

Business Economy Microeconomics Test 1

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4. Chapter: Microeconomics Test 1

1. Microeconomics Test 1 Questions

4.1.1. The ' Principle of diminishing marginal utility' implies that an in...

Author: IES Portal

The ' Principle of diminishing marginal utility' implies that an increased consumption of a commodity

Please choose only one answer:

- produces negative total utility
- lowers marginal utility and, therefore, total utility
- lowers marginal utility, but may raise total utility
- lowers total utility

Check the answer of this question online at QuizOver.com:

Question: [The ' Principle of diminishing marginal utility IES NET JRF Mock](#)

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4.1.2. Suppose, a consumer can buy a set of commodities. Which set will be...

Author: IES Portal

Suppose, a consumer can buy a set of commodities. Which set will be bought by the consumer in order to maximize the utility?

Please choose only one answer:

- The bundle that maximizes the marginal utilities per Rupee of each good
- The bundle that maximizes the marginal utilities per Rupee (or other physical unit) of each good
- The bundle that equates the marginal utilities per Rupee of each good
- The bundle that equates the marginal utilities per Rupee (or other physical unit) of each good.

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4.1.3. An 'Indifference curve' shows the combination of commodities that

Author: IES Portal

An 'Indifference curve' shows the combination of commodities that

Please choose only one answer:

- can be produced with a given set of resources and technology.
- yield the same total of utility
- can be purchased with a given budget at given prices
- equate the marginal utilities of these goods and, therefore, make the consumer indifferent between them

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4.1.4. If a consumer's marginal rate of substitution equals 2 eggs for 1 m...

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If a consumer's marginal rate of substitution equals 2 eggs for 1 mango, Which of the following statements must be necessarily true ?

Please choose only one answer:

- the consumer's indifference curve must be positively sloped
- the consumer's indifference curve must be convex with respect to the origin
- the ratio of the consumer's marginal utility of 1 egg to that of 1 mango must equal $\frac{1}{2}$.
- all of the above are true

Check the answer of this question online at QuizOver.com:

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4.1.5. In the presence of declining marginal rates of substitution, consum...

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In the presence of declining marginal rates of substitution, consumers who again and again sacrifice a unit of one good cannot remain on their original consumption-indifference curves (that is, they cannot maintain their original levels of welfare) unless they receive as compensation

Please choose only one answer:

- again and again equal units of another good.
- ever smaller units of another good.
- ever larger units of another good
- either (a), (b), or (c), depending on the tastes of the consumer involved

Check the answer of this question online at QuizOver.com:

Question: [In the presence of declining marginal rates IES Portal NET JRF](#)

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4.1.6. The budget allocation rule states that

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The budget allocation rule states that

Please choose only one answer:

- the marginal utility of x equals the marginal utility of y at maximum utility
- the marginal utility of x divided by its price be equal to marginal utility of all other goods divided by their prices
- the marginal utility of x equals the marginal rate of substitution of x for y
- the ratio of prices of x to y be greater than the ratio of marginal utility of x to the marginal utility of y.

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4.1.7. If the prices of both goods increase by the same percent, the budge...

Author: IES Portal

If the prices of both goods increase by the same percent, the budget line will

Please choose only one answer:

- shift parallel to the left
- . shift parallel to the right.
- pivot about the x axis.
- pivot about the y axis.

Check the answer of this question online at QuizOver.com:

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4.1.8. Which of the following is not an assumption of ordinal utility anal...

Author: IES Portal

Which of the following is not an assumption of ordinal utility analysis?

Please choose only one answer:

- Consumers are consistent in their preference
- Consumers can measure the total utility received from any given basket of good.
- Consumers are non-satiated with respect to the goods they confront.
- All are necessary

Check the answer of this question online at QuizOver.com:

Question: [Which of the following is not an assumption IES Portal NET JRF](#)

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4.1.9. As long as all prices remain constant, an increase in money income ...

Author: IES Portal

As long as all prices remain constant, an increase in money income results in

Please choose only one answer:

- an increase in the slope of the budget line.
- a decrease in the slope of the budget line.
- an increase in the intercept of the budget line.
- a decrease in the intercept of the budget line.

Check the answer of this question online at QuizOver.com:

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4.1.10. Cardinal utility theory assumes that consumers can

Author: IES Portal

Cardinal utility theory assumes that consumers can

Please choose only one answer:

- rank baskets of goods as to their preference.
- determine the number of utils that can be derived from consuming all goods.
- determine the marginal rate of substitution between goods.
- avoid the law of diminishing marginal utility.

Check the answer of this question online at QuizOver.com:

Question: [Cardinal utility theory assumes that consumers IES Portal NET JRF](#)

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4.1.11. Indifference curves that intersect would be illogical constructs be...

Author: IES Portal

Indifference curves that intersect would be illogical constructs because

Please choose only one answer:

- more is better than less.
- of diminishing marginal utility
- of the transivity property of indifference theory
- of both a and c above.

Check the answer of this question online at QuizOver.com:

Question: [Indifference curves that intersect would be IES Portal NET JRF](#)

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