

- \* The slope of indifference curve is negative.
- \* In the case of complementary goods, the indifference curves are 'L' shaped.
- \* At the point of <sup>equilibrium of</sup> a consumer, the slope of indifference curve and price line is equal.
- \* Indifference curve analysis of utility is based on ordinal approach.
- \* According to Boulding, indifference curves may be circular.
- \* Indifference curves are convex to the origin.
- \* The various combination of two goods give the equal total satisfaction.
- \* IC slopes downwards from left to right.
- \* Higher IC represents higher level of satisfaction.
- \* Indifference curves cannot intersect each other.
- \* ~~Indifference~~ Indifference curve do not touch axis.

- \* Indifference curve may not necessarily be parallel.
- \* Indifference curve may be circular.
- \* Price line or Budget line shows the combination of goods that can be purchased if the entire money income is spent.
- \* Horizontal price consumption curve shows unrelated goods.

\* Marginal rate of Substitution  $(MRS_{xy}) = \frac{P_x}{P_y}$

Where  $P_x$  = price of x goods

$P_y$  = price of y goods.

- \* Price line or Budget line may shift when income, price of x and price of y goods increase or decrease.
- \* Straight line indifference curve shows constant marginal rate of substitution.