

Ph.D. Entrance Test Examination April Faculty: Arts
Economics.

Con. 3198-12.

(3 Hours)

28/04/23
[Total Marks : 100]

Section I (40x1=40 Marks)

Choose the most appropriate alternative from (a) to (d) for each of the items below:

- The theory according to which a consumer's preferences can be inferred from a sufficient number of observed choices or purchases in the market place is
 - Marshall's cardinal utility theory
 - Hick's ordinal utility theory
 - Samuelson's Revealed preference theory
 - Von Neumann's cardinal utility theory
- The change in the quantity demanded of a commodity resulting from a change in its price, while holding the consumer on the same indifference curve before and after the price change is called
 - Slutsky's substitution effect
 - Samuelson's substitution effect
 - Hick's substitution effect
 - Marshall's substitution effect
- When the price of a Giffin good increases
 - Its consumption tends to fall because of income effect and tends to rise because of substitution effect
 - Its consumption tends to rise because of income effect and tends to fall because of substitution effect
 - Its consumption tends to fall because of both income effect and substitution effect
 - Its consumption tends to rise because of both income effect and substitution effect
- Herfindal index is calculated by taking into account
 - The sum of squared values of the market sales shares of all firms in the industry
 - The sum of squared values of the total outputs of all firms in the industry
 - The sum of squared values of the total inputs of all firms in the industry
 - None of the above
- The locus of Pareto optimality in production and consumption is given by
 - The social welfare function
 - The utility possibility curve
 - The transformation curve
 - The grand utility possibility curve

6. According to peak-load pricing, welfare will be higher if
 - a. Power companies charge a price equal to the short-run marginal cost
 - b. Power companies charge a price greater than the short-run marginal cost
 - c. Power companies charge a price less than the short-run marginal cost
 - d. Power companies charge a price equal to the short-run average cost
7. A table showing outcomes of all possible combinations of strategies by two players in a game is known as
 - a. Input-output matrix
 - b. Pay-off matrix
 - c. Leontief matrix
 - d. None of the above
8. The locus general equilibrium points of exchange in a two-individual, two-commodity economy is called the
 - a. Production contract curve
 - b. Consumption contract curve
 - c. Transformation curve
 - d. None of the above
9. A cartel is
 - a. Organization of producers within an industry
 - b. It is done with a view to increase industry profits
 - c. It makes production decisions for all members
 - d. All of the above
10. When a seller charges a higher price in the domestic market as compared to his price on the perfectly competitive world market, it is termed as
 - a. Subsidisation on the world market
 - b. Export promotion in the world market
 - c. Dumping in the world market
 - d. None of the above
11. The GNP at market price is greater than GDP at market price for India.
 - a. Value of exports from India is greater than the value of imports into India
 - b. Net capital flows into India is positive
 - c. Net capital flows into India is negative
 - d. Net factor income from abroad is positive for India
12. In the Solow-Swan model, the speed of convergence to the steady state
 - a. Increases as the steady state is approached
 - b. Decreases as the steady state is approached
 - c. Remains constant, but not zero
 - d. Is always zero

13. Keynesian unemployment occurs when
- People are not willing to take up available jobs because they are waiting for better opportunities
 - People are not finding jobs in spite of being ready to work at the going wage
 - More people are employed where less would do
 - All of the above
14. Sacrifice ratio is
- The percentage of output lost for each one point reduction in the inflation rate
 - The percentage of output lost for each one point increase in the interest rate
 - The percentage of output lost for each one point increase in the unemployment rate
 - None of the above
15. Sterilized intervention in the foreign exchange market implies
- Selling foreign exchange in the foreign exchange market
 - Selling foreign exchange in the foreign exchange market and buying bonds in the domestic bond market
 - Selling foreign exchange in the foreign exchange market and selling bonds in the domestic bond market
 - None of the above
16. If actual unemployment rate is greater than the natural unemployment rate,
- A recessionary gap exists and there is a surplus of labour
 - An inflationary gap exists and there is a shortage of labour
 - A recessionary gap exists and there is a shortage of labour
 - An inflationary gap exists and there is a surplus of labour
17. Which of the following identities is correct?
- $I = S + (G - T) + (X - M)$
 - $S = I + (G - T) + (M - X)$
 - $I = S + (T - G) + (M - X)$
 - None of the above
18. The sum of marginal propensity to consume and marginal propensity to save equals
- Zero
 - A fraction between zero and unity
 - Unity
 - Greater than unity

19. Increase in government spending leads to increase in income without any rise in the rate of interest. It follows that
- IS curve is horizontal
 - LM curve is horizontal
 - IS curve is upward sloping
 - LM curve is upward sloping
20. During recession, which of the following can be regarded as a set of Keynesian policies to stimulate aggregate demand?
- A restrictive monetary policy coupled with a freeze on public sector wages
 - An increased budget deficit, hike in unemployment benefit and tax cut
 - A balanced budget, a long term incomes and prices policy and stable money supply
 - An increased budget deficit, tax cut and increased interest rate
21. Incomes of the poor increase in an economy such that the poor move closer to the poverty line. Which of the following regarding poverty measures is true?
- The head count ratio declines
 - The poverty gap ratio declines
 - Both the head count and the poverty gap decline
 - Neither the head count nor the poverty gap decline
22. Industry is considered to be important to agriculture in economic development as
- A source of raw material
 - A reservoir of labour
 - A source of savings for investment
 - A source of demand for agricultural output
23. The predominant model used in the Second five year plan of India was
- One sector model of the Harrod-Domar type
 - Sectoral model of the Feldman type
 - Multi-sector input-output model
 - A linear programming model involving inter-temporal optimization
24. The Kahn-Chenery social marginal productivity investment criterion involved
- Maximization of the social marginal productivity (SMP) of capital in all uses
 - Minimization of the SMP of capital in all uses
 - Equalization of the SMP of capital in different uses
 - Investing capital up to a point where the SMP of capital is zero

25. In cost-benefit analysis, the higher the rate of discount, the lower will be the net present value (NPV) of a project. At a certain rate of discount the NPV will be zero. This rate of discount is called the
- Rate of return
 - Internal rate of return
 - External rate of return
 - None of the above
26. In the Solow-Swan model of growth without technical progress, the rate of growth of national output in steady state is equal to
- The rate of growth of population
 - The rate of growth of capital stock
 - The rate of growth of consumption
 - All of the above
27. Trade can act as an engine of growth due to
- Higher economies of scale reaped by large scale production for exports
 - Greater availability of critical imported capital and intermediate goods made possible by larger export revenues
 - Increased efficiency in domestic production due to opening up of the economy to foreign competition
 - All of the above
28. The two gaps referred to in Chenery and Strout kind of model are:
- Technology and savings gaps
 - Technology and trade gaps
 - Savings and trade gaps
 - None of the above
29. As per the Singer-Prebisch thesis, international terms of trade can become adverse to developing countries exporting primary products due to
- Low income elasticities of demand for primary products
 - Development of synthetic substitutes for primary products
 - Oligopolistic markets for synthetic goods
 - All of the above
30. The correlation coefficient between ranks of countries by per capita income and ranks by human development index is
- Very low
 - Around 0.33
 - Around 0.66
 - Very high

