[Glossary]

Cardinal Utility Approach

Subject:	Business Economics
Course:	B. A., 1st Semester, Undergraduate
Paper No. & Title:	Paper – 101 Microeconomics – I
Unit No. & Title:	Unit – 2 Consumer Demand: Cardinal Utility Approach
Lecture No. & Title:	Lecture – 1 Consumer Demand: Cardinal Utility Approach

Glossary

Consumer

An individual who buy goods and services to satisfy his personal needs and not for resale or in the production of other goods and services.

Demand

A relationship between market price and quantities of goods and services purchased in a given period of time. Represents the behavior of buyers in the market place.

Diminishing Marginal Utility (DMU)

An economic concept that refers to the notion that additional units consumed of a particular commodity provide less and less additional satisfaction relative to previous units consumed.

Equilibrium

A condition where there is no tendency for an economic variable to change.

Expenditure

The amount spent by a consumer on a bundle of goods or services (the product of market price and quantity demanded).

Income Effect

A reaction of consumer's demand for goods or services due to changes in purchasing power holding relative prices constant

Inferior Good

A good where quantity demanded decreases when consumer income increases (there is an inverse relationship between quantity demanded and income).

Marginal Utility

The satisfaction a consumer receives by consuming one more unit of some good or service.

Utility

A measure of the for pleasure or satisfaction received from some type of economic activity (i.e., consumption of goods and services or the sale of factor services).

Wants

Preferences for goods and services over and above human needs.