U-85

Entrance Examination – 2019

M.Phil./Ph.D. Economics

HALL TICKET NUMBER

Time: 2 hours   Max. Marks: 70

INSTRUCTIONS

1. **Read the instructions carefully before answering.**

2. Enter your Hall Ticket Number on this page <u>and</u> also on the OMR answer sheet.

3. Answers are to be marked on the OMR answer sheet following the instructions provided thereon.

4. Handover the OMR answer sheet at the end of the examination.

5. Use of non-programmable calculator is allowed.

6. There are 70 questions in this paper: The Question Paper has **two** parts: **PART-A** and **PART-B**. **PART-A** contains 35 questions and **Part B** also contains 35 questions. Marks obtained in PART-A will determine the merit rank in case of a tie in the total number of marks obtained.

7. Each correct answer carries **one** mark. There is no negative marking.

8. The question paper contains 18 pages including the cover page and pages for rough work.

PART-A

1. Consider the market equilibrium for a Giffen good shown in the figure below as the intersection of Demand (DD) and Supply (SS) graphs. Which of the following is true?
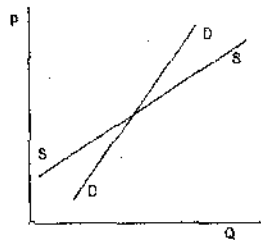
A. It possesses Marshallian stability but not Walrasian stability.
B. It possesses Walrasian stability but not Marshallian stability.
C. It possesses both Marshallian as well as Walrasian stability.
D. It possesses neither Marshallian nor Walrasian stability.

2. Consider the function $f(x) = 3x^2 + 17$ over domain $S = [-5, +12]$. Then $f(x)$ over domain S

A. attains global maximum but not global minimum.
B. attains global minimum but not global maximum.
C. attains neither global maximum, nor global minimum.
D. attains both global maximum and global minimum.

3. As the size of sample is increased, then usually,

A. Sampling errors increase but systemic bias decreases.
B. Sampling errors decrease but systemic bias increases.
C. Sampling errors as well as systemic bias decreases.
D. Sampling errors as well as systemic bias increases.

4. Infant mortality is defined as

A. Number of still births /1000 live births
B. Number of live births/1000 deaths
C. Number of deaths from birth to one year/1000 live births
D. None of the above

5. Which one of the following is an appropriate sampling technique if the study population is scattered over a large area?

A. Stratified Random Sampling
B. Simple Random Sampling
C. Cluster Sampling
D. None of the above

6. *t*-test is used for

A. Equality of two variances
B. Equality of two means
C. Goodness of fit
D. Association between attributes

7. If two coefficients of regression are 0.8 and 0.2, then the value of correlation coefficient is

A. 0.40
B. 0.50
C. 0.25
D. 0.45

8. ANOVA is used for

A. Testing the difference between grouped means
B. Testing the significance of paired means
C. Testing the association between attributes
D. Goodness of fit

9. In which model the dependent variable is binary in nature?

A. ANOVA
B. ANCOVA
C. Simple Linear Regression model
D. Logistic regression model

• 10. A Research hypothesis explains

A. Conclusions of the study
B. Relationship between two variables
C. Analysis plan of the study
D. All the above

11. In the total cost function $TC = 625 - 5q + q^2$ where q is total output, which is true?

A. The slope of average cost is zero at q = +2 and slope of marginal cost is negative
B. The average cost and marginal cost are equal at q = +625
C. The slope of average cost is zero at q = +25 and slope of marginal cost is 2
D. None of the above

12. The function $Y = 25 - 3X + X^2$ is

A. Strictly convex and has a minimum at X = 2
B. Strictly convex and has a maximum at X = 2
C. Strictly concave and has a minimum at X = 25
D. None of the above

13. In the context of the "Linear Programming Problem", the term "Linear" implies

A. Only objective function is linear and constraints can be non-linear
B. Only constraint functions are linear and objective function can be non-linear
C. All constraint functions and objective function are linear
D. Choice variables are non-negative and all constraint functions are of mixed type

14. Consumers who are holding an increasing absolute amount of wealth in risky assets as they get wealthier exhibit ....absolute risk aversion.

A. Increasing
B. Declining
C. Constant
D. None of the above

15. Which statement is false for solving a "Non-Linear Programming Problem" ?

A. The Lagrangian function method is applied when all constraints are in equality form
B. The Kuhn-Tucker conditions are used when both equality and inequality constraints are present
C. The graphical method has limited applications due to problems of non-linear graphs
D. The Kuhn-Tucker conditions are used only for inequality constraints

16. Dead weight loss (DWL) in Economics refers to

A. The net gain to consumers' surplus and producers' surplus
B. The loss in the sense that it represents potential gains from consumption and production are realized neither by buyers nor by sellers in the market
C. Both A and B
D. None of the above

17. The problems of moral hazard and adverse selection in Economics arise due to

A. Increasing moral values of consumers and buyers
B. Heavy taxations, monopoly market problems and symmetric information
C. The full information among economic agents
D. The incomplete information among economic agents

18. In macroeconomics, the paradox of thrift, which says high savings habit may be good enough for individual but it is not true for the society as whole, famously espoused by John Maynard Keynes, is based on:

A. Fallacy of division
B. Fallacy of thrift
C. Fallacy of composition
D. Fallacy of evidence

19. The methodology adopted in Marshall-Jevons-Walras tradition of neoclassical economics rested on

A. Methodological holism
B. Methodological individualism
C. Methodological nihilism
D. Methodological inductivism

20. *A priorism*, a prominent method employed in evolving economic theory in the mainstream tradition, rests on:

A. A logical deduction from set of assumptions considered to be true
B. A generalisation based on induction
C. A logical deduction from set of axioms which are empirically tested.
D. All of the above.

21. There is a popular belief that the reading habits of people cannot be easily changed over a period of time. Considering it to be true, the price elasticity of demand for newspapers should be

A. More than 1
B. Less than 1
C. Equal to 1
D. Equal to zero

22. In a Cournot duopoly model, cost functions are $C_1 = q_1$; $C_2 = 2q_2$, and inverse market demand function is $p = 100 - q_1 - q_2$. Then,

A. $q_1 > q_2$.
B. $q_1 < q_2$.
C. $q_1 = q_2$.
D. $2q_1 = q_2$.

23. Which of the following is a non-random sampling?
A. Systematic
B. Stratified
C. Cluster
D. Quota

24. Consider the following statement:

i) Survey is an example, of field research whereas experiment generally constitutes an example of laboratory research

ii) Possible relationships between the data and the unknown in the universe can be studied through surveys, whereas experiments are not meant to determine such relationships

iii) Surveys are usually appropriate in case of social and behavioral sciences whereas experiments are mostly an essential feature of physical and natural sciences

Which of the following statement (s) given above is/are correct

A. i and iii only
B. ii and iii only
C. ii only
D. i , ii and iii

25. Which one is not correct in the context of deductive and inductive reasoning?

A. A deductive argument makes the claim that its conclusion is supported by its premises conclusively.
B. A valid deductive argument may have all false premises and true conclusion.
C. An inductive argument claims the probability of its conclusion.
D. An inductive argument cannot provide us any new information about matters of fact.

26. Match List-1 (Interviews) with List-II (Meaning) and select the correct answer from the code given below:

List - I (Interviews)	List - II (Meaning)
(a) Structured interviews	(i) Greater flexibility approach
(b) Unstructured interviews	(ii) Attention on the questions to be answered
(c) Focused interviews	(iii) Individual life experience
(d) Clinical interviews	(iv) Pre determined question

A. (a-iv)   (b-i)   (c-ii)   (d-iii)
B. (b-ii)   (a-iv)   (c-i)   (d-iii)
C. (c-v)   (a-ii)   (d-iv)   (d-i)
D. (a-i)   (c-iii)   (d-v)   (b-iv)

27. If the consumption function is given by C = 300 + .5(Y-T) and planned investment is 200, government spending is 80, and T is 60, then equilibrium income is

A. 1100
B. 900
C. 500
D. 400

28. If the Reserve Bank of India wants to control inflation, the best way it could do so by

A. Increasing the repo rate
B. Reducing the repo rate
C. Keeping the repo rate constant
D. By reducing the SLR

29. The model given by $\sigma_t^2 = \alpha_0 + \alpha_1 u_{t-1}^2$ to model a financial time series is

A. an ARCH(1) model
B. an ARCH(q) model
C. a GARCH(1,1) model
D. a GJR GARCH model

30. _____ refers to inferring about the whole population based on the observations made on a small part.

A. Deductive inference
B. Inductive inference
C. Pseudo-inference
D. Objective inference

31. Type-I Error occurs if_____

A. the null hypothesis is rejected even though it is true
B. the null hypothesis is accepted even though it is false
C. both the null hypothesis as well as alternative hypothesis are rejected
D. None of the above

32. A researcher wants to study the relationship of family size to income. He classifies his population into different income slabs and then takes a random sample from each slab in order. Which technique of sampling is he working with?

A. Cluster sampling
B. Random sampling
C. Stratified random sampling
D. Systematic sampling

33. If the standard error of the population is reduced by 50 per cent, the sample size becomes

A. Double
B. Increases 6 times
C. Increases 4 times
D. None of the above

34. The marginal cost to produce Public goods is

A. Very high
B. Very less
C. Zero
D. None of the above

35. A macroeconomic indicator for which there is no annual data series in India is
A. GDP
B. Price level
C. Money supply
D. Employment

PART-B

36. The Harrod-Domar growth model suggests that growth is .

A. directly related to savings and inversely related to the capital/output ratio.
B. directly related to the capital/output ratio and inversely related to savings.
C. indirectly related to savings and the capital/output ratio.
D. directly related to savings and the capital/output ratio.

37. Walras law states that "Aggregate value of excess demand in all markets taken together is equal to zero". Which of the following is true?

A. Excess demand in the market for each good is less than or equal to zero.
B. The Walras law holds only at equilibrium prices.
C. Every market in the economy attains equilibrium.
D. The Walras law holds at all positive prices.

38. When the real interest rates are low

A. There are greater incentives to borrow and fewer incentives to lend
B. There is no incentive to borrow
C. There is greater incentive to lend
D. There are greater incentives to lend and fewer incentives to borrow

39. What is Baran's explanation for underdevelopment in Asia, Africa, and Latin America?

A. Mmonopolistic business from abroad
B. Reactionary ruling coalitions
C. Weak domestic middle class
D. All of the above

40. Famines, according to Amartya Sen's painstaking work in 1977, are essentially man-made. Which of the following is suggested as strong solution for famines and poverty by him?

A. Opening up the economies
B. Regulating industries
C. Strong public action
D. Raising the productivity

41. Why do private health insurance markets tend to fail?

A. Moral hazards.
B. Diseconomies of small scale with respect to administration costs, etc (i.e. natural monopolies).
C. Adverse selection.
D. All of the above.

42. In the standard text book model of international trade, a country's share of the gains from specialization in production and international exchange will be greater

A. if the world price ratio equals that country's autarky price ratio.
B. the closer the world price ratio settles to that country's autarky price ratio.
C. the closer the world price ratio settles to the other country's autarky price ratio.
D. the weaker is the other country's demand for imports

43. What is the expenditure on social services by the Centre and States as a proportion of GDP for the 2015-16 in India?

A. 5.8 per cent
B. 6.1 per cent
C. 4.0 per cent
D. 3.8 per cent

44. Which of the following items figure in current account?

A. Short term lending
B. Repayments in loans
C. Investment abroad
D. Interest, profits and dividends

45. With reference to the level of tariff protection we can say that an increase in the proportion of domestic value added in the price of a final commodity for a given tariff structure will

A. Increase the effective rate of protection.
B. Decrease the effective rate of protection.
C. Increase the nominal rate of protection.
D. Decrease the nominal rate of protection.

46. Condition for macroeconomic equilibrium to happen is:

A. Aggregate Demand should be equal to aggregate supply
B. Planned aggregate demand should equal planned aggregate supply
C. Planned aggregate demand should equal actual aggregate supply
D. Planned aggregate supply should equal actual aggregate demand.

47. Given the demand curve $D(p) = 20 - 2p$, when the price changes from 2 to 3 what is the associated change in consumer's surplus?

A. 02
B. 15
C. 49
D. 65

48. The range of isoquants between the ridge lines corresponds to which stage of production?

A. III Stage of production
B. II Stage of production
C. I Stage of production
D. Not related to stage of production

49. According to Keynes, aggregate planned output in the short run is determined by

A. Level of labour supply in the economy
B. Stock of capital in the economy
C. Technological efficiency
D. None of the above

50. The utility function of a risk averse consumer is:

A. Concave
B. Convex
C. Linear
D. Difficult to say

51. In the Quantity Theory of Money equation Mv = Py, the critics say that money supply may not have deterministic influence on price level, because

A. Price Level varies proportionately
B. Real income is influenced by money
C. Income velocity may not remain constant
D. Money is used for precautionary purpose

52. "Maruti Automotive Ltd. manufactures a superior automotive product and provides superior service." The company found that the marginal revenue of the automotive product is always positive. This is possible only when the elasticity of demand for the product is

A. Greater than 1
B. Less than 1
C. Unity
D. Zero

53. If the marginal utilities of A and B are 300 and 450, and the price of B is Rs 60, what will be the price of A if the consumer equilibrium is maintained?

A. Rs 30
B. Rs 35
C. Rs 40
D. Rs 45

54. Which of the following is an example of implicit cost?

A. Interest payments on an outstanding loan of the firm
B. Salaries paid to the firm's assembly-line workers
C. Transportation and shipping costs on raw materials
D. Rental income foregone on assets owned by the firm which is employed in the business.

55. In the Pasinetti's theorem, when labourers save from their wages, $s_w > 0$, then it

A. Increases luxury consumption
B. Increases Investment
C. Affects the rate of profit
D. Does not affect the rate of profit

56. When each unit of the good is sold to the individual who values it most highly, at the maximum price that this individual is willing to pay for it, such pricing is known as

A. Non linear pricing
B. First-degree price discrimination
C. Second-degree price discrimination
D. Third-degree price discrimination

57. In neoclassical growth models, a higher growth rate can be achieved through

A. Technological Progress and higher savings
B. Technological Progress and higher Consumption
C. Technological Progress and lower savings
D. Technological Progress and lower Consumption

58. According to Dr. B. R. Ambedkar, perpetuation of Caste system in India leads to

A. A system of diversity.
B. A system of inequality.
C. A system of graded inequality.
D. All of the above.

59. The Female Labour Force Participation Rates in India for the past one decade have shown :

A. Stable Trend
B. Declining Trend
C. Increasing Trend
D. No Discernible Trend

60. The share of organized sector employment in India is about:

A. 3 percent
B. 6 percent
C. 15 percent
D. 26 percent

61. The first expert committee on land reforms in India was headed by:

A. J. C. Kumarappa
B. C. Subramanian
C. Abid Hussain
D. D. R. Gadgil

62. Which of the following statements is true about supply-side economics?

A. The main change made by the tax laws of 1981 and 1986 was to increase marginal tax rates in order to balance the budget
B. The Laffer Curve says that, if marginal tax rates fall, tax revenues will rise, and the budget deficit will decrease
C. If the tax laws of 1981 and 1986 had had their intended effect, consumption would have risen, causing an increase in both real GDP and in the price level
D. Both A & C

63. The deficit budget in which the deficits are covered through Taxes is called

A. Balanced budget
B. Surplus Budget
C. Zero-Based budget
D. Unbalanced budget

64. The concept of gold-plating is an example of regulation in:

A. Monopoly
B. Oligopoly
C. Monopolistic Competition
D. Perfect Competition

65. Pigou's theory of public expenditure:

A. Is based on the utility principle.
B. Is essential to ensure a welfare state.
C. Is essential because of the inability of private sector to create public utilities.
D. Only A and C

66. The utility function $u(x_1, x_2) = \ln x_1 + x_2$ describes

A. Perfect Complement Preferences
B. Perfect Substitutes Preferences
C. Quasilinear Preferences
D. Cobb-Douglas Preferences

67. In Negative Consumption Externality:

A. Social Marginal Benefit < Private Marginal Benefit
B. Social Marginal Benefit > Private Marginal Benefit
C. Social Marginal Cost > Private Marginal Cost
D. Social Marginal Cost < Private Marginal Cost

68. Software exports are posted under the following head of balance of payments

A. Merchandise exports
B. Invisible exports
C. Capital exports
D. Re-exports

69. Which of the following is true with respect to the production function $Y = AL^{\alpha} K^{1-\alpha}$?

A. Production function Increasing Return to scale
B. Diminishing Return to scale
C. It is a homogeneous production function of Degree One
D. It is a homogeneous production function of Degree zero

70. Identify the names associated with the transition debate from feudalism to capitalism:

A. Jean Dreze and Amartya Sen
B. Paul Sweezy, Maurice Dobb, Robert Brenner
C. Galbraith and Kuznet
D. Nelson and Douglass North

University of Hyderabad

Entrance Examinations - 2019

Revised Key

School/Department/Centre : SCHOOL OF ECONOMICS

Course/Subject : M.Phil./ Ph.D

Q.No.	Answer	Q.No.	Answer	Q.No.	Answer
1	B	26	A	51	C
2	D	27	A	52	A
3	B	28	A	53	C
4	C	29	A	54	D
5	C	30	B	55	D
6	B	31	A	56	B
7	A	32	C	57	A
8	A	33	C	58	C
9	D	34	C	59	B ·
10	B	35	D	60	B
11	C	36	A	61	A
12 ·	A	37	D	62	B
13	C	38	A	63	A
14	B	39	B	64	A
15	D	40	C	65	D
16	B	41	D	66	C
17	D	42	C	67	A
18	C	43	A	68	B
19	B	44	D	69	C
20	A	45	B	70	B
21	B	46	C	-	-
22	A	47	B	-	-
23	D	48	B	-	-
24	A	49	D	-	-
25	D	50	A	-	-

Note/Remarks:

Signature
School/Department/Centre