

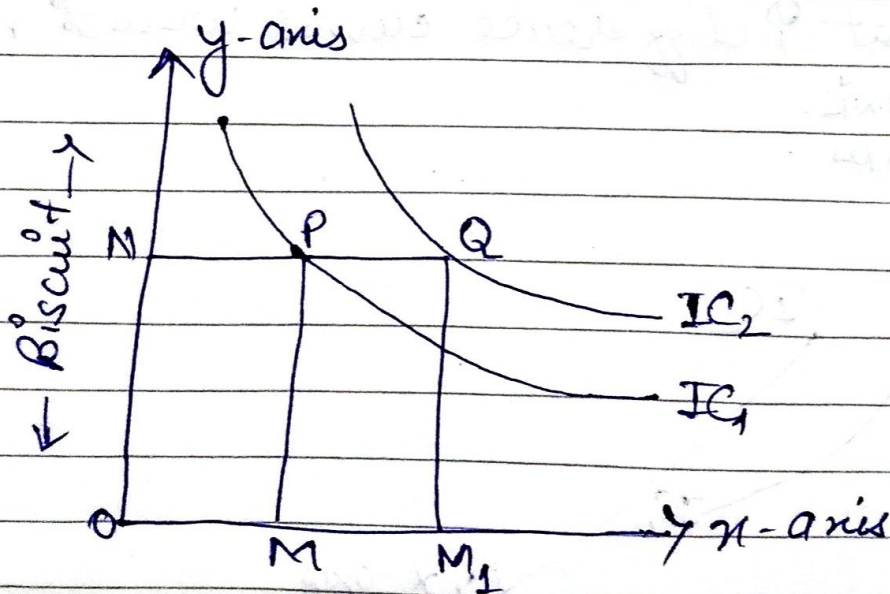
Characteristics of Indifference Curve

① Indifference Curves slope downward to the right :-

The sloping down indifference curve indicates that when the amount of one commodity in the combination is increased, the amount of the other commodity is reduced. This must be so if the level of satisfaction is to remain constant on the same indifference curve.

② Indifference curve represents a higher level of satisfaction :-

Every indifference curve to the right of the preceding curve indicates higher level of satisfaction and the curve to the left shows lesser satisfaction. This means that the indifference curve at a higher level from the axes shows greater satisfaction than an indifference curve at a lower level.



③ Indifference curves cannot intersect each other:-

The indifference curves never cut each other as higher and lower curves show different levels of satisfaction. In order, therefore, to be consistent with our assumptions, different curves would not cut each other.

④ Indifference curve will not touch the axis:-

The indifference curve analysis is based on the assumption that the consumer selects a combination of two goods. If the X axis touches as IC_2 shows in below figure at B. the consumer will be having OB quantity of good 'X' and none of 'Y'. Similarly, if an indifference curve IC_1 touches the Y axis at A, the consumer will have OA quantity of 'Y' good and no amount of X. Such curves are in contradiction to the assumption the consumer buys two goods in combination. Therefore, it proves that indifference curves would not touch axis.

