



**ST. LAWRENCE HIGH SCHOOL**



**A Jesuit Christian**

**minority Institution**

**Subject: Economics**

**Class- XI**

**Date:06/07/2020**

### **Worksheet-18**

#### **Chapter- Demand , supply , market and price**

#### **Topic- Law of diminishing marginal utility and the reasons behind it**

1.Choose the correct alternative.

1x15=15

- a)The law of diminishing marginal utility states that      i) as the consumption of a commodity increases total utility increases      ii) as the consumption of a commodity increases marginal utility derived from the successive units of the commodity decreases      iii) as the consumption increases marginal utility derived from the successive units of the commodity also increases      iv) none of these
- b) one of the important assumption of law of diminishing marginal utility is      i) the utility of one unit of money is assumed to be constant      ii) utility of any commodity also depends on consumption of other commodities      iii) the consumer is not a rational individual      iv) none of these
- c) Another important assumption of law of diminishing marginal utility is      i) The utility derived by an individual depends on the consumption of other individual      ii) The taste and preferences of the consumer and the money income of the consumer remain unaffected      iii) utility is a subjective phenomenon      iv) none of these
- d)According to law of diminishing marginal utility , Marginal utility derived from second unit of a commodity is      i) equal to the marginal utility derived from the first unit

ii) greater than the marginal utility derived from the first unit      iii) less than the marginal utility derived from the first unit      iv) none of these

e) Law of diminishing marginal utility is based on the fact that      i) utility is a cardinal concept      ii) ordinal concept      iii) psychological phenomenon      iv) subjective phenomenon

f) If a consumer consumes more of a commodity, he will be willing to pay \_\_\_\_\_ for the additional units .      i) more      ii) less      iii) same      iv) none of these

g) According to law of diminishing marginal utility      i) utility is maximum with the first unit      ii) increasing units of consumption increase the marginal utility      iii) total utility will rise at a falling rate as more units are consumed      iv) none of these

h) Which of the following is true about marginal utility curve?

i) it is downward sloping because marginal utility decreases as quantity consumed increases  
ii) it is upward sloping because marginal utility increases with the quantity consumed  
iii) it cannot be determined      iv) it is flat as marginal utility remains steady as quantity consumed increases

i) Law of diminishing marginal utility implies      i) consumer gets higher utility from additional units      ii) consumer gets lower utility from the additional units      iii) utility remains constant with increased consumption      iv) none of these

j) One of the reasons behind law of diminishing marginal utility is      i) consumers have unlimited wants to satisfy      ii) when a consumer gets a commodity in more and more units, intensity of desire for the commodity increases      iii) consumers have unlimited wants to satisfy, hence when a consumer gets a commodity in more and more units, intensity of desire for the commodity decreases      iv) none of these

k) One of the reasons that works behind the law of diminishing marginal utility is      i) additional units of a commodity are used for more important purpose      ii) additional units of a commodity are used for less important purpose      iii) there are many commodities which can be used for same purpose      iv) none of these

l) According to law of diminishing marginal utility marginal utility derived from fourth unit of a commodity is \_\_\_\_\_ to /than marginal utility derived from the fifth unit of the same commodity .      i) less      ii) equal      iii) greater      iv) none of these

m) Marginal utility is zero when total utility is      i) decreasing      ii) maximum      iii) increasing      iv) none of these

n) According to Marshall, law of diminishing marginal utility      i) applies on money in the

manner in which it applies on commodity    ii) is not applied on money    except bank money    iii) does not apply on bank money but applies on cash    iv) applies on all commodities except money

o) Which situation is consistent with the law of diminishing marginal utility?

i) The more pizza Henry eats, the more he enjoys another slice    ii) the more pizza Henry eats, the less he enjoys another slice    iii) Henry's marginal utility from eating pizza becomes positive after eating 3 slices    iv) Henry's marginal utility from eating pizza is maximum when total utility reaches zero

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