

Course
on
HS205: consumer Behaviour and Welfare Economics
3rd semester
2020

Instructor

Dr. Hari K. Choudhury
Assistant Professor of Economics
Indian Institute of Information Technology Guwahati – 781 001

Lecture 3: Differences in preferences and choice of goods:

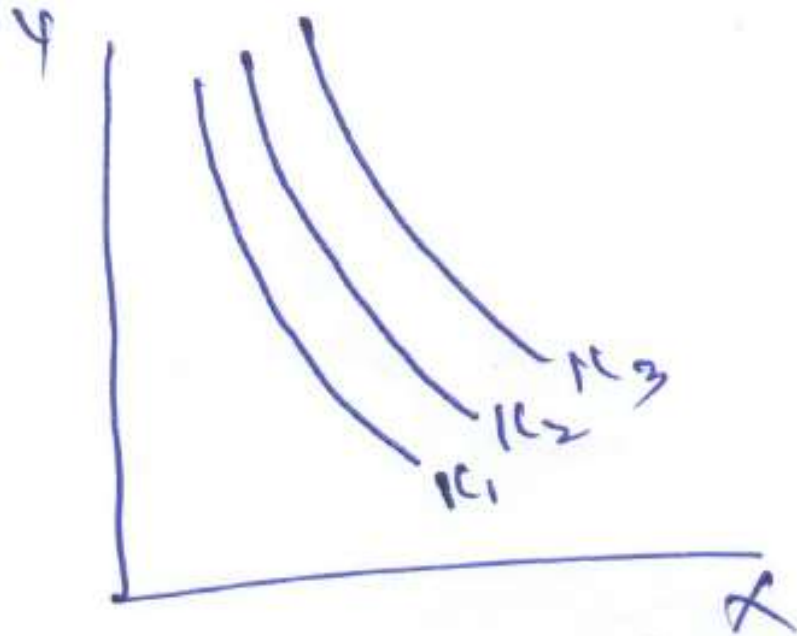


Fig: A

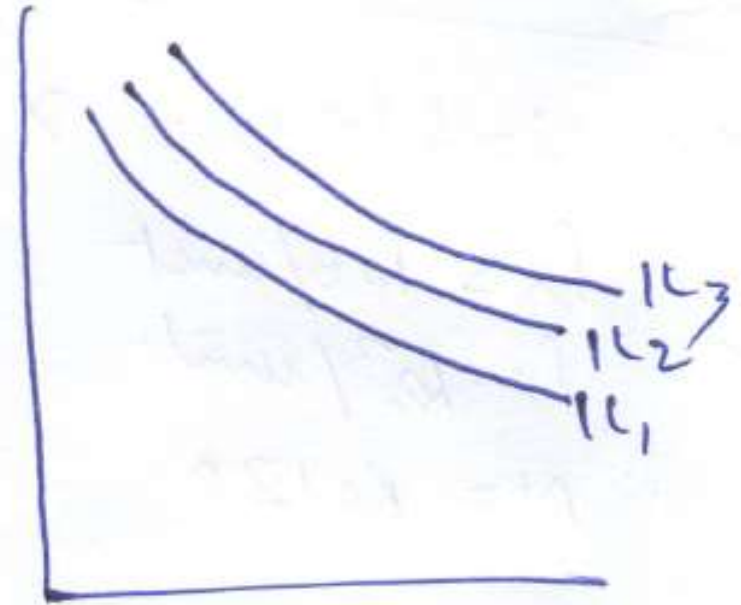
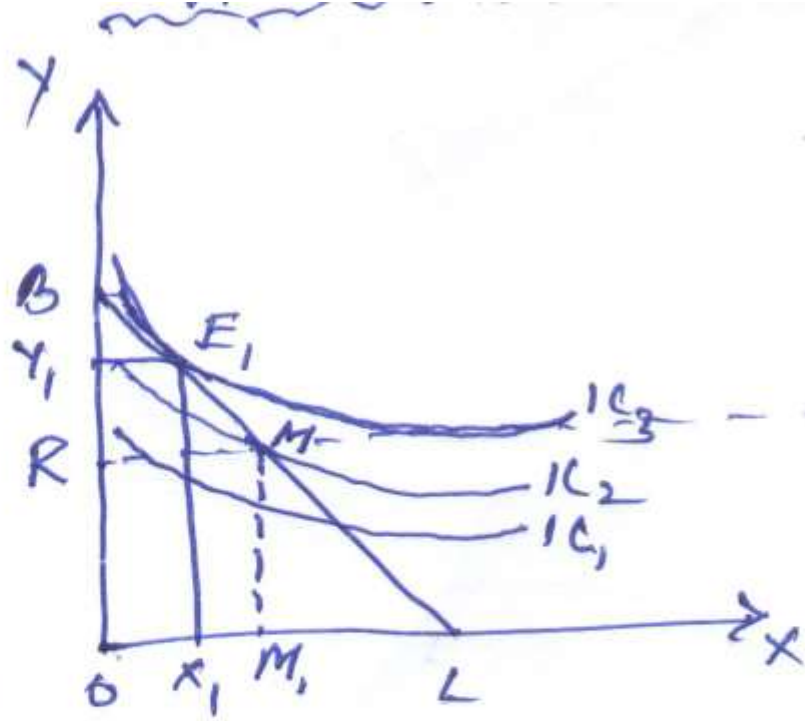
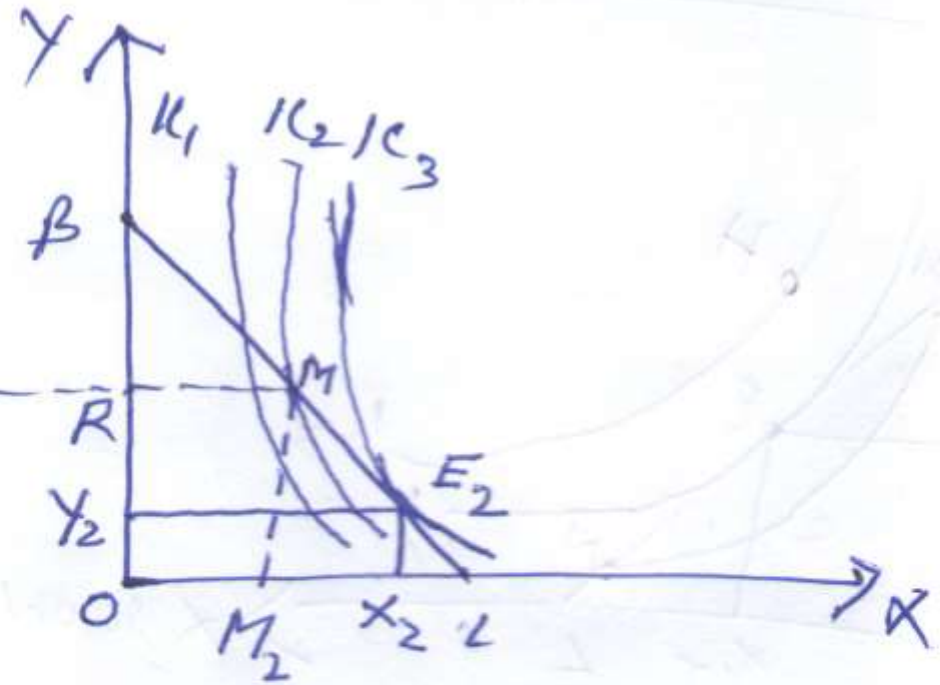


Fig: B

Differences in preferences and choice of goods:

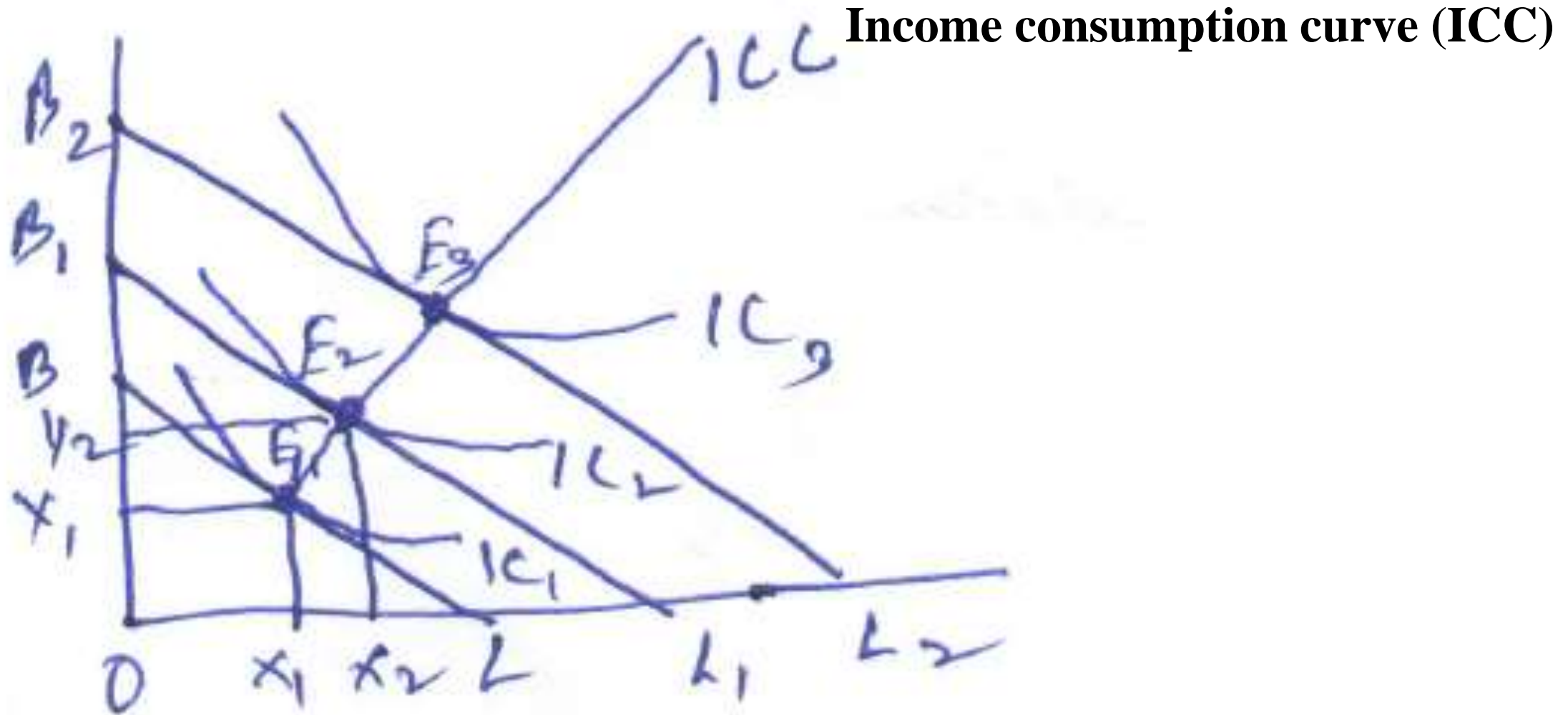


- Amit's preferences

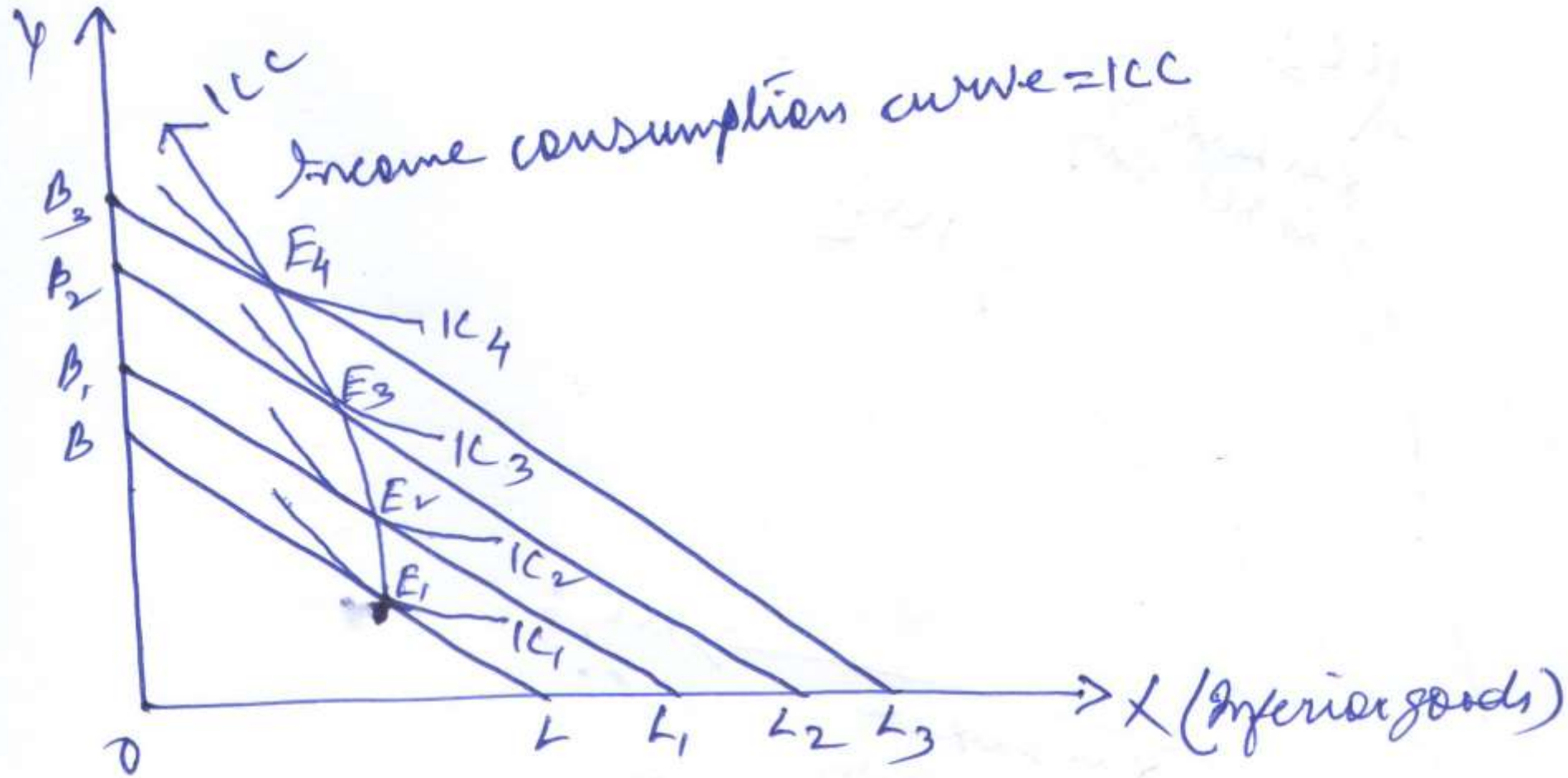


Rajiv's preferences

Indifference curve analysis of Demand: Income, Substitution and price effects

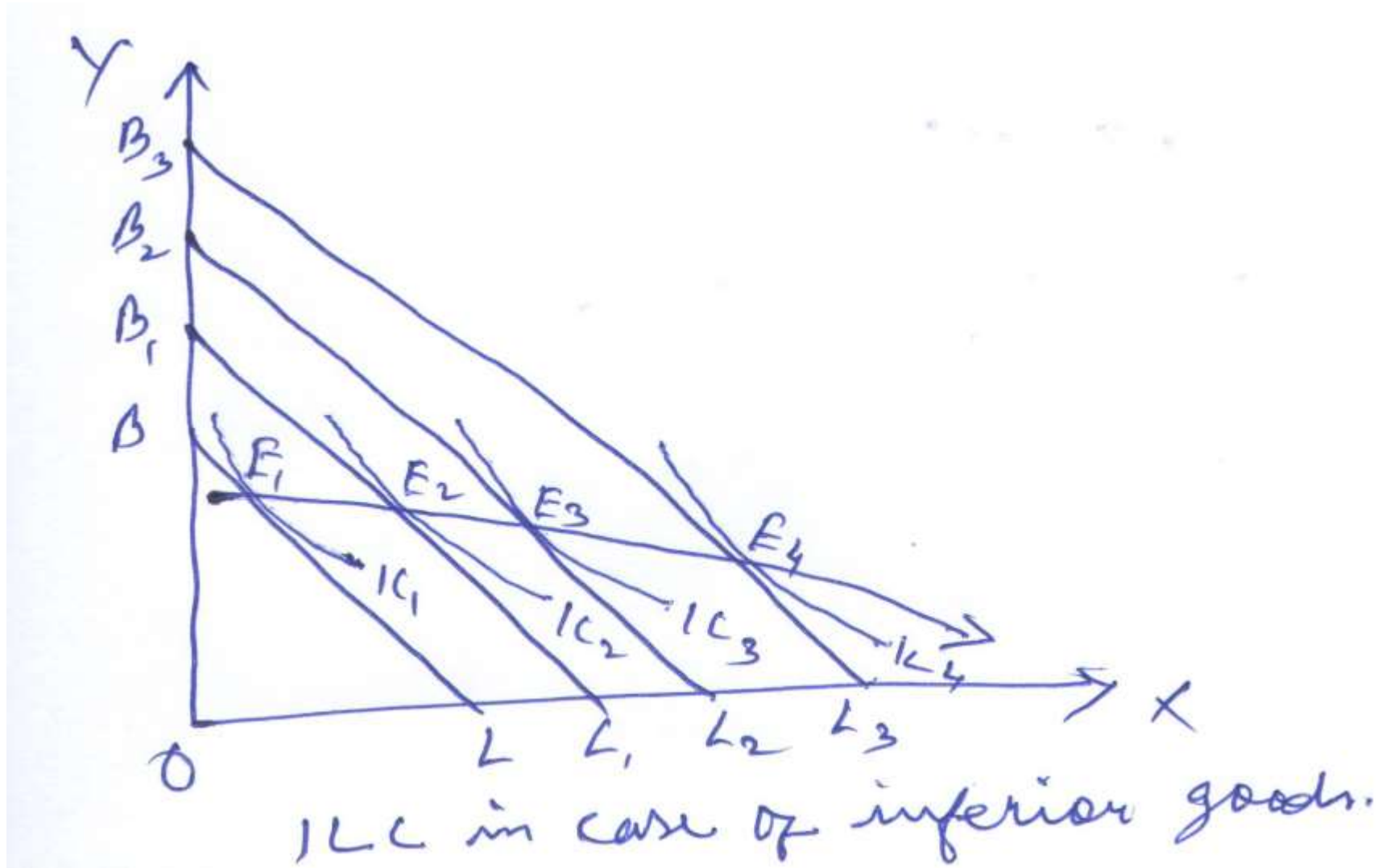


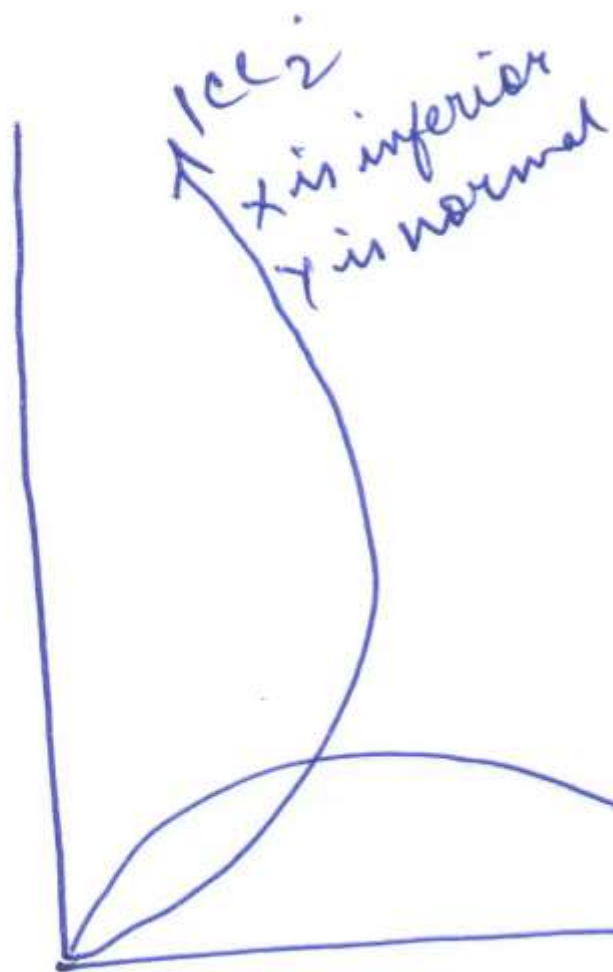
Income consumption curve (ICC) and inferior goods



ICC in case of inferior goods

Income consumption curve (ICC) and inferior goods





ICC_1 : X is normal goods
Y is inferior

