

**Entrance Examination - 2019****M.A. Economics**

**Time: 2 Hours**  
**Max. Marks: 100**

Part A: 25 Marks  
Part B: 75 Marks

**HALL TICKET NUMBER**

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**INSTRUCTIONS**

1. Please read these instructions carefully before marking your answers on the OMR answer sheet.
2. Write your Hall Ticket Number on the OMR sheet given to you. Also write your Hall Ticket Number in the space provided above.
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 to the invigilator.
5. No extra sheets will be given. Plain sheets are given in the booklet for rough work.
6. Use of non-programmable calculators is allowed.
7. There are 100 questions in this paper. The Question Paper has **two parts** – **Part-A** and **Part-B**. The **Part-A** contains 25 questions and the **Part-B** contains 75 questions. Marks obtained in **Part-A** will determine the merit rank in case of a tie in the total number of marks obtained.
8. There is negative marking. For each question, the correct answer gets 1 (one) mark and a wrong answer gets – 0.33 marks. Each question has only one correct option. If a particular question has more than one correct answer, select the best answer.
9. The appropriate answer should be coloured with either a blue or a black pen or a sketch pen on the OMR sheet. **DO NOT USE A PENCIL.**
10. This question paper contains 20 pages including the cover page and pages for rough work (pages 18 to 20).
11. This question paper booklet can be taken by the candidates at the end of the examination.

**Part - A**

1. In Microeconomics, the market is conceived primarily as an institution for
  - A. creating new resources equitably
  - B. allocating resources equitably
  - C. creating new resources
  - D. allocating given resources
  
2. Real gross domestic product (GDP) of an economy is best defined as:
  - A. The market value of goods and services produced in an economy
  - B. All goods and services produced in an economy stated in the prices of a given year
  - C. The market value of all final goods and services produced in an economy stated in the prices of a given base-year
  - D. The market value of goods and services produced in an economy stated in current-year prices.
  
3. While estimating Minimum Support Prices (MSP), the Commission for Agricultural Costs and Prices (CACP) in India analyzes which of the following factors?  
(Source: <https://cacp.dacnet.nic.in>)
  - A. Cost of production
  - B. Terms of trade between agriculture and non-agriculture
  - C. Price trends in the market, both domestic and international
  - D. All of the above
  
4. A risk-loving or risk-seeking consumer
  - A. values an incremental increase in wealth less highly than an incremental decrease in wealth and will reject a fair gamble
  - B. values an incremental increase in wealth more highly than an incremental decrease in wealth and will see a fair gamble, may even accept some unfair gambles
  - C. will give same importance to each additional unit of increased money or wealth
  - D. None of these
  
5. The trade triangle of a country shows
  - A. The positive extent of the exploitation by that country of its trading partners
  - B. That the country is only trying to export commodities without any imports
  - C. That the number of units of the imported commodity must exactly equal the number of units of the exported commodity
  - D. That the value of its total quantity of imports and the value of its total quantity of exports are equal
  
6. In the Keynesian cross model, if the interest rate is constant, the MPC is 0.6, and taxes are increased by rupees 100, by how much does income change ?
  - A. It increases by rupees 160
  - B. It decreases by rupees 160
  - C. It decreases by rupees 150
  - D. It increases by rupees 150

7. If the marginal propensity to consume (MPC) is large, then,
- A. the IS curve relatively steep
  - B. the IS curve is relatively flat
  - C. the LM curve is relatively steep
  - D. the LM curve is relatively flat
8. Consider the production function given here :  $y = -x^3 + 6x^2 + 15x$ , where  $y$  is output and  $x$  is input (capital). For what value of  $x$  will the marginal product of capital start decreasing?
- A.  $x = 1.5$
  - B.  $x = 2.0$
  - C.  $x = 15$
  - D.  $x = 3.0$
9. 'Fiscal Deficit' in public finance is defined as a situation where
- A. a government's total expenditures exceed the total revenue that it generates, including money from borrowings
  - B. a government's total expenditures exceed the total revenue that it generates, excluding money from borrowings
  - C. a government's total expenditures exceed the total tax revenues plus borrowings from international agencies
  - D. None of the above
10. Which of the following is the alternative name of expected utility function?
- A. Cobb-Douglas form of utility function
  - B. Stone-Geary utility function
  - C. von Neumann-Morgenstern utility function
  - D. Non-probability utility function
11. Assumption of 'Non-satiation property' in consumer's utility analysis states that consumers
- A. are satisfied with existing commodity prices and income level
  - B. are never satisfied with equilibrium point on the indifference curve
  - C. prefer less to more wealth and marginal utility of wealth is strictly negative
  - D. prefer more to less wealth and marginal utility of wealth is strictly positive
12. When two commodities (X and Y) are perfect substitutes of each other, consumer's indifference curve will be
- A. Rectangular hyperbola
  - B. Kinked shaped
  - C. Linear
  - D. Non-linear

13. Which of the following is true when two indifference curves intersect each other ?
- A. It violates assumptions of transitivity and more is better
  - B. Equilibrium solution is attained at the intersection point
  - C. Convexity property is not satisfied for each indifference curve
  - D. None of the above
14. Which of the following is relevant for test for equality of variances of two populations?
- A. z-statistic
  - B. t- statistic
  - C.  $\chi^2$ - statistic
  - D. F-statistic
15. Classification of inputs of production into 'fixed inputs' and 'variable inputs' is
- A. valid only in the short run
  - B. valid only in the long run
  - C. valid only in agriculture sector
  - D. none of the above
16. The set of all technologically feasible production plans is called the firm's .....
- A. input requirement set
  - B. technologically efficient production process
  - C. production function
  - D. production set
17. Elasticity of substitution between two factor inputs for a Leontief isoquant is equal to...
- A. one
  - B. constant except one and zero
  - C. zero
  - D. infinity
18. The theory of 'Optimal Currency Area' (OCA) was pioneered by the Economist,
- A. Balassa-Samuelson
  - B. Paul Krugman
  - C. Robert Mundell
  - D. Mundel-Fleming
19. Operation of the principle of income multiplier assumes
- A. Unchanging prices
  - B. Excess industrial capacity
  - C. Unemployed labour
  - D. All of the above
20. If the economy is on the LM curve, but is to the left of the IS curve, aggregate output will \_\_\_\_\_ and the interest rate will \_\_\_\_\_
- A. fall, fall
  - B. fall, rise
  - C. rise, fall
  - D. rise, rise

21. For a sample data, if Mean < Median < Mode, then the distribution is
- skewed to the right (positive skewness)
  - skewed to the left (negative skewness)
  - symmetric
  - None of the above
22. Which one is not an assumption of the Mahalanobi two-sector model ?
- the economy consists of two sectors – consumption goods and capital goods
  - the economy is open and free foreign trade operates
  - no changes in prices
  - full capacity production takes place

Answer the following three questions (23 to 25) based on the information in BOX-1

**BOX-1**

Demand and supply functions in a competitive market are given as  $D = 40 - 4P$  and  $S = 5P - 5$  respectively where  $P$  is the price of the commodity,  $D$  is the demand and  $S$  is the supply quantity.

23. In Box-1, quantity  $Q$  and price  $P$  at the equilibrium point will be equal to
- $Q = 20$  units and  $P = 5$  units
  - $Q = 5$  units and  $P = 20$  units
  - $Q = 40$  units and  $P = 55$  units
  - $Q = 4$  units and  $P = 15$  units
24. From information in Box-1, which of the following statements is true ?
- demand curve is downward sloping with a slope of  $+5$  and supply curve is upward sloping with a slope of  $+40$
  - demand curve is downward sloping with an intercept of  $-4$  and supply curve is upward sloping with an intercept of  $+5$
  - demand curve is downward sloping with a slope of  $-4$  and supply curve is upward sloping with a slope of  $+5$
  - None of the above
25. In Box-1, if a commodity tax of rupee 1 per unit is levied, total government tax revenue collected will be equal to (approximately)
- Rupees 100
  - Rupees 200
  - Rupees 5
  - Rupees 18

**Part - B**

26. Which of the following is not a part of 'Bertrand Paradox' definition?
- differentiated products of producers
  - capacity or supply constraints of producers
  - non-zero total profits earned by producers
  - none of the above
27. In a Stackelberg quantity leadership model, which is true ?
- Follower incorporates leader's reaction function in its profit maximization
  - Leader incorporates follower's reaction function in its profit maximization
  - Leader acts like a monopolist and all followers act like competitive firms
  - It is a one-shot-game where both leader and follower act simultaneously
28. Given below are statements for a Cartel
- Cartel acts like a monopoly
  - Firms under Cartel compete on output quantity rather than on price
  - Firms can earn higher profits in Cartel compared to Cournot Nash equilibrium
  - Cartel can exist even in perfect competition also
- Which of the following statements is true ?
- Only (ii) is true
  - Only (iv) is true
  - Both (i) and (iii) are true
  - None of the above
29. Which is not true for a perfect competition?
- Non-homogeneous products of firms
  - Asymmetric information among buyers and sellers
  - Perfect competition market is capable of achieving pareto efficient allocation even when externalities are present
  - All of the above
30. A price discriminating monopolist will be able to earn higher profit if
- higher price is charged in the sub-market having a greater price elasticity of demand
  - lower price is charged in the sub-market having a greater price elasticity of demand
  - Price elasticities in all sub-markets are equal
  - Marginal cost in each sub-market is equal to the marginal revenue of total output
31. The Marginal Productivity Theory of distribution is explained by J. B. Clark in his book
- Social Justice without Socialism (1914)
  - Essentials of Economic Theory (1907)
  - The Distribution of Wealth: A Theory of Wages, Interest and Profits (1899)
  - The Philosophy of Wealth: Economic Principles Newly Formulated (1886)

32. The problems of adverse selection in Economics arise due to
- the principal can observe directly actions of agents
  - heavy taxations, monopoly market problems and symmetric information
  - the full information among economic agents on product qualities
  - a situation where sellers have information that buyers do not have, or vice-versa, about some aspects of product quality
33. Consider a random experiment where two dice are rolled and all outcomes are equally likely. Let  $n_1$  be number that came up on the first die and let  $n_2$  be the number that came up on the second die. For the random variable,  $X = n_1 + n_2$ , what is expected value,  $E[X]$  ?
- 6
  - 7
  - 7.5
  - 8
34. The speculative demand for money is a function of
- Level of income
  - Level of prices
  - Rate of interest
  - Level of profits
35. Keynes identified that large chronic unemployment during the worldwide economic depression of 1930s was a result of
- Non-clearing labour market and low wage rates
  - High real interest rates
  - Voluntary choice of employment opportunities by workers
  - Failure of effective demand
36. A barter economy is different from a money economy in that a barter economy
- promotes market exchange value
  - involves higher costs for each transaction than a money economy
  - encourages specialization and division of labour
  - eliminates the need for a double coincidence of wants
37. When two regression lines (of Y on X and X on Y) coincide each other, then
- there will be very low relations between X and Y
  - the correlation coefficient between Y and X is not perfect
  - the correlation coefficient between X and Y is perfect
  - We cannot say anything on correlation coefficient between Y and X
38. Which is true for the Binomial distribution?
- The random experiment is performed repeatedly a finite and fixed number of times
  - The outcome of the random experiment results in dichotomous events
  - All the trials are independent
  - All of the above

39. Which one of the following statements is not true ?
- t-test and F-test are parametric tests
  - $\chi^2$  -test is generally a non-parametric test
  - Small sample tests can be used even for large samples but reverse is not always true
  - t-statistic is for testing overall statistical significance, i.e., for testing model parameters as a whole taken together at a time
40. Interchange of any two rows or two columns will alter the .....of a determinant
- sign, but not the numerical value
  - the numerical value but not the sign
  - both the sign and numerical value
  - neither the sign nor the numerical value
41. Which is true for the Ricardian model of international trade ?
- if a country has a comparative advantage in a good, it cannot have an absolute advantage in that good
  - if a country has an absolute advantage in a good, it also has a comparative advantage in that good
  - a country with a comparative advantage in all goods cannot gain from trade
  - a country can have a comparative advantage in a good, at the same time that it has an absolute advantage in that good
42. Which of the following statements on "Linear Programming Problem" is true?
- Only objective function is linear and constraints can be non-linear
  - Only constraint functions are linear and objective function can be non-linear
  - All constraint functions and objective function are linear
  - Variables are non-negative and all constraint functions are of mixed type
43. The value of the definite integral  $\int_0^2 (2-3x)dx$  is equal to
- +2
  - zero
  - $2x - 3x^2 + c$  where c is a constant
  - 2
44. The National Institution for Transforming India (NITI) was created on ..
- 2<sup>nd</sup> October, 2016
  - 1<sup>st</sup> January, 2015
  - 2<sup>nd</sup> October, 2015
  - 1<sup>st</sup> January, 2016
45. According to the Composite SDG (Sustainable Development Goals) India Index 2018, two top performing states are
- Punjab and Maharashtra
  - Kerala and Himachal Pradesh
  - Assam and Tamil Nadu
  - Andhra Pradesh and Telangana



46. Which category of items is currently outside the purview of GST in India ?
- Tyres and tubes, office furnitures and cloth items
  - Agricultural equipments and musical intruments
  - Petroleum products, electricity and alcohol for human consumption
  - None of the above
47. Pigouvian tax is a
- tax on the real wealth of high income group households
  - tax on the income gains from lottery activities like 'Kaun Banega Crorepati'
  - corrective tax on any economic activity that generates negative externalities
  - corrective tax on direct income to reduce income inequalities
48. In Indian tax system, which is not true for Goods and Services Tax (GST) ?
- The Union Finance Minister is the chairperson of GST Council
  - It has a direct impact on the direct tax structure
  - GST system follows multiple tax rates
  - It has mainly two parts – Central GST and State GST
49. Pure public goods have the characteristics of
- Non-excludability
  - Non-rival consumption
  - Non-rejectable
  - All of the above
50. What is the minimum value of the function  $f(x) = 4x^2 - 4x + 1$  ?
- 0
  - 1/2
  - 1
  - 4
51. Comparisons of GDP levels across various countries are *most* accurate when:
- Prices and the values of non-market activities are the same across countries
  - Prices are the same across countries
  - Prices for non-market activities are the same across countries
  - The value of non-market activities is the same across countries
52. The Gresham's Law in economics is associated with which statement?
- Too much of high quality products and too low of low quality products are sold out
  - Too much of low quality products and too low of high quality products are sold out
  - Good money drives out bad money out of circulation
  - Bad money drives out good money out of circulation
53. Under a flexible exchange-rate system, the Indian rupee will appreciate against the Japanese Yen when
- India has a trade deficit with Japan
  - India's inflation rate exceeds Japan's inflation rate
  - Real interest rates in India increase relatively higher to those in Japan
  - Japan's money supply decreases while India's money supply increases

Answer following two questions (54 and 55) based on the information in Table 1

**Table 1 : Macro data for an economy**

Items	Crores of Rupees
Consumption	4800
Investment	1250
Transfer payments	1055
Government expenditures	1250
Exports	1100
Imports	900

54. In Table 1, the gross domestic product (GDP) is equal to  
 A. 7300  
 B. 7500  
 C. 10355  
 D. 9300
55. In Table 1, the net exports of the economy is equal to  
 A. 6400  
 B. 2000  
 C. 200  
 D. 900
56. Which of the following describes the liquidity trap situation?  
 A. the horizontal portion of the liquidity preference curve  
 B. the demand for money is infinitely elastic with respect to interest rate  
 C. Reductions in interest rate decreases people's desire to hold cash balances  
 D. Both (A) and (B) are true
57. If there is an exogenous increase in money supply, then,  
 A. There will be more money available for speculative purposes  
 B. The price of bonds will fall as all people attempt to sell bonds  
 C. The demand for transaction balances will rise  
 D. None of the above
58. Hyperinflation usually occurs when  
 A. Firms demand higher and higher prices while selling their products  
 B. the country's government is forced to print money to finance its spending  
 C. People start spending too much money for consumption  
 D. Fiscal deficits are maintained at a small amount
59. Based on which assertion, Milton Friedman challenged Keynesian economics?  
 A. Short-run stability of demand for money  
 B. Long-run stability of demand for money  
 C. Short-run instability of demand for money  
 D. Interest inelasticity of money demand

60. Significance level in estimation of a parameter can be related to
- Type I error
  - Type II error
  - Both Type I and Type II errors
  - Variance of the sample
61. Consider an estimator  $T_n = t(X_1, X_2, \dots, X_n)$  based on a random sample of size  $n$  for a parameter  $\theta$  for some random variable,  $X$ . If it is found that  $\text{Var}(T_n)$  is minimum among the given class of estimators for  $\theta$ , then  $T_n$  is said to be:
- consistent
  - efficient
  - unbiased
  - sufficient
62. Which of the following is a trade weighted average of a country's bilateral exchange rates, expressed as an index number relative to the base year?
- Real exchange rate
  - Effective exchange rate
  - Floating exchange rate
  - Bilateral exchange rate
63. Which of the following policy choices represents a combination of fiscal and monetary policies designed to bring the economy out of a recession?
- Increasing both taxes and the discount rate
  - Decreasing both taxes and the money supply
  - Increasing government spending and decreasing the central bank rate
  - Increasing both taxes and the money supply
64. Which of the following is a recent paradox in trends in inflation rates in India ?
- Inflation rates based on WPI and CPI are decreasing
  - Inflation rates based on WPI and CPI are increasing
  - Inflation rate based on WPI is increasing & inflation rate based on CPI is decreasing
  - Inflation rate based on WPI is decreasing & inflation rate based on CPI is increasing
65. Which of the following a British economist whose contributions are seen as constituting the economic theory offered by Mercantilism?
- Adam Smith
  - Thomas Mun
  - J. S. Mill
  - J. M. Keynes
66. 'Division of Labour' in Adam Smith's economic analysis implies
- Specialisation
  - Social security
  - Minimum needs
  - None of the above

67. A monopolist is trying to maximize total profit. He has the following average revenue function  $P = 63 - 4Q$  and the total cost function is given by  $TC = 20 + 15Q$  where  $Q$  is the output and  $P$  is the output price. What is the total profit of the monopolist ?
- 63
  - 124
  - 155
  - 529
68. The name of Francois Quesnay is associated with
- Capital accumulation and system of natural liberty
  - The Gospel of Wealth
  - Tableau Economique and ideas of the physiocrats
  - Tableau Economique and ideas of building a wealthy and powerful state
69. Who defined "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses" ?
- Alfred Marshall
  - Lionel Robbins
  - David Ricardo
  - P. A. Samuelson
70. The Fisher Effect in economics states that the real interest rate equals the nominal interest rate minus the expected inflation rate.
- minus the expected exchange rate
  - plus the expected interest rate
  - minus the expected inflation rate
  - plus the expected inflation rate
71. The basic objective behind holding Buffer Stocks by Food Corporation of India is...
- to cater to targeted public distribution system
  - to enable farmers to meet their costs of production
  - to meet the requirements of rich
  - to stabilize prices during acute situations
72. India does not import any milk or milk products from which country ?  
It was banned due owing to presence of toxic melamine content in milk which started in September 2008 and is being extended till December 23, 2018 or until further orders.
- Pakistan
  - China\*
  - Bangladesh
  - Singapore
73. In which of the following Acts in India, the target was set for reduction in revenue deficit and fiscal deficit only, and not for primary deficit?
- The Fiscal Responsibility and Budget Management (FRBM) Act, 2003
  - The Fiscal Responsibility and Budget Management (FRBM) Act, 2005
  - The Finance Commission of India Act, 2016
  - Revenue and Expenditure Management Act, 2017

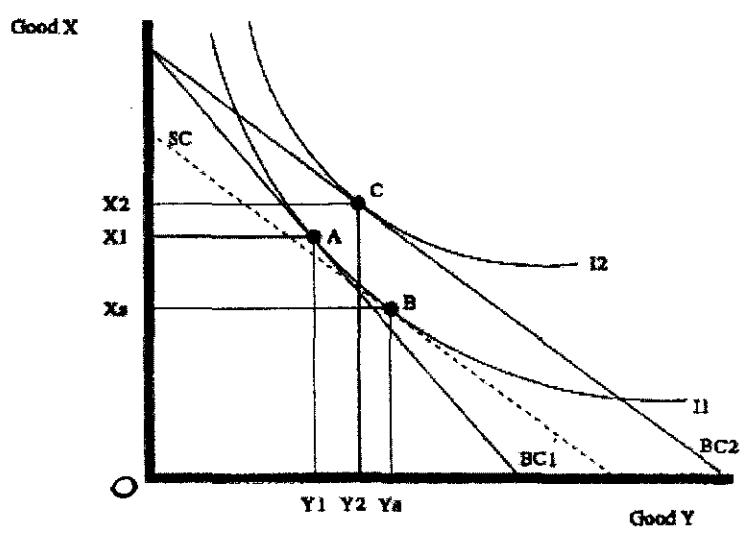
74. Consider the following matrix:

$$H = \begin{pmatrix} -3 & 4 & -1 \\ 4 & -6 & 2 \\ -1 & 2 & -10 \end{pmatrix}$$

Then,

- A. Matrix H is positive semi-definite
  - B. Matrix H is positive definite
  - C. Matrix H is negative definite
  - D. Matrix H is indefinite
75. Widespread agrarian crisis in India is *largely* emanates from .....
- A. excessive import competition to farm sector
  - B. inadequate credit to the farm sector
  - C. inadequate output prices for the crops
  - D. outdated farm management of the farmers
76. WTO formation and implementations of its agreements have benefitted many developed countries but failed to benefit many developing countries, because .....
- A. Developed countries imposed high tariffs
  - B. Developing countries reduced their exports
  - C. Developing countries could not reduce their subsidies
  - D. Developed countries continued their invisible subsidies
77. One of the main successes of Mid Day Meal Programme of the Government of India is
- A. removing mass starvation
  - B. solving the problem of vaccination deficit
  - C. reducing high dropout rate in schools
  - D. reducing learning disability
78. In which of the following years, University of Hyderabad was established?
- A. 1974
  - B. 1975
  - C. 1976
  - D. 1979
79. Contributions of six sectors, viz., agriculture, forestry and logging, fishing, mining and quarrying, manufacturing, and construction to the Gross Domestic Product (GDP) of India is estimated with the adoption of
- A. Income method
  - B. Expenditure method
  - C. Product method
  - D. A combination of any two of the above methods

Answer following three questions (80 and 82) from information given in Diagram 1



**Diagram 1:** The initial equilibrium of the consumer is at point A where indifference curve  $I_1$  is tangent to the budget line  $BC_1$ . If the price of commodity Y falls, the budget line shifts to  $BC_2$  and new equilibrium of the consumer is at point C.

- 80. In Diagram 1, the movement of the consumer from point A to point C is due to
  - A. Utility effect
  - B. Price effect
  - C. Income effect
  - D. Substitution effect
  
- 81. In Diagram 1, the movement of the consumer from point A to point B is due to
  - A. Utility effect
  - B. Price effect
  - C. Income effect
  - D. Substitution effect
  
- 82. In Diagram 1, good Y is an inferior good because
  - A. point C is to the right of point A such that  $Y_2 > Y_1$
  - B. point C is to the left of point B such that  $Y_2 < Y_s$
  - C. point B is to the right of point A such that  $Y_s > Y_1$
  - D. none of the above
  
- 83. Currently, Assam contributes about ..... of total tea production of India.  
 (Source: [www.teaboard.gov.in](http://www.teaboard.gov.in))
  - A. 25%
  - B. 50%
  - C. 85%
  - D. 92%

84. As per the 2011 census of India, which state had the highest literacy rate ?  
(Source: <https://www.census2011.co.in/facts/highstateliteracy.html>)

- A. Kerala followed by Mizoram and Lakshadweep
- B. Kerala followed by Tripura and Puducherry
- C. Tripura followed by Kerala and Mizoram
- D. Tripura followed by Kerala and Goa

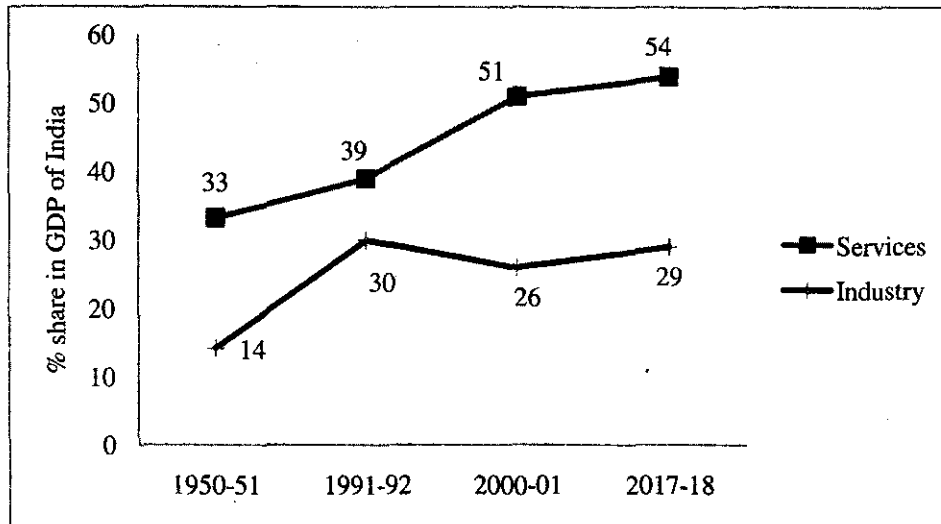


Diagram 2: Percentage share of contribution of Industry and Services in GDP of India

85. In Diagram 2, which of the following statements is not true ?
- A. Contribution share of services has been higher than that of industry after 1950-51
  - B. Contribution shares of both services and industry sectors to GDP in India have been increasing during post-liberalization period
  - C. Share of industry's contribution in GDP increased by 15 percentage points during 1950-51 to 2017-18
  - D. Share of services sector's contribution in GDP increased by 15 percentage points during 1991-92 to 2017-18
86. In the general equilibrium analysis, which is related to re-distribution of wealth?
- A. First Fundamental Theorem of Welfare Economics
  - B. Second Fundamental Theorem of Welfare Economics
  - C. Coase Theorem
  - D. Walrasian Tatonnement Process Theorem
87. To sell commodities at their cost of production in competitive markets and yet be able to make a surplus over and above cost of production as a contradiction in the general formula of capital has been identified by which of the following scholars?
- A. David Ricardo
  - B. Adam Smith
  - C. Karl Marx
  - D. Joseph Stiglitz

88. In general equilibrium models, which one is the definition of Numeraire price ?
- Price of a commodity which makes the excess demand as equal to zero
  - Price at which the total profit is the maximum
  - Price at which the pareto optimal condition is satisfied
  - Price of a commodity taken as constant (generally as equal to 1) and other prices are interpreted as being measured relative to it
89. Which of the following will describe the simplest model of Robinson Crusoe Economy?
- One producer, one consumer and one good
  - One producer, one consumer and two goods\*
  - Two consumers and two goods
  - Two goods, two factors and two consumers
90. Which is not related to 'Contract Curve' of pareto efficient allocations?
- Edgeworth Box is used for analysis with 2 goods and 2 consumers
  - It is a set of pareto efficient allocations where production is involved
  - It occurs as a result of mutually beneficial trading between 2 consumers
  - It assumes fixed endowments of goods and no production is involved
91. Which is not a reason for the existence of increasing opportunity costs?
- Technology differs among countries
  - Inputs are not used in the same fixed proportion in production of all goods
  - Factors of production are not homogenous
  - For a country to produce more of a good, it must use resources that are less and less suited to the production of that good
92. Consider following statements on the Pure theory of international trade:
- Statement 1:** The central concern of the pure theory of international trade is to explain the causes of international trade and the determination of the equilibrium prices and quantities of traded goods and to analyze the effects of trade on economic welfare.
- Statement 2:** The pure theory of international trade is concerned with both positive and normative questions.
- Which of the following statements is true ?
- Only statement 1 is true
  - Only statement 2 is true
  - Both statement 1 and 2 are true
  - Both statement 1 and 2 are false
93. Which one of the following transactions constitutes the best form of capital injections?
- The home country receives aid from the International Monetary Fund
  - Immigrant workers transfer their salaries to their home countries
  - The government raises taxes and uses the proceeds to buy computers abroad
  - Domestic firms invest in foreign countries



94. The Heckscher-Ohlin theory of international trade states that
- A. a country will import goods that use its abundant factors intensively, and export goods that use its scarce factors intensively.
  - B. a country will import goods that use its abundant factors intensively, and will not export any goods
  - C. a country will export goods that use its abundant factors intensively, and will not import any goods
  - D. a country will export goods that use its abundant factors intensively, and import goods that use its scarce factors intensively
95. A macroeconomic indicator for which there is no annual data in India is
- A. GDP
  - B. Net exports
  - C. Employment
  - D. Money supply
96. Given the function  $y = x^4 + x$ , second order derivative of  $y$  with respect to  $x$  is .....
- A.  $4x^3 + x^2$
  - B.  $12x$
  - C.  $4x^3 + 1$
  - D.  $12x^2$
97. Which is true for the Solow growth model?
- When the propensity to save increases, then the aggregate production function
- A. becomes linear and slopes downward
  - B. remains constant and becomes horizontal
  - C. shifts upwards
  - D. shifts down continuously
98. Incremental capital-output ratio is assumed to be .... in Harrod-Domar model of growth
- A. increasing continuously
  - B. decreasing and it tends to be zero
  - C. increasing first and then decreasing
  - D. constant
99. Which two economists won Economics Nobel Prize in 1969 "for having developed and applied dynamic models for the analysis of economic processes" ?
- A. James A. Mirrlees and Paul A. Samuelson
  - B. Trygve Haavelmo and Milton Friedman
  - C. Jan Tinbergen and Ragnar Frisch
  - D. Robert M. Solow and L. R. Klein
100. Which is not included in Human Development Index (HDI) calculation?
- A. Life expectancy
  - B. Educational attainment
  - C. Per capita GDP
  - D. Unemployment

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**University of Hyderabad**  
**Entrance Examinations - 2019**

School/Department/Centre : **Economics**  
Course/Subject : **MA Economics**

Q.No.	Answer	Q.No.	Answer	Q.No.	Answer	Q.No.	Answer
1	D	26	D	51	A	76	D
2	C	27	B	52	D	77	C
3	D	28	C	53	C	78	A
4	B	29	D	54	B	79	C
5	D	30	B	55	C	80	C
6	B	31	C	56	D	81	D
7	B	32	D	57	A	82	B
8	B	33	B	58	B	83	B
9	B	34	C	59	B	84	A
10	C	35	D	60	A	85	B
11	D	36	B	61	B	86	B
12	C	37	C	62	B	87	C
13	A	38	D	63	C	88	D
14	D	39	D	64	D	89	B
15	A	40	A	65	B	90	B
16	D	41	D	66	A	91	A
17	C	42	C	67	B	92	C
18	C	43	D	68	C	93	A
19	D	44	B	69	B	94	D
20	D	45	B	70	ABCD*	95	C
21	B	46	C	71	D	96	D
22	B	47	C	72	B	97	C
23	A	48	B	73	A	98	D
24	C	49	D	74	C	99	C
25	D	50	A	75	C	100	D

Notes/Remarks:

(i) Revised key answers taking into considerations all challenges.

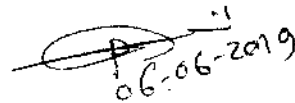
(ii) \* Question number 70 has typing mistake. Therefore, every student should be given one mark (both those attempted and those who did not attempt)

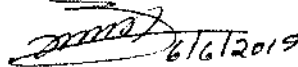
Signature  
School of Economics

① prof. Phanindra Goyari

② Dr. G. vijay

③ Dr. S.Raja Sethu Durai → (out of station)

  
06-06-2019

  
6/6/2019