VIDYASAGAR UNIVERSITY
MIDNAPORE

COMMON ENTRANCE TEST FOR PG ADMISSION, 2019

Question Booklet No. 0712113

Subject: ECONOMICS

Subject Code No.: 07

Full Marks : 200

Question Booklet Series: **D**

Answer all the questions. Each question has the same weightage.

> Read the following instructions carefully before you start answering.

INSTRUCTIONS

1. The question Booklet is printed in four Series e.g. (A), (B), (C) and (D). The candidate has to indicate the Series of the question booklet in the space provided in the OMR Answer Sheet . For example, if the candidate gets Series (A) booklet, he / she has to indicate on the front side of the OMR Answer Sheet with Black ink ball point pen only as indicated below:

   ● Ⓑ Ⓒ Ⓓ

2. There are 50 questions inside this question booklet. Immediately after you have been instructed to open this question booklet, ensure that any page / question is not missing / not printed / torn /repeated. In case you find any defect anywhere in the question booklet, immediately get it replaced by the Invigilator.

3. Each question carries 4 marks. 1(one) mark will be deducted for each wrong answer(negative marking).

4. Write your Form No and put signature in the space provided.

5. Before answering, write down the necessary information on the OMR Answer Sheet as per your Application Form and Admit Card in the specific space provided.

6. With each question you will find 4 possible answers marked by the letters A, B, C & D. Read each question carefully and find out which answer, according to you, is correct / most appropriate / best. Indicate your answer by darkening the appropriate circle completely in the OMR Answer Sheet corresponding to the question. For marking answers, use black ink ball pen only. If 'B' is the correct answer in a case, mark as below:

   Ⓐ ● Ⓒ Ⓓ

7. Do not fold or make any stray marks on the OMR Answer Sheet.

8. You can use the blank space of the last page for rough work. Do not tear it off from the Question Booklet.

9. After the examination has been over, you must submit OMR Answer Sheet to the Invigilator.

10. OMR Answer Sheet is designed for computer evaluation. If you do not follow the instructions given above and shown in the OMR Answer Sheet, it may make evaluation by computer difficult. Any resultant loss to the candidate on the above account shall be of the candidate only.

11. No candidate shall be allowed to use Mobile phone. Log tables or Calculator of any description in the examination hall / room.

1. According to Milton Fiedman, people hold money with them because of
   (A) Speculative Motive   (B) To get marginal utility by holding money
   (C) Irrational behavior   (D) None of the above.

2. Optimum tariff for a small country is
   (A) less than maximum revenue tariff   (B) indeterminate
   (C) Zero   (D) one

3. Which of the following constitutional amendment deals with the Panchayat Raj Institutions?
   (A) 43rd Amendment   (B) 73rd Amendment   (C) 86th Amendment   (D) 93rd Amendment

4. The accuracy of an estimator is assessed in terms of its:
   (A) Unbiasedness property   (B) Minimum variance property
   (C) Minimum mean-squared error property   (D) None of the above

5. Heteroskedasticity turns OLS estimators:
   (A) Biased   (B) Inefficient   (C) Inconsistent   (D) All of above

6. If two indifference curves intersect each other at a point then
   (A) Transitivity axiom gets violated   (B) Non satiety axiom gets violated
   (C) Either transitivity or non satiety gets violated   (D) Both are violated at a time

7. For a perfectly competitive firm the long run supply curve may be downward sloping due to the existence of
   (A) external economies in production   (B) external diseconomies in production
   (C) decreasing returns to a variable input   (D) decreasing returns to scale

8. The unbalanced growth model was propounded first by
   (a) Albert O. Hirschman
   (b) H.S. Singer and Raul Prebisch
   (c) Kindelberger and Ragnar Nurkse
   (d) W.W. Rostow and Paul Streeten
   Codes :
   (A) a and b   (B) a and c   (C) a and d   (D) a

9. The shape of MEI curve is
   (A) Same with the shape of MEC curve   (B) Always vertical
   (C) Upward sloping   (D) Mirror image of supply curve of capital goods

10. If a person has money illusion, he will
   (A) Ignore income rise   (B) Ignore price rise   (C) Ignore saving rate   (D) Ignore interest rate

11. The premise, that benefit of economic growth will reach all sections of population is called
   (A) Trickle up effect   (B) Trickle down effect   (C) Take-off effect   (D) Backlash effect

12. The quantity theory of money concludes that an increase in the money supply causes
   (A) a proportional increase in prices.   (B) a proportional increase in real output.
   (C) a proportional decrease in velocity.   (D) a proportional increase in velocity.

13. For a perfectly discriminating monopolist
   (A) the producer fails to enjoy any producer's surplus
   (B) the consumers fail to enjoy any consumers' surplus
   (C) both the producer and consumers fail to enjoy their respective surpluses
   (D) both the producer and consumers enjoy their respective surpluses

14. If the savings rate is 10% and the output capital ratio is 0.5 then a country would grow at
    (A) 2 per cent per year
    (B) 10 per cent per year
    (C) 20 per cent per year
    (D) None of these

15. The concept of vicious circle of poverty is associated with
    (A) J.M. Keynes
    (B) Ragner Nurkse
    (C) Karl Marx
    (D) J.S. Mill

16. The dependency ratio is the ratio of
    (A) Children to adults in the population
    (B) Unemployed to employed workers in the Labour force
    (C) Non-working age population to working age population
    (D) Foreign aid to GNP ratio

17. The velocity of money is
    (A) highly unstable
    (B) impossible to measure
    (C) the rate at which money loses its value
    (D) the rate at which money changes hands

18. If the marginal propensity to consume MPC is 0.75, the value of the multiplier is
    (A) 4
    (B) 7.5
    (C) none of these answers
    (D) 5

19. Which is not true in case of Keynesian consumption function ?
    (A) MPC < APC
    (B) 0<MPC<1
    (C) Income is the function of disposable income
    (D) In the long run income grows along trend

20. What does " I" stand for IGST
    (A) Integrated
    (B) Internal
    (C) International
    (D) Intra

21. Suppose a production function is written as $\log q = \log A + \alpha \log L + \beta \log K + u$. Here α and β stand for
    (A) Marginal productivity of L and K
    (B) Average productivity of L and K
    (C) Elasticity of output with respect to L and K respectively
    (D) None of the above

22. Rate of growth of population is high in underdevelopment countries due to
    (A) High birth rate
    (B) Low death rate
    (C) Both A and B
    (D) None of these

23. The value of plant and equipment worn out in the process of manufacturing goods and services is measured by
    (A) intermediate production
    (B) Net National Product
    (C) investment
    (D) depreciation

24. The value of zero-order autocorrelation coefficient is always:
    (A) Zero
    (B) 1
    (C) -1
    (D) Unknown

25. An increase in the budget deficit that causes the government to increase its borrowing
    (A) shifts the supply of loanable funds to the right
    (B) shifts the demand for loanable funds to the left
    (C) shifts the demand for loanable funds to the right
    (D) shifts the supply of loanable funds to the left

26. Stolper-Samuelson theorem is about
    (A) factor abundance
    (B) factor intensity
    (C) redistribution of income between two factors
    (D) free trade and protectionism

27. Constant marginal utility of money means
    (A) The slope of the total utility curve for money will be positive and constant
    (B) The marginal utility of money will be a horizontal straight line
    (C) The change of marginal utility of money will be zero
    (D) All of the above

28. Factor Price Equalisation Theorem does not assume
    (A) both country faces same international price
    (B) both country uses same technology
    (C) both country completely specialises in one line of production
    (D) None of these

29. VMPL (Value of Marginal Product of Labour) is defined by
    (A) the additional revenue earned by a firm by employing an additional labour
    (B) the product of Marginal Product of Labour and the price of the product
    (C) the product of Marginal Product of Labour and the Marginal Revenue of the product
    (D) the additional profit earned by a firm by employing an additional labour

30. The chance of throwing a 'six' in the first only of two successive throws of a fair die is:
    (A) 1/27   (B) 1/6   (C) 1/9   (D) None of the above

31. A public good is
    (A) a good that the public must pay for   (B) more costly than a private good
    (C) nonrival in consumption   (D) a good that is supplied by the government

32. Which option is least correct for a monopolistically competitive market?
    (A) The market contains some element of monopoly as well as some element of perfect competition
    (B) The market is nearer to perfect competition than to monopoly
    (C) The firms in this market earn only normal profit in the long run
    (D) The firms are not involved in any strategic competition

33. The Production Possibility Frontier (PPF) is normally negatively sloped and concave to the origin because of the existence of
    (A) increasing returns to a variable input   (B) increasing returns to scale
    (C) decreasing returns to a variable input   (D) decreasing returns to scale

34. The classical model of economic development emphasises
    (A) Laissez-Faire Policy   (B) Capital Accumulation
    (C) Both (A) and (B)   (D) None of these

35. Social welfare function was introduced by
    (A) Bergson   (B) K Arrow   (C) Jame Tobin   (D) Paul Samuelson

36. If your grandparents buy a newly built retirement home, this transaction would affect
    (A) investment   (B) net exports
    (C) government purchases   (D) consumption

37. If the two regression lines are mutually perpendicular, then the correlation coefficient equals:
    (A) 0   (B) ±1   (C) 1   (D) -1

38. If two goods are consumed in 1:1 ratio with the prices P_1 and P_2 and income M then the consumer's optimum consumption of both the goods will be
    (A) $M/(2P_1+2P_2)$ (B) $(2P_1+2P_2)/M$ (C) $M/(P_1+P_2)$ (D) None of these

39. Choose the option that is not true: Normal profit of a firm in a perfectly competitive market is that profit

(A) which the firm earns in the long run
(B) which the firm earns in the normal situation
(C) which does not induce any existing firm to exit the industry
(D) which does not attract any new firm to enter into the industry

40. The S.D. of $\dfrac{x - \bar{x}}{s}$, where $\bar{x}$ and s respectively denote mean and S.D. of x, is:

(A) 1   (B) 0   (C) $1/s$ (D) None of the above

41. Lump sum taxes
(A) Same as expenditure tax   (B) Most used forms of taxation
(C) Create no excess burden   (D) None of the above.

42. The Service sector in India contributes almost _____ per cent of its gross value added growth in 207-18
(A) 60.1   (B) 72.5   (C) 64.1   (D) 67.1

43. Which of the following is not a source of state tax revenue
(A) Land revenue   (B) Motor Vehicles tax
(C) Entertainment tax   (D) Corporate Tax

44. Which of the following statement about the market demand curve for a product is *false*?
(A) The market demand curve may shift if there is a change in the behaviour of some households which consume the product
(B) The market demand curve represents the individual demand curves of all consumers added together
(C) The market demand curve may shift if there is change in the price of the product
(D) The market demand curve may shift if there is a change in the number of consumers who buy the product

45. Marshall-Lerner condition says devaluation will improvement the trade balance if the absolute sum of the export and import demand elasticities is
(A) equal to unity   (B) less than zero   (C) greater than unity   (D) equal to zero

46. In Cournot duopoly equilibrium
(A) the joint profit of the two firms is maximised
(B) the joint profit of the two firms is minimised
(C) the joint profit of the two firms is not maximised
(D) the joint profit of the two firms becomes zero

47. The theory of drain of wealth from India to Britain was developed by
(A) V K RV Rao   (B) K N Raj   (C) Dadabhai Naoraji   (D) A K Sen

48. Strict convexity of the indifference curve refers to the situations when
(A) Marginal rate of substitution between the two goods is diminishing
(B) The indifference curve meets either or both of the axes
(C) The upper contour of the indifference curve is a convex set
(D) Both 'a' and 'c' are true

49. If a producer enjoys external economies of scale in the long run in terms of government's cooperation its cost structure will be
(A) The total cost curve will be concave
(B) The long run average cost curve will be declining
(C) The long run marginal cost curve will be declining but it will lie below the long run average cost curve
(D) All of the above

50. Und
(A)
(B)
(C)
(D)

50. Under rational expectation hypothesis the Phillips Curve is
    (A) Vertical
    (B) Downward sloping
    (C) Downward sloping in the short run and vertical in the long run
    (D) None of the above