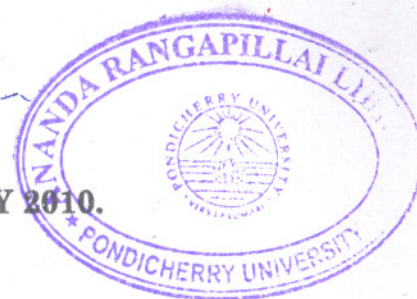


1/2

ENTRANCE EXAMINATION FOR ADMISSION, MAY 2010.

M.A. (APPLIED ECONOMICS)

COURSE CODE : 350



Register Number :

Signature of the Invigilator
(with date)

COURSE CODE : 350

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. Which commodity has the lowest elasticity of demand?
(A) fruits (B) salt (C) tea (D) car
2. Selling cost is a feature of
(A) pure monopoly (B) perfect competition
(C) imperfect monopoly (D) all markets
3. Real wage is
(A) marginal productivity of labor (B) nominal income
(C) purchasing power of income (D) absolute income
4. Total utility is maximum when
(A) M.U is zero (B) A.U. is the highest
(C) M.U. is the highest (D) None of the above
5. Consumer's surplus is
(A) extra quantity bought
(B) low price available
(C) consumer's maximum satisfaction
(D) difference between actual price and potential price
6. A vertical supply curve represents
(A) relative elasticity (B) unitary elasticity
(C) zero elasticity (D) perfect elasticity
7. A firm's TC curve is
(A) below its VC curve
(B) identical to its VC curve and lies higher
(C) horizontal curve
(D) steeper than its VC curve
8. Short-run AC curve
(A) touches LRAC curve
(B) crosses LRAC curve
(C) lies above LRAC curve
(D) intersects LRAC curve at lower point

9. A firm's marginal revenue is
 - (A) always positive
 - (B) positive as long as AR is positive
 - (C) positive at all output at which TR is rising
 - (D) positive at output at which TR is maximum

10. Under Edgeworth model
 - (A) duopolists recognize interdependence
 - (B) explains price rigidity
 - (C) duopolist assume the other keeps price constant
 - (D) duopolist assume the other keeps quantity constant

11. Economic rent is

(A) a surplus	(B) a cost
(C) at times a surplus or a cost	(D) neither surplus nor a cost

12. Transformation curve is derived from

(A) the consumption curve	(B) the production contract curve
(C) the social welfare function	(D) the utility-possibility curve

13. In kinked demand curve model, the oligopolists

(A) recognize their interdependence	(B) do not collude
(C) tend to keep prices constant	(D) all of these

14. In long-run equilibrium, the pure monopolist earns profits due to

(A) blocked entry	(B) high selling price
(C) low LAC costs	(D) advertising

15. Total profits are maximized when
 - (A) TR equals TC
 - (B) TR curve and TC curve are parallel
 - (C) TR curve and TC curve are parallel and TR exceeds TC
 - (D) TC exceeds TR

16. At the point of producer equilibrium
- (A) the isoquant is tangent to the isocost
 - (B) $MRTS_{L,K} = P_L/P_K$
 - (C) $MP_L/P_L = MP_K/P_K$
 - (D) all of these
17. Which statements are correct with regard to revealed preference theory?
- (A) reveals a consumer's preferences
 - (B) proves consumer's indifference curve
 - (C) derives a consumer's demand curve
 - (D) all the above
18. When quantity of a commodity demanded remains unchanged as its price changes, the coefficient of price elasticity of demand is
- (A) greater than 1
 - (B) equal to 1
 - (C) zero
 - (D) smaller than 1
19. Microeconomics deals with
- (A) comparative statics, partial equilibrium, and positive economics
 - (B) comparative statics, partial equilibrium, and normative economics
 - (C) dynamics, partial equilibrium, and positive economics
 - (D) comparative statics, general equilibrium, and positive economics
20. A tested and proved hypothesis is
- (A) an assumption
 - (B) an "if-then" proposition
 - (C) a theory
 - (D) a law
21. Which of the following statements is incorrect?
- (A) Government transfers are not included in GDP
 - (B) Disposable income is income less taxes
 - (C) Income generated outside the country by the residents is part of GNP
 - (D) Income generated outside the country by the residents is part of GDP

22. On March 5, 2009, an Indian citizen bought a few articles of Mahatma Gandhi in an auction held at New York for \$1.8 million. How this purchase affects current GDP of India?
- (A) \$1.8 million will be added (B) \$1.8 million will be deducted
(C) GDP remains unchanged (D) None of the above
23. Which among the following is correct?
- (A) $NNP = GDP - \text{Depreciation}$
(B) $NNP = GDP - \text{Indirect taxes and others}$
(C) $NNP = \text{National income} + \text{Indirect taxes}$
(D) $NNP = \text{National income} - \text{Indirect taxes and others}$
24. The quantity theory of money states that prices are proportionally related to
- (A) quantity of money (B) nominal income
(C) capital stock (D) none of the above
25. In the classical model, output increases in response to
- (A) increase in work force (B) advancement in technology
(C) increase in capital stock (D) all are true
26. The Cambridge equation of money demand implies that the nominal demand for money is the function of
- (A) nominal income (B) real income
(C) prices (D) all of them
27. Let 'C' denote consumption, 'Y' income and 'S' saving, then the Marginal propensity to consume is
- (A) $\text{Change in } C / \text{Change in } Y$ (B) $\text{Change in } S / \text{Change in } Y$
(C) $\text{Change in } Y / \text{Change in } C$ (D) C/Y
28. According to Keynes,
- (A) APC declines as income falls (B) APC declines as income increases
(C) APC increases as income increases (D) All are true

29. Find the MPC given the consumption function $C = 6004.8 + 0.32Y$
- (A) 6005.1 (B) 6004.08
(C) 18765 (D) None of the above
30. If marginal propensity to save is 0.2, the multiplier is
- (A) 5 (B) 20
(C) 0.8 (D) none of the above
31. An interest elastic investment expenditure tends to fall in response to
- (A) increase in real interest rates (B) increase in nominal interest rate
(C) increase in real income (D) none of the above
32. Let K and d be stock of capital and depreciation respectively. Net investment equals to
- (A) $\Delta K - dK$ (B) $\Delta K + dK$
(C) $K - dK$ (D) none of the above
33. Let M and P be money stock and aggregate prices. The real money is
- (A) M times P (B) $M + P$
(C) M / P (D) None of the above
34. Inventory approach to demand for money was proposed by
- (A) Keynes (B) Tobin
(C) Friedman (D) None of the above
35. According to Keynes, the speculative demand for money is
- (A) directly related to income (B) directly related to interest rate
(C) inversely related to income (D) inversely related to interest rate
36. The ratio of nominal income to nominal money stock is
- (A) income multiplier (B) velocity of money
(C) money multiplier (D) none of the above
37. The reserve money is largely the liability of the
- (A) RBI (B) Commercial banks
(C) Government of India (D) RBI and commercial banks

38. Demand pull inflation occurs when
(A) output is above its potential level (B) output is below its potential level
(C) output equals its potential level (D) none of the above
39. Crowding-out refers to
(A) fall in income due to rise in interest rate
(B) rise in income due to rise in government expenditure
(C) fall in income due to fall in money supply
(D) all of the above are true
40. Long-run Phillips curves is
(A) horizontal (B) vertical
(C) negatively sloped (D) none of the above
41. What happens to the share of rent as an economy grows according to Ricardo?
(A) decreases (B) remains constant
(C) increases (D) increases at a declining rate
42. Marx analysis of capitalist development is based upon
(A) theory of surplus value (B) theory of stationary state
(C) theory of reserve army of labor (D) theory of immiserisation
43. Disguised unemployment largely exists in _____ of developing countries
(A) literary sector (B) service sector
(C) agricultural sector (D) industrial sector
44. Critical minimum effort thesis was advanced by
(A) Leibenstein (B) Hylamynt
(C) Kuznet (D) None of the three
45. The dual effects of investment was for the first time emphasized by
(A) Harrod-Domar model (B) Schumpeterian model
(C) Neo-classical model (D) Joan Robinson model

46. Which of the following is not an institutional factor of economic development
- | | |
|-------------------------|------------------------|
| (A) caste system | (B) land tenure system |
| (C) laws of inheritance | (D) saving rate |
47. Benjamin Higgins is the propounder of
- | | |
|---------------------------|-----------------------|
| (A) social dualism | (B) financial dualism |
| (C) technological dualism | (D) cultural dualism |
48. First development decade relates to
- | | |
|-----------------|-----------------|
| (A) 1950 – 1960 | (B) 1960 – 1970 |
| (C) 1980 – 1990 | (D) 1970 – 1980 |
49. Which one of the following is not a characteristic of an under-developed economy
- | | |
|---|-------------------------------|
| (A) high % of work force in agriculture | (B) high birth rate |
| (C) low productivity | (D) low infant mortality rate |
50. Which one is not an index of quality of life
- | | |
|-----------------------|----------------------|
| (A) per capita income | (B) infant mortality |
| (C) literacy rate | (D) life expectancy |
51. Which are the Bretton Wood Twins?
- | | |
|------------------------|-----------------------|
| (A) IMF and World Bank | (B) UNO and FAO |
| (C) UNESCO and UNIDO | (D) None of the three |
52. "Small is Beautiful" was authored by
- | | |
|----------------|-------------------|
| (A) Schumacher | (B) Gunnar Myrdal |
| (C) Kuznet | (D) Nurkse |
53. Unbalanced strategy was advocated by
- | | |
|----------------|-----------------|
| (A) Nurkse | (B) Hirschman |
| (C) Schumpeter | (D) Leibenstein |
54. Tax on agricultural income is levied by
- | |
|--|
| (A) local self government |
| (B) central government |
| (C) state government |
| (D) imposed by centre and shared with states |

55. The most important tax of the states is
(A) excise duty (B) service tax
(C) sales tax (D) corporate tax
56. Bank nationalization was carried out in
(A) 1960 (B) 1969 (C) 1979 (D) 1970
57. Which of the following is not a public sector undertaking
(A) ONGC (B) NTPC (C) BHEL (D) VSNL
58. In which stage of demographic transition is India at present
(A) first (B) second (C) third (D) fourth
59. The state with the lowest birth rate in India is
(A) Tamil Nadu (B) Gujarat (C) Punjab (D) Kerala
60. Name the country with the largest number of poor
(A) China (B) Sudan (C) Ethiopia (D) India
61. Cooperative movement was started in
(A) 1804 (B) 1904 (C) 1914 (D) 1994
62. Fertilizer subsidy is given by
(A) Central Government
(B) State Government
(C) Local Self Government
(D) Partly by the Centre and partly by the States
63. In which land tenure system there existed no intermediary between the State and the Cultivator?
(A) Zamindari system (B) Ryotwari system
(C) Mahalwari system (D) Kulakwari system

64. Report on Currency and Finance is published by
 (A) RBI (B) NCAER
 (C) C.S.O (D) None of the three
65. Chairman of the Planning Commission is
 (A) Chitambaram (B) Montex Singh Ahluwalia
 (C) Prime Minister (D) Finance Minister
66. Which type of trade is not explained by the Heckscher-Ohlin trade model?
 (A) intra-industry trade
 (B) trade based on imitation gaps and product cycles
 (C) trade based on economies of scale
 (D) all of these
67. Dynamic factors in trade theory refer to changes in
 (A) technology (B) tastes
 (C) factor endowments (D) all of these
68. If at unchanged terms of trade, a nation wants to trade more after growth, then the nation's terms of trade can be expected to
 (A) improve (B) remain unchanged
 (C) deteriorate (D) any of these
69. Developing nations complain that
 (A) their exports proceeds are very unstable
 (B) the present international monetary system favors developed countries
 (C) their terms of trade deteriorate
 (D) all of the above
70. The imposition of an import tariff by a nation will increase the nation's welfare
 (A) never (B) always
 (C) sometimes (D) none of these

71. The function of the foreign exchange market is to
- (A) provide short term credit to finance trade
 - (B) provide the facilities for hedging
 - (C) transfer funds from one nation to another
 - (D) all of the above
72. Which of the following transaction is a debit in the current account?
- (A) export of services
 - (B) export of merchandise
 - (C) gift to foreigners
 - (D) gift from foreigners
73. Under flexible exchange system, exchange rate determined by
- (A) the price of gold
 - (B) the forces of demand and supply in the foreign exchange market
 - (C) exchange arbitrage
 - (D) the nation's monetary authority
74. The Stopler-Samuelson theorem postulates that the imposition of a tariff by a nation causes the real income of the nation's
- (A) scarce factor to fall
 - (B) abundant factor to rise
 - (C) scarce factor to rise
 - (D) scarce and abundant factor to rise
75. The purchase of U.S. stock by one of India's inhabitants represents
- (A) debit in the U.S capital account
 - (B) credit in the U.S official reserve account
 - (C) debit in the U.S official reserve account
 - (D) credit in the U.S. capital account
76. The market mechanism is well-suited for the provision of
- (A) social goods
 - (B) private goods
 - (C) pure public goods
 - (D) none of these
77. The "exclusion principle" does not apply in the case of
- (A) private goods
 - (B) social goods
 - (C) mixed goods
 - (D) none of these

78. Social goods are provided to satisfy
- (A) individual wants (B) collective wants
(C) both (A) and (B) (D) neither of these
79. Under 'simple majority rule' each individual has
- (A) more than one vote (B) one vote
(C) both (A) and (B) (D) multiple votes
80. The "Law of rising public expenditures" was contributed by
- (A) Samuelson (B) Kenneth J. Arrow
(C) Adolph Wagner (D) James Buchanan
81. The requirement of equal taxes for people in equal positions is referred to as
- (A) vertical Equity (B) horizontal Equity
(C) both (A) and (B) (D) none of these
82. Equal sacrifice taxation theory assumes that income utility is
- (A) cardinal (B) ordinal
(C) both (A) and (B) (D) none of these
83. Taxes imposed on activities or objects are known as
- (A) wealth tax (B) property tax
(C) rem tax (D) none of these
84. Corporation income tax is
- (A) an indirect tax (B) a direct tax
(C) both (A) and (B) (D) neither
85. Tax assessed as per unit of product is known as
- (A) Unit tax (B) Specific tax
(C) Ad Valorem tax (D) Income tax

86. To employ t-test, the size of the sample should be
 (A) < 30 (B) > 30 (C) $= 0$ (D) infinite
87. The random error 'e' has a normal distribution with
 (A) mean 0 and variance σ^2 (B) mean 0 and variance 1
 (C) mean 1 and variance 0 (D) only 1
88. Correlation between independent variables is known as
 (A) autocorrelation (B) hetroscedasticity
 (C) multicollinearity (D) homoscedasticity
89. A regression model is best fit if
 (A) $R^2 = 0.8$ (B) $R^2 = 1$ (C) $R^2 = 0.2$ (D) $R^2 = 2$
90. Which variable must be a dummy variable for applying Logit model?
 (A) dependent variable (B) independent variables
 (C) endogenous variables (D) exogenous variables
91. The significance of the difference between two means of the population, when σ^2 values are known and equal, is tested by
 (A) Z-test (B) t-test (C) F-test (D) χ^2 - test
92. The portion of the total area covered in a normal curve under $x \pm 2.54 \sigma$ is
 (A) 85% (B) 95% (C) 99% (D) 90%
93. The sum of squared deviation is the least when taken from
 (A) mode (B) median
 (C) arithmetic mean (D) geometric mean
94. Which of the following statistical measures is not affected by extremely large or small values?
 (A) median (B) harmonic mean
 (C) standard deviation (D) coefficient of variation

95. If for a sample data: Mean < Median < Mode, then the distribution is
- (A) skewed to the right
 - (B) symmetric
 - (C) skewed to the left
 - (D) neither symmetric nor skewed
96. If $A = \{3, 5, 7\}$ and $B = \{2, 3, 4, 8\}$, then $A \cup B = ?$
- (A) $\{3, 4, 5, 7\}$
 - (B) $\{2, 3, 5, 7, 8\}$
 - (C) $\{2, 3, 4, 5, 7, 8\}$
 - (D) none of these
97. $x^m \times x^n = ?$
- (A) $x^{m/n}$
 - (B) x^{m+n}
 - (C) $x^{n/m}$
 - (D) x^{m-n}
98. $y = b^x$ is known as
- (A) logarithmic function
 - (B) algebraic function
 - (C) exponential function
 - (D) none of the above
99. If Q = output, K = amount of capital, L = amount of labor, then the general form of production function is
- (A) $Q = (K, L)$
 - (B) $Q = Q(K, L)$
 - (C) $Q = (L, K)$
 - (D) $Q = Q(K)$
100. The multiplication of any one row or one column by a scalar k will change the value of the determinant
- (A) more than k fold
 - (B) k fold
 - (C) less than k fold
 - (D) none of these