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Project Guidelines

Points to be kept in mind while preparing the Economics Project for Grade - 11

1. Always try to choose the interesting Economics project topics
2. Always keep your project short and precise. Add topics only related to your project topic.
3. Try to Add Diagrammatic/Graphic Presentation. Add Diagrams, Pie-Charts, Bar Charts, and Graphs (If Possible)
4. If you have any doubts ask with your project guide for project guidelines
5. Submit your project report on time.

Important points that should be included in the project.

1. Title of the project
2. Problem being discussed in the project
3. The main reason for selecting this project topic
4. Literature Review
5. The objective of the project
6. Scope of the project
7. Limitations of the project
8. Working methodology of project
9. Acknowledgement
10. Preface
11. Contents of the project
12. Observations and findings
13. Conclusion
14. References (reference books. journals, magazines, websites, etc.)

Steps to be kept in mind while writing the project

1. Identifying the Project Statement
2. Setting the Project Objective and Scope of the Project
3. Defining the Project Tasks and Responsibilities (Creating the Work Flow Structure)
4. Monitoring the Project and Finding the Important Resources Required

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Economics Project - Class 11
(Name of the Project)

Submitted by:

Name:
Roll no:
School Name:

Acknowledgement

I would like to convey my sincere thanks to ……… (Teachers name), my Economics teacher who always gave me valuable suggestions and guidance during the project. She/he has a source of inspiration and helped me understand and remember important details of the project. She/he gave me an amazing opportunity to do this wonderful project '(name of the project)'. I also thank my parents and friends for their help and support in finalizing this project within the limited time frame.

…………………. (Name of the student)

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Certificate

This is to certify that ………………….... (Name of the student) of class 11 has successfully completed the Economics Project on ……………………………………….. (Name of the project) as per the guidelines of class 11 Board examination conducted by CBSE.

Teacher's Signature: ______________________
Teacher's Name: ______________________

An Example is given below the topic being discussed here is "Demand"

List of Content

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Meaning of Demand

What is Demand? Not, what you wish to have! What you wish to have is simply your wishful thinking or desire. Demand refers to that quantity of a commodity that a consumer is willing and able to purchase at various prices and particular period of time.

Ask your mother: How much fruit (say apples) she wishes to buy? Pat should come to the reply: It depends on the price of apples. Higher the price of the commodity, lower the purchase of the commodity. It is a standard relationship between price and purchase, on the assumption that other things (other than price and purchase of the commodity) do not change.

A Standard Relation between Price and Purchase

It is that higher the price, lower the purchase of the commodity on the assumption that other things do not change

Individual Demand

It refers to demand for a commodity by an individual buyer in the market? Ram buying 10 shirts at a price of Rs. 500 per shirt? is an example of individual demand.

Market Demand

It refers to total demand for a commodity by all the buyers in the market. If Ram and Shyam are the only two buyers in the market, and both of them are buying 25 shirts at a price of (say) Rs. 500 per shirt, market demand would be: 25 shirts at a price of Rs. 500 per shirt. Or it could be 30 shirts at a price of (say) Rs. 400 per shirt, and so on.

Note: Both in case of individual demand and market demand, the inverse relationship between price and purchase holds goods. In fact, buying more at a lower price and buying less at a higher price is a phenomenon related to human psychology. We shall discuss more about it in the subsequent sections.

Determinants of Demand

Price of the Commodity: Price, of course, is the prime determinant of demand for a commodity. Higher the price, lower the purchase? Operates like a law in the market. Often this relationship is referred to as the Law of Purchase or Law of Demand. But there are other determinants of demand as well, as under:

Income of the Consumer: Higher the income (implying purchasing power), higher the purchase.

Tastes and Preferences: A South Indian buys more rice while a North Indian buys more wheat. Why? Because of the difference in tastes and preferences.

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Price of the Related Commodity: Demand for a commodity also depends on price of the related commodity. It is called Cross-Price-Effect.

Cross Price Effect

It refers to the effect of a change in price of one commodity on the demand for the other commodity.

Example: If the price of diesel decreases, it is very likely that the demand for petrol also decreases. Some people may shift from petrol cars to diesel Cars. Implying a fall in demand for petrol when price of diesel has fallen, even when price of petrol continues to be the same

Market Expectations: Expectations about the market include (a) behaviour of price in the near future and (b) availability of commodity in the near future. If a curfew is clamped in an area (like in the city of Jammu these days) owing to social unrest, people expect prices of essential goods to increase; also they expect overall shortage of these goods owing to problems of transportation. Consequently, the tendency would be to buy more essential goods at their existing price. People will like to store these goods for use in the near future.

Credit Facility: Credit facility through bank loans and credit cards has emerged to be an important determinant of demand, particularly of consumer durables like Cars, TVs, Televisions, etc. A check on credit (during inflation) tends to lower demand while liberal availability of credit (during deflation) tends to raise it.

Population Size: China and Indian are the emerging demand centres for consumer goods. Why? Simply because of their population size. Demand expands when the population expands. However, population size as a determinant of demand, is to be considered only in the context of market demand. This determinant of demand is Not Valid in the context of individual demand.

Size and Distribution of Income: This is yet another determinant of market demand only. When national income of a country increases, market demand tends to rise and vice versa. Likewise, if the distribution of income is skewed (or unequal) and a large number of people in the country are below poverty line, market demand for luxury goods (big cars or LCD TVs) is likely to be low. However, the students are advised not to consider this determinant in the context of individual demand.

Individual Demand Schedule and Curve

What is your demand for Good-X?

Lower the price, higher the purchase is the standard expression of demand. Thus, demand for a commodity is invariably expressed in terms of a schedule showing the inverse relationship between price and purchase of a commodity. It is like the following:

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Table 1. Individual Demand Schedule

Px (Rs.)	Qx (Units)	Individual Demand Schedule is a table showing different amounts of a commodity that an individual consumer is ready to buy corresponding to different possible prices of that commodity, at a point of time.
10	**100**	
9	**120**	
8	**140**	
7	**160**	
6	**180**	
5	**200**	

Individual Demand Curve

Demand curve is a graphic presentation of demand schedule, showing an inverse relationship between price and quantity demanded of a commodity.

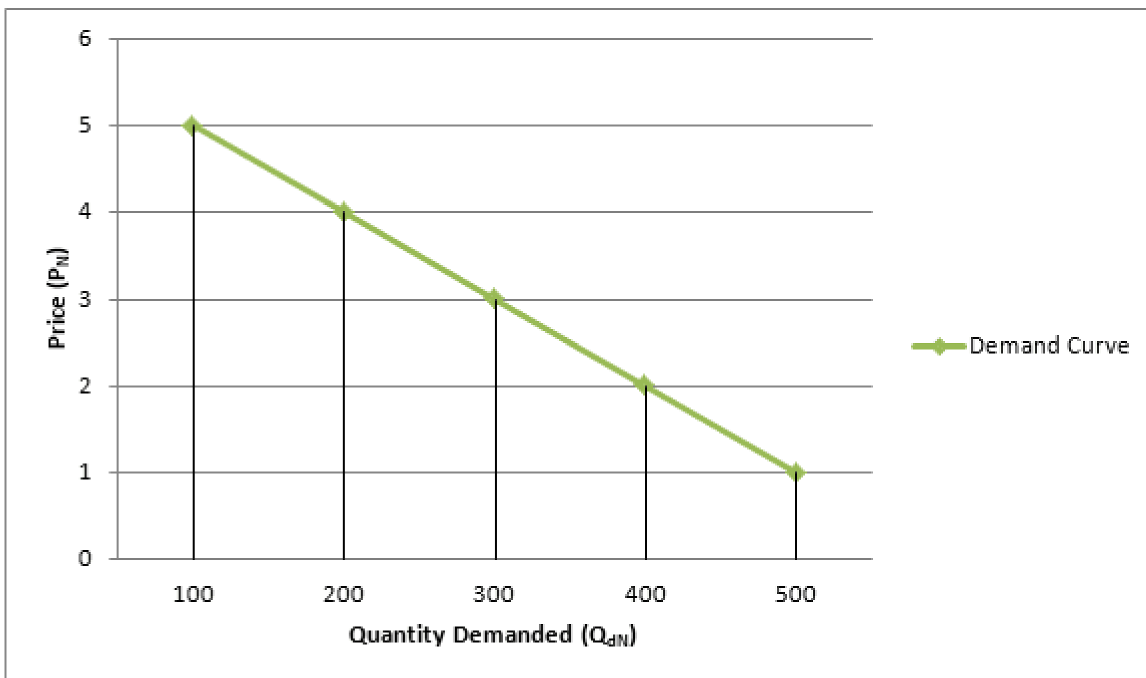


Fig. 1.

Note: Demand curve, as in Fig. 1, generally slopes downward. Its downward slope points to the inverse relationship between price of commodity and purchase of a commodity.

Market Demand Schedule and Curve

We know market demand refers to demand for a commodity by all the buyers in the market. Accordingly, the market demand schedule is a table showing different amounts of a commodity that all the buyers in the market are ready to buy corresponding to different possible prices of that commodity.

Table 2 is an example of market demand schedule.

Table 2. Market Demand Schedule

Price(Rs.)	Quantity Demanded by A	Quantity Demanded by B	Market Demand	←	Market demand schedule refers to a table showing different amounts of a commodity that all buyers in the market are ready to buy corresponding different possible prices of that commodity, at a point of time.
6	0	5	5		
5	5	10	15		
4	10	15	25		
3	15	20	35		
2	20	25	45		
1	25	30	55		

Market Demand Curve

Market demand curve is simply a graphic presentation of market demand schedule, showing an inverse relationship between price and market demand of a commodity.

Fig. 2 is an example of market demand curve.

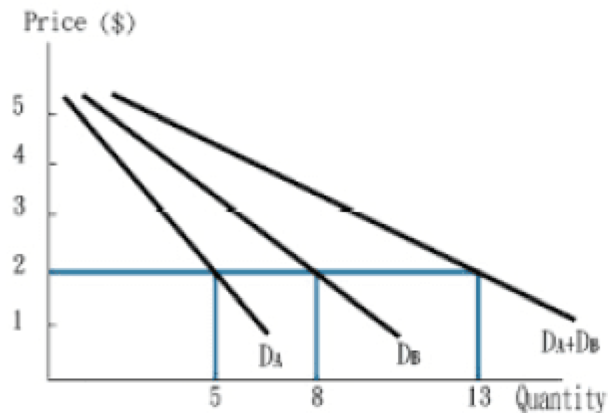


Fig. 2

Important points:

(a) Check carefully. You will find that the market demand curve is a horizontal summation (also called lateral summation) of individual demand curves.

(b) Because, market demand curve is a horizontal summation of individual demand curves, it is flatter than any individual demand curve.

(c) (c) Like individual demand curves, market demand slopes downward, showing an inverse relationship between price and purchase of a commodity.

Difference between Demand and Quantity Demanded

We have understood that demand for a commodity generally finds expression of a schedule showing higher purchase corresponding to a lower price.

Thus, your demand for chocolate may take the following expression:

Demand Demand often finds an expression of a schedule showing different quantities of a commodity that the consumer is ready to buy corresponding to different possible Prices of that commodity.	→	Price of Chocolate (per unit) (Rs.)	Purchase of Chocolate (units)	←	Quantity Demanded It refers to a specific quantity that the consumer is ready to buy against a specific price of a commodity.Thus, 5 units against a price of Rs. 10 is quantity purchased/demanded.
		10	5		
		9	7		
		8	10		

With reference to your demand for Chocolate, you are stating that if price be Rs. 10 per unit, you are buying only 5 units; if the price is Rs. 9, you are ready to buy 7 units, and if the price is Rs. 8, you are ready to buy as many as 10 units of Chocolate. Thus, your demand for Chocolate is as expressed in the entire demand schedule. Accordingly, you may define demand in the following words:

Demand for a commodity refers to a schedule showing different amounts of a commodity that the consumer is ready to buy corresponding to different possible prices of that commodity.

Quantity purchased on the other hand, refers to a specific amount of a commodity (like 5 units) to be purchased against a specific price (Rs. 10)

With reference to the demand curve, we can say that any specific point on the demand curve shows Quantity demanded, while the entire demand curve shows demand for a commodity.

Movements along the Demand Curve

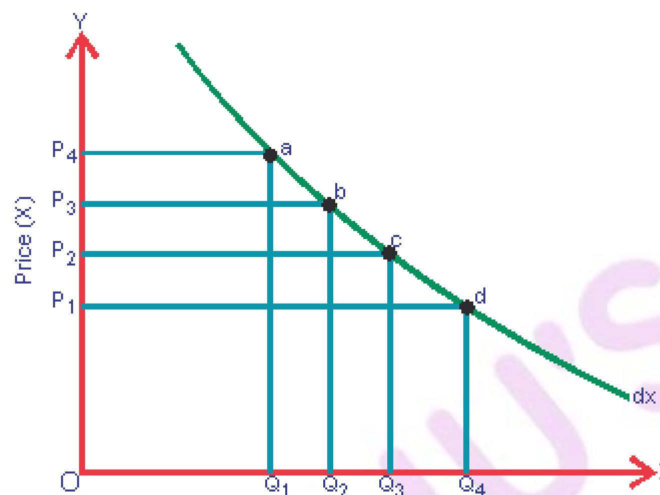


Fig. 3

Refer to Fig. 3. Moving from point a to b to c to d are the movements along the demand curve. Moving from a to b, from b to c, from c to d shows:

(a) higher purchase in response to lower price.

(b) inverse relationship between price and purchase of a commodity.

(c) downward slope of demand curve.

Thus, movement along the demand curve may be defined as:

A situation of change in quantity (Qx) in response to change in price (Px) of a commodity implying an inverse relationship between price and purchase or a situation of downward sloping demand curve.

Moving along the demand curve, (or studying the inverse relation between price and purchase of a commodity) we assume that other things remain constant. What are these other things? These are other determinants of demand, other than price of the concerned commodity. You know what the other determinants are. These are: (i) price of the related goods, (ii) consumer's income (iii) consumer's tastes and preferences, (iv) market expectations, and (v) credit facility.

Shift in Demand Curve

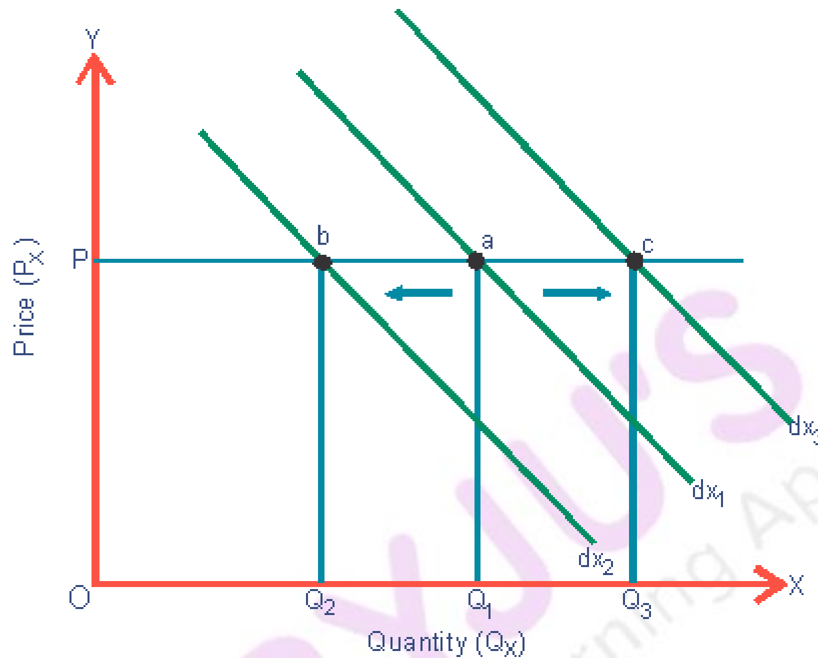
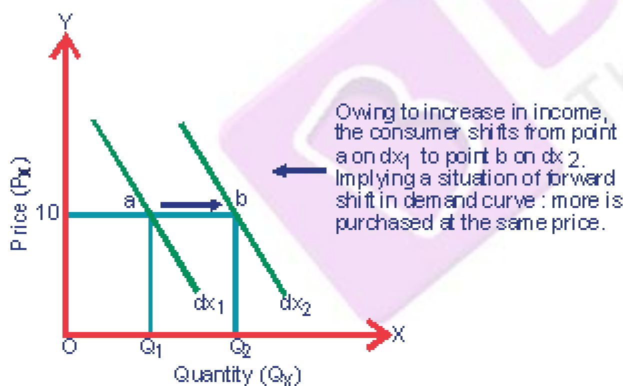
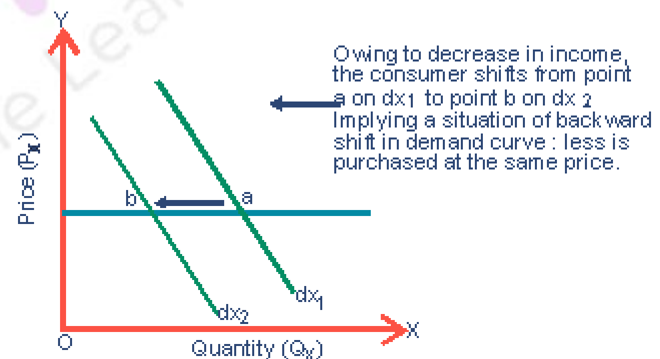


Fig. 4

Refer to Fig. 4. Consider a situation that initially you were at point a. Now there is no change in price of the commodity. It continues to be = OP. But you are moving from point a to b or from point a to c.

What could it be due to? It could be due to change in any of the determinants of demand, other than Px. To illustrate, while you are at point a, and Px is constant, your income may increase. Consequently, you are buying more of X (OQ3 instead of OQ1), and you are shifting from point a on dx1 to point c on dx3. It is a situation of forward shift in the demand curve. Your income may decrease as well. Consequently, you may buy less of X even when Px is the same: you are buying OQ2 instead of OQ1. You are shifting from point a on dx1, to point b on dx2. It is a situation of a backward shift in the demand curve.

Thus, a shift in demand curve occurs when demand for a commodity changes (increases or decreases) owing to change in other determinants of demand, other than price of the concerned commodity(Px).

A Shift in Demand Curve A shift in demand curve is a situation when demand for a commodity (Qx) increases or decreases owing to change in other determinants of demand, other than price of the concerned commodity (Px).	
Forward Shift in Demand Curve It is a situation when demand for commodity (Qx) increases, even when price of the commodity (Px) remains constant, owing to change in other determinants of demand, other than (Px). Example: Income of the consumer increases. Consequently (Qx) increases even when (Px) is constant.  Fig. 5	**Backward Shift in Demand Curve** It is a situation when demand for a commodity (Qx) decreases, even when price of the commodity (Px) remains constant, owing to change in other determinants of demand, other than (Px). Example: Income of the consumer decreases. Consequently (Qx) decreases even when (Px)is constant.  Fig. 6

Law of Demand

Law of demand states that, other things remaining constant, quantity demanded

(Qx) tends to rise when the price of the commodity (Px) falls, and vice versa.

Movements along the Demand Curve explain the Law of Demand

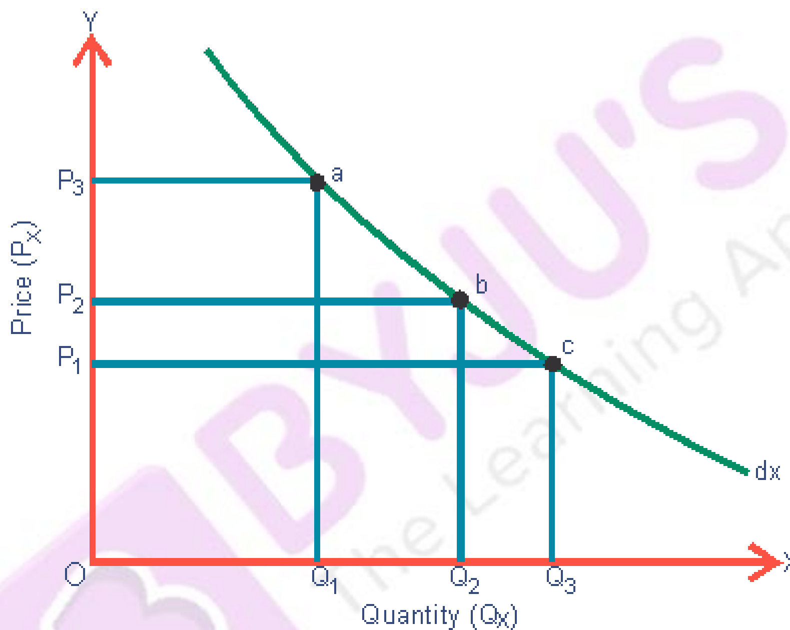


Fig. 7

Assumptions of the Law of Demand

A demand curve is drawn on the assumption that other determinants of demand (other than Px) remain constant. These are therefore the assumptions of law of demand:

(a) that prices of related goods do not change.

(b) that consumer's income is constant.

(d) that there is no change in consumer's tastes and preferences.

(c) that there is no change in market expectations.

(e) that there is no change in credit facility to the consumer.

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Exceptions to Law of Demand

1. When a Consumer Judges Quality of a Commodity by its Price: It is not very uncommon when we find ourselves in a dilemma of costlier the better. We feel that a thing of high price is a thing of better quality. Accordingly, one tends to buy more of a thing at its high price. Accordingly, the law of demand fails.

2. Articles of Snob Appeal: Articles like antique pieces of art are purchased simply because their prices are very high. These articles carry a snob-appeal. These are articles of social distinction. Law of demand fails in case of such articles.

3. Giffen Goods: These are not normal goods. These are highly inferior. So inferior that a fall in their price causes a cut in their demand. Accordingly, the law of demand fails.

Bibliography

Government and other websites
Online and RBI links
News paper, magazines.