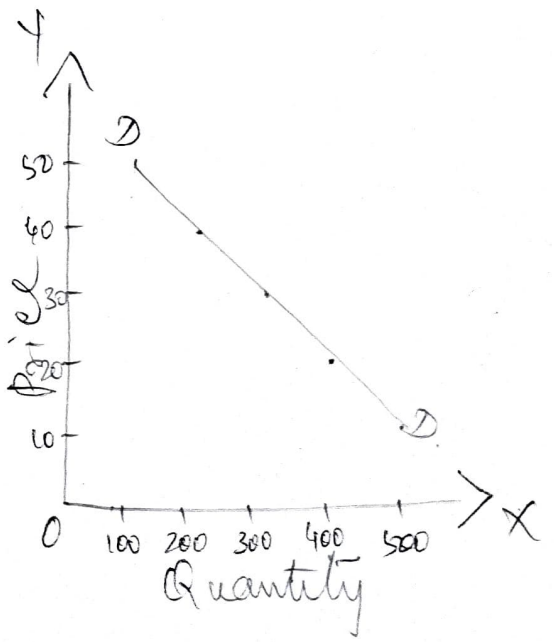
Meaning: - It refers to the desire backed by ability to pay and willingness to buy it.

Law of Demand: - The relationship between price and quantity demanded of a commodity over a period of time. It explains demand will change due to a change in the price of the commodity.

Demand Schedule

Price (Rs.)	Quantity (Units)
50	100
40	200
30	300
20	400
10	500

Law of Demand Curve



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Types of Demand: -

Individual Demand
Market Demand.

Factors of determining demand: -

1. Tastes & Preferences of the consumer.
2. Income of the consumer.
3. Price of substitutes
4. No. of consumers
5. Expectation of Future price change.
6. Distribution of Income.
7. Climate and weather conditions
8. State of Business cycle.
9. Consumer innovativeness.
10. Impact of Advertisement.

Elasticity of Demand: -

Elasticity of demand measures the rate of change in demand. It was introduced by Alfred Marshall.

Types: -

1. Price Elasticity of demand.
2. Income " " "
3. Cross " " "

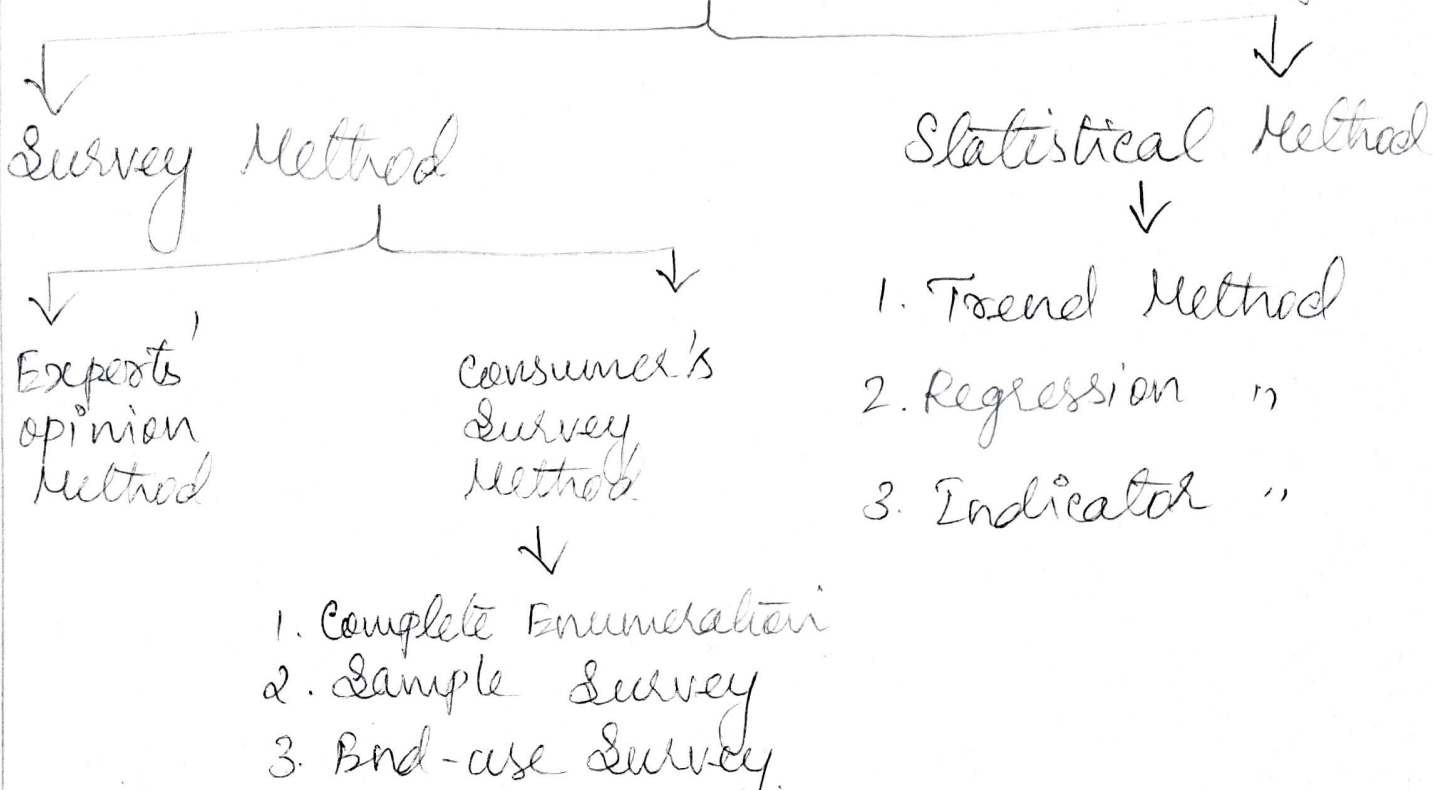
Demand Forecasting :-

It is a base of future planning.

Steps :-

1. Identification of objectives.
2. Determining the nature of goods.
3. Selecting a proper method of forecasting.
4. Interpretation of results.

Methods of Demand Forecasting



Demand Forecasting for Consumer's Goods :-

1. Availability of loan
2. Rate of Interest
3. Inflation
4. GDP growth rate
5. General income level
6. Expected hike in price.