

**Model Question Paper**  
**Theory of Consumer Behaviour - Part III**

12th Standard

**Economics**

Reg.No. : 

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I. Answer all the questions.

II. Use Blue pen only.

III. Question No 17 is compulsory.

Time : 01:00:00 Hrs

Total Marks : 120

5 x 1 = 5

**Section-A**

- 1) Progressive taxation is based on  
(a) Law of supply (b) equi-marginal Utility (c) Marginal utility of money (d) Law of demand
- 2) Indifference curve approach is based on .....ranking  
(a) Ordinal (b) Cardinal (c) Subjective (d) Psychological
- 3) Utility cannot be measured, but can be ranked according to level of satisfaction.  
(a) Marshall (b) J.R.Hicks (c) Pigou (d) Adam Smith
- 4) Indifference curve analysis assumes that the consumer has a .....amount of money to spend on the two goods.  
(a) Fixed (b) More (c) less (d) Maximum
- 5) To understand the extent of purchase of the goods with the given prices and income of the consumer, ..... is important.  
(a) Demand line (b) Supply line (c) Budget line (d) Indifference line

**Section-B**

5 x 3 = 15

- 6) What is an Indifference curve?
- 7) Draw a proper diagram to show consumers' surplus.
- 8) What is a budget line?
- 9) Give the assumptions of the law of diminishing marginal utility.
- 10) Draw the diagram which shows consumer's equilibrium by using indifference curves.

**Section-C**

5 x 10 = 50

- 11) What is the criticism about the law of diminishing marginal utility?
- 12) What are the assumptions of law of equi - marginal utility?
- 13) Explain the importance of Marshall's equi - marginal utility.
- 14) What are the assumptions of consumer's surplus?
- 15) Explain the importance of consumer's surplus.

**Section-D**

2 x 20 = 40

- 16) Explain the 'Law of Equi-Marginal Utility'.
- 17) a) Explain the indifference curve analysis with the help of a diagram.

(OR)

- b) Describe the indifference map with suitable diagram.

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