

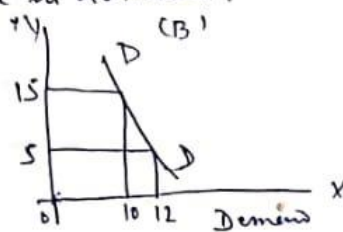
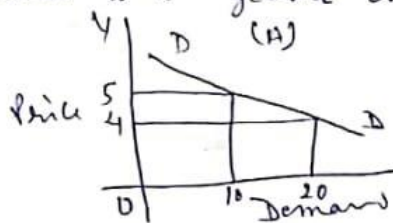
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Elasticity of Demand

Meaning - Percentage change in price leads to a percentage change in demand is called elasticity of demand.

Kinds

1. Elastic - When a small change in price leads to a greater change in demand.



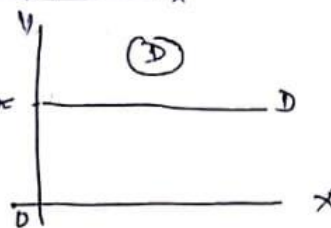
2. Inelastic :- Greater change in price leads to a smaller change in demand.

3. Unitary elasticity of demand :- Both price and demand changes in same proportion.



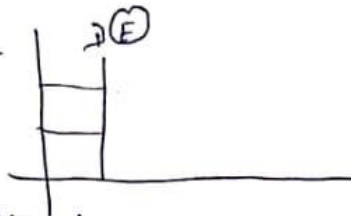
4. Perfectly Elastic

When a small change in price demand will be infinite, and any small increase in price demand will be zero.



5. Perfectly Inelastic.

There is a change in price but demand remains constant.



Methods of Measurement

1. Total outlay Method —
2. Point Method
3. Percentage Method
4. Arc Method