CBSE   **CLASS 12 | ECONOMICS**

Under CSR Support by
IPCA | Foundation
mg missiongyan
LET'S LEARN TOGETHER

CHAPTER-2 | Theory Of Consumer Behaviour   **QUIZ PART-01**

1. The concept of utility in economics refers to
   A. The satisfaction or pleasure derived from consuming a good or service
   B. The price paid for a good or service
   C. The quantity of a good or service consumed
   D. The quality of a good or service (A)

   Explanation : Utility is the want-satisfying power of a good or service, representing the satisfaction a consumer derives from consumption .

2. Which of the following best describes total utility (TU)?
   A. The change in satisfaction due to one more unit consumed
   B. The utility per unit of a commodity consumed
   C. The sum of satisfaction derived from all units consumed
   D. The satisfaction derived from the first unit only (C)

   Explanation : Total utility is the sum of satisfaction from consuming different units of a commodity at a given time .

3. Marginal utility (MU) can be defined as
   A. TU ÷ Q
   B. The change in TU resulting from consumption of an additional unit
   C. The maximum level of total utility
   D. TU at zero consumption (B)

   Explanation : Marginal utility measures the additional satisfaction gained from consuming one more unit, i.e., change in TU .

4. Which of the following relationships between TU and MU is correct?
   A. TU is maximum when MU is zero
   B. TU decreases when MU is positive
   C. TU increases when MU is negative
   D. TU is constant when MU is positive (A)

   Explanation : Total utility reaches its maximum at the point where marginal utility becomes zero .

5. What happens to marginal utility as consumption of a good increases?
   A. It keeps rising   B. It remains constant
   C. It first rises then becomes negative
   D. It declines, becomes zero, and then negative if consumption continues (D)

   Explanation : Marginal utility decreases with more consumption, eventually becoming zero and then negative .

6. At the point of maximum satisfaction, the consumer's total utility is
   A. Increasing at an increasing rate
   B. Maximum and constant
   C. Declining sharply   D. Zero (B)

   Explanation : At maximum satisfaction, TU is at its highest value and remains constant as MU falls to zero .

7. Average utility (AU) is calculated as
   A. Change in TU ÷ Change in Q
   B. TU ÷ Q
   C. MU ÷ TU   D. MU × Q (D)

   Explanation : Average utility is the utility per unit, found by dividing total utility by the number of units consumed .

8. If a consumer continues to consume beyond the point of maximum TU, then MU becomes
   A. Constant   B. Positive
   C. Negative   D. Equal to TU (D)

   Explanation : Beyond the point of maximum TU, extra consumption leads to disutility, making MU negative .

9. Which of the following statements is correct regarding TU and MU?
   A. TU decreases when MU is positive
   B. TU is maximum when MU is zero
   C. TU remains constant when MU is positive
   D. MU remains positive even after TU decreases (B)

   Explanation : The correct relation is that TU is maximum when MU becomes zero; further consumption lowers TU .

10. The additional satisfaction or utility from consuming one more unit of a good is called
    A. Marginal utility   B. Total utility
    C. Average utility
    D. Diminishing utility (A)

    Explanation : Marginal utility is the term for extra satisfaction obtained from consuming one additional unit .