

**Course**  
**on**  
**HS205: consumer Behaviour and Welfare Economics**  
**3<sup>rd</sup> semester**  
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**Instructor**

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# **Lecture 1: Consumer Preference:**

## **1. Utility**

### **Two Approaches of utility**

**a.** Cardinal Measurement **b.** Ordinal Measurement

### **Assumptions of consumer preferences:**

1. Complete ranking
2. Transitivity
3. Non satiation



# **Indifference curve:**

## **1. Meaning**

### **Properties:**

1. ICs slope downward to the right
2. ICs are convex to the origin
3. Two ICs can't intersect each other
4. A higher IC represents a higher level of satisfaction





