



INDIAN SCHOOL AL WADI AL KABIR

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

1. As the consumer has more units of a commodity, his total utility from the commodity:
 - (a) Increases less than in proportion, reaches a maximum and then falls
 - (b) Increases less than in proportion and then falls
 - (c) Increases more than in proportion and then reaches a maximum
 - (d) Falls, becomes zero and then negative
2. Saturation point means:
 - (a) TU is rising, and MU is falling
 - (b) TU is falling and MU is negative
 - (c) TU is maximum and MU is zero
 - (d) Falling MU curve
3. Indifference mean:
 - (a) X is preferred to Y
 - (b) Y is preferred to X
 - (c) X and Y are equally preferred
 - (d) None of the above
4. Budget set is:
 - (a) Right angled triangle formed by the budget line with the axes
 - (b) All points on the budget line
 - (c) Points inside the budget line
 - (d) Points on Y-axis from where budget line starts and the point on X-axis where budget line ends.
5. Which theory assumes ordinality of utility?
 - (a) Indifference curve theory
 - (b) Marginal utility theory
 - (c) None of the above
 - (d) Both (a) and (b)
6. If Marginal Rate of Substitution is constant throughout, the Indifference curve will be:
 - (a) Parallel to the x-axis.
 - (b) Downward sloping concave.
 - (c) Downward sloping convex.
 - (d) Downward sloping straight line.
7. Factor which affects market demand but not individual demand can be:
 - (a) Number of consumers in the market

- (b) Age and sex composition of population
- (c) Distribution of income
- (d) All of the above

8. Law of demand does not hold in case of:

- (a) Emergency
- (b) Expectation of price rise
- (c) Conspicuous goods
- (d) All of the above

9. Contraction of demand is shown by:

- (a) Upward movement on the demand curve
- (b) Downward movement on the demand curve
- (c) Rightward shift of the demand curve
- (d) Leftward shift of the demand curve

10. When income of the consumer falls the impact on price-demand curve of an inferior good is:

- (a) Shifts to the right
- (b) Shifts to the left
- (c) There is upward movement along the curve
- (d) There is downward movement along the curve

11. If with the rise in price of good Y, demand for good X rises, the two goods are: (AI 2015)

- (a) Substitutes
- (b) Complements
- (c) Not related
- (d) Jointly demanded

12. Any statement about demand for a good is considered complete only when the following is mentioned in it:

- (a) Price of the good
- (b) Quantity of the good
- (c) Period of time
- (d) All of the above

ASSERTION AND REASONING QUESTIONS:

- 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 not the 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): A consumer attains equilibrium when marginal utility of a good is equal to its price.

Reason (R): At this point, the consumer has no tendency to change the level of consumption.

A: a

2. Assertion (A): Indifference curves are downward sloping.

Reason (R): To maintain the same level of satisfaction, increase in one good must be

compensated by decrease in another.

A: a

3. Assertion (A): Demand curve slopes downward from left to right.

Reason (R): There is an inverse relationship between price and quantity demanded.

A: a

4. Assertion (A): Price elasticity of demand is always positive.

Reason (R): Demand increases when price increases.

A: d

CASE BASED QUESTIONS:

Read the following case study paragraph carefully and answer the questions on the basis of the same.

Law of Demand

During a sale, the price of shirts in a store falls from ₹1000 to ₹700. As a result, the quantity demanded increases significantly.

(a) State the law of demand.

(b) What type of change in demand is this?

(c) Explain two reasons for increase in quantity demanded.

(d) Draw (or explain) the demand curve for this situation.

Elasticity of Demand

A juice brand increases its price, but the quantity demanded decreases only slightly. Another brand increases price and sees a sharp fall in demand.

(a) Which product has more elastic demand? Why?

(b) Define price elasticity of demand.

(c) State two factors affecting elasticity of demand.

(d) What type of demand is shown by the first juice brand?