

Class XI (2019-20)

Economics Worksheet- 2 (Micro – Ch3, 4)

Q1. Choose the correct answer:

i. When only one unit of a commodity is consumed:

a. $MU= TU$ b. $MU> TU$ c. $MU< TU$ d. none of these

ii. Marginal utility of a particular commodity at the point of saturation is:

a. zero b. unity c. greater than unity d. less than unity

iii. An indifference curve is related to:

a. consumer's income b. prices of goods X & Y c. TU from goods X & Y d. choice & preference of the consumer

iv. A set of ICs drawn in a graph is called:

a. indifference curve b. indifference map c. budget line d. budget set

Q2. State True or False for the following statements with a reason:

a. If IC is convex to the origin, MRS should not be diminishing.

b. Total utility will increase even when marginal utility decreases.

c. A consumer is in equilibrium and buys commodities X and Y. When price of Y falls, he starts buying more of Y than X.

d. Budget line will shift to the right only due to increase in income of the consumer.

e. All attainable combination of good X and good Y are below the budget line of a consumer.

f. Total utility is the sum total of MU from all units of consumption of a commodity.

Q3. Will a person be indifferent to the bundles (5, 6) and (6,6). Are the preferences monotonic?

Q4. Using utility analysis explain how will a consumer decide as to how much quantity of the good to buy?

Q5. Explain the reaction of the consumer when price ratio is less than MRS.

Q6. A consumer consumes only two goods A and B whose prices are Rs 6 and Rs 8 respectively. Does he will strike his equilibrium when he is getting MU of A equal to 7 and that of B also equal to 7?

Q7. Explain the conditions of consumer equilibrium using indifference curve analysis.

Q8. What is the relation between TU and MU? Explain with diagram.