

★ Law of Demand

Law of demand explains the relationship between price of a commodity and demand for it. According to this law, there is inverse relationship between the price of and demand for a specific commodity, *ceteris paribus*.

It means that the rise in the price of the commodity, leads to a ~~rise in~~ fall in its demand and the fall in the price of the commodity leads to a rise in its demand. Hence, law of demand explains the inverse relationship b/w price of a commodity and demand for it.

"Law of demand states that people will buy more at lower prices and buy less at higher prices, other things remaining the same."

- Prof. Samuelson