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| | **INDIAN SCHOOL NIZWA** |
| **Class : XI** **UNIT 2 – CONSUMER'S BEHAVIOUR** | |
| **MICRO ECONOMICS - WORKSHEET** | |

1. The basis of consumer behaviour is the assumption that a consumer aims to:
   a) Maximise profit b) Maximise utility

c) Maximise production d) Minimise expenditure

2. Utility is:
   a) Always measurable in money b) The desire for a commodity

c) The satisfaction derived from consuming a good d) Equal to usefulness

3. "More consumption gives less additional satisfaction." This defines:
   a) Law of Demand b) Law of Equi-Marginal Utility

c) Law of Diminishing Marginal Utility d) Budget Constraint

4. Indifference curves are:
   a) Upward-sloping b) Downward-sloping and convex to the origin

c) Downward-sloping and concave to the origin d) Horizontal

5. Marginal Rate of Substitution (MRS) refers to:
   a) Units of one good that give same utility
   b) Amount of good Y a consumer gives up for 1 more unit of good X
   c) Total satisfaction received d) Price ratio of two goods

6. A consumer is in equilibrium when:
   a) MRS = Price ratio (Px/Py) b) MUx = MUy

c) TU is maximum d) MRS is increasing

7. A budget line shifts rightward when:
   a) Prices rise b) Income falls c) Income rises d) Consumer becomes irrational

8. Which is NOT an assumption of IC analysis?
   a) Consumer is rational b) Preferences are consistent

c) Money has constant MU d) Tastes remain constant

9. If the price of good X falls, budget line will:
a) Rotate outward on Y-axis b) Rotate outward on X-axis

c) Shift left d) Become vertical

10. Explain the Law of Diminishing Marginal Utility with an example. (3)

11. Define an Indifference Curve and state any three properties. (4)

12. Explain the Budget Line and how it changes when: (4)

a) Income increases
b) Price of one good decreases
c) Both income and price change