20·12·21 Monday

## Chapter-7

## Aggregate demand and related concepts

### Meaning and components of Aggregate demand

**Aggregate demand:** Aggregate demand refers to the ~~value of~~ total value of final goods and services which all the sectors of an economy are planning to buy at a given level of income during an accounting year period.

In other words, AD is the aggregate expenditure that different sectors of the economy are willing to incur during a given period.

Therefore, AD and aggregate expenditure mean the same.

**IMPORTANT:** AD is a flow concept [Flow concept is measured for a period of ~~[illegible]~~ time]

### Difference b/w Aggregate demand with market demand

→ Aggregate demand - total demand in the entire economy

→ Market Demand - Total demand for one commodity.

Accounting year - 1st April to 31st March