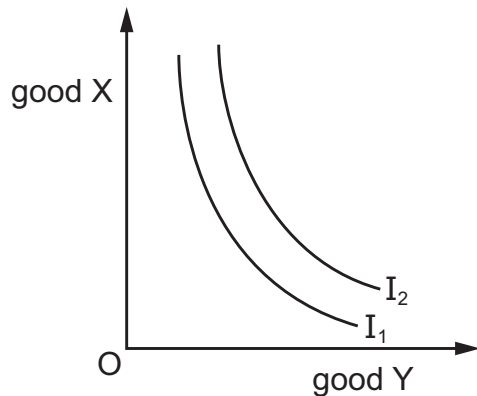


- 2 The diagram shows two indifference curves.



What do indifference curves indicate?

- A Consumers get more satisfaction on curve I_1 from consuming more of X and less of Y.
- B Consumers get more satisfaction on curve I_2 from consuming less of X and more of Y.
- C Each point on the curve represents the marginal rate of substitution of good X for good Y.
- D Movement from I_1 to I_2 cannot be made unless the indifference curves cross.