



PRESIDENCY COLLEGE
(Autonomous)



*Reaccredited by
NAAC with A+*

Microeconomics

Theory of Revealed Preference Consumer surplus.



PRESIDENCY COLLEGE
(AUTONOMOUS)

AFFILIATED TO BENGALURU CITY UNIVERSITY, APPROVED BY AICTE, DELHI & RECOGNISED BY THE GOVT. OF KARNATAKA

RE-ACCREDITED BY NAAC WITH 'A+' GRADE

Presidency
Group

OVER
40
YEARS
OF ACADEMIC
WISDOM



Equilibrium

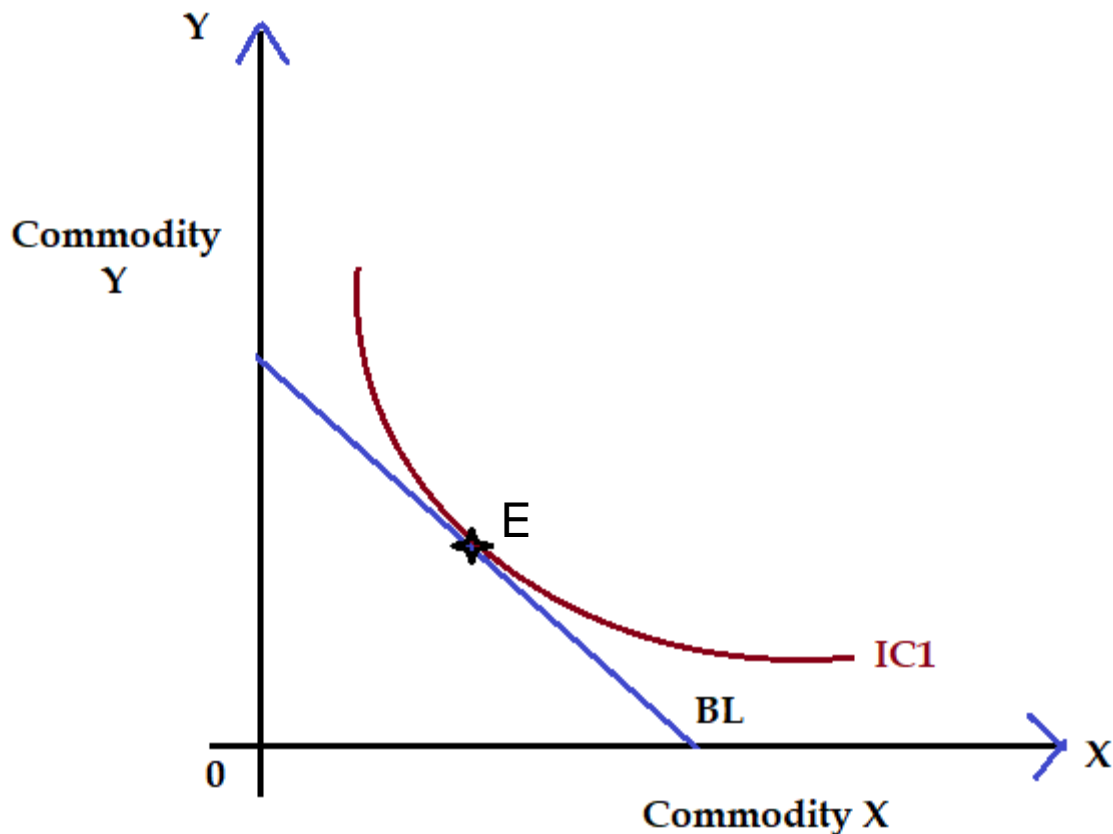
Presidency College
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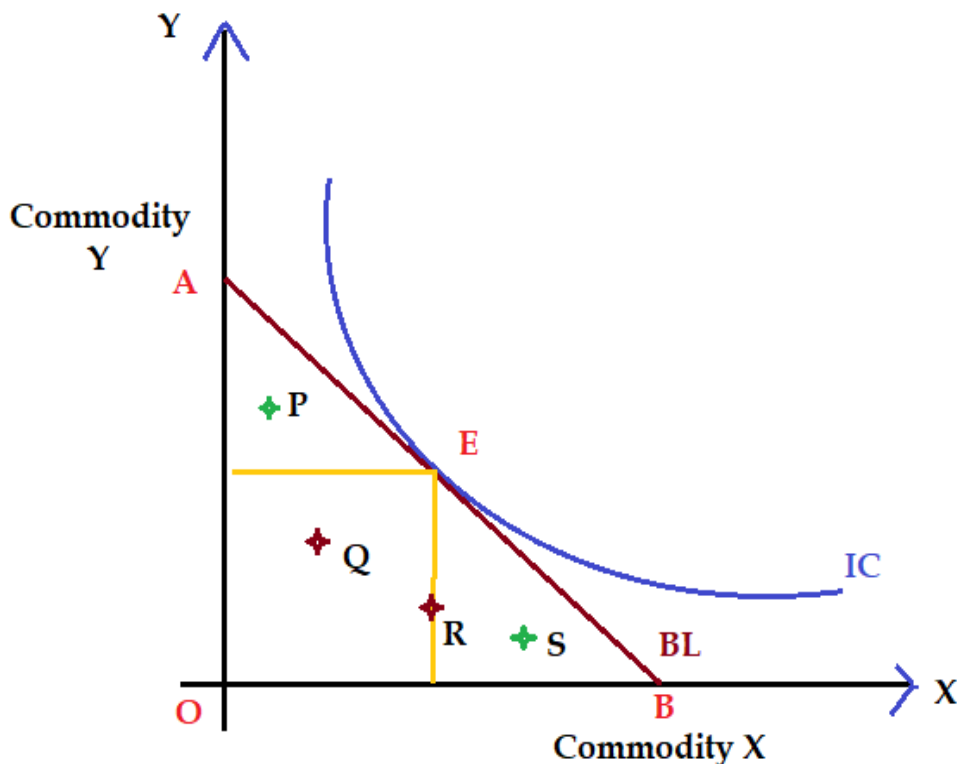
OVER
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A Tangent of Budget Line and the IC.



Revealed Preference Theory

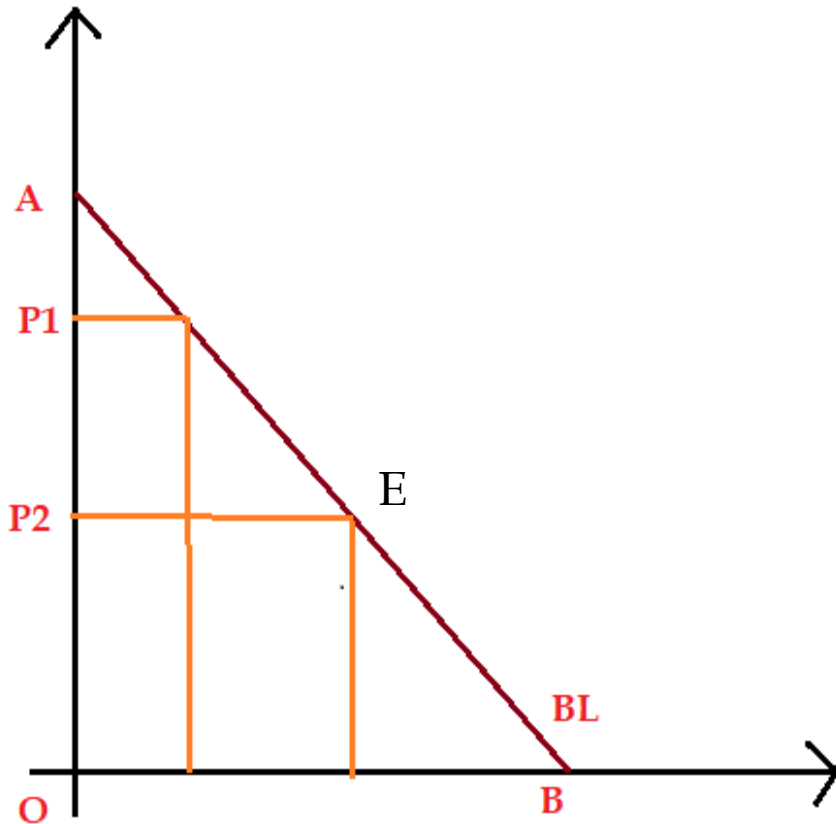


1. Inferior Vs Superior
2. Points on the BL
3. Points PQRS Vs E
4. Weak form of RPT
5. Strong Form of RPT

Consumer's Revealed preference or his actual behavior -
Economist: Paul Anthony Samuelson



Consumer Surplus



BL - Budget Line

OP1- the Consumer's
Willingness to pay

OP2 - The actual price Paid
for the product

Consumer Surplus:
 $OP1 - OP2$

Total Surplus = Triangle
AP2E

