

M.A.  
ENTRANCE EXAMINATION FOR ADMISSION, MAY 2011.

M.A. (APPLIED ECONOMICS)

COURSE CODE : 350

Register Number :

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*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. When the law of demand operates, the demand curve
  - (A) Slopes downward from left to right
  - (B) Slopes upward from left to right
  - (C) Parallel to horizontal axis
  - (D) None of the above
  
2. If two goods have to be consumed simultaneously, the goods are
  - (A) Identical
  - (B) Complementary
  - (C) Substitute
  - (D) None of the above
  
3. The cost of alternative opportunity that is sacrificed is
  - (A) Opportunity cost
  - (B) Implicit cost
  - (C) Sunk cost
  - (D) Real cost
  
4. Giffen goods are those goods
  - (A) For which demand increase as price increase
  - (B) Which have high income elasticity of demand
  - (C) Which are in very short supply
  - (D) None of the above
  
5. The law of variable proportions was formulated by
  - (A) Joan Robinson
  - (B) Adam smith
  - (C) Alfred Marshall
  - (D) David Ricardo
  
6. Change in total output due to increase of an input by an additional unit, while keeping all other inputs constant is called
  - (A) Average product
  - (B) Marginal product
  - (C) Total product
  - (D) None of the above
  
7. One common definition of luxury goods is, goods with an income elasticity
  - (A) Equal to one
  - (B) Less than one but greater than zero
  - (C) Greater than one
  - (D) None of the above

8. Elasticity of demand is unity when marginal revenue is
- (A) Positive (B) Negative  
(C) Zero (D) One
9. When marginal product is greater than average product, the average product
- (A) Falls (B) Rises  
(C) Remains constant (D) All of the above
10. Utility may be defined as
- (A) The power of a commodity to satisfy wants  
(B) The price of the commodity  
(C) The purchasing power of a good  
(D) The desire for a good
11. The concept of indifference curve analysis was given a scientific touch by
- (A) Irving Fisher (B) F.Y Edgeworth  
(C) Slutsky (D) Alfred Marshall
12. The indifference curve which is L-shape represents
- (A) No substitutability (B) None complementarity  
(C) Perfect substitutability (D) All of the above
13. A rational producer will operate in which stage of the total product curve
- (A) Stage-I (B) Stage-II  
(C) Stage-III (D) All of the above
14. The slope of a budget constraint represents
- (A) Ratio of marginal product of two goods  
(B) Ratio of prices of two goods  
(C) Both (A) and (B)  
(D) None of the above



15. The total effect of a price change of a commodity is
- (A) Substitution effect plus price effect
  - (B) Substitution effect plus income effect
  - (C) Substitution effect plus demonstration effect
  - (D) Substitution effect minus income effect
16. The flat stretch portion of a saucer shaped average variable cost curve is called
- (A) Reserve capacity
  - (B) Full capacity
  - (C) Optimum capacity
  - (D) None of the above
17. The long run average cost curve is also known as
- (A) Yield curve
  - (B) Engle curve
  - (C) Welfare curve
  - (D) Envelope curve
18. The revealed preference theory was formulated by
- (A) Lionel Robbins
  - (B) Joan Robinson
  - (C) Paul Samuelson
  - (D) J.M. Keynes
19. The plant is said to be of the optimum size which operates at
- (A) On the rising portion of long run average cost (LAC) curve
  - (B) On the falling portion of LAC
  - (C) On the minimum point of LAC
  - (D) None of the above
20. Production may be defined as a act of
- (A) Earning profit
  - (B) Creating utility
  - (C) Destroying utility
  - (D) Providing services
21. The L-shaped Long run Average Cost (LAC) curve concept was given by
- (A) George Stigler
  - (B) McKinnon
  - (C) Gregory Mankiw
  - (D) Paul Krugman

22. The traditional theory of production concentrates on the range of production over which their slope is
- (A) Infinite (B) Zero  
(C) Negative and convex to origin (D) Both (A) and (B)
23. Kinked isoquant implies
- (A) Perfect substitution between two factors  
(B) Limited substitution between two factors  
(C) Zero substitution between two factors  
(D) None of the above
24. A complete set of isoquants for the producer is called
- (A) Indifference map (B) Social welfare function  
(C) Isoquant map (D) Both (A) and (C)
25. The slope of production possibility curve is
- (A) Marginal rate of technical substitution  
(B) Marginal rate of product transformation  
(C) Marginal rate of substitution  
(D) Marginal utility
26. The locus of points of isoquants where the marginal products of the factors are zero gives
- (A) Iso-cost line (B) Budget constraint  
(C) Ridge line (D) Iso-cline
27. Opportunity cost are also known as
- (A) Money cost (B) Spillover cost  
(C) Alternative cost (D) External cost
28. Under perfect competition a firm is a
- (A) Price taker (B) Price maker  
(C) Price discriminator (D) None of the above

29. The practice of charging higher price at domestic market but lower price at international market for an identical product is known as
- (A) Hedging (B) Arbitrage  
(C) Dumping (D) Speculation
30. A market consist of single seller and single buyer is
- (A) Discriminating monopoly (B) Monopsony  
(C) Monopolistic (D) Bilateral monopoly
31. The concept of "imperfect competition" has been put forward by
- (A) Mrs. Joan Robinson (B) Chamberlin  
(C) Cournot (D) Bertrand
32. The surplus earned by the factors that are fixed in supply is known as
- (A) Economic rent (B) Differential rents  
(C) Quasi rent (D) None of the above
33. Liquidity trap represents the situation where
- (A) The money demand is perfectly elastic  
(B) Interest rate is very high  
(C) Interest rate is very low  
(D) Both (A) and (C)
34. The speculative demand for money depends on
- (A) Interest rate (B) Income  
(C) Price (D) Profit
35. Any change that makes at least one person better-off without making any one worse-off is
- (A) Pareto improvement (B) Pareto optimal  
(C) Both (A) and (B) (D) None of the above
36. "Supply creates its own demand" – is popularly known as
- (A) Engle law (B) Okun's law  
(C) Say's law (D) Pareto law



37. If the consumer is will to pay more as compared to what she actually pays for consumption of a commodity, the situation is related to
- (A) Producer surplus (B) Consumer surplus  
(C) Entrepreneur surplus (D) None of the above
38. The difference between gross domestic product and net domestic product equals
- (A) Transfer payments (B) Indirect taxes  
(C) Depreciation (D) Subsidy
39. Which of the following is not a method of estimating GNP?
- (A) The value added approach (B) Product approach  
(C) Income approach (D) The financial approach
40. In a closed economy, which of the following sectors is ignored
- (A) Households (B) Firms  
(C) Government (D) Foreign trade
41. The difference between national income and net factor income earned from abroad is
- (A) Domestic income (B) Foreign income  
(C) Depreciation (D) Export
42. The situation in which economy offers employment opportunities but workers are not willing to take up jobs is known as
- (A) Frictional unemployment (B) Disguised unemployment  
(C) Cyclical unemployment (D) Voluntary unemployment
43. The determinants of effective demand are
- (A) Aggregate demand function (B) Aggregate supply function  
(C) Both (A) and (B) (D) None of the above
44. The concept of multiplier was first developed by
- (A) Milton Friedman (B) R.F. Kahn  
(C) J.M. Keynes (D) W.J. Baumol
45. The combination of multiplier and accelerator is termed by Hicks as
- (A) Single multiplier (B) Double multiplier  
(C) Super multiplier (D) Double accelerator

46. The value of balanced budget multiplier is  
 (A) Zero (B) Unity  
 (C) Infinity (D) None of the above
47. The IS curve is locus of all those points of interest rate and income at which  
 (A) Goods market clears (B) Labour market clears  
 (C) Money market clears (D) None of the above
48. The value of marginal propensity to consume lies between the range of  
 (A)  $\infty$  to 1 (B) 1 to 100  
 (C) -1 to 1 (D) 0 to 1
49. Following theory has been propounded to explain the determination of interest rate  
 (A) Time preference (B) Loanable fund  
 (C) Liquidity preference (D) All of the above
50. Which of the following is a primary functions of money?  
 (A) Medium of exchange (B) Lender of last resort  
 (C) Standard of deferred payment (D) None of the above
51. GATT refers to  
 (A) General agreement on trade and tariff  
 (B) General agreement on taxation and trade  
 (C) General achievement on trade and tariff  
 (D) None of the above
52. WTO was established in the year  
 (A) 1996 (B) 1994  
 (C) 1995 (D) 2001
53. NABARD is associated with  
 (A) Financing industry (B) Financing agriculture  
 (C) Financing tourism (D) Financing construction



54. Incidence of taxation refers to  
(A) Initial burden of tax (B) Final resting place of tax  
(C) Both (A) and (B) (D) Tax shifting
55. The good, consumption of which is non-rival and non excludable in nature is called  
(A) Private good (B) Giffen good  
(C) Inferior good (D) Public good
56. The concept of vicious circle of poverty was given by  
(A) Ragner Nurkse (B) Simon Kuznet  
(C) Gunnar Myrdal (D) James Meade
57. The famous book "Das Capital" was written by  
(A) J. A. Schumpeter (B) Rosentein Rodan  
(C) Karl Marx (D) Harvey Leibenstein
58. 'Warranted Growth' is also known as  
(A) Full capacity growth rate (B) Full employment growth rate  
(C) Potential growth rate (D) All of the above
59. The Human Development Report every year is published by  
(A) UNDP (B) UNRISD  
(C) WTO (D) IBRD
60. The concept of unbalanced growth has been advocated by  
(A) Nurkse (B) James Meade  
(C) Robert Solow (D) Albert O. Hirschman
61. The theory of Population is associated with  
(A) Smith (B) Marshall  
(C) Malthus (D) Ricardo
62. The reciprocal of the arithmetic mean of the reciprocals of the values of the observations is  
(A) Arithmetic Mean (B) Median  
(C) Geometric Mean (D) Harmonic Mean

63. The middle most value in a distribution is  
 (A) Mean (B) Mode  
 (C) Median (D) Geometric mean
64. Which of the following is a positional measure of central tendency?  
 (A) Harmonic mean (B) Geometric mean  
 (C) Median (D) Mode
65. The difference between the largest and the smallest value of a distribution is  
 (A) Standard deviation (B) Mean deviation  
 (C) Quartile deviation (D) Range
66. Value of  $\sum (X_i - \bar{X})^2$  where  $\bar{X}$  is arithmetic mean is  
 (A) Maximum (B) Minimum  
 (C) Zero (D) Unity
67. Lorenz curve is a graphical method of studying  
 (A) Central tendency (B) Dispersion  
 (C) Geographical Location (D) None of the above
68. The value of correlation coefficient lies between  
 (A) -1 to 0 (B) 1 to 0  
 (C) -1 to 1 (D) None of the above
69. Scatter diagram is a method of studying  
 (A) Regression (B) Correlation  
 (C) Index number (D) Both (A) and (B)
70. JRY stands for  
 (A) Jawahar Rojgar Yojana  
 (B) Jawan Rashtriya Yojana  
 (C) Jaipur Road Yojana  
 (D) Jawahar Rashtriya Youth Welfare

71. The Second Five Year Plan was associated with  
(A) B.N. Gadgil (B) V.K.R.V. Rao  
(C) P.C. Mahalanobis (D) C.N.Vakil
72. MRTP is related to  
(A) Monopoly and trade restriction (B) Inflation control  
(C) Transport control (D) Foreign exchange regulation
73. The state having the highest literacy rate among women in India is  
(A) West Bengal (B) Tamil Nadu  
(C) Maharashtra (D) Kerala
74. The Gramin Bank in Bangladesh is associated with  
(A) Manmohan Singh (B) Mohammad Yunus  
(C) Bill Gates (D) Mukesh Ambani
75. Export promotion zones in India were established to promote  
(A) Imports (B) Exports  
(C) Both (A) and (B) (D) None of the above
76. Indian Green Revolution is most successful in  
(A) Wheat (B) Potato  
(C) Oil seeds (D) Both (A) and (B)
77. The theory of comparative advantage of international trade is associated with  
(A) Adam Smith (B) David Ricardo  
(C) James Mills (D) Haberler
78. The terms of trade of an economy is given by  
(A) Ratio of export price to import price  
(B) Ratio of import price to export price  
(C) Ratio of subsidy to tax  
(D) None of the above



79. The second stage of theory of demographic transition is characterized by
- (A) Low birth rate and low death rate
  - (B) Falling death rate and high birth rate
  - (C) High birth rate and high death rate
  - (D) Both (A) and (C)
80. Which of the following is not a characteristic of economic reforms undertaken since early 1990s in India?
- (A) Globalization
  - (B) Privatization
  - (C) Liberalization
  - (D) Centralization
81. The demand for money function expressed in terms of  $MV=PT$  is associated with
- (A) Cambridge
  - (B) Milton Friedman
  - (C) Irving Fisher
  - (D) J.M. Keynes
82. Which institution in India performs the role of the central bank?
- (A) State Bank of India
  - (B) Central Bank of India
  - (C) Bank of India
  - (D) Reserve Bank of India
83. Tariff is a tax or duties levied on the commodities
- (A) Imported from abroad
  - (B) Exported to abroad
  - (C) Both (A) and (B)
  - (D) None of the above
84. In accounting sense balance of payment always
- (A) Zero
  - (B) Unity
  - (C) Balances
  - (D) Unbalanced
85. The theory of purchasing power parity is associated with
- (A) Exchange rate
  - (B) Interest rate
  - (C) Output
  - (D) Population
86. The price of one currency in terms of another currency is
- (A) Foreign exchange
  - (B) Exchange rate
  - (C) Terms of trade
  - (D) All of the above

87. IBRD stands for
- (A) International bank for reconstruction and development
  - (B) Indian bank for rural development
  - (C) Indian board of research and development
  - (D) None of the above
88. Economic development of a country depend on
- (A) Natural resources
  - (B) Market size
  - (C) Capital formation
  - (D) All of the above
89. The Planning Commission of India was set up in the year
- (A) 1950
  - (B) 1947
  - (C) 1960
  - (D) 1991
90. India is categorized as
- (A) Industrially advanced country
  - (B) Developing country
  - (C) Under developed country
  - (D) All of the above
91. Presently the finance minister of the government of India is
- (A) Manmohan Singh
  - (B) C. Rangarajan
  - (C) Pranab Mukherjee
  - (D) None of the above
92. Inflation is generally used to measure
- (A) Percentage change in general prices
  - (B) Percentage change in population
  - (C) Fertility rate
  - (D) Mortality rate
93. If in a square matrix all the elements on the principal diagonal are one and rest of the elements are zero, the matrix is known as
- (A) Null matrix
  - (B) Identity matrix
  - (C) Both (A) and (B)
  - (D) None of the above