

B.C.M. School

Subject - Economics

Assignment (ch- Consumer equilibrium utility analysis and indifference curve analysis)

Class- X1 Commerce

Q1. Which of the following statements regarding utility is not true?

- (a) It is the want satisfying power of the commodity**
- (b) Utility is measurable**
- (c) It helps a consumer to make choices**
- (d) It is purely a subjective entity**

Q2. Which curve shows the various combinations of two products that give the same amount of satisfaction to the consumer?

Q3. What will be the MU when TU is maximum?

Q4. What is the reason behind a convex indifference curve?

Q5. What does the law of diminishing utility say?

Q6. Describe the assumption which is made to determine the consumer's equilibrium position.

Q7. Suppose a consumer can afford to buy 6 units of good 1 and 8 units of good 2 if she spends her entire income. The prices of the two goods are Rs 6 and Rs 8 respectively. How much is the consumer's income?

Q8. What are monotonic preferences?

Q9. Which utility is added to the total utility by consuming one additional unit of the commodity?

- (a) Ordinal Utility
- (b) Total Utility
- (c) Marginal Utility
- (d) Average Utility

Q10. A consumer wants to consume two goods X & Y. The prices of X and Y goods are Rs 4 and Rs 5 respectively. The consumer's income is Rs 20.

- (i) Write down the equation of the budget line.**
- (ii) How much of good X can the consumer purchase if she spends her entire income on that good?**
- (iii) How much of good Y can she consume if she spends her entire income on that good?**
- (iv) What is the slope of the budget line?**

