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GIET UNIVERSITY, GUNUPUR - 765022

Ph.D. (First Semester) Examinations, January - 2024

23SPPEEM1011 - Advances in Economic Theory and Policy (Economics)

Time: 3 hrs

Maximum: 70 Marks

The figures in the right hand margin indicate marks.

Answer ANY FIVE Questions

(14 x 5 = 70 Marks)

	Marks
1.a. Derive an individual consumer's demand curve for a normal good, using indifference curve analysis.	7
b. Explain the Hicksian revision of demand theory.	7
2.a. Explain the shapes and implications indifference curve under the following conditions:	7
a) When MRS is increasing,	
b) When MRS remains constant,	
c) When MRS is Zero	
b. Indicate the Cobb-Douglas production function, and show the features of this production function.	7
3.a. Establish the relationship between average revenue, Marginal revenue and price elasticity of demand.	7
b. Discuss the conditions under which monopoly price –discrimination is both possible and profitable	7
4.a. Under what conditions is the long run supply curve of a competitive industry is:	7
i) infinitely elastic ii) downward sloping	
b. What is a producer's cartel? What are the objectives of forming such cartels?	7
5.a. Yesterday, the price of envelopes was Rs.3 a box, and Mr.J was willing to buy 10 boxes. Today, the price has gone up to Rs.3.75 a box, and he is now willing to buy 8 boxes. Is demand for envelopes elastic or inelastic? What is Mr. J elasticity of demand?	7
b. "Cost function is the derivative of production function"-Explain.	7
6.a. Critically analyze the Arrow's impossibility theorem of social welfare	7
b. The demand and cost functions of a monopoly firm are $P=304-2Q$ and $C=500+4Q+8Q^2$ respectively. Determine his profit –maximising level of price and output.	7

- 7.a. Mr. X, who is earning, Rs. 10,000 per month, spends Rs. 1000 as his personal expenditure, 7
when his salary has gone up to Rs. 20,000, he is interested to spend Rs.1600 as his personal
expenditure. Is the personal expenditure of Mr. X is elastic or inelastic?
- b. “Long run average cost curve is not U -shaped, rather r it is L-shaped”-Explain. 7
- 8.a. The cost and revenue functions of a firm are set as under $C = 100 + 0.01x^2$; $R = 3x$, where 7
 C = total cost R total revenue and x = number of units produced. Find the profit maximising
level of output, levels of cost, revenue and profit at this level of output.
- b. Discuss the Pareto optimal conditions of Social welfare. 7

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