

GANPAT UNIVERSITY
Ph.D. Entrance Examination, March 2017
Economics

Time: 1 Hour

Total Marks: 50

Instructions:**(1) All questions carry equal marks.**

Section-B
(Economics)

50

1. An industry whose long run supply curve is horizontal is called
 - a. Constant cost industry
 - b. Increasing cost industry
 - c. Decreasing cost industry
 - d. Efficient industry

2. The perfectly competitive firm will always expands output as long as
 - a. Rising marginal cost is less than price
 - b. Rising marginal cost is less than marginal revenue
 - c. Rising marginal cost is less than the average cost
 - d. None of the above

3. Which of the following combination specify the least cost-output combination?
 - a. $PK/PL = MRTS$
 - b. $MPL/MPK = DL/DK$
 - c. $PL/PK = MPL/MPK$
 - d. All of the above

4. The Revealed preference theory is based on
 - a. Weak ordering preference hypothesis
 - b. Strong ordering preference hypothesis
 - c. Constant axiom of revealed preference
 - d. Relative preferences theory

5. For an inferior goods, income consumption curve and Engle curves are
 - a. Positively sloped
 - b. Negatively sloped
 - c. The same
 - d. Income consumption curve positively sloped and the Engle curve is negatively sloped

6. Elasticity shown by different points on a demand curve are same in case of
 - a. A rectangular hyperbola
 - b. A downward sloping straight line
 - c. A demand curve parallel to Y-axis
 - d. An upward sloping demand curve

7. Marginal revenue of a monopoly firm is less than the price because
 - a. Demand curve has a positive slope
 - b. Demand curve has a negative slope
 - c. Monopolist incurs losses
 - d. Monopolist is in equilibrium

8. In a competitive market, a tax on wage income falls wholly on labour if
 - a. Labour supply is inelastic
 - b. Labour supply is elastic
 - c. Labour demand is highly elastic
 - d. Demand for products has infinite elasticity

9. Which of the following are likely to limit the effectiveness of fiscal policy in the real world?
 - a. Time lag between the recognition of a macro problem and the implementation of corrective measure
 - b. Lack of social infrastructure in the country
 - c. Inefficient and underdeveloped financial markets
 - d. Higher cash GDP ratio

10. AD shifts to the left when
 - a. Government purchase are decreased
 - b. Government taxes are increased
 - c. Government transfers are decreased
 - d. All of the above

11. What is marginal propensity to consume?
 - a. One minus the fraction of total disposable income that is saved
 - b. The ratio of change in consumption expenditure to change in disposable income
 - c. The percentage of income that is not saved
 - d. The percentage of income that is not consumed

12. In accelerator theory, capital-output ratio is assumed to be
 - a. Increasing
 - b. Decreasing
 - c. Consistent
 - d. Independent of level of national income

13. Banks can create money
 - a. Only by illegally printing additional rupee bills
 - b. By paying interest to their depositors
 - c. By making loans that result in additional deposits
 - d. By offering financial services, such as stock market brokerage

14. Which of the following is the most significant in stabilization policy?
 - a. Autonomous investment
 - b. Private investment
 - c. Inventory investment
 - d. Public investment

15. According to classical economists, the economy
 - a. Can never deviate from full employment
 - b. Will never be at full employment
 - c. Requires fine tuning to reach full employment
 - d. Is self-correcting

16. Higher unemployment and higher inflation rates will most likely occur with
- A rightward shift of the aggregate supply curve
 - A rightward shift of the Phillips curve
 - A rightward shift of the aggregate demand curve
 - A leftward shift of the aggregate demand curve
17. The term 'Hindu rate of growth' was conceptualized by
- VKRV Rao
 - J Bhagwati
 - K N Raj
 - T N Srinivasan
18. Vicious circle of poverty points out the connection between
- Income and population
 - Investment and technology
 - Productivity and income
 - Saving and capital
19. In HDI, which one of the following is not taken as an indicator?
- Life expectancy
 - Per-capita food consumption
 - Literacy
 - GDP per-capita
20. Analysis of government decision on welfare aspect is
- Positive economics
 - Analytical economics
 - Normative economics
 - None of the above
21. The major difference between Harrod Domar and Solow models of growth lies in
- Returns to scale
 - Returns to variable factors
 - Substitutability
 - Growth of income
22. Disguised unemployment is common phenomenon in
- Heavy industries
 - Agriculture
 - Banking sector
 - FMCG sector
23. Schumpeter for economic development, gave importance to
- Civil servants
 - Creativity
 - Innovation
 - Savings
24. According to Marx, socialism takes place because of conflicts between
- Castes
 - Religions
 - Counties
 - Classes

25. Debt service ratio is a ratio of
- GDP which is to be paid as debt
 - Total debt which is to be paid in the form of interest burden
 - Export earnings which are to be paid by way of interest and principal
 - None of the above
26. Canons of equity in taxation is generally considered to be satisfied by
- Progressive taxation
 - Proportional taxation
 - Regressive taxation
 - Lump sum tax
27. If interest payments are subtracted from gross fiscal deficit, the remainder will be
- Revenue deficit
 - Gross primary deficit
 - Capital deficit
 - Budgetary deficit
28. Neutrality of money means that an increase in the quantity of money
- Raises all prices in the same proportion
 - Does not affect relative prices
 - Does not affect the rate of interest
 - All of the above
29. From the union budget 2017-18, the budget statement will not be differentiating expenditure in terms of
- Revenue and capital expenditure
 - Plan and non-plan expenditure
 - Development and non-development expenditure
 - None of the above
30. In Heckscher-Ohline theory of international trade, the most important source of difference in relative commodity prices between national is a difference in
- Factor endowments
 - Technology
 - Tastes
 - Demand conditions
31. Dumping aims at flooding a foreign country with
- High priced commodities
 - Low priced commodities
 - Commodities with similar prices
 - Commodities with fluctuating prices
32. The scope of international trade and division of labour is limited by
- Availability of technology
 - Availability of capital
 - Size of the international market
 - Surplus production for exports

33. Terms of trade of the developing countries are unfavorable due to the fact that whenever income in developed countries increases the demand for primary goods reduces because
- Income elasticity of demand for primary goods is high
 - Income elasticity of demand for primary goods is low
 - Income elasticity of demand is neutral towards primary goods
 - None of the above
34. The theory of _____ makes a crude case for government involvement in promoting exports and limiting imports
- Mercantilism
 - Free trade
 - Absolute advantage
 - Comparative advantage
35. Terms of trade for a country are the ratio of _____ to _____.
- Its opportunity costs, world opportunity cost
 - Its currency, other currency
 - Value of export, value of imports
 - Export prices, import prices
36. Offer curves were developed by
- Lerner
 - Alfred Marshall
 - Gustav Cassel
 - None of the above
37. Balance of payment under flexible exchange rate are corrected through
- Devaluation
 - Direct control
 - Depreciation
 - Canalization
38. India is the member of following, except
- BRICS
 - WTO
 - ADB
 - EU
39. The rate at which banks lend to RBI is known as
- Bank rate
 - Repo rate
 - Reverse repo rate
 - Discount rate
40. Who is known as father of 'white revolution' in India?
- M S Swaminathan
 - V Kurien
 - C Rangarajan
 - Indira Gandhi

41. Which tax is collected by Nagapalikas in India?
- Sales tax
 - Tax on vehicle
 - Property tax
 - Custom Duty
42. India has yet not implemented
- Flexible exchange rate mechanism
 - Privatization of higher education
 - Food security act
 - Full capital account convertibility
43. Which of the following is a measure of variation in a data set?
- The sample standard deviation
 - The sample range
 - The sample variance
 - All of the above
44. The most important criterion of good sample is its
- Sample size
 - Large size
 - Representativeness
 - Ambiguity
45. Accepting the null hypothesis when it is incorrect, is known as
- Type I error
 - Type II error
 - Two tailed test
 - None of the above
46. Which of the following test the degree of association between variables
- Correlation
 - t- test
 - F -test
 - ANOVA
47. Chi-squared test is based on
- Mean
 - Frequencies
 - Standard deviation
 - None of the above
48. The residual from a standard regression model is defined as
- The difference between the actual value, y , and the mean, \bar{y}
 - The difference between the fitted value, \hat{y} , and the mean, \bar{y}
 - The difference between the actual value, y , and the fitted value, \hat{y}
 - The square of the difference between the fitted value, \hat{y} , and the mean, \bar{y}

49. What is the meaning of the term "homoscedasticity"?

- a. The variance of the errors is constant
- b. The variance of the dependent variable is constant
- c. The errors are not linearly independent of one another
- d. The errors have non-zero mean

50. The correlation between two variable is said to be perfectly negative, if the value is equal to

- a. +1
- b. -1
- c. 0.5
- d. -0.5

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**Section B
(Economics)
Keys (50 Marks)**

1. An industry whose long run supply curve is horizontal is called
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Question	Key
1	A
2	B
3	C
4	B
5	B
6	A
7	B
8	A
9	A
10	D
11	B
12	C
13	C
14	A
15	D
16	B
17	C
18	C
19	B
20	C
21	C
22	B
23	C
24	D
25	B

Question	Key
26	A
27	B
28	D
29	B
30	A
31	B
32	C
33	A
34	A
35	D
36	C
37	C
38	D
39	C
40	B
41	C
42	D
43	D
44	C
45	B
46	A
47	B
48	C
49	A
50	B