



INDIAN SCHOOL MUSCAT
DEPARTMENT OF COMMERCE AND HUMANITIES
SENIOR SECTION

CLASS – XI

INTRODUCTORY MICROECONOMICS (030)

UNIT – 02: CONSUMER BEHAVIOR -UTILITY ANALYSIS

WORKSHEET NO: - 02

Date:-----

I. Answer in one sentence each (1 mark each)

- (a) When marginal utility is zero, Total utility will be
- (b) When $\frac{MU_x}{P_x} > \frac{MU_y}{P_y}$ What will the Consumer do?
- (c) If a commodity is available at free of cost, how many unit will a consumer consume in order to be at equilibrium?
- (d) State the law of diminishing marginal utility.
- (e) Define utility.

II. Answer in around sixty words. (3 marks each)

- (a) Why should a consumer buy more units of a good when its price falls? Explain in terms of utility analysis.
- (b) What are the assumptions of utility analysis of consumer behavior?
- (c) Distinguish between cardinal measurement and ordinal measurement
- (d) What are the limitations of utility analysis
- (e) Lakshmi purchases 5 units of ice cream when its price was ₹10 per unit and is at equilibrium. Should she consume more or less to be at equilibrium when its price decreases to ₹5 per unit? State reason.

III. Answer in around 70 words. (4 marks each)

- (a) How many units of a commodity should a consumer consume in order to maximize her satisfaction? Explain in terms of utility analysis.
- (b) A consumer consumes two goods, good X and good Y. Prices of the two goods are P_x and P_y respectively. Explain how consumer reaches equilibrium in the consumption of two goods.
If Marginal Utility of good X and good Y are 4 and 3 respectively and P_x and P_y are ₹ 3 each. Is the consumer at equilibrium? If yes why? If not, what should the consumer do to be at equilibrium?
- (c) Consider the following utility schedule. How many units of a commodity should a consumer consume to be in equilibrium if market price of the good is ₹ 3 per unit. Explain with reason.
If the price falls to ₹2. What adjustment will she make to be at equilibrium?
- (d) From the given utility schedule, find out the marginal utility at each level of unit consumed. When will a consumer reach a state of equilibrium? Explain with reference to the law of diminishing marginal utility.

Units consumed:	1	2	3	4	5	6	7	8
Total Utility:	10	18	24	28	31	33	33	29