Date:
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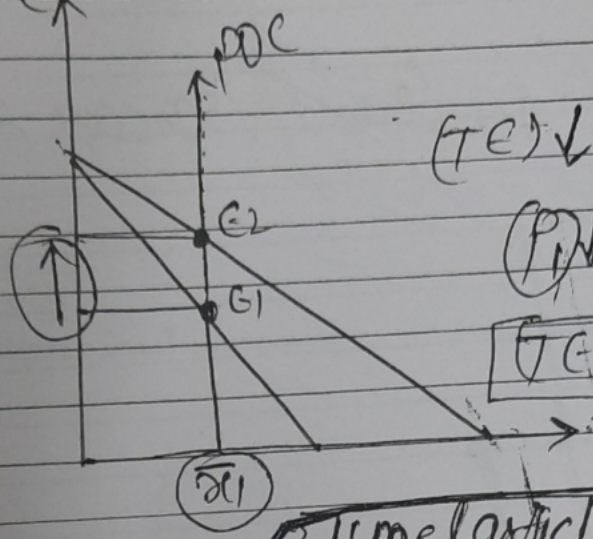
$e=0$ $= (TE_1) \downarrow$



$(TE) \downarrow$

$(P_1) \downarrow \bar{x}_1 + (P_2 x_2) \uparrow =$

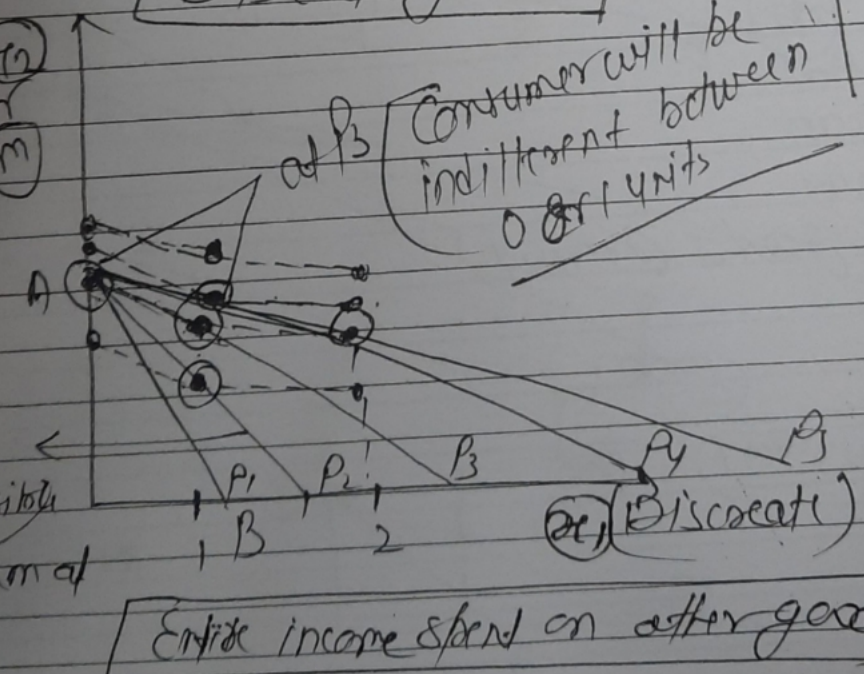
$(TE) \downarrow + (E) \uparrow = m$

Unelastic

NO Δ in Qs. due to ΔP

Discrete goods

(*) x_2 or m



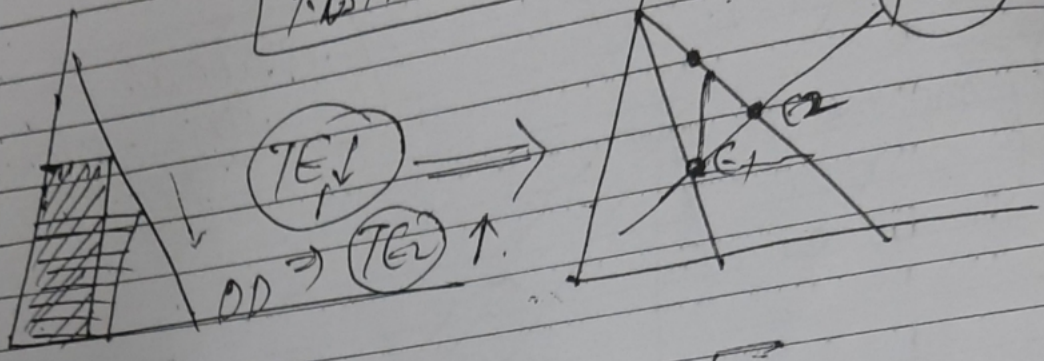
at P_3 (Consumer will be indifferent between 0 or 4 units)

Corner NOT Possible optimum at (A)

Entire income spend on other good

when $e < 1$

% Δ in θ < % Δ in P



when $e = 1$

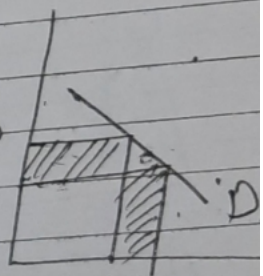
$\overline{TE_1}$

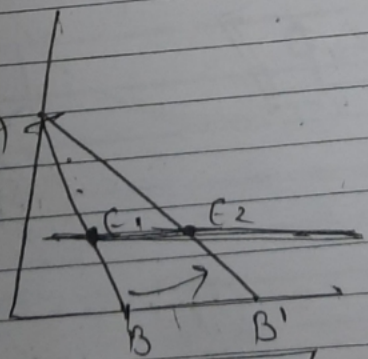
$\downarrow P \alpha \uparrow + \overline{P_2 x_2} = \overline{m}$

$\overline{TE_1} + \overline{TE_2} = \overline{m}$

$\Rightarrow e = 1$

No change in expenditure





TE

P↓ x ↑

$P_1 x_1 = TE$

Note:

$e > 1 \Rightarrow TE \uparrow \Rightarrow$ -vely sloped

$e = 1 = \overline{TE} \Rightarrow$ Horizontal

$e < 1 = TE \downarrow \Rightarrow$ -vely sloped.

(*) PQC & Elasticity

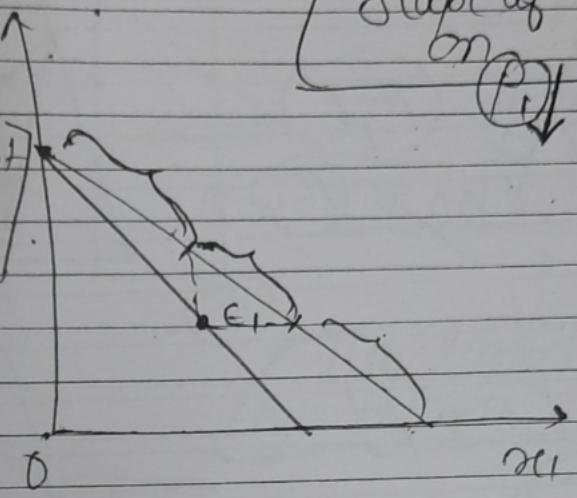
slope → slope

Slope of PQC depends on elasticity

$P_1 \downarrow \times x_1 = TE_1$

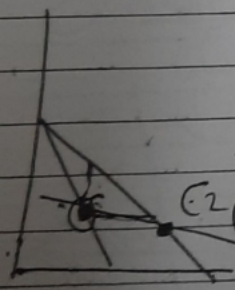
(N) x_2

(M) Income spent on other goods



Depends on Elasticity

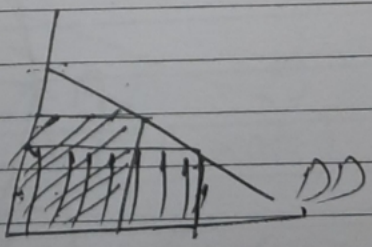
$e > 1$
$e = 1$
$e < 1$



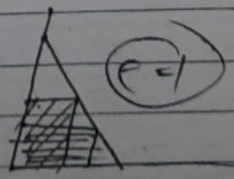
-vely sloped

$\Rightarrow P_1 \downarrow \times x_1 \uparrow = TE \uparrow$

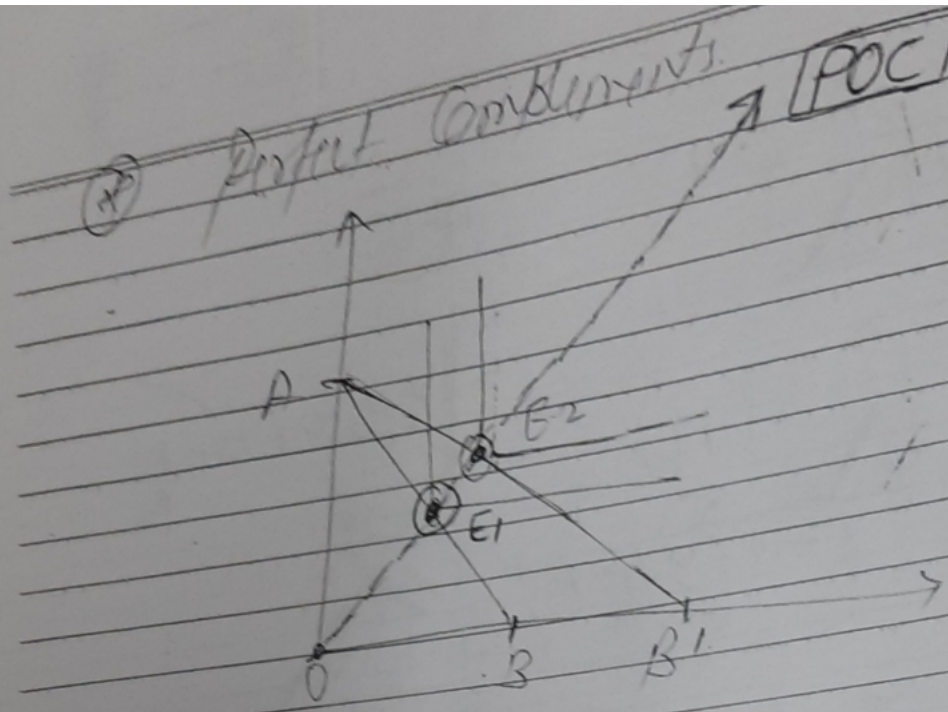
$\% \Delta Q > \% \Delta P$



$e = 1 \Rightarrow P_1 \times x_1 \downarrow = \overline{TE_1}$

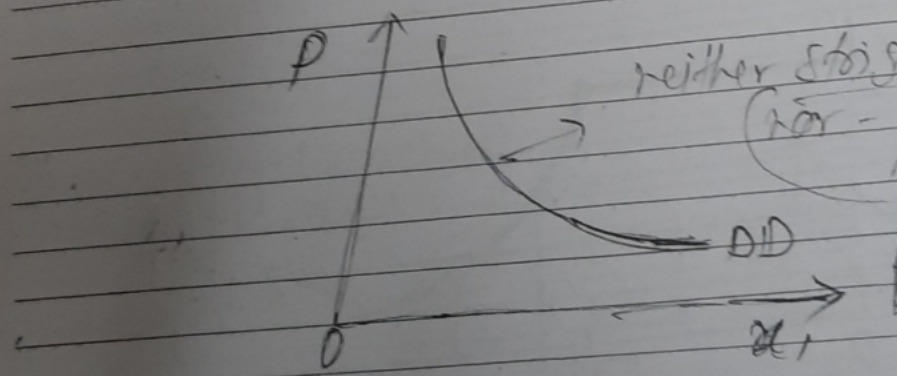


(A) Partial Consumption.



Ratio :- 1:1

$$x_1 = \frac{m}{P_1 + P_2\left(\frac{0}{0}\right)}$$



Neither straight line
nor Rectangular
Hyperbola but
$x_1 P_1 = \overline{m}$
But we
don't have
here.

$$\therefore x_1 = \frac{m}{P_1 + P_2}$$

$$\Rightarrow \boxed{P_1 x_1 + P_2 x_1 = \overline{m}}$$