

THE MAHARAJA SAYAJIRAO UNIVERSITY OF BARODA, VADODARA

Ph. D. ENTRANCE TEST (PET) – 27th January 2019

Signature of Invigilators

Roll No.

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(in figures as in Hall Ticket)

Roll No.

(in words)

Economics
(19/01)

Maximum Marks: 50

No. Of Printed Pages : 8

Instruction for the Candidate:

1. Write your Roll Number in the space provided on the top of this page.
2. This paper consists of **FIFTY (50)** multiple choice type questions. Each Question carries **ONE (1)** mark.
3. At the commencement of examination, the question booklet will be given to you. In the first 5 minutes, you are requested to open the booklet and compulsorily examine it as below:
 - a. To have access to the Question Booklet, tear off the paper seal on the edge of this cover page, Do not accept a booklet without sticker seal and do not accept an open booklet.
 - b. Tally the number of pages and number of questions in the booklet with the information printed on the cover page. Faculty booklets due to pages/questions missing or duplicate or not in serial order or any other discrepancy should be got replaced immediately by a correct booklet from the invigilator within the period of 5 minutes. Afterwards, neither the Question Booklet will be replaced nor any extra time will be given.
 - c. After this verification is over, the Test Booklet Number should be entered on the OMR Answer Sheet and the OMR Answer Sheet Number should be entered on this Test Booklet.
4. Each item has four alternative responses marked (A), (B), (C) and (D). You have to darken the circle as indicated below on the correct response against each item.
Example: (A) ● (B) ○ (C) ○ (D) ○ where (B) is correct response.
5. Your responses to the items are to be indicated on the OMR Answer Sheet under Paper – II only. If you mark your response at any place other than in the circle in the OMR Answer Sheet, it will not be evaluated.
6. Read instructions given inside carefully.
7. Rough Work is to be done in the end of this booklet.
8. If you write your Name, Roll Number, Phone Number or put any mark on any part of the OMR Answer Sheet, except for the space allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, such as change of response by scratching or using white fluid, you will render yourself liable to disqualification.
9. You have to return the original OMR Answer Sheet to the invigilator at the end of the examination compulsorily and must not carry it with you outside the Examination Hall. You are however, allowed to carry original question booklet and duplicate copy of OMR Answer Sheet on conclusion of examination
10. Use only Blue/ Black Ball point pen.
11. Use of any calculator or log table etc., is prohibited.
12. There shall be no negative marking.

Economics

(19/01)

Note: This paper contains **FIFTY (50)** multiple-choice questions. Each Question carries **ONE (1)** mark.

- 01) According to the classical economists, an excess of total spending would:
- product prices would fall, but resource price would rise
 - product prices would rise, but resource prices would fall
 - both product and resource prices would rise
 - both product and resource prices would fall
- 02) The relationship between the marginal propensity to save (MPS) and the marginal propensity to consume (MPC) is such that:
- $MPC - MPS = 1$
 - $1 - MPC = MPS$
 - MPS/MPC
 - $MPS \times MPC = 1$
- 03) Monetarists take the position that monetary policy:
- is limited by the crowding out of investment
 - is enhancement by the crowding out of investment
 - should be based on rules rather than discretion
 - should be based on discretion rather than rules
- 04) The rational expectations theory suggests that demand management policies that are anticipated:
- influences real output and employment in the long run but not in the short run
 - influences real output and employment in the short run but not in the long run
 - influences real output and employment in the short run and long run
 - do not influences real output and employment in the short run or long run
- 05) The interest rate would guarantee the equality of investment and saving, and therefore full employment, according to:
- Keynesian theory
 - Classical theory
 - Supply side theory
 - General theory of Employment, Interest and Money
- 06) Which of the following is one of the assumptions of the indifference curve analysis?
- Cardinal Utility
 - Ordinal Utility
 - Independent Utility
 - Revealed Preferences

- 07) With which one of the following is the doctrine of excess capacity not associated ?
- Perfect competition
 - Monopolistic competition
 - Monopoly
 - Oligopoly
- 08) Under price discrimination price will be higher in the market where demand is
- Unitary elastic
 - highly elastic
 - less elastic
 - None of the above
- 09) Match List I with List II and select the correct answers using the code given below :

LIST I	LIST II
a. Kaldor Hicks	1. Social Welfare function
b. Bergson Samuelson	2. Natural rate of unemployment
c. Kenneth J. Arrow	3. Impossibility Theorem
d. Milton Friedman	4. Compensation criterion

Codes:

	a	b	c	d
A)	4	3	1	2
B)	4	1	3	2
C)	2	1	3	4
D)	2	3	1	4

- 10) Which one of the following gives the correct relationship between Marginal Cost (MC) curve and Average Cost curve?
- When the AC curve is falling, MC curve is above it
 - When both MC and AC curves are rising, the MC curve rises slowly than the AC curve.
 - If the AC curve is U-shaped, then corresponding MC curve cuts the AC curve at the minimum point
 - If the AC curve shows constant relationship between variable, then the corresponding MC curve cuts the AC curve at its highest point.

- 11) If the production possibilities curve is concave and not straight, then
- resources are able to produce alternative products equally well
 - resources are not equally suited to producing alternative products
 - resources are perfectly interchangeable to alternative uses
 - there are unemployed resources
- 12) The best example of a “frictionally unemployed” worker is one who:
- reduces productivity by causing frictions in a business
 - is laid off during a recessionary period in the economy
 - is in the process of voluntarily switching jobs
 - is not wanting to work
- 13) Time deposit are included in which measure of money supply
- M1
 - M2
 - M3
 - all of the above
- 14) A change in money supply will tend to be the least effective when the money demand curve is relatively
- flat and the investment curve is relatively steep
 - steep and the investment curve is relatively flat
 - flat and the investment curve is relatively flat
 - steep and the investment curve is also relatively steep
- 15) The Philips curve suggests a tradeoff or conflict between :
- economic efficiency and the level of prices
 - economic efficiency and the rate of economic growth
 - the rate of economic growth and the level of unemployment
 - the rate of inflation and the level of unemployment
- 16) A positive cross elasticity of demand coefficient indicates that:
- a product is an inferior good
 - a product is a normal goods
 - two products are substitute goods
 - two products are complementary goods
- 17) The vertical demand curve for a commodity shows its demand is
- Perfectly inelastic
 - Perfectly Elastic
 - Fairly Elastic
 - Moderately Elastic
- 18) Iso- cost line shows-
- Various combinations of two factors that the firm can buy with a given outlay
 - Various combinations of two commodities which gives equal satisfaction
 - Various combination of two commodities which gives equal satisfaction
 - Various combination of two factors which gives equal satisfaction
- 19) Hedging refers to –
- Labour is the only factor of production
 - The price or a cost of a commodity can be inferred from its labour content
 - Labour is homogenous
 - None of the above
- 20) Elasticity of substitution in the case of linear-homogenous production function equals to:
- unity
 - more than unity
 - less than unity
 - zero
- 21) The process of acquiring and increasing the number of persons who have the skills in education and experience which are critical for the economic and the political development of a country is known as-
- Human capital formation
 - Social capital formation
 - Natural capital formation
 - All of the above
- 22) A country’s rate of growth is determined by –
- Average propensity to consume
 - The law of comparative costs
 - Interaction of demand and supply
 - Rate of capital formation
- 23) The budget in which its tax revenue and expenditure are equal is called
- Surplus Budget
 - Balanced Budget
 - Unbalanced Budget
 - None of the above
- 24) Which framework for Monetary policy was recently adopted in India on recommendation of Urjit Patel Committee?
- Inflation Targeting
 - Monetary Targeting
 - Exchange rate Targeting
 - None of the above

- 25) Wages paid to Mahatma Gandhi National Rural Employment Guarantee Scheme has now been linked with-
- WPI
 - CPI for Agricultural Labour
 - CPI for Industrial Labour
 - Food Inflation
- 26) How many key infrastructure sectors are known as core sectors in Indian economy, used for Index of Industrial Production data?
- 5
 - 6
 - 7
 - 8
- 27) Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII) are distinct in terms of ?
- FDI brings capital, technology and management whereas FII brings only capital
 - FDI targets specific sectors and FII helps in increasing foreign capital availability
 - FII is considered more stable
 - FII targets both primary and secondary market while FDI targets only primary
- 28) Which among the following was not stipulated in the Fiscal Responsibility And Budget Management Act 2003?
- Elimination of revenue deficit
 - Elimination of primary deficit
 - Non- borrowing by the central government from RBI except in certain situation
 - Fixing government guarantees in any financial year as a percentage of GDP
- 29) Reserve Bank of India was nationalized in –
- 1959
 - 1947
 - 1945
 - 1949
- 30) The Leontief Paradox stated that
- USA's exports were labour- intensive and imports were capital intensive
 - USA's exports and imports both were labour-intensive
 - USA's exports and imports both were capital-intensive
 - USA's exports were capital- intensive and imports were labour intensive
- 31) Consider the following statement:
- When factor intensity reversal occurs
 - Heckscher-Ohlin trade model fails
 - Factor price equalization theorem fails
 - Elasticity of substitution of one factor for the other is much higher in the production of a commodity
- Which of the statements given above is/are correct?**
- 1 only
 - 2 only
 - 1 and 3 only
 - 1,2 and 3
- 32) What is the value of the Gini coefficient for an income distribution characterized by complete equality of income?
- Zero
 - 0.5
 - 1.0
 - Infinity
- 33) What is Integrated Goods and Services Tax in India?
- Tax imposed on imported goods and services
 - Tax imposed on Value addition to export
 - Tax imposed on inter state trade
 - Tax on international trade
- 34) The relationship between tax collections and tax rates has been expressed by
- Lorenz curve
 - Engel's Curve
 - Laffer curve
 - Indifference Curve
- 35) The whole burden of a tax will be borne by the sellers, if
- the demand for a commodity is inelastic and supply is perfectly elastic
 - the elasticity of demand for a commodity is same as the elasticity of supply of supply of the commodity
 - the demand for a commodity is perfectly elastic and supply is inelastic
 - the elasticity of demand for a commodity is less than the elasticity of supply of that commodity
- 36) If interest payments are subtracted from gross fiscal deficit, the remainder will be:
- Revenue deficit
 - Capital deficit
 - Gross primary deficit
 - Budgetary deficit

- 37) Which one of the following pairs is not correctly matched?
- A) Exchange depreciation : Market Mechanism
 - B) Devaluation : Policy action of the government
 - C) Deflation : Cheap money policy
 - D) Exchange control : Foreign exchange rationing

38) The Bretton woods conference led to establishment of

1. IMF
2. IBRD
3. World Bank

- A) 1 and 2
- B) 2 and 3
- C) 1 and 3
- D) 1,2 and 3

39) Which one of the following is the correct sequence in increasing degree of integration between member countries?

- A) Free trade area- Economic Union – Common Market – Custom Union
- B) Free trade area– Custom Union– Common Market- Economic Union
- C) Free trade area– Common Market – Custom Union- Economic Union
- D) Common Market – Custom Union- Economic Union -Free trade area

40) In the Balance of Payment Account, the transfer payments are included in which one of the following?

- A) Current account
- B) Service account
- C) Capital account
- D) Official Reserve account

41) The correlation between two variables is said to be perfectly positive. If the value is equal to

- A) 0
- B) -1
- C) +1
- D) 0.1

42) Not rejecting null hypothesis, when it is in fact false is

- A) Type I error
- B) Type II error
- C) Two tailed error
- D) None of these

43) Match the following:

LIST I	LIST II
a. Simple Random Sampling	1. Equal probability of selection of an item in a trial
b. Random Sampling	2. Equal probability of each items in all equal trial
c. Stratified Random Sampling	3. Random selection of first and systematic of the rest
d. Stratified Systematic Random Sampling	4. Random choice of all items from each stratum

Codes

- | | a | b | c | d |
|----|---|---|---|---|
| A) | 1 | 2 | 3 | 4 |
| B) | 3 | 1 | 4 | 2 |
| C) | 4 | 3 | 1 | 2 |
| D) | 2 | 1 | 4 | 3 |

44) What does the Coase's theorem deal with ?

- A) Internalisation of externalities
- B) Pricing of public goods
- C) Solution to the problem of externalities of terms of well defined and exchangeable property rights
- D) None of the above

45) If the Marginal Propensity to Consume is 0.75, the multiplier will be

- A) 02
- B) 03
- C) 3.5
- D) 04

46) A firm's average total cost is 60 its average variable cost is 55, and its output is 50 units. What is its total fixed cost ?

- A) Less than 200
- B) Between 200 and 300
- C) More than 300
- D) Firm has no fixed cost

47) Demographic transition refers to

- A) migration of population from rural to urban areas
- B) change in male/female ratio of the population
- C) change in the age structure of the economy
- D) shift from high birth and low death rates to low birth and death rates

- 48) Which of the following state has the highest sex ratio in India?
- A) Kerala
 - B) Rajasthan
 - C) Gujarat
 - D) Maharashtra
- 49) In the presence of Heteroscedasticity ,
- A) Heteroscedasticity does not alter the unbiasedness and consistency properties of OLS estimators
 - B) OLS estimators are of minimum variance or efficient
 - C) BLUE estimators are provided by the method of weighted least square
 - D) 'T' and 'F' tests based on standard assumptions of classical linear regression model may not be reliable
- 50) If the mean, median and mode of a data set are equal then, which of the following is true with regard to the distribution of data?
- A) It is symmetrical
 - B) It is asymmetrical
 - C) It is negatively skewed
 - D) It is positively skewed

Rough Work: