



[Summary]

Edgeworth Box

Subject:	Business Economics
Course:	B. A. (Hons.), 2 nd Semester, Undergraduate
Paper No. & Title:	Paper – 201 Microeconomics-II
Unit No. & Title:	Unit – 3 General Equilibrium
Lecture No. & Title:	Lecture – 1 Edgeworth Box

Summary

General equilibrium analysis is used to explain simultaneous equilibrium in all the markets when price and quantities of all products and factors are considered as variables. Edgeworth box is an important method for the analysis of general equilibrium. Edgeworth box allows the study of the interaction of two individuals trading two different commodities. This type of analysis draws on the use of indifference curve analysis to examine this trading behavior. The analysis of general equilibrium is used to determine the relative prices of goods or factors of production.