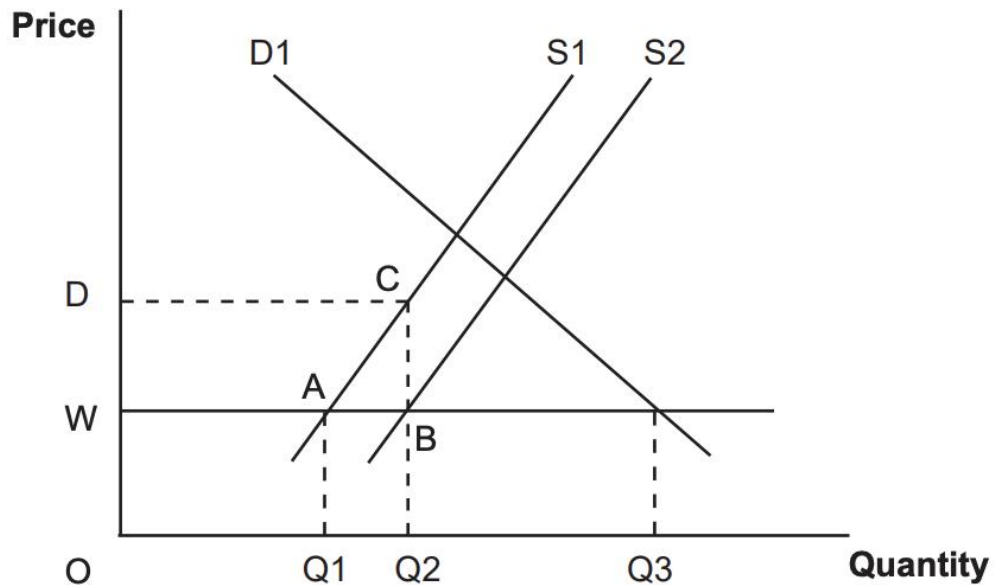


7. This question is based on the diagram below, which shows the domestic demand and supply for a product in a market that is open to international competition.



Complete the following sentence by selecting one of the alternatives.

If the world price is OW and a government subsidy shifts the domestic supply from $S1$ to $S2$, then imports will be and the deadweight loss in the market will be area

- (a) $Q2 - Q3$, $DCAW$.
- (b) $Q1 - Q3$, CBA .
- (c) $Q1 - Q3$, $DCBW$.
- (d) $Q2 - Q3$, CBA .