

ENTRANCE EXAMINATION FOR ADMISSION, MAY 2010.

M.Phil. / Ph.D (ECONOMICS)

COURSE CODE : 246/108



Register Number :

Signature of the Invigilator  
(with date)

COURSE CODE : 246/108

Time : 2 Hours

Max : 400 Marks

*Instructions to Candidates :*

1. Write your Register Number within the box provided on the top of this page and fill in the page 1 of the answer sheet using pen.
2. Do not write your name anywhere in this booklet or answer sheet. Violation of this entails disqualification.
3. Read each question carefully and shade the relevant answer (A) or (B) or (C) or (D) in the relevant box of the ANSWER SHEET using HB pencil.
4. Avoid blind guessing. A wrong answer will fetch you -1 mark and the correct answer will fetch 4 marks.
5. Do not write anything in the question paper. Use the white sheets attached at the end for rough works.
6. Do not open the question paper until the start signal is given.
7. Do not attempt to answer after stop signal is given. Any such attempt will disqualify your candidature.
8. On stop signal, keep the question paper and the answer sheet on your table and wait for the invigilator to collect them.
9. Use of Calculators, Tables, etc. are prohibited.

1. Elasticity at the mid-point of demand curve is  
 (A) 0                      (B) 1.0                      (C) 1.5                      (D) 2.0
2. At shut-down point  
 (A)  $P = SMC$               (B)  $P = SAC$               (C)  $MR = MC$               (D)  $P = AVC$
3. Wage rates are different across industries due to  
 (A) some industries pay higher salaries  
 (B) existence of trade unions  
 (C) different marginal productivities of labour  
 (D) differential demand for product of industries
4. On indifference map, when income consumption curve slopes downwards to the right it indicates  
 (A) X is an inferior good                      (B) Y is an inferior good  
 (C) X and Y are inferior goods              (D) X and Y are superior goods
5. Concept of consumer's surplus is useful for  
 (A) monetary policy                      (B) tax policy  
 (C) investment policy                      (D) fixing factor price
6. Optimum output is produced at  
 (A) at falling AC                      (B) maximum AC  
 (C) minimum AC                      (D) rising AC
7. The difference between ATC and AFC is  
 (A) normal profits                      (B) implicit costs  
 (C) variable costs                      (D) opportunity costs
8. When output increases, AFC  
 (A) is u-shaped                      (B) asymptotic to x-axis  
 (C) remains constant                      (D) rises continuously
9. Given inelastic demand, an upward shift of supply curve results in  
 (A) lower price                      (B) higher price  
 (C) no change in price                      (D) stable price
10. The price which covers both variable cost and fixed price is  
 (A) market price                      (B) long-run price  
 (C) short-run price                      (D) equilibrium price



11. A pure monopolist makes pure profits in long-run because of  
 (A) blocked entry (B) high prices charged  
 (C) low LAC costs (D) advertising
12. Under perfect competition, a factor is demanded till where  
 (A)  $MRP > P$  (B)  $ARP = P$  (C)  $MRP = P$  (D)  $MRP < P$
13. In an economy of two individuals (A and B) and two commodities, general equilibrium of production and exchange occurs when  
 (A)  $MRT_{x,y} = P_x/P_y$  (B)  $MRS_{x,y}$  for A and B =  $P_x/P_y$   
 (C)  $(MRS_{x,y})^A = (MRS_{x,y})^B$  (D)  $MRT_{x,y} = (MRS_{x,y})^A = (MRS_{x,y})^B$
14. Games in which the gains of one player equal the losses of the other are called  
 (A) zero-sum games (B) non-zero-sum games  
 (C) prisoner's dilemma (D) pure strategy
15. An alternative way of calculating the Lerner index is  
 (A)  $e$  (B)  $1/e$  (C)  $e-1$  (D)  $1-e$
16. In Cournot model, which statement is false?  
 (A) duopolists do not recognize their interdependence  
 (B) each duopolist assumes the other will keep its quantity constant  
 (C) each duopolist assumes the other will keep its price constant  
 (D) the solution is stable
17. Labor-using technological progress  
 (A) means L-deepening (B) means K-saving  
 (C) reduces K/L (D) all of these
18. When law of diminishing returns begins to operate, TVC curve begins to  
 (A) fall at an increasing rate (B) rise at a decreasing rate  
 (C) fall at a decreasing rate (D) rise at an increasing rate
19. With capital on the vertical axis and labor on the horizontal axis, the slope of a linear isocost is  
 (A)  $P_L/P_K$  (B)  $P_K/P_L$  (C)  $-P_L/P_K$  (D)  $-P_K/P_L$
20. If an indifference curve is horizontal the consumer is saturated with  
 (A) commodity X only  
 (B) commodity Y only  
 (C) both commodity X and commodity Y  
 (D) neither commodity X nor commodity Y

21. The measure of gross domestic products
- (A) includes intermediate inputs
  - (B) includes residents income from abroad
  - (C) includes indirect taxes
  - (D) excludes intermediate inputs
22. Gross national product is
- (A) net national product plus depreciation
  - (B) net national product minus depreciation
  - (C) net national product minus indirect taxes
  - (D) net national product plus wages
23. In classical model, the price elasticity of aggregate supply is
- (A) close to infinity
  - (B) unity
  - (C) less than unity
  - (D) zero
24. In the classical model, aggregate supply curve shifts outward in response to
- (A) increase in employable work force
  - (B) increase in productivity of labour
  - (C) increase in the stock of capital
  - (D) all are true
25. The supply of labour is an increasing function of
- (A) real wages
  - (B) nominal wages
  - (C) inflation
  - (D) labor price
26. The interest elasticity of speculative demand for money at Liquidity trap is
- (A) unity
  - (B) more than unity, but less than infinity
  - (C) infinity
  - (D) zero
27. According to Keynes, income
- (A) does not affect speculative demand for money
  - (B) does affect transaction demand for money
  - (C) does affect precautionary demand for money
  - (D) all are true
28. When the brokerage cost is zero in Baumol's money demand model, the demand for money is
- (A) infinite
  - (B) less than unity
  - (C) zero
  - (D) less than zero

29. According to Milton Friedman, consumption expenditure is significantly influenced by  
 (A) transitory income (B) permanent income  
 (C) a temporary tax cut (D) unanticipated income
30. An increase in the commercial banks desired level of excess reserves tends to  
 (A) increase money multiplier (B) decrease money multiplier  
 (C) increase income multiplier (D) increase tax multiplier
31. If marginal propensity to consume is 0.6, then the multiplier is  
 (A) 4 (B) 6 (C) 2.5 (D) 0.4
32. Assume that government finances its increased expenditure of Rs. 100 cr through a lump sum tax and the marginal propensity to consume is 0.8. If so, income increases by Rs.  
 (A) 500 cr (B) 800 cr  
 (C) 700 cr (D) none of the above
33. Let  $b$  and  $c$  be marginal propensity to save and to consume respectively  
 (A)  $b < 1$  if  $c > 1$  (B)  $b = 0$  if  $c < 0$  (C)  $b < 1$  if  $c < 1$  (D)  $b = 0$  if  $c = 0$
34. An increase in marginal propensity to import  
 (A) reduces multiplier (B) increases multiplier  
 (C) does not affect multiplier (D) fluctuates multiplier
35. If income increases, according to Keynes, the average propensity to consume  
 (A) increases (B) falls  
 (C) remains constant (D) stabilises
36. Kuznet consumption puzzle refers to  
 (A) constant marginal propensity when there is a rise in income over time  
 (B) constant marginal propensity to save when there is a rise in income over time  
 (C) constant average propensity consume when there is a rise in income over time  
 (D) all are true
37. The IS curve is steeper, if interest elasticity of  
 (A) investment demand is close to infinity (B) investment demand is close to zero  
 (C) money demand is close to zero (D) money demand is close to infinity
38. A Flat LM curve implies that interest elasticity of  
 (A) investment demand is close to infinity  
 (B) investment demand is close to zero  
 (C) money demand is close to zero  
 (D) money demand is close to infinity



39. Crowding-out effect is stronger if  
(A) investment is more interest elastic  
(B) investment is less interest elastic  
(C) investment is interest inelastic  
(D) investment is zero
40. Monetary policy is least effective if  
(A) LM curve is vertical and IS curve is horizontal  
(B) LM curve is horizontal and IS curve is vertical  
(C) LM curve is horizontal and IS curve is downward sloping  
(D) LM curve is upward sloping and IS curve is downward sloping
41. According to Myrdal, international differences in the levels of development are widened by  
(A) capital movements (B) labor migration  
(C) trade (D) all the three
42. In the production function approach to find out sources of growth  
(A) land is used as a separate factor  
(B) land is not considered as a factor at all  
(C) land and capital are treated as one factor  
(D) none of the three
43. Hick's classification of technical progress employs the concept of  
(A) marginal rate of substitution between factors  
(B) capital output ratio  
(C) capital-labor ratio  
(D) ratio of marginal products of factors
44. Which one of the following is an international cartel?  
(A) OECD (B) CPEC (C) ONGC (D) GCE
45. Human Poverty index was introduced by  
(A) Human Development Report 1997 (B) World Development Report 1995  
(C) FAO statistics 2001 (D) IMF Staff Papers 2003
46. LPG model  
(A) gives a larger role for the private sector  
(B) favours export led growth  
(C) allows greater autonomy for the public sector undertakings  
(D) all the three

47. The two-gap theory as applied to development planning refers to  
 (A) inflationary gap and foreign exchange constraint  
 (B) saving gap and income gap  
 (C) foreign exchange gap and recessionary gap  
 (D) saving constraint and foreign exchange constraint
48. The theory of circular causation was propounded by  
 (A) Nurkse (B) Myrdal (C) Arthur Lewis (D) Nelson
49. Rate of exploitation in the Marxian theory is denoted by  
 (A)  $C/C+V$  (B)  $S/V$  (C)  $S/C+I$  (D)  $V/C+S$
50. The important assumption of neo-classical growth model  
 (A) variable K/L ratio (B) fixed K/L ratio  
 (C) constant price level (D) zero population growth
51. Knife edge equilibrium is associated with  
 (A) Harrod-Domar model (B) Cambridge model  
 (C) Neo-classical model (D) Endogenous model
52. If a country wants to achieve a growth rate of 5% per year, assuming a capital output ratio of 3, what % of its national income should be invested?  
 (A) 5% (B) 10% (C) 15% (D) 20%
53. When the organic composition of capital increases what falls according to Marx?  
 (A) capital output ratio (B) capital labor ratio  
 (C) profit rate (D) cost of production
54. Which one of the following is not true in the case of green revolution technology?  
 (A) it is scale neutral  
 (B) it is not scale neutral  
 (C) package programme  
 (D) benefits of the strategy was confined to selected crops and selected regions
55. Which is the apex institution at the national level for agricultural credit and refinance assistance?  
 (A) SBI (B) RBI (C) NABARD (D) SIDBI
56. Which land tenure system existing at the time of independence was free from middle man between the cultivator and the state?  
 (A) Zamindari (B) Mahalwari (C) Ryotwari (D) Kulakwari

57. Cooperative movement was initiated in the year  
(A) 1901 (B) 1904 (C) 1911 (D) 1914
58. Planning in India is  
(A) indicative  
(B) lays down targets even for sectors on which state has no control  
(C) in a mixed economy frame work  
(D) in a capitalist economy frame work.  
Which one of the above is not true?
59. Grants-in-aid under article 282 which can be given for any public purpose to the states is decided by  
(A) Finance Commission (B) Union Government  
(C) NDC (D) Planning Commission
60. Which Industrial Policy Resolution gave public sector a strategic role in Indian economy?  
(A) 1948 (B) 1956  
(C) 1977 (D) None of the three
61. "India: Economic Development and Social opportunity" is authored by  
(A) Sudhip Chandra (B) Jean Dreze and Amartya Sen  
(C) Hanumantha Rao and Dalip Swamy (D) Dandekar and Rath
62. Which one is not a source of external assistance to India?  
(A) IMF (B) ADB (C) IBRD (D) IDB
63. Which one of the following gives an estimate of black money in India?  
(A) Wanchoo committee (B) Abid Hussain  
(C) Abijit Sen's estimate (D) Minhas' estimate
64. Which one is not applicable to MRTP Act?  
(A) came into force in 1969  
(B) controls concentration of economic power  
(C) controls unfair trade practices  
(D) regulates price fixation by big firms
65. V.R.S is meant to shed the load of excess workers in  
(A) public sector (B) cooperative sector  
(C) private sector (D) all the three



66. When a nation imposes an import tariff
- (A) usually improves the nation's terms of trade but reduces the volume of trade
  - (B) worsens the nation's terms of trade and reduces the volume of trade
  - (C) usually improves the nation's terms of trade and increases the volume of trade
  - (D) worsens the nation's terms of trade and increase the volume of trade
67. An example of Eurocurrency is
- (A) a pound sterling deposit outside the U.S
  - (B) a dollar deposit outside the U.S
  - (C) a mark deposit outside Germany
  - (D) a rupee deposit in the U.S
68. A depreciation of a nation currency usually causes internal or domestic prices to
- (A) rise
  - (B) fall
  - (C) remain unchanged
  - (D) fluctuate
69. What is WTO?
- (A) World Tax Organization
  - (B) World Telecom Organization
  - (C) World Trade Organization
  - (D) World Tariff Organisation
70. What is SAPTA?
- (A) South Asia property Treaty Association
  - (B) South Asian Preferential Trade Arrangement
  - (C) South Asian Promotional Trading Agency
  - (D) South Asian Programme for Trading Arrangement
71. How many countries are there in the SAARC?
- (A) 7
  - (B) 8
  - (C) 9
  - (D) 10
72. What is GATT?
- (A) General Agreement on Tax and Trade
  - (B) General Agency on Tariffs and Tax
  - (C) General Agreement on Tariffs and Trade
  - (D) General Association of Tariff and Trade
73. What is the full form of SAFTA?
- (A) South Asia Fair Treatment Association
  - (B) South-Asian Free Tax Agreement
  - (C) South-Asian Free Telecom Agency
  - (D) South-Asian Free Trade Agreement

74. What is IMF?  
 (A) International Money Fund (B) International Monetary Fund  
 (C) International Money Form (D) International Multi-purpose Fund
75. What do you mean by FDI?  
 (A) Foreign Direct Investment (B) Foreign Domestic Investment  
 (C) Foreign Declared Investment (D) Foreign Dealt Investment
76. In the case of  $R^2$ ,  $R^2$  is adjusted for  
 (A) number of observations (B) number of parameters  
 (C) degrees of freedom (D) number of variables
77. Non-constant variance of the disturbance term is also known as  
 (A) homoscedasticity (B) auto Correlation  
 (C) hetroscedasticity (D) multicollinearity
78. The term multicollinearity is due to  
 (A) Marshal (B) Arrow  
 (C) Pigou (D) Ragnor Frisch
79. Auto-correlation is tested using  
 (A) Granger Test (B) Durbin-Watson Statistic  
 (C) Hausman test (D) F-test
80. The range of  $R^2$  (the co-efficient of multiple determination) is  
 (A) 0 and +1 (B) -1 and 0 (C) -1 and +1 (D)  $-\infty$  to  $+\infty$
81. When a tax is levied on the value of a commodity, it is called  
 (A) ad valorem tax (B) specific tax  
 (C) both (A) and (B) (D) unit tax
82. Refusal to recognize debt obligation is  
 (A) repayment (B) repudiation  
 (C) funded debt (D) floating debt
83. Finance Commission is  
 (A) a planning body (B) an advisory body  
 (C) a constitutional body (D) a permanent body

84. The immediate money burden of a tax is known as  
 (A) incidence (B) impact (C) shifting (D) tax burden
85. Social goods have the characteristic of  
 (A) rival consumption (B) non-rival consumption  
 (C) both (A) and (B) (D) consumption is not possible
86. The law of rising state activities is given by  
 (A) Peacock-Wiseman (B) Adolph Wagner  
 (C) Samuelson (D) Musgrave
87. The Chairman of the 13<sup>th</sup> Finance Commission  
 (A) C. Rangarajan (B) Bimal Jalan  
 (C) Vijay Kelkar (D) Y.V. Reddy
88. When the tax rate increases with tax base is called as  
 (A) proportional taxation (B) regressive taxation  
 (C) progressive taxation (D) degressive taxation
89. A good example for 'merit good' is  
 (A) park (B) education  
 (C) light House (D) national highways
90. The 'Tiebout hypothesis' discusses the case for  
 (A) public goods (B) local public goods  
 (C) pure public goods (D) private goods
91. A scatter diagram  
 (A) is a statistical test (B) must be linear  
 (C) must be curvilinear (D) is a graph of x and y values
92. There is a high inverse association between measures 'over-weight' and 'life expectancy'. A correlation co-efficient consistent with the above statement is  
 (A)  $r = 0.80$  (B)  $r = 0.20$  (C)  $r = -0.20$  (D)  $r = -0.80$



93. The Correlation coefficient appropriate for establishing degree of correlation between two variables (assuming a linear relationship)
- (A) is determined by the sample                      (B) is Spearman's R  
(C) is Pearson's 'r'                                      (D) both (B) and (C)
94. Method of least squares is based on the principle of
- (A) sum of residuals is equal  
(B) sum of squares of residuals is least  
(C) both (A) and (B)  
(D) sum of squares of residuals is the largest
95. Stratified sampling is a
- (A) random sampling method                      (B) non-random sampling method  
(C) experimental method                              (D) questionnaire
96. If  $Y = 0$ , then the value of  $X$  for the function  $Y = 3x + 5$  is
- (A)  $x = 3/5$                       (B)  $x = 5/3$                       (C)  $x = -5/3$                       (D)  $x = 6/5$
97. Consider the equation  $y = 16x^2$ . At its co-ordinates  $(x_1, y_1)$  it is equal to
- (A)  $y_1 = 16x^2$                       (B)  $y = 16x_1^2$                       (C)  $y_1 = 16x_1^2$                       (D)  $y = 16 x^2$
98. If  $y = 4/x^2$ , then  $dy/dx$  is equal to
- (A)  $-8/x^3$                       (B)  $8/x^3$                       (C)  $-8/x^2$                       (D)  $8/x^2$
99. If rate of investment is given by the relationship  $I = dk/dt = 1800 + 200t - 3t^2$ , then at time  $t = 1$ , the rate of investment is
- (A) 1887                      (B) 1997                      (C) 2007                      (D) 1987
100.  $\int 1/x^4 dx = ?$
- (A)  $1/3x^3 + c$                       (B)  $1/3x^2 + c$                       (C)  $-1/3x^3 + c$                       (D)  $-1/3 x^3$