

- 7) Why is the consumer in equilibrium when he buys only that combination of the two goods that is shown at the point of tangency of the budget line with an indifference curve. Explain.
- 8) ~~What~~ What is budget line? What does the point on it indicate in terms of prices?
- 9) A consumer consumes only two goods X and Y. Her money income is Rs 24 and the prices of goods X and Y are Rs 4 and Rs 2 respectively. Answer the following questions
 (a) Can the consumer afford a bundle 1x and 5y? Explain.
 (b) What will be the MRS_{xy} when the consumer is in equilibrium? Explain.
 (c) What is an IC curve to the origin? Is it in equilibrium? Explain.
- 10) (a) Why is an IC curve to the origin?
 (b) Why does a higher IC represent a higher level of satisfaction?

Q1 Calculate (MOC) from the following schedule:

Sales (Millions)	0	1	2	3	4	5
Machines (Thousands)	100	95	85	70	50	25

Q2 Calculate (MOC) and draw PPC

Production Possibilities	Cotton (in lakh)	Rice (in lakh)
A	0	15
B	1	13
C	2	10
D	3	6
E	4	0
F	5	0

Q3 Find MU from the following schedule:

Qty. consumed (TU units)	1	2	3	4	5	6	7
MU	10	16	19	21	22	22	20

Q4 Find TU from the following schedule:

Qty. consumed (MU units)	1	2	3	4	5	6
TU	10	8	6	4	0	-2

Q5 Given that income of a consumer is ₹ 80, price of X = ₹ 10 per unit and price of Y = ₹ 10 per unit. Find consumer's equilibrium.

Q6 Given $R_x = ₹ 10$ and $R_y = ₹ 40$, find consumer equilibrium for

MU_x	100	80	60	50
MU_y	300	280	240	200

Q7 A consumer consumes two goods. His income is ₹ 50. $R_x = ₹ 8$ each and $R_y = ₹ 5$ each. Can he buy

(i) 4 units of X and 3 units of Y?

(ii) 5 units of X and 2 units of Y?

(iii) Find MRS_{xy} at the point of equilibrium?

Q8 Given that a consumer's income is ₹ 40 and the two goods are equally priced at ₹ 10, identify those