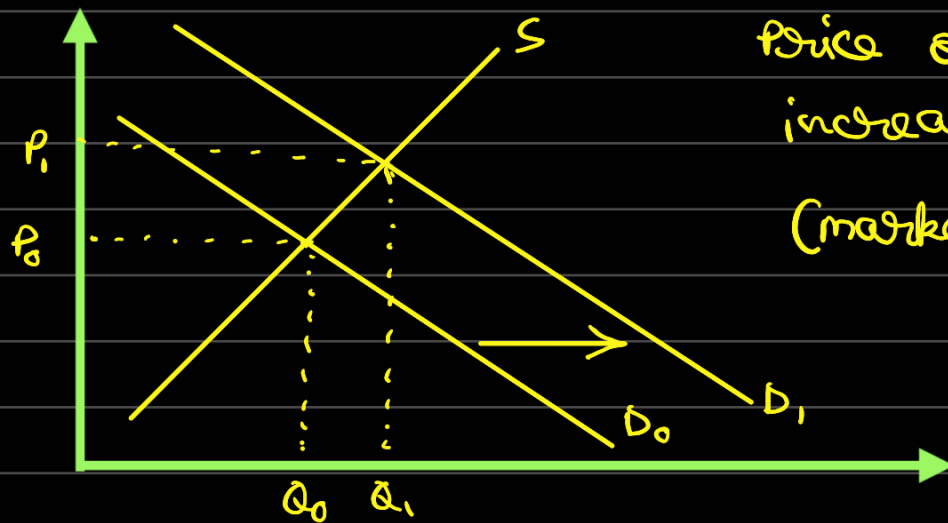


Day 10

→ substitute goods -

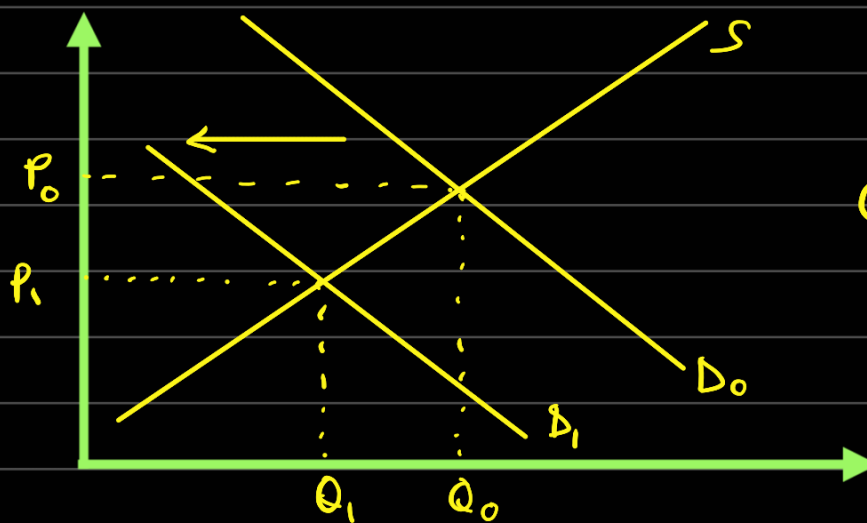
(Tea and coffee)



Price of coffee increases

(market of Tea)

→ complementary goods - (coffee & milk)

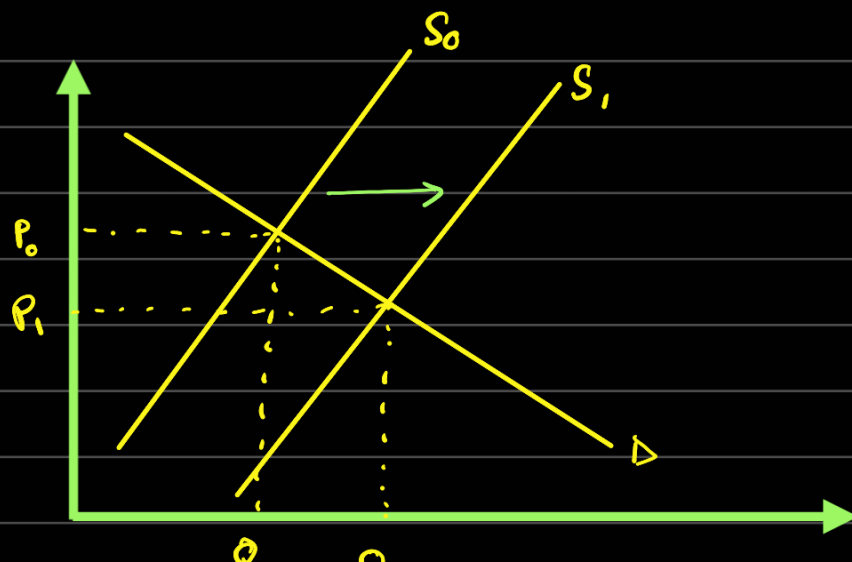


Price of milk increases

(market of coffee)

demand ↑
 $P^E \uparrow$ $Q^E \uparrow$

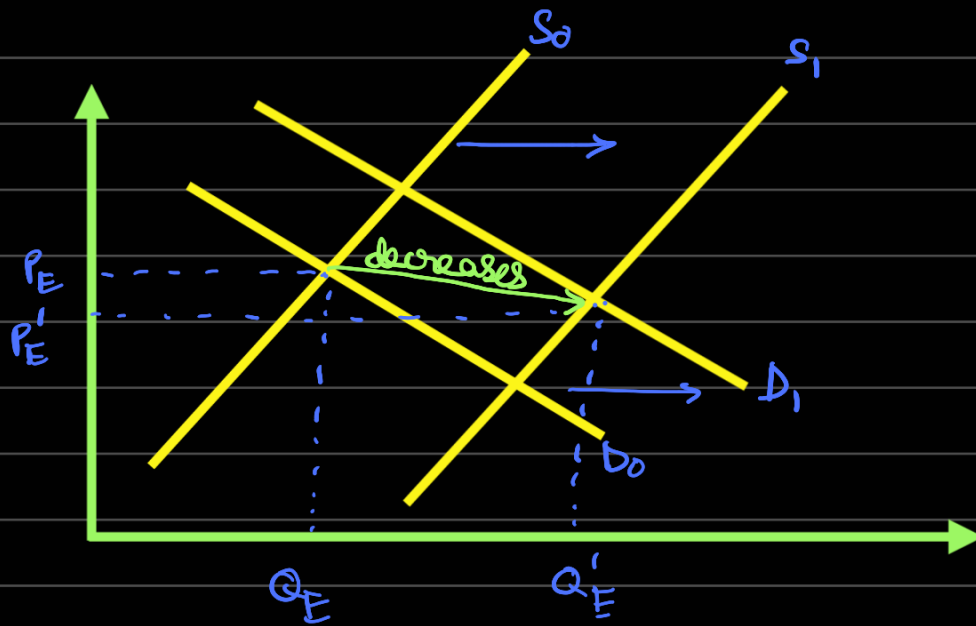
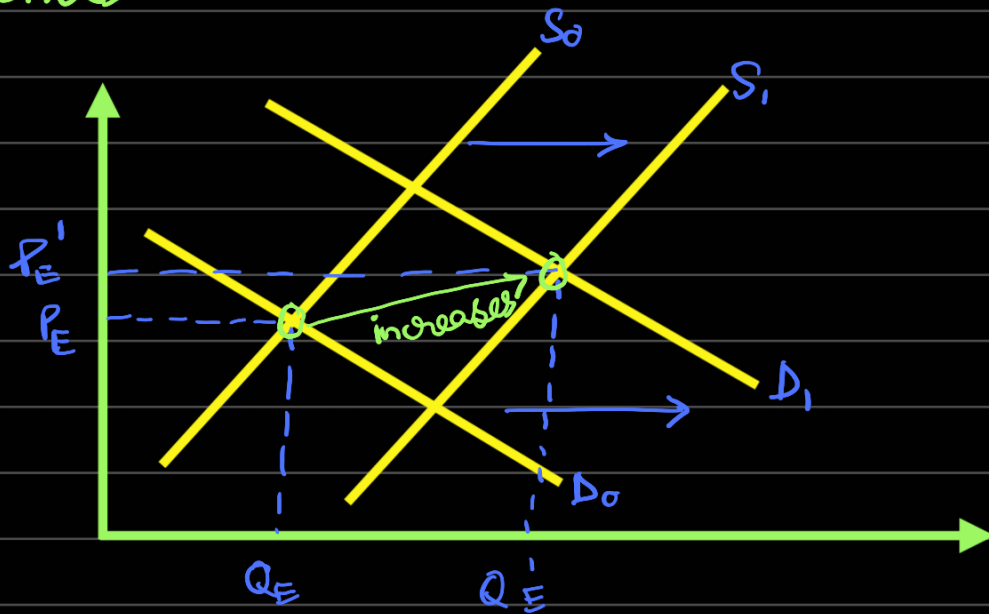
→ Prod. cost decreases -



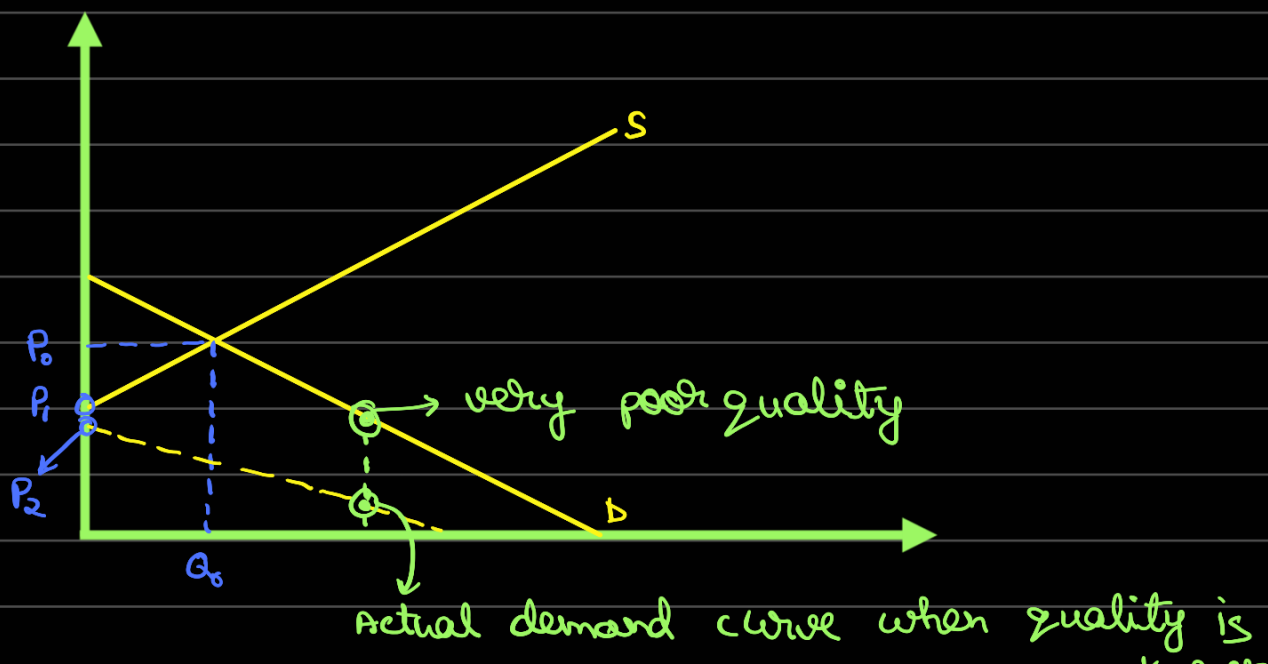
supply ↑

$Q \uparrow$ $P \downarrow$

→ Shoes —



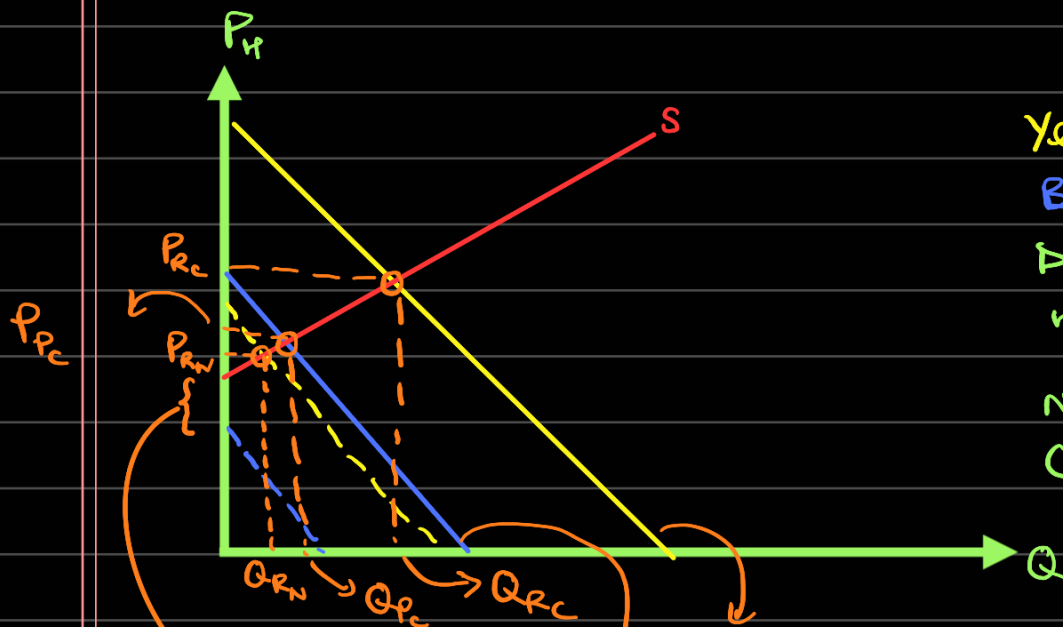
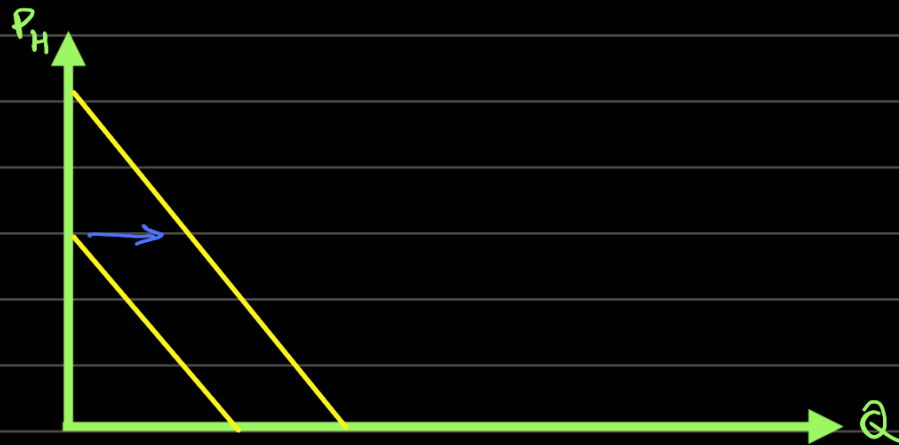
→ Lemons : 2nd hand cars



Assumption: Lower Price, poorer car quality ^{known}

As P_1 (selling at $Q=0$) $>$ P_2 (Buying at $Q=0$)
(OR in other words, no equilibrium) hence,
market vanishes.

→ Healthy/unhealthy and Rich/Poor.



Yellow - Rich

Blue - Poor

Dotted line -
normal situation

Normal line -
critical situation

poor people
avoid health
care for
small diseases

less rich here
more poor here

So it is wrong to say that poor are more
health conscious than the rich in India.

