INELASTICITY

Meaning: Inelasticity refers to a situation in economics where the quantity demanded or supplied of a good does not change significantly in response to price changes.

1. The concept of inelasticity is crucial for understanding how consumers react to price changes in essential goods.

2. Inelasticity in demand means that even if prices rise, the quantity demanded will not significantly decrease.

3. Economists often use the term inelasticity to describe markets where supply and demand are relatively unresponsive to price fluctuations.

4. A classic example of inelasticity can be found in the market for life-saving medications, where demand remains constant regardless of price hikes.

5. Understanding inelasticity helps businesses strategize pricing for products that consumers consider necessities.
