

PRINCIPLES OF ECONOMICS

B. Com Hons Part-I

TOPIC - Presentation of Law of Diminishing
Marginal utility with table & diagram

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MANAGEMENT

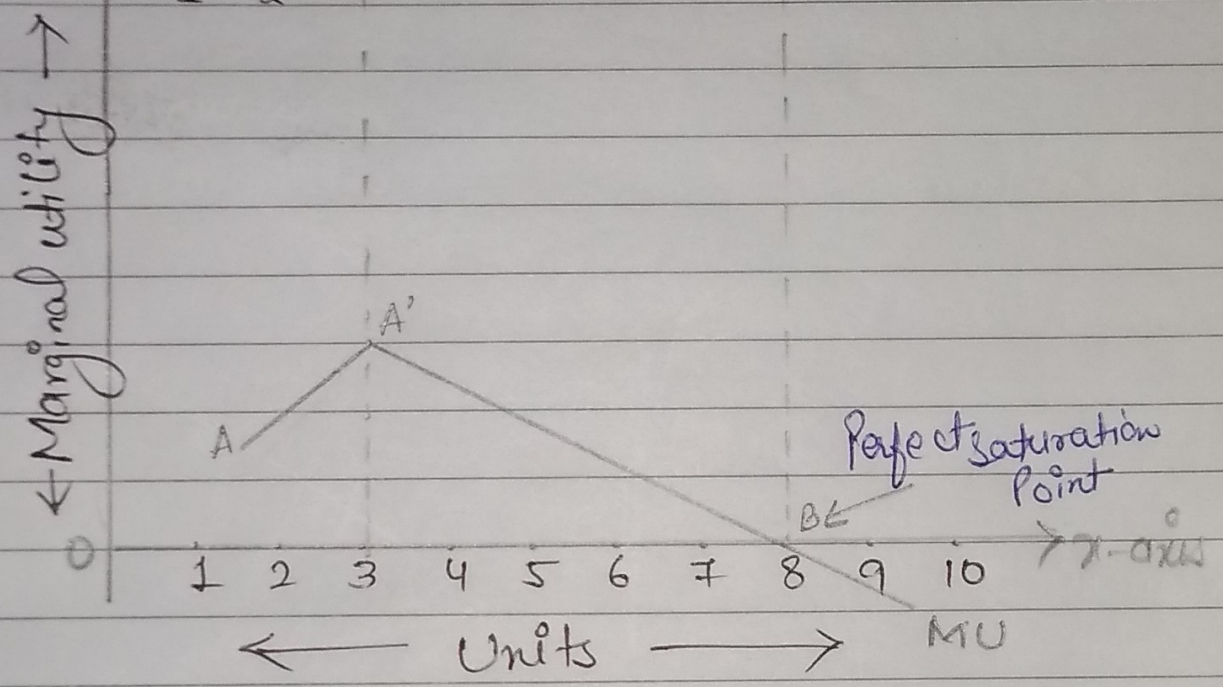
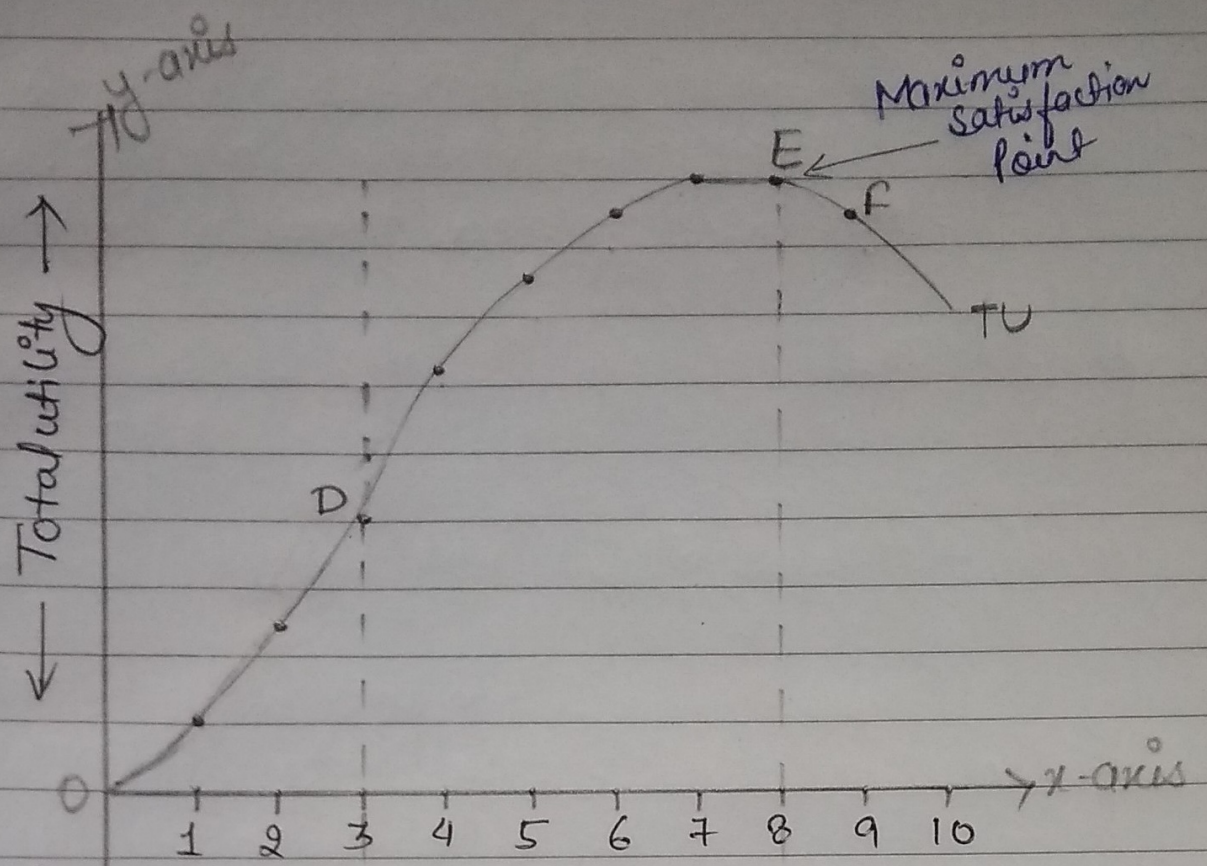
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Presentation of law of Diminishing Marginal utility through Table and Diagram

Units of Commodity 'X'	Marginal utility (MU)	Total utility (TU)
1	30	30
2	40	70
3	50	120
4	40	160
5	30	190
6	20	210
7	10	220
8	0	220
9	10	210

The above table represents a numerical illustration of the law of diminishing marginal utility. The total utility increases with the increase in consumption of commodity 'X' but at a decreasing rate i.e., MU decreases with increase in consumption. In the above table TU reaches maximum at 8th unit. Here MU is zero. It is the condition of saturation point. After that, it becomes negative and TU starts declining.



In the above diagram TU rising because MU is also increasing but at point D, TU rising at diminishing rate because MU decreasing after that 8th unit beyond consumed, the marginal utility turns negative it shows TU curve starts declining.