

MODEL QUESTIONS

Part-A Multiple Choice Questions

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