Autonomous demand → It is ... Commodities that are demanded because they are needed for direct consumption.
ex → furnitures etc.

Elasticity of demand

① → Price elasticity of demand
② → Income elasticity of demand

Elasticity of demand → It is defined as the percentage change in quantity demanded caused by one percent change in demand determinants. Under considerations other determinants are hold constant.

ε = Percentage change in quantity demanded of goods × Percentage change in demand determinants

$$\varepsilon = \frac{\frac{\Delta Q}{Q}}{\frac{\Delta Z}{Z}} \Rightarrow \frac{\Delta Q \times Z}{\Delta Z \times Q}$$

Where,
Δ = Rate of change
ε = Elasticity of demand
Q = Quantity demanded
Z = Demand determinants

① → Price elasticity of demand → is defined as the responsiveness of demand for a commodity to the change in its price. In other words Price elasticity of demand is the percentage change in demand as a result of one percent change in the price of commodity. It is denoted by Ep i.e Ep = $\frac{\text{Percentage change Quantity}}{\text{Percentage ch}}$

Or, It can be derived as follows:-

$$\frac{\Delta Q}{Q} \div \frac{\Delta P}{P}$$

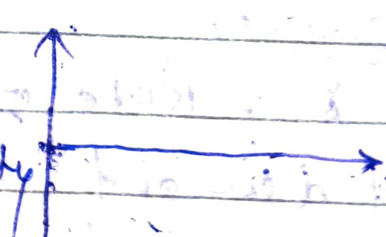
Where,

Q = Original Quantity dem
P = Original price
ΔQ = Change in Quantity dem
ΔP = Change in price

Types of price elasticity

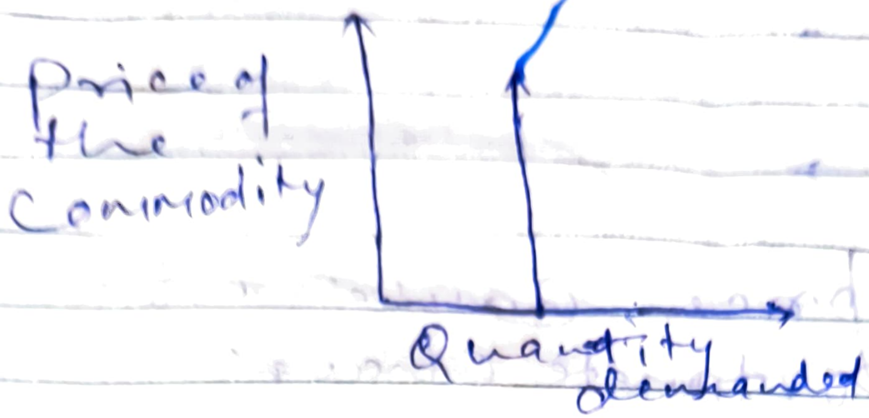
a) Perfect elasticity of dema

Price of the Commodity



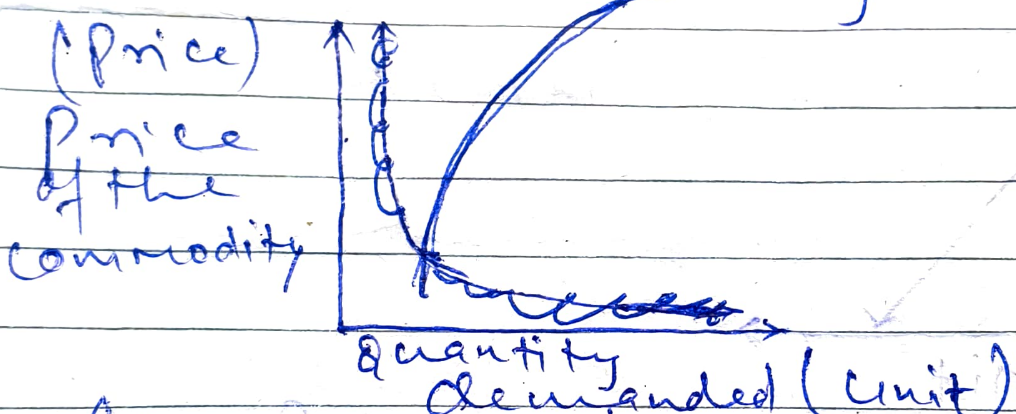
... an in need in quantity demanded.

b) Absolute in elasticity →



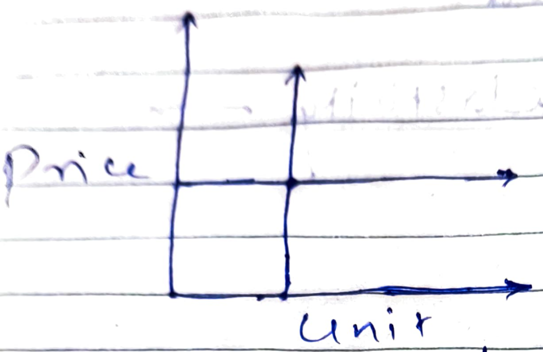
Price change cause no chan in quantity demanded.

c) Unit elasticity →



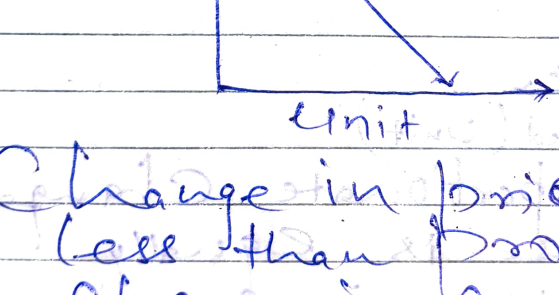
Given a proportionate chan in price cause is equally proportionate change in quantit demanded.

d> <u>Relative elasticity</u> →



Change in price cause more than proportionate change in quantity demanded.

e> <u>Relative inelastic demand</u> –



Change in price ~~relative~~ cause less than proportionate change in quantity demanded