Assignment- 05

The due date for submitting this assignment has passed. As per our records you have not submitted this assignment. Due on 2019-03-06, 23:59 IST.

1) A function that describes how much of one consumption bundle is preferred to another is a utility-maximizing function, a cost minimization function, an ordinal utility function, or a cardinal utility function.

No, the answer is incorrect.
Score: 0

Accepted Answers:
- a cardinal utility function

2) A consumer’s preference is rational if it satisfies assumption of Completeness, Reflexivity, Transitivity, or All of them.

No, the answer is incorrect.
Score: 0

Accepted Answers:
- All of them

3) Consider two statements:

Statement 1: If a consumer’s preference does not satisfy all three axioms of rationality, it can also be represented by a utility function.

Statement 2: Utility function is unique to represent consumer’s preference.

Which one of these statements is true?
4) Which of the following statements is correct

- If a consumer’s preference satisfies the three axioms of rationality, it can be represented by a continuous utility function
- If a consumer’s preference can be represented by a utility functions \( u(.), \) then his preference will also be represented by a monotonic transformation of that function \( u(.). \)
- Both
- None

No, the answer is incorrect.

Score: 0

5) For a given consumption bundle, consumption set can be partitioned into

- Strictly preferred set
- Indifference set
- Worse than set
- All

No, the answer is incorrect.

Score: 0

6) Indifference curve denoted by \( x+y=5 \) is

- Straight line with positive slope
- Straight line with negative slope
- Straight line passing through origin
- None

No, the answer is incorrect.

Score: 0

7) Which of the following is (are) true

- Indifference curves are always straight lines
- Utility can never be negative
- Family of indifference curve is called indifference map
- All

No, the answer is incorrect.

Score: 0

Accepted Answers:

- Straight line with negative slope
- Family of indifference curve is called indifference map

8) Indifference curves cannot intersect, because of which assumption violates

Score: 0

Accepted Answers:

- Interchangeability
- Incomparability
- Completeness

Score: 0

Accepted Answers:

- Interchangeability
- Incomparability
- Completeness
9) Assumption of non-satiation implies

- More is better
- Local non-satiation
- Both
- None

No, the answer is incorrect.
Score: 0
Accepted Answers: Transitivity

10) Indifference map of a consumer is represented by $x+y=K_i$ ($i=1, 2, 3...$). If $U_1$ corresponds to $K_1$, $U_2$ corresponds to $K_2$, and $U_1 > U_2$ whenever $K_1 > K_2$, the preference of consumer satisfies

- Monotonicity
- Local non-satiation
- Both
- None

No, the answer is incorrect.
Score: 0
Accepted Answers: Both

11) Indifference map of a consumer is represented by $x+y=K_i$ ($i=1, 2, 3...$). If $U_1$ corresponds to $K_1$, $U_2$ corresponds to $K_2$, and $U_1 < U_2$ whenever $K_1 > K_2$

- Preference of consumer satisfy monotonicity
- Local non-satiation is satisfied except at origin
- Both
- None

No, the answer is incorrect.
Score: 0
Accepted Answers: Local non-satiation is satisfied except at origin

12) If a consumer’s preference is convex, then

- Any bundle lying on the line joining two bundles (A and B) on a indifference curve is at least as good as A and B
- The consumer prefers balanced bundles at least as good as extreme bundles

1 point
Which of the following is true about preference in consumer theory

- Diminishing Marginal Rate of Substitution (DMRS) always implies Convexity
- Convexity always implies Diminishing Marginal Rate of Substitution (DMRS)
- Both
- None

No, the answer is incorrect.
Score: 0
Accepted Answers:
Diminishing Marginal Rate of Substitution (DMRS) always implies Convexity