

C O U - R & U - Very Short - Info & Con

Q.1. What is meant by utility?

Ans. Want satisfying capacity of a commodity is known as utility.

Q.2. Define total utility.

Ans. Total utility is the sum total of marginal utilities from the consumption of different units of a commodity.

$$TU_n = MU_1 + MU_2 + MU_3 + \dots + MU_n = \sum MU$$

Q.3. How is marginal utility derived from total utility?

Ans. $MU_n = TU_n - TU_{n-1}$.

Q.4. What happens to marginal utility when total utility is maximum?

Ans. When total utility is maximum, marginal utility should be zero.

Q.5. What happens to total utility when marginal utility is negative?

Ans. When marginal utility is negative, total utility should be declining.

Q.6. Define marginal utility.

Ans. Marginal utility is the utility derived from the consumption of an additional unit of a commodity.

$$MU_n = TU_n - TU_{n-1}.$$

Q.7. How is total utility derived from marginal utilities?

Ans. Total utility is the summation of marginal utilities.

$$TU_n = MU_1 + MU_2 + MU_3 + \dots + MU_n = \sum MU$$

Q.8. What happens to total utility when marginal utility is positive?

Ans. Total utility increases when marginal utility is positive.

Q.9. What is the shape of marginal utility curve?

Ans. Marginal utility curve slopes downward from left to right.

Q.10. State the law of diminishing marginal utility.

Ans. The law states that marginal utility derived from the consumption of a commodity declines as more units of that commodity are consumed.

Q.11. What is meant by cardinal measurement of utility?

Ans. Cardinal measurement of utility refers to the measurement (or expression) of utility in terms of units like 2, 4, 6 and 8. This measurement assumes that utility can be expressed like any quantity or that utility can be quantified.

Example: A cup of coffee offers you 5 utils (or units) of utility.

Q.12. What is meant by ordinal measurement of utility?

Ans. Ordinal measurement of utility refers to the measurement (or expression) of utility in terms of some ranks like high or low. It involves comparison of utility in different situations or across different goods and services.

Example: A cup of coffee offers you greater satisfaction (utility) than a cup of tea.