



PRESIDENCY COLLEGE
(Autonomous)



*Reaccredited by
NAAC with A+*

Microeconomics

Indifference Curve & its Properties



Presidency
Group

OVER
40
YEARS
OF ACADEMIC
WISDOM

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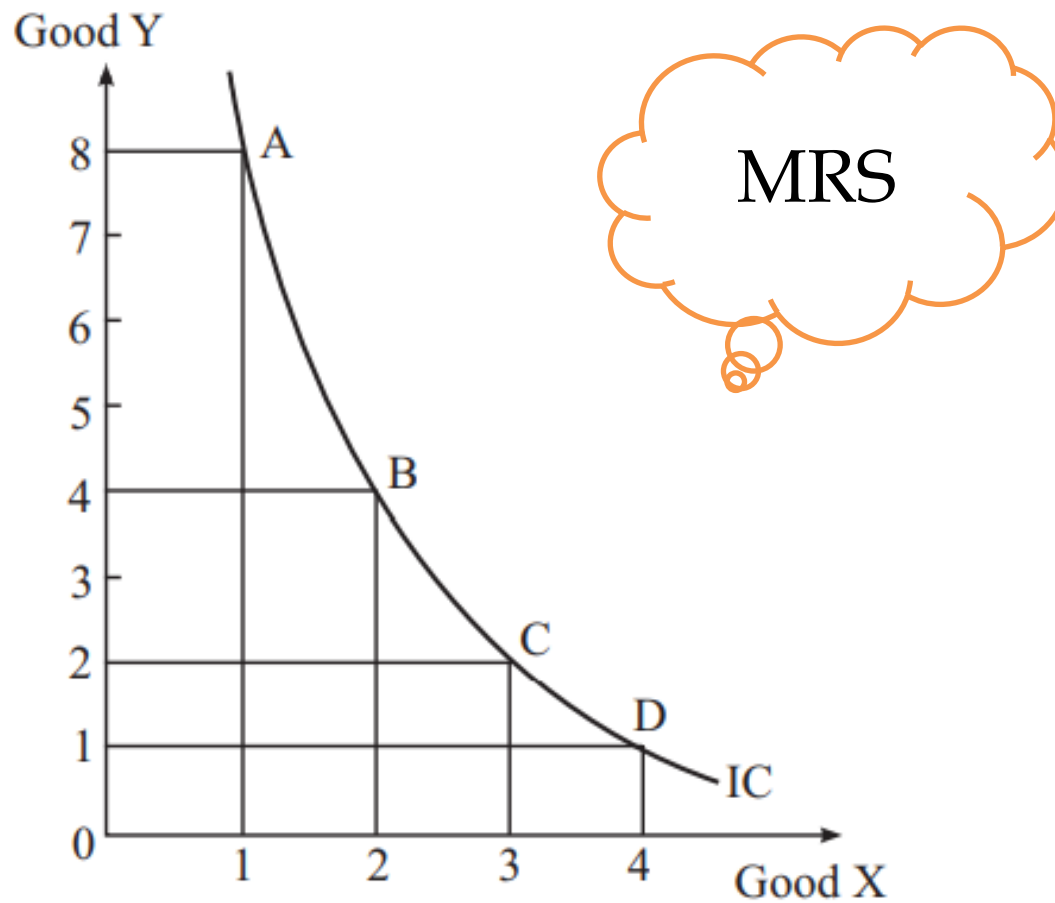
Quiz:

Quantity	MU(X)	MU (Y)
1	11	8
2	10	7
3	9	6
4	8	4
5	7	3
6	6	2

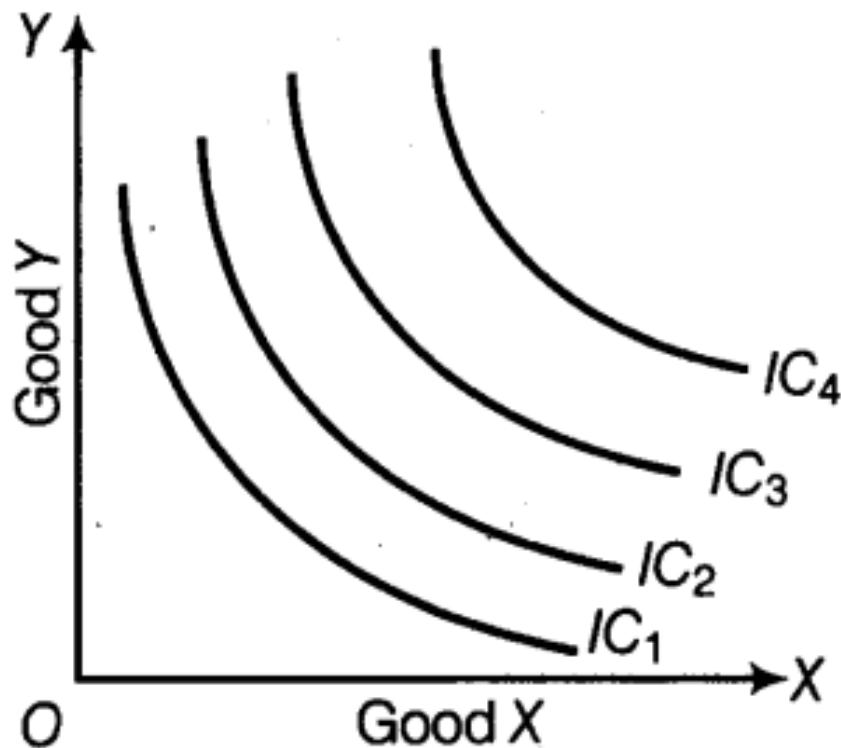
Price of both the goods are rupees 1 each and the income of Ramesh, an individual is assumed to be ₹5. Determine how many units of both the commodities should be purchased by Ramesh to maximise his total utility. What is the total amount of utility received by Ramesh at the point of equilibrium?



Indifference Curve



Properties of IC



1. Convex to Origin
2. Do not Intersect
3. Higher the IC, Higher the satisfaction
4. Do not intersect
5. Preference to Higher IC than lower





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Budget Line & Equilibrium

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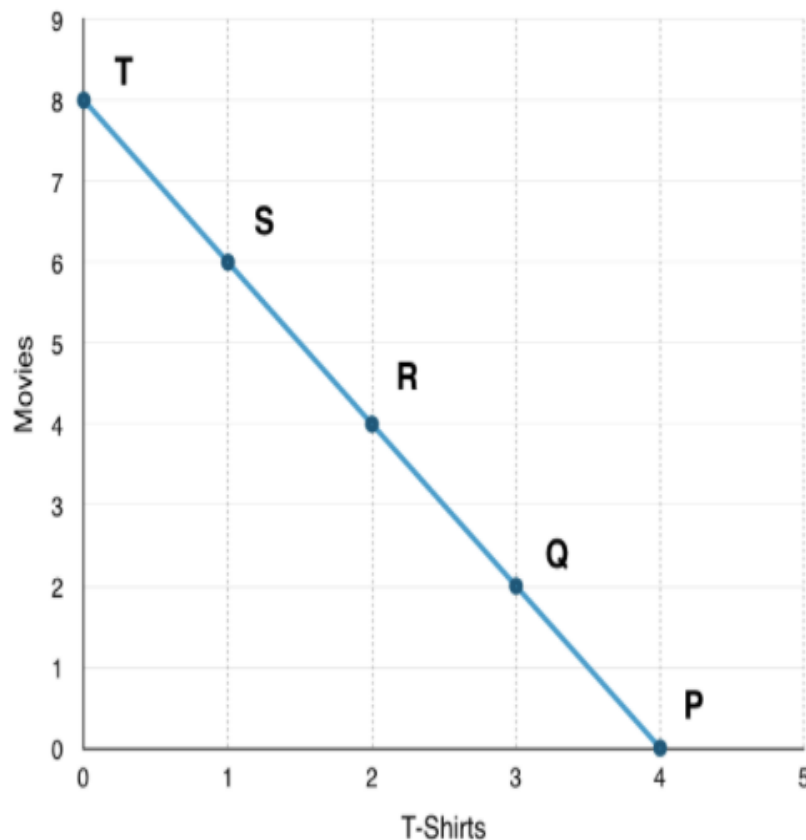
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Budget Line & Budget Set



Points T, S, R, Q, P

T (8M, 0T)

S (6M, 1T)

R (4M, 2T)

Q (2M, 3T)

P (0M, 4T)



Equilibrium

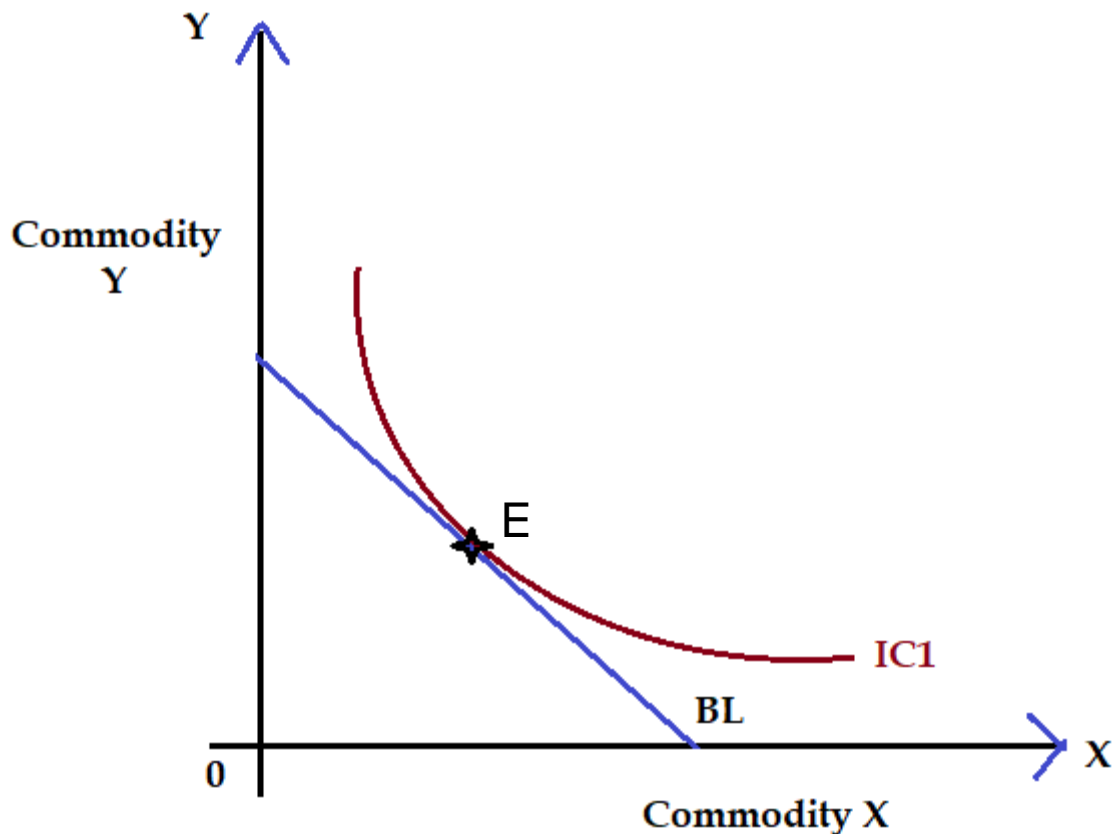
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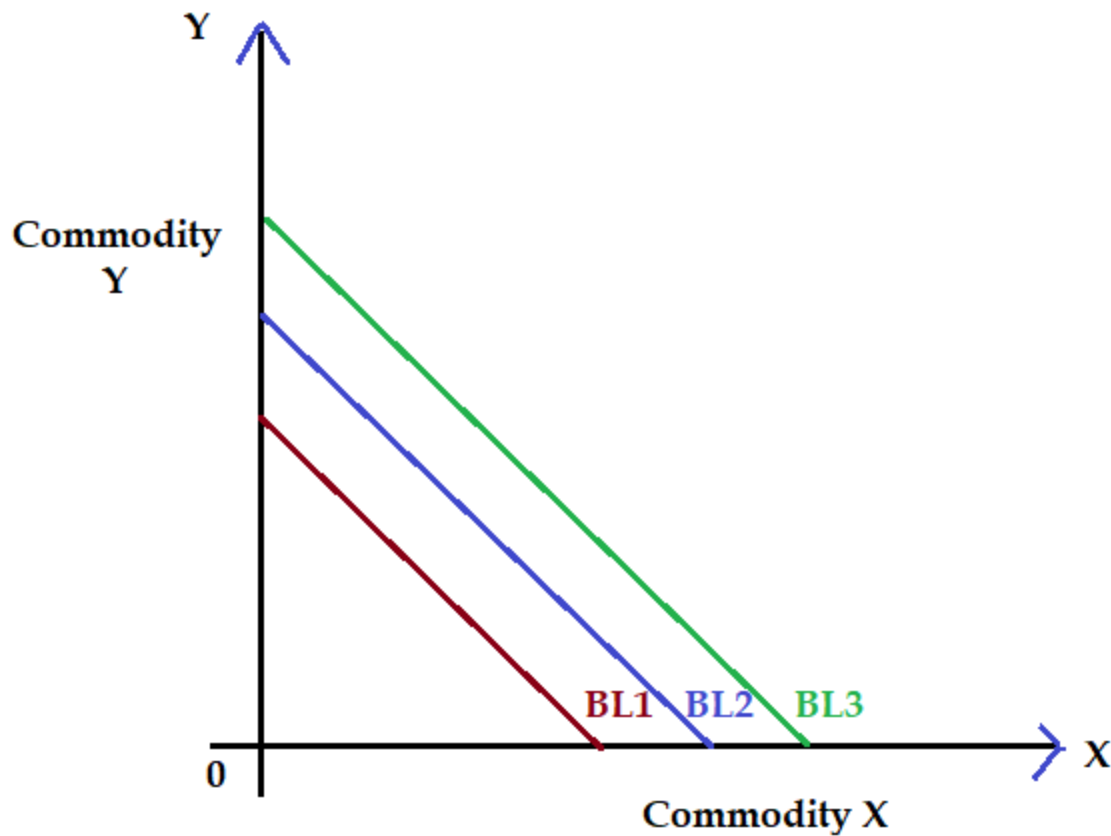
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A Tangent of Budget Line and the IC.



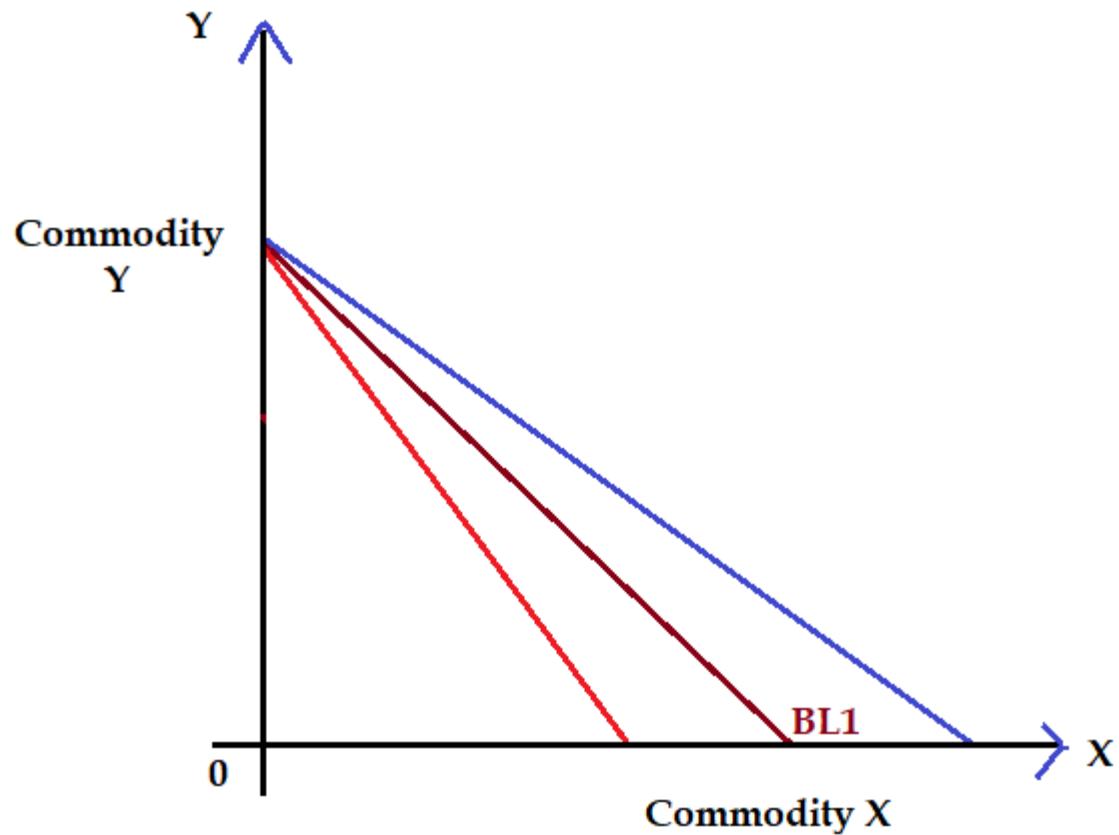
Budget Lines



What does the graphs imply?



Budget Lines



What does the graphs imply?





Session 10: Consumer Surplus

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