

SUBJECT- PRINCIPLES OF ECONOMICS

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DEGREES (TYPES) OF PRICE ELASTICITY OF DEMAND-II

(iv) more than unit elastic demand ($e_d > 1$):- when the percentage change in quantity demanded of a commodity is more than the percentage change in its price, the demand for the commodity is called more than unit elastic or highly elastic (Table 16-4). Graphically, the demand curve is flatter as shown in fig. 16-4. The demand for luxury goods is more than unit elastic.

Table 16-4

Price (₹ per unit)	quantity demanded (in units)
100	400
150	100

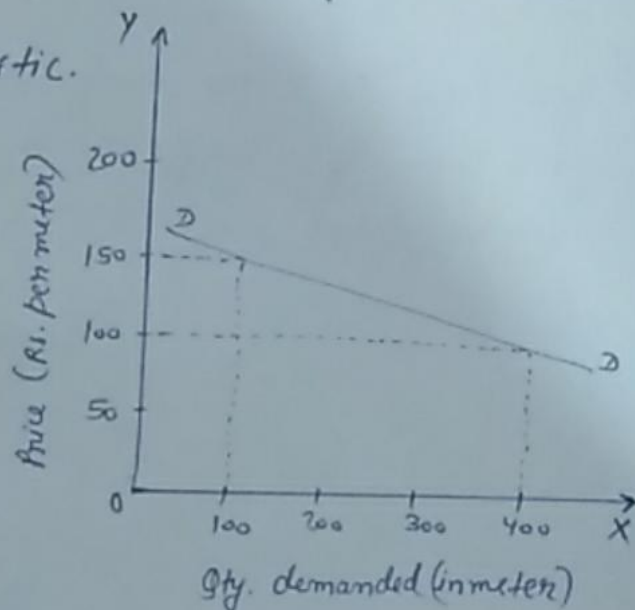


Fig- 16-4

In table 16-4 the quantity demanded has fallen by 75% in response to 50% rise in the price of the commodity.

(v) Perfectly elastic demand ($e_d = \infty$):- The demand for the commodity is called perfectly elastic when its demand expands or contracts to any extent without or very little change in its price (Table 16-5). Graphically, the demand curve is parallel to X-axis as shown in Fig. 16-5

Price (₹ per unit)	Quantity demanded (in units)
20	2
20	4

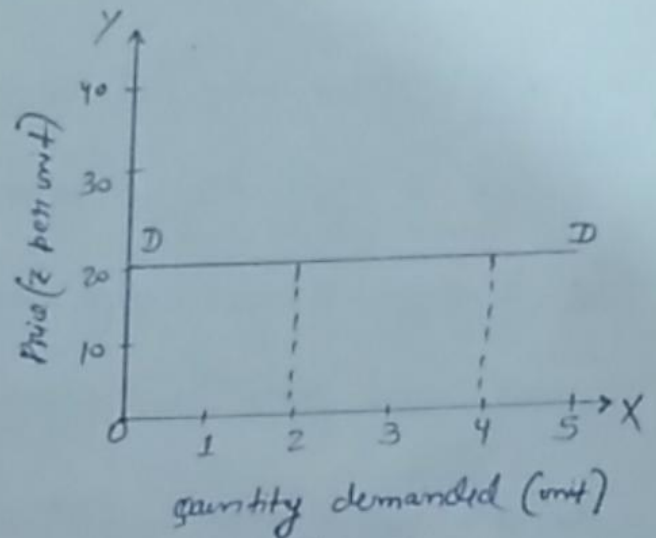


Fig 16-5

In Table 16-5 the quantity demanded of the commodity rises by 100% without change in its price.