

BAL BHARATI PUBLIC SCHOOL
Ganga Ram Hospital Marg, New Delhi-60

CLASS –XII (MICRO) (UNIT II)
ASSIGNMENT- 6

SUBJECT -ECONOMICS
TOPIC – Indifference Curve

Q1 A consumer wants to consume 2 goods. The price of the goods are Rs 4 & Rs 5 respectively. The consumer's income is Rs 20.

- (1) Write the equation of budget line
- (2) How much of good 1 can a consumer consume if he spends his entire income on that good
- (3) How much of good 2 can a consumer consume if he spends his entire income on that good
- (4) Give the Slope of the budget line

Q2 How does the budget line change if the consumer's income increases to Rs 40 but the prices remain unchanged in the above Q?

Q3 How does the budget line change if the price of good 2 decreases by 1 rupee and the price of good 1 and consumer income remains the same? Draw diagram

Q4 What happens to the budget set if both the prices as well as the income double? Draw diagram

Q5 Suppose, a consumer can afford to buy 6 units of good A and 8 units of good B if he spends his entire income. The prices of two goods are Rs 6 and Rs 8 respectively. How much is the consumer's income?

Q6 Suppose, a consumer wants to consume two goods which are available only in integer units. The two goods are equally priced at Rs 10 & consumer income is Rs 40

- (1) Write down all the bundles that are available to the consumer
- (2) Among the bundles that are available to the consumer, identify those which cost him exactly Rs.40

Q7 If a consumer has monotonic preferences, can he be indifferent between bundles (10, 8) and (8,6) ?

Q8 What do you mean by monotonic preferences?

Q9 Suppose a consumer's preference is monotonic, what can you say about his preference ranking over the bundles (10, 10) (10, 9) (9, 9)?

Q10 Suppose your friend is indifferent between two bundles (5,6) and (6,6). Are the preferences of your friend monotonic?

Q11 State and explain the properties of indifference curves.

Q12 What are the conditions of consumer's equilibrium under the indifference curve approach? What changes will take place if the conditions to reach equilibrium are not fulfilled?