



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
Worksheet: 1	Topic: Consumer's Equilibrium and Demand

- Which of the following describes a utility characteristic?
 - Utility is subjective
 - The utility is a relative concept
 - The utility is a psychological phenomenon
 - All of the above
- What is the formula for calculating marginal utility?
 - $\Delta MU/\Delta Q$
 - $\Delta TU/\Delta Q$
 - $\Delta Q/\Delta MU$
 - $\Delta Q/\Delta TU$
- Who was the one who first proposed the ordinal utility theory?
 - Hicks and Allen
 - Pigou
 - Marshall
 - Ricardo
- What is the most important factor in determining demand?
 - Availability of adequate resources
 - Desire to consume
 - Willingness to consume
 - All of the above
- As the price of coffee rises, so makes the demand for tea:
 - Remains stable
 - Falls
 - Rises
 - None of these
- What is the cause of the shift in demand?
 - Change in price of related goods
 - Population increase
 - Change in consumer's income
 - All of these

7. Want satisfying capacity of goods and services is called_____
- Production
 - Capacity
 - Utility
 - Demand
8. _____ is the net increase in total utility by consuming an additional unit of a commodity.
- Utility
 - Total utility
 - Marginal utility
 - All of the above
9. _____ is the curve showing different combinations of two goods, each combination offering the same level of satisfaction.
- Indifference
 - Indifference map
 - Indifference curve
 - None
10. _____ is a situation where a consumer is spending his income in such a way that he is getting maximum satisfaction and has no tendency to change.
- Equilibrium
 - Consumers satisfaction
 - Consumers equilibrium
 - None
11. When we add up utility derived from the consumption of all the units of the commodities, we get:
- Total Utility
 - Initial Utility
 - Marginal Utility
 - None of these
12. According to the Law of diminishing marginal utility, satisfaction is obtained from the consumption of each successive unit:
- Increase
 - Decrease
 - Remains same
 - Either increases or decreases
13. The budget set includes:
- All those combinations of two goods that a consumer already possesses
 - All those combinations of two goods that a consumer cannot afford
 - All those combinations of two goods that a consumer is willing to buy

- d) All those combinations of two goods that a consumer can afford
14. The farther the Indifference Curve is from the origin, then:
- a) Higher is the satisfaction level
 - b) Lower is the satisfaction level
 - c) Same satisfaction level will be obtained
 - d) Nothing can be said about the satisfaction
15. Suppose, Mayank consumes Burger and Garlic Bread. Which of the following bundle of Burger and Garlic Bread will Mayank choose if he has a monotonic preference?
- a) Bundle A (5,7)
 - b) Bundle B (4,7)
 - c) Bundle C (5,6)
 - d) None of these
16. Law of demand shows a relation between the _____.
- a. Quantity demand and quantity supply of a commodity
 - b. Income and quantity demand of a commodity
 - c. Price and quantity of a commodity
 - d. Income and price of a commodity
17. If the quantity demanded of a commodity is unresponsive to change in prices, then the demand of that commodity is _____.
- a. Perfectly inelastic
 - b. Elastic
 - c. Unit elastic
 - d. Inelastic
18. When the elasticity of demand for a commodity is very low, it shows that the product _____.
- a. Has little importance in the total budget
 - b. Is a luxury
 - c. Is a necessity
 - d. None of the above
19. What does elasticity of demand measure?
- a. Quantity supplied in response to price changes.
 - b. Responsiveness of quantity demanded to price changes.
 - c. Consumer preferences for goods.
 - d. Market competition.
20. Which type of elasticity is characterized by a percentage change in quantity demanded equal to the percentage change in price?
- a. Elastic demand.
 - b. Inelastic demand.

- c. Unitary elasticity.
- d. Perfectly elastic demand.

ASSERTION AND REASON BASED QUESTIONS

Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below:

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is the not correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

1. **Assertion (A):** Utility is directly linked with the usefulness of a commodity
Reason (R): A commodity may not be useful yet it may have utility for particular person like cigarette
2. **Assertion (A):** According to LDMU, MU diminishes as we continuously consume the standard units of a commodity
Reason (R): As we increase the consumption of a commodity, the intensity of desire to have that commodity increases.
3. **Assertion (A):** Indifference curve is negatively sloped from left to right.
Reason (R): Consumption of both the goods cannot be increased simultaneously to maintain same level of satisfaction.
4. **Assertion (A):** Consumer is willing to sacrifice less and less units of a good to gain an additional unit of the other good.
Reason (R): The utility that the he gets from consuming an additional unit of a good goes on diminishing

CASE STUDY 1:

Read the paragraph carefully and answer the given questions:

A rational consumer whose main aim is to maximize his satisfaction always tries to reach at the point of equilibrium. Equilibrium means a state of balance and is the term that used often in studying consumer behavior. When a consumer is consuming single commodity and has to pay a price for the commodity then he has to equate price and marginal utility derived from the consumption of the commodity so as to reach the point of equilibrium

1. Additional utility derived from the consumption of one more unit of the given good is known as.....
2. By consuming a single commodity, a rational consumer always equates its marginal utility with of that commodity.
3. Utility is measured in terms of

CASE STUDY 2:

Read the given cases carefully and answer the question on the basis of the same:

“India wheat prices jump to 6-month high on demand, limited supply” – “The Economic Times” 8 August 2023

Indian wheat prices surged to a six-month high on Tuesday due to limited supplies and robust demand ahead of the festival season, dealers said. Rising wheat prices could contribute to food inflation and potentially complicate the efforts of both the government and the central bank to control inflation.

1. What is meant by extension of demand?
 - (a) Quantity demanded of commodity decreases due to increase in own price
 - (b) Increase in demand
 - (c) Increase in Quantity demanded
 - (d) Both (a) and (c)
2. Certain goods which are demanded only because of their prices are very high are called:
 - (a) Luxury goods
 - (b) Articles of distinction
 - (c) Inferior goods
 - (d) Both (a) and (b)
3. **Statement I:** The slope of demand curve for a normal good is downward sloping
Statement II: Increase in the price of bread will also increase the demand for butter.
Alternatives:
 - (a) Both the statements are true
 - (b) Both the statements are false
 - (c) Statement 1 is true and Statement 2 is false
 - (d) Statement 2 is true and Statement 1 is false
4. Which of the following statement is “FALSE”?
 - (a) Increase in quantity demanded is a situation of extension of demand
 - (b) Change in demand is indicated by movement along the demand curve
 - (c) Rise in price of substitute good leads to increase in its own demand
 - (d) Demand curve is drawn on the assumption that except price, all other determinants of demand remains constant.

Answers:

1. (d) 2. (d) 3. (a) 4 (b)