

ASSIGNMENT-2

LAST DATE OF SUBMISSION-18-4-2017

TOPIC-UTILITY ANALYSIS AND INDIFFERENCE CURVE

CLASS - +2 SECTIONS-A, B, E

Q-1 What is meaning of consumer equilibrium?

Q-2 What is meant by marginal utility of money?

Q-3 How many units of a commodity will you consume, if you don't have to pay any price for it?

Q-4 What do you mean by monotonic preference of the consumer?

Q-5 What happens to the budget set or budget line if both the prices and income double, given that $P_x=4$ $P_y=5$ $M=20$

Q-6 Define the slope of TU?

Q-7 what is indifference curve? Explain diagrammatically?

Q-8 Explain why IC curve is downward sloping and convex?

Q-9 Define consumer equilibrium with help of utility analysis in case of two commodities?

Q-10 A consumer consumes only two goods. At a consumption level of these two goods, he finds that the ratio of marginal utility to price in case of X is higher than in case of y. explain the reaction of the consumer?

Q-11 All attainable combinations of good –X and good –Y are below the budget line of a consumer? Comment.

Q-12 Marginal rate of substitution along an indifference curve tends to diminish .comment?

Q-13 State the various properties of indifference curve?

Q-14 show diagrammatically consumer equilibrium using indifference curve analysis .Also analyze the conditions of consumer equilibrium?

Q-15 How does budget line change if there is increase in income of the consumer and prices of both goods remain constant? And if prices of both goods change and income remains constant?

Q-16 State the special properties of indifference curve?

Q-17 Give logical reasons as how consumer can reach his state of equilibrium with utility analysis?

Q-18 Explain the relation between total utility and marginal utility?

Q-19 What is law of diminishing marginal utility?

Q-20 Explain the meaning of diminishing marginal rate of substitution with help of numerical example and diagram?

Q-21 Define budget set and budget bundles?

Q-22 Write the equation of budget line and define slope of it?

Q-23 can consumers go beyond budget line?

Q-24 Let there be three bundles containing good –X and Good –Y: Bundle(20,10); Bundle (20,20) and Bundle(8,20).if a consumer has monotonic preferences ,which bundle will be preferred by him?

Q-25 A consumer consumes only two goods X and Y.MU of X and Y is 3 and 4 respectively. Prices of X and Y are rs 4 per unit each. Is consumer in equilibrium? What will be further reaction of the consumer? Give reasons.