Open Book Examination 2020

Instructions for Candidates
1. All Questions Carry equal Marks
2. Attempt any four questions
3. Attempt all parts of a question together.

1. "A single production possibility boundary illustrates three concepts." Use diagram to explain the statement.   Also explain absolute advantage theory.

2. What do you understand by Numeraire? Also explain how Budget Line is affected by the Food Stamp programme of subsidy versus cash grant.

3. Explain the following, using suitable diagram/table to substantiate your answer (Do any **three**):
    a) WARP & SARP
    b) Income consumption curve and Engel Curve of an inferior goods
    c) Derivation of demand curve using cardinal approach
    d) Utility maximization when goods are perfect substitutes

4. Isoquants can be convex, linear or L shaped. What does each of these shapes tell about the nature of the production function? Also explain the MRTS of each. Also explain can an isoquant ever slope upward?

5. Explain the operative stage, chosen by the producer, given the three stages of production. 'Learning curve is different from economies of scale.' Explain with appropriate diagrams.

6. Explain how a discriminating monopolist allocates his output in two markets and charge different prices. Do you think it is beneficial to discriminate price in two markets? If yes, why? Also define Monopoly power. How can the Lerner index of monopoly power be used to measure it?