

# QB365 Question Bank Software Study Materials

## Consumption Analysis 50 Important 1 Marks Questions With Answers (Book Back and Creative)

11th Standard

Economics

Total Marks : 50

### Multiple Choice Question

50 x 1 = 50

- 1) Pick the odd one out  
(a) Luxuries (b) Comforts (c) Necessaries **(d) Agricultural goods**
- 2) Choice is always constrained or limited by the \_\_\_\_\_ of our resources.  
**(a) Scarcity** (b) Supply (c) Demand (d) Abundance
- 3) The chief exponent of the cardinal utility approach was  
(a) J.R. Hicks (b) R.G.D. Allen **(c) Marshall** (d) Stigler
- 4) Marginal utility is measured by using the formula of  
**(a)  $TU_n - TU_{n-1}$**  (b)  $TU_n - TU_{n+1}$  (c)  $TU_n + TU_{n+1}$  (d)  $TU_n - TU_{n+1}$
- 5) When marginal utility reaches zero, the total utility will be  
(a) Minimum **(b) Maximum** (c) Zero (d) Negative
- 6) Gossen's first law is known as  
(a) Law of Equi-Marginal Utility **(b) Law of Diminishing Marginal Utility** (c) Law of Demand  
(d) Law of Diminishing returns
- 7) The basis for the law of demand is related to  
**(a) Law of Diminishing Marginal Utility** (b) Law of Supply (c) Law of Equi-Marginal Utility (d) Gossen's Law
- 8) The concept of consumer's surplus is associated with  
(a) Adam Smith **(b) Marshall** (c) Robbins (d) Ricardo
- 9) Given potential price is Rs. 250 and the actual price is Rs. 200. Find the consumer surplus.  
(a) 375 (b) 175 (c) 200 **(d) 50**
- 10) Indifference curve approach is based on  
**(a) Ordinal approach** (b) Cardinal approach (c) Subjective approach (d) Psychological approach
- 11) The concept of elasticity of demand was introduced by  
(a) Ferguson (b) Keynes (c) Adam Smith **(d) Marshall**
- 12) Increase in demand is caused by  
(a) Increase in tax **(b) Higher subsidy** (c) Increase in interest rate (d) decline in population
- 13) The movement on or along the given demand curve is known as \_\_\_\_\_  
**(a) Extension and contraction of demand** (b) shifts in the demand (c) increase and decrease in demand  
(d) all the above
- 14) In case of relatively more elastic demand the shape of the curve is

- (a) Horizontal (b) Vertical (c) Steeper **(d) Flatter**
- 15) A consumer is in equilibrium when marginal utilities from two goods are  
(a) Minimum (b) Inverse **(c) Equal** (d) Increasing
- 16) Indifference curve was first introduced by  
(a) Hicks (b) Allen (c) Keynes **(d) Edgeworth**
- 17) Elasticity of demand is equal to one indicates  
**(a) Unitary Elastic Demand** (b) Perfectly Elastic Demand (c) Perfectly Inelastic Demand  
(d) Relatively Elastic Demand
- 18) The locus of the points which gives same level of satisfaction is associated with  
**(a) Indifference Curves** (b) Cardinal Analysis (c) Law of Demand (d) Law of Supply
- 19) Ordinal Utility can be measured by  
**(a) Ranking** (b) Numbering (c) Wording (d) None of these
- 20) The indifference curve are  
(a) vertical (b) horizontal (c) positive sloped **(d) Negatively sloped**
- 21) The \_\_ principle is quite useful in explaining the "water diamond paradox"  
**(a) Equi - marginal** (b) Marginal utility (c) Utility (d) Total utility
- 22) Supply curve is \_\_\_\_  
**(a) an upward sloping curve** (b) a downward sloping curve (c) a horizontal straight line (d) a vertical line
- 23) There are \_\_ kinds of price elasticity of demand.  
(a) Two (b) Three (c) Four **(d) Five**
- 24) \_\_ is a powerful factor that influence demand.  
**(a) Expenses** (b) Price (c) Income (d) Cominodity
- 25) Higher Indifference curve indicates \_\_\_\_  
**(a) Higher level of satisfaction** (b) Higher cost (c) Lower cost (d) Lower level of satisfaction
- 26) \_\_\_\_\_ means using up goods & services.  
**(a) Consumption** (b) Production (c) Selling (d) Buying
- 27) "Consumption is the sole end and object of economic activity" defined by  
**(a) J.M. Keynes** (b) Marshall (c) Jevons (d) J.R.Hicks
- 28) Consumer's surplus was first mentioned by \_\_\_\_\_.  
(a) J.S. Mill **(b) J.A. Dupuit** (c) Karl Marx (d) Dalton
- 29) The demand curve slopes upwards from left to right known as  
**(a) Exceptional demand curve** (b) Shift in demand curve (c) Extension and contraction demand curve  
(d) Steep sloping demand curve
- 30) The shape of unitary elastic demand ( $E_p = 1$ ) curve is a \_\_\_\_\_.  
(a) Vertical line (b) Horizontal straight line **(c) Rectangular hyberbola** (d) Steeply sloping
- 31) The law of demand is a\_\_\_\_\_.

(a) **positive statement** (b) normative statement (c) both (a) and (b) (d) neither (a) nor (b)

32) The cardinal approach to utility assumes marginal utility of money as\_\_\_\_\_.

(a) zero (b) **constant** (c) increasing trend (d) decreasing trend

33) Indifference curve has\_\_\_\_\_.

(a) positive slope (b) **negative slope** (c) no slope at all (d) nothing can be said

34) Indifference curve is\_\_\_\_\_.

(a) concave to the origin (b) **convex to the origin** (c) parallel to x - axis (d) parallel to y-axis

35) Indifference curves never intersect each other due to\_\_\_\_\_.

(a) **different levels of satisfaction** (b) same levels of satisfaction (c) convex to the origin (d) concave to the origin

36) Identify the odd one out.

(a) **wants are limited** (b) wants become habits (c) satiable (d) alternative

37) Identify the odd one out.

(a) **food** (b) diamond (c) jewel (d) car

38) Identify the Austrian economist.

(a) Pareto (b) Dupuit (c) **Gossen** (d) Edge worth

39) Identify the English economist.

(a) Pareto (b) Dupuit (c) Gossen (d) **Edge worth**

40) What is the assumption of law of demand?

(a) **no change in quality of the commodity** (b) no change in technology (c) output is measured in physical quantities  
(d) all products are homogeneous

41) Which assumption is common in consumer's surplus and law of demand?

(a) income, taste do not change (b) no substitute for the commodity (c) **both** (d) none

42) What are the exceptions to the law of diminishing marginal utility?

(a) hobbies (b) misers (c) readings (d) **all**

43) \_\_\_\_\_ will increase the price

(a) **taxation** (b) subsidy (c) both (d) none

44) \_\_\_\_\_ will decrease the price

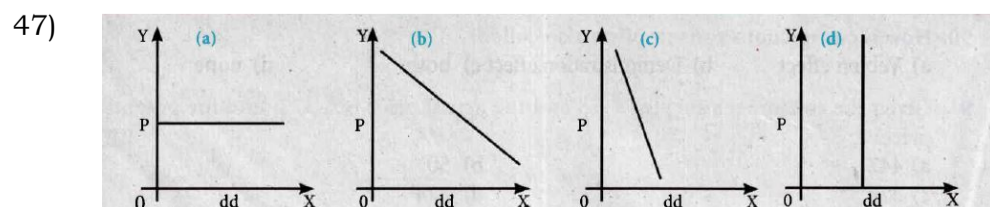
(a) taxation (b) **subsidy** (c) both (d) none

45) When there is equal distribution of income, consumption level\_\_\_\_\_

(a) decreases (b) **increases** (c) no change (d) change

46) Giffen paradox deals with\_\_\_\_\_ goods

(a) prestigious (b) luxurious (c) **inferior** (d) superior



From the above figure answer the following

Identify  $e_p < 1$

(a) a (b) b (c) c (d) d

48) Demand is a rectangular hyperbola under \_\_\_\_\_ demand

(a) unitary elastic (b) elastic (c) inelastic (d) perfectly elastic

49)

Price ₹	Quantity demanded	Total Outlay (TO)
150	3	450
125	4	500
100	5	500
75	6	450

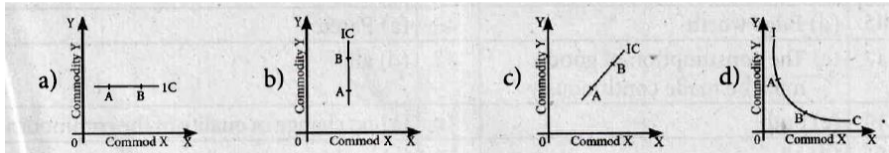
From the above table answer the following

When TO increases from 450 to 500, elasticity is

(a)  $> 1$  (b)  $= 1$  (c)  $< 1$  (d) 0

50)

Identify the correct indifference curve



(a) a (b) b (c) c (d) d