**CLASS ACTIVITY-I**

**Suppose Mohid has income of Rs. 56. Price of ‘Product A’ is Rs. 14 and ‘Product B’ is Rs. 7. Answer the following questions based on the given information:**

* **Draw possible combinations of ‘Product A’ and ‘Product B’ that are affordable.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Combinations** | **Product A** | **Product B** | **Total Utility** |
| **1** |  |  |  |
| **2** |  |  |  |
| **3** |  |  |  |
| **4** |  |  |  |
| **5** |  |  |  |

* **Calculate Mohid’s utility-maximizing choice of ‘A’ and ‘B’ products.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Quantity of ‘A’** | **Total Utility (TU)** | **Marginal Utility (MU)** | **Marginal Utility per Price (MUa/Pa)** | **Quantity of ‘B’** | **Total Utility (TU)** | **Marginal Utility (MU)** | **Marginal Utility per Price (MUb/Pb)** |
| **1** |  | **22** |  | **1** |  | **16** |  |
| **2** |  | **21** |  | **2** |  | **15** |  |
| **3** |  | **20** |  | **3** |  | **14** |  |
| **4** |  | **18** |  | **4** |  | **13** |  |
| **5** |  | **16** |  | **5** |  | **12** |  |
| **6** |  | **14** |  | **6** |  | **11** |  |
| **7** |  | **12** |  | **7** |  | **10** |  |
| **8** |  | **10** |  | **8** |  | **9** |  |

**Findings:**