Ministry of Education, Heritage and Arts

Year 13   Worksheet 6
Economics
Microeconomics – Market Structure
Short Answer Questions

Nunia has an income of $20 to spend on apples and story books. The price per basket of apples is $2 and a story book is $4. Study the table below and answer the questions which follow.

Quantity of Product	MU of Apples	MU of Apples per dollar	MU of story books	MU of story books per dollar
1	20		48	
2	16		40	
3	14		36	
4	12		32	
5	10		24	
6	8		12	
7	6		8	

(i) Define **total utility**.   **(1 mark)**

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(ii) Complete the table by filling in the missing values in the table.   **(7 marks)**

(iii) What are the maximum baskets of apples and story books that Nunia can purchase?
        Apples _____   Story Books_____   **(2 marks)**

(iv) Show by calculation whether Nunia is at consumer equilibrium. Show your working.
                                                                                                                (1 mark)

(v) Graphically illustrate the following: Nunia's budget line, the maximum quantity of apples and story books to be purchased and consumer equilibrium. Label apples on the vertical axis and story books on the horizontal axis.   **(2 marks)**