

Principles of Economics (English Medium) - ICOM Part 1 Economics English Medium Chapter 2 Short Questions Preparation

Q1. What are the characteristic of wants?	
Ans 1: Characteristics of wants:	
Human wants are unlimited	
Wants may appear again and again.	
3. Wants have difference in importance	
4. Wants compete with each other	
5. Wants change with time, place, age, fashion etc.	
Q2. Write four points of practical importance of LDMU ?	
Ans 1: 1. Guidance for consumers	
2. Guidance for taxation	
3. Basis of law of equi-marginal utility.	
4. Basis of law of demand.	
Q3. Write consumers equilibrium in the form of an equation.	
Ans 1: MUA/PA = MUB/PB = MUC/PC = = MUZ/PZ.	
Q4. What is total utility ?	
Ans 1: The utility which is derived from the consumption of all units of the commodity a time, is called total utility.	
Q5. What is marginal utility ?	
Ans 1: Marginal utility is the rate of change of total utility by per unit changes of a commodity.	
Q6. Write any four exceptions or limitation of LDMU ?	
Ans 1: 1. Desire of wealth.	
2. Desir of knowledge.	
3. Historical articles.	
4. Drugs and narcotics.	

Ans 1: If the total level of satisfaction increases with the increase in consumption of commodity is called positive utility.

Q8. Write four points of practical importance of law of Equi-MU?

Ans 1: 1. Importance for consumers.

- 2. Importance for producers.
- 3. Importance forfinance minister.
- 4. Importance forgovernment.

Q9. What is ordinal utility approach?

Ans 1: Ordinal utility approach was presented by J.R Hicks. According to this approach utility could be compared or arranged in order. Under this approach, indifference curve theory was established.

Q10. What is cardinal utility approach?

Ans 1: Cardinal utility approach was presented by Alfred Marshall. According to this approach utility could be measured in numbers For example 10, 20, 30 etc.