

THEORY OF COMSUMER BEHAVIOUR

2006-November

[1] _____ shows various combinations of two products that give same amount of satisfaction:

- (a) ISO cost curve
- (b) Indifference curve
- (c) Marginal utility curve
- (d) ISO quant

[2] Total utility is maximum when:

- (a) Marginal utility is maximum
- (b) Marginal utility is Zero
- (C) Average utility is maximum
- (d) Average utility is Zero

[3] An indifference curve is always

- (a) Concave to the origin
- (b) Convex to the origin
- (c) L-shaped
- (d) A vertical straight line

2007 - February

[4] Marginal utility curve of a consumer is also his:

- (a) Indifference curve
- (b) Total utility curve
- (c) Supply curve
- (d) Demand curve

[5] At equilibrium, the slope of the indifference curve is:

- (a) Equal to the slope of budget line
- (b) Greater than the slope budget line
- (c) Smaller than the slope budget line
- (d) None

2007-May

[6] The law of equi marginal utility considers price of money as:

- (a) zero
- (b) less than one
- (c) more than one
- (d) one

[7] Marginal utility approach was given by:

- (a) JR. Hicks
- (b) Alfred Marshall
- (c) Robbins
- (d) A.C. Pigou

2007—August

[8] Indifference curves between income and leisure for an individual are generally:

- (a) Concave to the origin
- (b) Convex to the origin
- (c) Negatively sloped straight lines
- (d) Positively sloped straight lines

2007 – November

[9] In case of a right angled indifference curve the goods are:

- (a) Perfect complements
- (b) Perfect substitutes
- (c) Interior goods
- (d) Giffen good

[10] Indifference curves never intersect each other due to:

- (a) Different levels of satisfaction
- (b) Same levels of satisfaction
- (c) Convex to origin
- (d) Concave to origin

2008—February

[11] A budget constraints line is a result

- (a) Market price of commodity X
- (b) Market price of commodity Y
- (C) Income of the consumer
- (d) All of these

[12] The difference between what a consumer is ready to pay and what he actually pays is:

- (a) Consumer Surplus
- (b) Consumer deficit
- (C) Both
- (d) None

2008-June

[13] Same as Q28 [Dec, 10]

[14] A consumer buys two commodities X and Y, he would be in equilibrium when:

- (a) $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$
- (b) $\frac{MU_x}{MU_y} = MU_m$
- (c) $\frac{MU_x}{P_x} = \frac{MU_y}{P_x}$
- (d) $\frac{P_x}{P_y} = MU_m$

[15] The slope of I.C curve is always:

- (a) downward
- (b) upward
- (c) straight line
- (d) can be all above

[16] Which economist said that money is the measuring rod of utility?

- (a) A.C Pigou
- (b) Marshall
- (c) Adam Smith
- (d) Robbins

2008 -December

[17] Marginal utility is a _____ Concept.

- (a) Cardinal
- (b) Ordinal
- (c) Both
- (d) None

[18] Indifference Curves are:

- (a) Convex to Origin

- (b) Concave
- (c) Neither 'a' nor 'b'
- (d) None

[19] Consumer Surplus is base which concept?

- (a) Diminishing Marginal Utility
- (b) Law of Demand
- (c) Indifference Curve Approach
- (d) None

2009-June

[20] Same as Q.26 [June 10]

[21] Cardinal approach is related to:

- (a) Indifference curve
- (b) Equi-marginal utility
- (c) Law of diminishing returns.
- (d) None of these

[22] The substitution effect of fall in price of the commodity will lead

- (a) Upward movement indifference curve
- (b) Downward movement indifference curve
- (c) Movement from lower IC higher one
- (d) None

2010-June

[23] The satisfaction which a consumer derives in the consumption of a commodity is equal to Rs.320. The price of that commodity is Rs.180. What will be his consumer surplus?

- (a) 180.
- (b) 200.
- (c) 140.
- (d) 500.

[24] The law of equi marginal utility one of the laws within whose parameters Marginal Utility Analysis is framed. The other is:

- (a) Law of diminishing marginal utility.
- (b) Law of proportions.

- (c) Law of consumer surplus
(d) Law of increasing returns.

[25] When indifference curve is L shaped then two goods will be

- (a) complimentary goods.
(b) Substitute goods.
(c) Perfect substitute goods.
(d) Perfect complimentary goods.

[26] On which approach, indifference curve analysis is based?

- (a) Cardinal approach.
(b) Ordinal approach.
(c) Cardinal and ordinal both.
(d) None of the above.

2010-December

[27] Indifference curves are convex to the origin because they are based on:

- (a) Increasing marginal rate of substitution.
(b) Diminishing marginal rate of substitution.
(c) Constant marginal rate of substitution.
(d) Zero marginal rate of substitution.

[28] Total utility derived from the Consumption of a commodity is equal to 5. Marginal utility is equal to 1 and consumer has bought 3 units. What will be his consumer surplus?

- (a) Rs.2
(b) Rs. 2.5
(c) Rs. 3
(d) Rs. 4

2011-June

[29] When TU is maximum then MU is?

- (a) Zero
(b) Negative
(c) Both
(d) None

2012-June

[30] Total utility derived from the consumption of a commodity is equal to 5, marginal utility is equal to 1 and consumer has bought 3 units. What will be his consumer surplus?

- (a) 2
(b) 2.50
(c) 3
(d) 4

[31] When marginal utility from the consumption of a commodities is zero, then the:

- (a) Total utility is zero
(b) Total utility is highest
(c) Total utility is rising
(d) Total utility is falling

[32] Total utility starts decreasing when _____.

- (a) Marginal utility is positive
(b) Marginal utility becomes negative
(c) Marginal utility becomes zero
(d) None of above.

2012- December

[33] The convexity of indifference curve is due to _____

- (a) Declining marginal rate of substitution
(b) Rising marginal rate of substitution
(c) Constant marginal rate of substitution
(d) None of the above.

2013-June

[34] When two goods are perfect complementary, the indifference curve is:

- (a) A straight line
(b) U-shaped
(c) L-shaped
(d) Circular in shape

[35] Marshallian utility analysis is known as

- (a) Cardinal
- (b) Ordinal
- (c) Classical
- (d) Historical

[36] The convexity of indifference curve is due to:

- (a) Declining marginal rate of substitution
- (b) Rising marginal rate of substitution
- (c) Constant marginal rate of substitution
- (d) None of the above

[37] When Marginal Rate of Substitution is increasing; the shape of Indifference curve:

- (a) Horizontal
- (b) Vertical
- (c) Concave
- (d) Convex

2013- December

[38] A higher indifference curve shows

- (a) A higher level of satisfaction
- (b) A higher level of production
- (c) A higher level of income
- (d) None of the above

[39] When total utility increases at a diminishing rate, marginal utility is

- (a) Zero
- (b) Diminishing
- (c) One
- (d) Maximum

[40] In the case of goods the shape of indifference curve will be

- (a) Convex to the origin
- (b) Straight line
- (c) L-Shaped
- (d) Circular

[41] From which of the following, the concept of consumer's surplus has been derived?

- (a) Law of diminishing marginal utility
- (b) Law of demand
- (c) Law of supply
- (d) Indifference curve analysis

[42] The price line or budget line of a consumer is

- (a) Parallel to x-axis
- (b) Parallel to y-axis
- (c) Straight line joining the two axis
- (d) None of the above

ANSWERS

1.b	2.b	3.b	4.d
5.a	6.d	7.b	8.d
9.b	10.a	11.d	12.a
13.a	14.a	15.a	16.a
17.a	18.a	19.a	20.b
21.b	22.c	23.c	24.a
25.d	26.b	27.b	28.a
29.a	30.a	31.b	32.b
33.a	34.c	35.a	36.a
37.c	38.a	39.b	40.c
41.a	42.c		