

Vivekanand College, Kolhapur (Autonomous)

Department of Economics

Subject- Micro Economics

Topic- Indifference Curve Analysis

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Indifference Curve Analysis

Meaning-

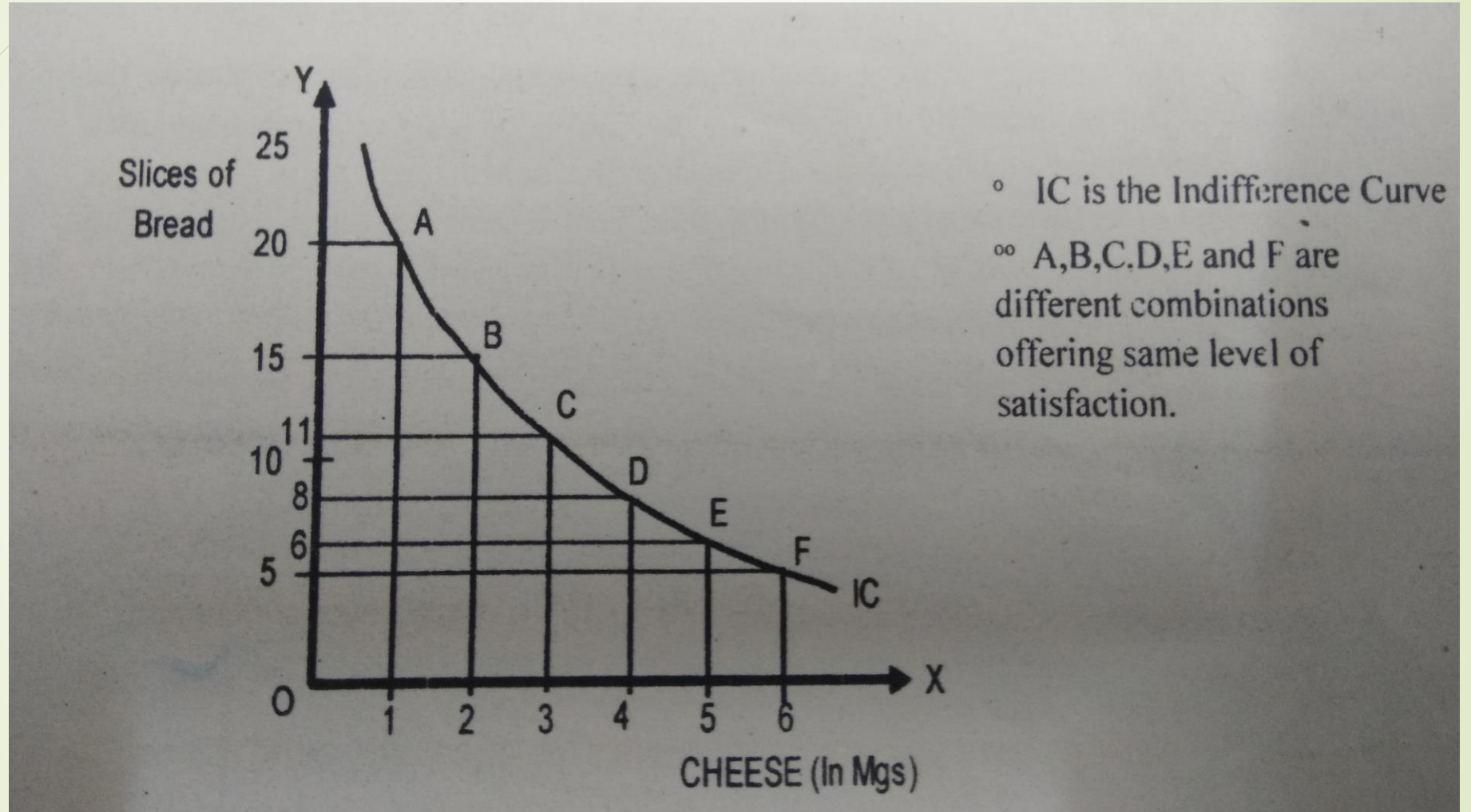
- This concept is introduced by **F. Y. Edgeworth**.
- But credit of developing this technique goes to **Prof. J. R. Hicks and R. G. D. Allen**.
- Indifference curve is a curve that shows various combinations of two commodities.
- Each one of these combination provide the same level of satisfaction to the consumer.
- Therefore the consumer is indifferent towards these combinations.
- All combinations on indifference curve are equally good.

Let us assume that a consumer want to consume two commodities, Bread and Cheese. The different combinations of bread and cheese would give him same level of satisfaction. When consumer want to increase the consumption of one commodity he has to sacrifice another commodity.

Indifference Schedule

Combination	Slices of Bread	Cheese Cubes	Marginal Rate of Substitution
A	20	1	-
B	15	2	1:5
C	11	3	1:4
D	08	4	1:3
E	06	5	1:2
F	05	6	1:1

Diagram

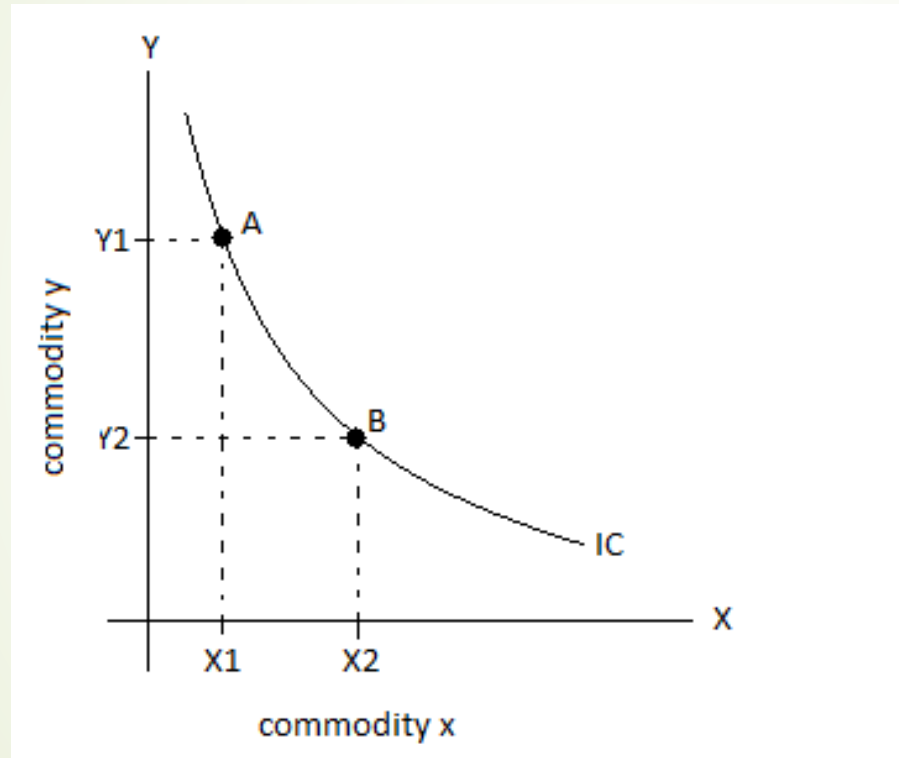




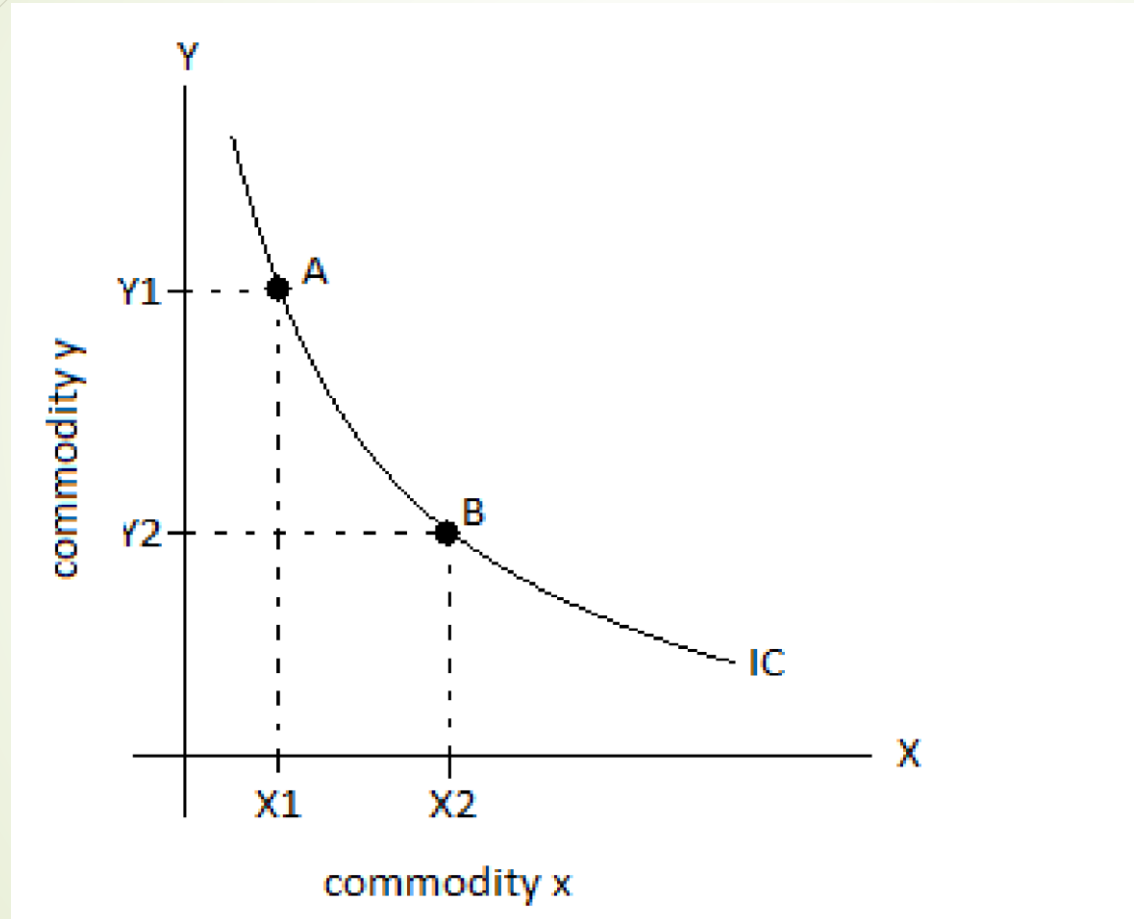
Properties of Indifference Curve

- **ICs are always downward sloping**
- **ICs are convex to origin**
- **Two ICs do not intersect each other**
- **ICs need not to be parallel to each other**
- **Higher IC shows higher level of satisfaction**

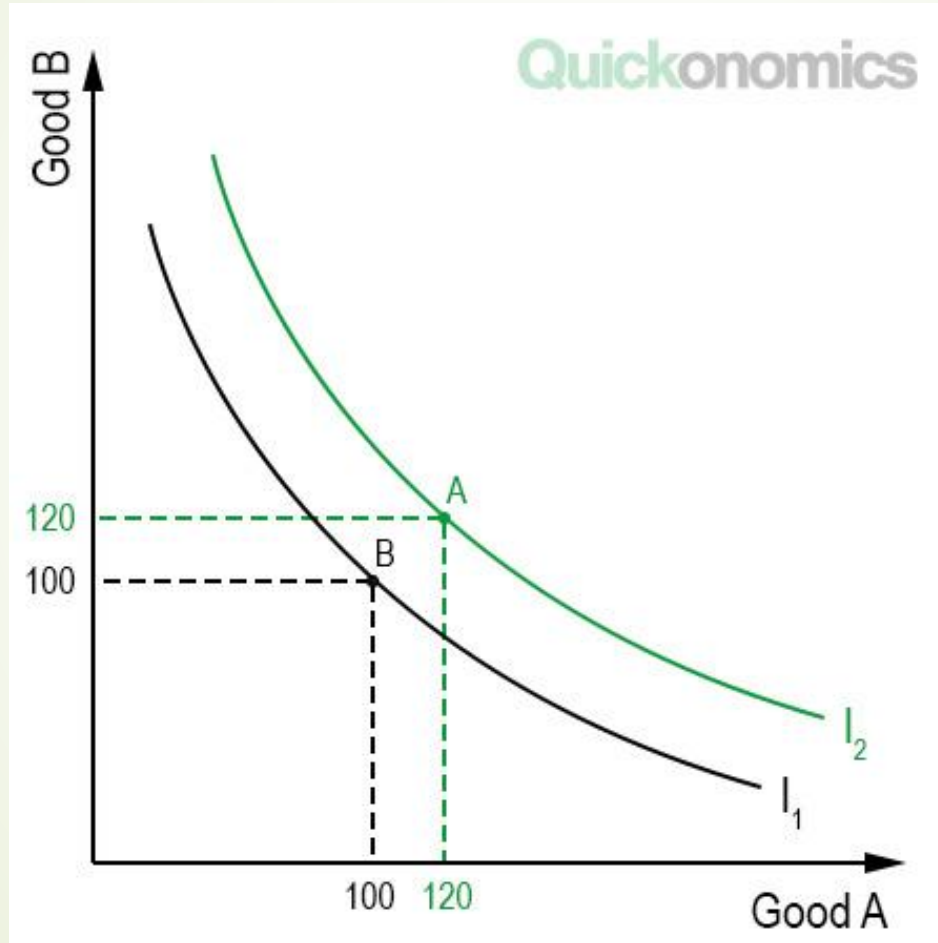
ICs are always downward sloping



ICs are convex to origin



Higher IC shows higher level of satisfaction



Two ICs do not intersect each other

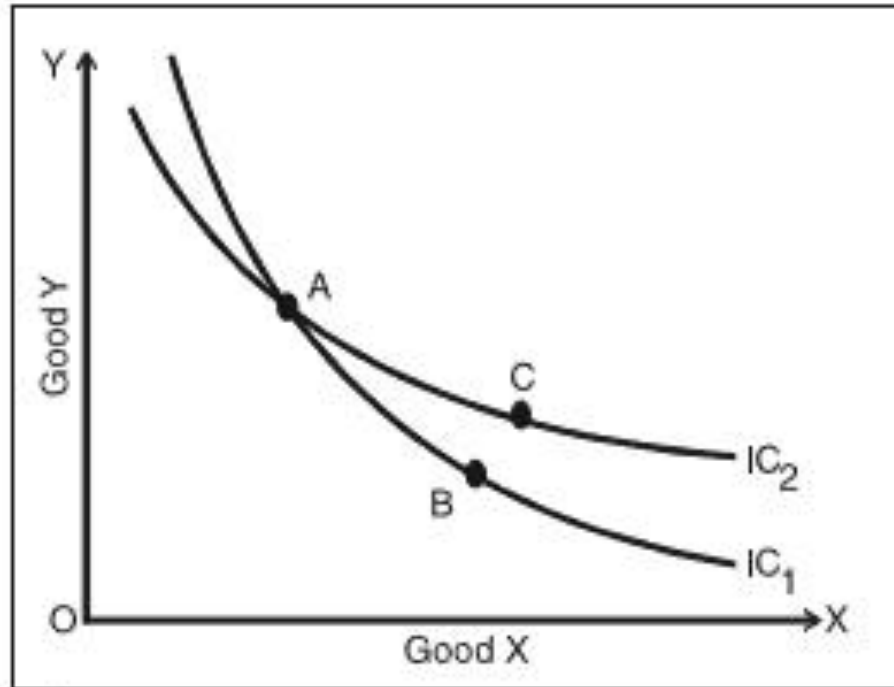


Fig. 3 : Intersecting Indifference Curves

ICs need not to be parallel to each other

