

# PRINCIPLES OF ECONOMICS

B. Com Hons Part-I

TOPIC -

Relation between total utility  
and marginal utility

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# \* Relation Between Total utility and Marginal utility.

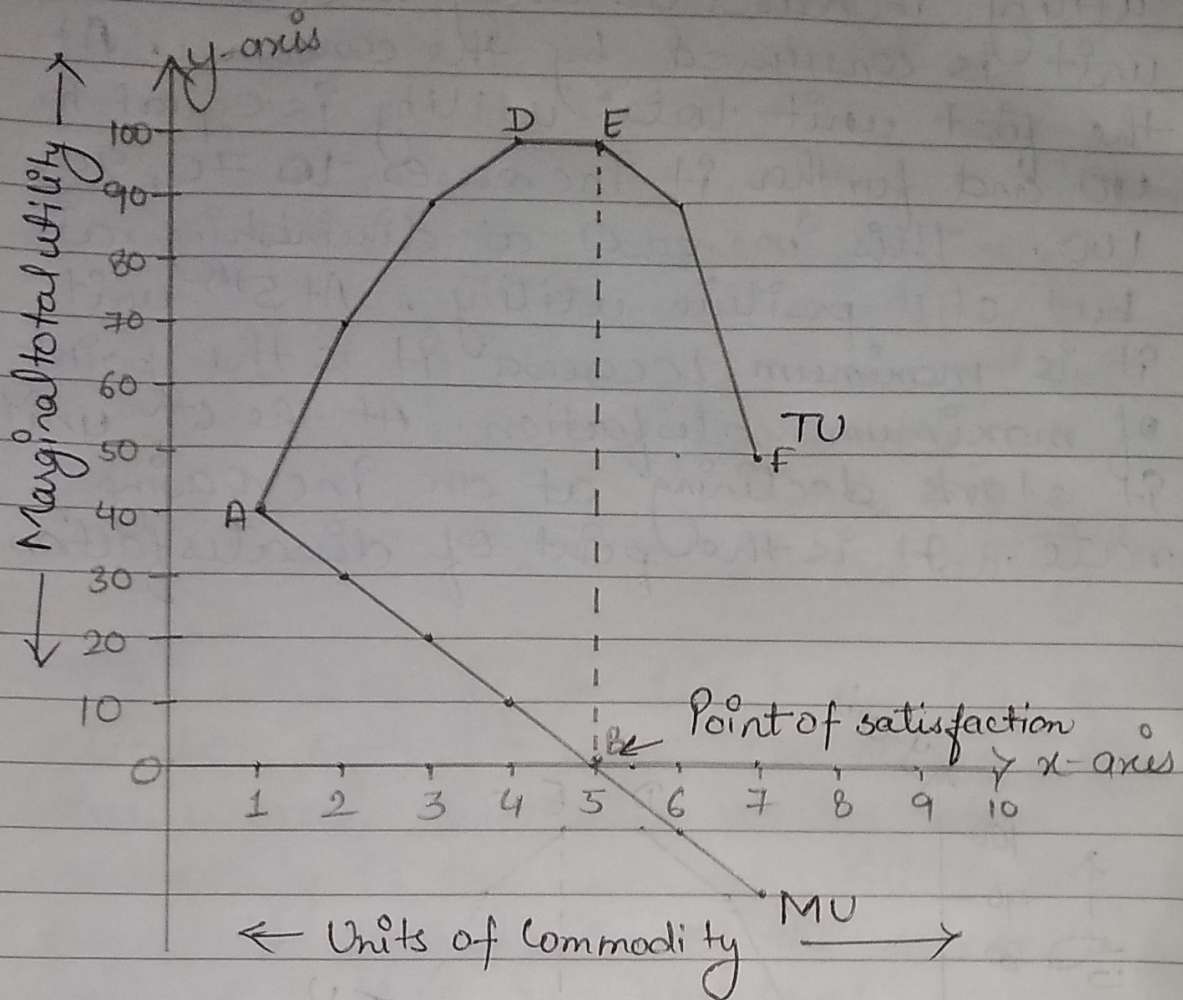


Fig (1)

The relation between total utility (TU) and marginal utility (MU) can be explain with the help of fig 1. In the above fig -

- (i) If marginal utility is positive, the total utility increases. (from point A to E)
- (ii) If marginal utility is zero, the marginal utility is at its maximum. (point E shows that TU curve is the maximum point and point B, consumer is satisfied.

(iii) If Marginal utility is negative, (from point B to C), total utility start decreasing (point E to F).

⇒ Point to be Remember :-

(i) In initial stage both total utility and marginal utility are positive.

(ii) When successive units of a commodity are consumed, total utility starts increasing at decreasing rate.

(iii) MU decreases with increase in consumption. After a point it becomes zero and after that it becomes negative.

(iv) When MU is zero, TU is at its maximum point.

(v) When marginal utility becomes negative, total utility starts declining.