



Q11. If a consumer has monotonic preferences, can she be indifferent between the bundles (10,8) and (8, 6)?

Ans: No, he/she cannot be indifferent towards these two bundles as bundle I consists of more of both goods as compared to bundle II. He/she will prefer bundle I over bundle II as it contains 10 units of good 1 and 8 units of good 2 as compared to 8 units and 6 units of good 1 and good 2 respectively in bundle II.

Q12. Suppose a consumer's preferences are monotonic. What can you say about her preference ranking over the bundles (10, 10), (10, 9) and (9, 9)?

Ans:

Bundles U_1

(i) (10, 10) 3

(ii) (10, 9) 2

(iii) (9, 9) 1

As the consumer's preferences are monotonic, more is better and he/she will prefer bundle I over the rest of the bundles. This means that bundle I will be assigned a higher utility number i.e., three (rank = three) out of the available three bundles.

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