

National Testing Agency

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ECONOMICS WITH SPECIALIZATION IN WORD ECONOMY

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PART A

Section Id : 128206162
Section Number : 1
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Number of Questions: 40
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Display Number Panel: Yes
Group All Questions: No

Sub-Section Number: 1
Sub-Section Id: 128206266
Question Shuffling Allowed : Yes

Question Number : 1 Question Id : 1282065859 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical
Correct Marks : 1 Wrong Marks : 0

Choose the correct option:

- a. The covariance between two random variables is bounded by -1 and +1
- b. The correlation coefficient between two random variables is bounded between $-\infty$ and $+\infty$
- c. The correlation coefficient between two variables is bounded by -1 and +1
- d. The covariance between two variables cannot be negative

Options :

12820623175. A

12820623176. B

12820623177. C

12820623178. D

Question Number : 2 Question Id : 1282065860 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

There are two countries A and B. The age-specific death rates for all age groups in country A are higher than that in country B. Yet the overall death rate is lower in A than in B.

- a. This is impossible
- b. This is possible if country A has a younger population than B
- c. This is possible if country A has an older population than B
- d. Can't say

Options :

12820623179. A

12820623180. B

12820623181. C

12820623182. D

Question Number : 3 Question Id : 1282065861 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

A current account deficit in a nation's balance of payments accounts implies that

- a. imports are equal to exports.
- b. exports exceed imports.
- c. expenditures are more than income.
- d. income is more than expenditures.

Options :

12820623183. A

12820623184. B

12820623185. C

12820623186. D

Question Number : 4 Question Id : 1282065862 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following will cause total revenue earned by cell phone producers to rise?

- a. The demand is price elastic, and the price falls.
- b. The price falls, and demand is inelastic.
- c. Demand is reduced because consumers learn of new hazards of cell phone use.
- d. The population in the economy increases dramatically.

Options :

- 12820623187. A
- 12820623188. B
- 12820623189. C
- 12820623190. D

Question Number : 5 Question Id : 1282065863 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The Ricardian theory of comparative advantage depends upon

- a. Factor endowment differences between countries
- b. Taste-pattern differences between countries
- c. Technological differences between countries
- d. Size differences between countries

Options :

- 12820623191. A
- 12820623192. B
- 12820623193. C
- 12820623194. D

Question Number : 6 Question Id : 1282065864 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT an assumption of the Harrod-Domar model?

- a. Diminishing returns to input
- b. Fixed proportions
- c. Constant savings rate and population growth rate
- d. Exogenous capital output ratio

Options :

- 12820623195. A
- 12820623196. B
- 12820623197. C
- 12820623198. D

Question Number : 7 Question Id : 1282065865 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The classical economists attacked which of the following mercantilist propositions

- A. state action was necessary to direct the capitalist system.
- B. money had no intrinsic value.
- C. the wealth of a nation was closely linked to the country's stock of precious metals.
 - a. A and B only
 - b. A, B, and C
 - c. A and C only
 - d. B and C only

Options :

12820623199. A

12820623200. B

12820623201. C

12820623202. D

Question Number : 8 Question Id : 1282065866 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Consider utility functions u and v of the form: $u(x, y) = 2x + 3y$; $v(x, y) = \sqrt{(x + y)}$. Which of the following statements is true?

- a. utility function u represents preferences in which x and y are perfect substitutes, while utility function v does not
- b. utility function v represents preferences in which x and y are perfect substitutes, while utility function u does not
- c. x and y are perfect substitutes in both utility functions u and v
- d. none of the above

Options :

12820623203. A

12820623204. B

12820623205. C

12820623206. D

Question Number : 9 Question Id : 1282065867 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If a small open country imposes a 10 percent tariff on imports of cars, then

- a. the domestic price of cars will not rise because of international competition
- b. the domestic price of cars will rise by less than 10 percent
- c. the domestic price of cars will rise by 10 percent
- d. the domestic price of cars will rise by more than 10 percent

Options :

12820623207. A

12820623208. B

12820623209. C

12820623210. D

Question Number : 10 Question Id : 1282065868 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The supply of labor in the classical system is a function of the

- a. marginal product of labor only
- b. real wage only
- c. the public's preference for leisure only
- d. Both b and c

Options :

12820623211. A

12820623212. B

12820623213. C

12820623214. D

Sub-Section Number: 2
Sub-Section Id: 128206267
Question Shuffling Allowed : Yes

Question Number : 11 Question Id : 1282065869 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Let A and B be events such that $P(A)=1/3$, $P(B)=1/4$ and $P(A \cup B)=1/2$. The value of $P(A/B)$ is

- a. $1/3$
- b. $1/2$
- c. $2/3$
- d. 1

Options :

12820623215. A

12820623216. B

12820623217. C

12820623218. D

Question Number : 12 Question Id : 1282065870 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

A professional in India earns INR 2,50,000/- per month, while his/her counterpart in the UK earns GBP 5,000/- per month. The nominal exchange rate is given by: GBP 1.00 = INR 100. However, a McDonald's burger costs GBP 3.00 in UK and INR 120.00 in India giving us an indication of the purchasing power parity between the two countries. Effectively, therefore:

- The Indian professional is better off than his UK counterpart
- The UK professional is better off than his Indian counterpart
- Both are equally well off
- Can't say

Options :

12820623219. A

12820623220. B

12820623221. C

12820623222. D

Question Number : 13 Question Id : 1282065871 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

If India's net domestic product (NDP) exceeds its gross national product (GNP), which of the following must be true?

- Income earned by non-resident Indian citizens is less than the income earned by foreigners residing in India.
- There is no depreciation.
- Depreciation is greater than net exports.
- Income earned by non-resident Indian citizens is greater than depreciation.

Options :

12820623223. A

12820623224. B

12820623225. C

12820623226. D

Question Number : 14 Question Id : 1282065872 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Consider the function

$$f(x) = 3x - 5 \text{ if } x \neq 1 \text{ and } f(x) = 2 \text{ if } x = 1$$

Choose the correct option

- $f(x)$ is discontinuous at $x=1$ since it is not defined at $x=1$
- $f(x)$ is continuous at $x=1$ since the left hand limit is equal to the right hand limit at $x=1$
- $f(x)$ is continuous at $x=1$ since it is defined at $x=1$
- $f(x)$ is discontinuous at $x=1$ since $\lim_{x \rightarrow 1} f(x) \neq f(1)$

Options :

- 12820623227. A
- 12820623228. B
- 12820623229. C
- 12820623230. D

Question Number : 15 Question Id : 1282065873 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Consider the two following statements: (i) A good is inferior only if quantity demanded falls as price falls, (ii) If we observe an individual to demand less of a good as its price falls, we may conclude that the good is inferior for him. Then

- a. Both statements are true
- b. Both statements are false
- c. Only the first statement is true
- d. Only the second statement is true

Options :

- 12820623231. A
- 12820623232. B
- 12820623233. C
- 12820623234. D

Question Number : 16 Question Id : 1282065874 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

The maximum amount of wheat and cloth that two countries can produce with full employment of resources is given in kilograms and meters, respectively, in the table below:

| | <i>Home country</i> | <i>Foreign country</i> |
|-------|---------------------|------------------------|
| Wheat | 600 | 1800 |
| Cloth | 300 | 600 |

Then the following will be true:

- a. Home country will import wheat and cloth from the foreign country to increase its welfare
- b. Home country will export wheat and import cloth to increase its welfare
- c. Home country will import wheat and export cloth to increase its welfare
- d. Home country will not engage in trade with the foreign country as the latter is too large

Options :

- 12820623235. A
- 12820623236. B
- 12820623237. C
- 12820623238. D

Question Number : 17 Question Id : 1282065875 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

The average score of 100 students in a subject was given to be 45. At the time of scrutiny, it was found that a score of 88 was recorded as 33 by mistake. What is the corrected average score?

- a. 88.33
- b. 45.05
- c. 45.55
- d. 40.88

Options :

12820623239. A

12820623240. B

12820623241. C

12820623242. D

Question Number : 18 Question Id : 1282065876 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Suppose that in a particular economy, the poor earn ₹ 500 per year and spend it all on consumption, the middle class earn ₹ 2,000 per year and spend ₹ 1,500 on consumption and the rich earn ₹ 10,000 per year and consume 80% of it. The overall savings rate in the country, if 20% people are poor and 50% are in the middle class is

- a. approximately 85%
- b. approximately 41%
- c. approximately 21%
- d. none of the above

Options :

12820623243. A

12820623244. B

12820623245. C

12820623246. D

Question Number : 19 Question Id : 1282065877 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Suppose Y (output) = 4,000, T (taxes) = tY where t , the marginal tax rate, is 0.3, and government spending, $G = 1,000$. This is a closed economy. Now suppose G increases by 200 to 1,200, and the new level of Y after this increase is $Y = 4,400$. Then, the marginal propensity to consume is

- a. $c = 0.2$
- b. $c = 0.27$
- c. $c = 5/7$
- d. $c = 2/3$

Options :

- 12820623247. A
- 12820623248. B
- 12820623249. C
- 12820623250. D

Question Number : 20 Question Id : 1282065878 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

$f(x) = \frac{x^2 - 2x + 4}{x^2 + 4x + 3}$. Then $f(x)$ has

- a. no points of discontinuity
- b. a single point of discontinuity at $x=2$
- c. two points of discontinuity at $x=-1$ and $x=-3$
- d. two points of discontinuity at $x= 1$ and $x=3$

Options :

- 12820623251. A
- 12820623252. B
- 12820623253. C
- 12820623254. D

Question Number : 21 Question Id : 1282065879 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

As the price of coffee rises, I drink less tea. Hence

- a. The income elasticity of my demand for tea is negative and cross price elasticity is positive
- b. The income elasticity of my demand for tea is positive and cross price elasticity is positive
- c. The income elasticity of my demand for tea is negative and cross price elasticity is negative
- d. The income elasticity of my demand for tea is positive and cross price elasticity is negative

Options :

- 12820623255. A
- 12820623256. B

12820623257. C

12820623258. D

Question Number : 22 Question Id : 1282065880 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

An economy produces two goods (X and Y) with two factors of production (K and L), where X is labour-intensive and Y is capital-intensive good. If the factor intensities of production of the goods are different at any factor price range and are non-reversible, then under the assumption of constant returns to scale, an increase in the supply of labour at constant commodity prices will lead to

- a. An increase in the production of X and a decrease in the production of Y
- b. An increase in the production of Y but decrease in the production of X
- c. An equi-proportionate increase in the production of both X and Y
- d. An increase in the production of both X and Y, but proportionally more in X

Options :

12820623259. A

12820623260. B

12820623261. C

12820623262. D

Question Number : 23 Question Id : 1282065881 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Let X be a continuous random variable with pdf $f(x) = \begin{cases} kx; & 0 \leq x \leq 5 \\ 0; & \text{Otherwise} \end{cases}$

Then the probability $P(1 \leq X \leq 3)$ is

- a. 1/25
- b. 9/25
- c. 1/9
- d. 8/25

Options :

12820623263. A

12820623264. B

12820623265. C

12820623266. D

Question Number : 24 Question Id : 1282065882 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Assuming away any income effect on fertility decisions, in the face of high unemployment, fertility rates will tend to

- Rise due to falling opportunity costs of child bearing and rearing
- Rise due to rising opportunity costs of child bearing and rearing
- Fall due to falling opportunity costs of child bearing and rearing
- Fall due to rising opportunity costs of child bearing and rearing

Options :

12820623267. A

12820623268. B

12820623269. C

12820623270. D

Question Number : 25 Question Id : 1282065883 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Suppose Y (output) = 4,000, T (taxes) = tY where t , the marginal tax rate, is 0.3, the marginal propensity to consume, c , is 0.8, and government spending, $G = 1,000$. This is a closed economy. Now G increases and as a result Y also increases, such that, after the income change, the budget is exactly balanced. Then, by how much must G have increased?

- G increases by approximately 4,000
- G increases by approximately 3,200
- G increases by approximately 729
- G increases by approximately 629

Options :

12820623271. A

12820623272. B

12820623273. C

12820623274. D

Question Number : 26 Question Id : 1282065884 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

The series $\sum_{n=1}^{\infty} \frac{n2^n}{n!}$

- Converges to a value of 1
- Diverges by the ratio test
- Neither converges nor diverges
- Converges by the ratio test

Options :

12820623275. A

12820623276. B

12820623277. C

12820623278. D

Question Number : 27 Question Id : 1282065885 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Suppose leisure is a normal good. When the hourly wage rises, all else equal, this leads to

- a. decreased labour supply if the substitution effect dominates the income effect
- b. decreased labour supply if the income effect dominates the substitution effect
- c. increased leisure if the substitution effect dominates the income effect
- d. decreased leisure if the income effect dominates the substitution effect

Options :

12820623279. A

12820623280. B

12820623281. C

12820623282. D

Question Number : 28 Question Id : 1282065886 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

An economy produces two goods (X and Y) with two factors of production (K and L), where X is labour-intensive and Y is capital-intensive good. If the factor intensities of production of the goods are different at any factor price range and are non-reversible, then under the assumption of constant returns to scale, an imposition of a tariff by the home country on Y, which is importable for the home country, gives rise to

- a. a rise in the real reward of capital
- b. a rise in the real reward of labour
- c. a rise in the real reward of capital and labour
- d. Cannot say anything

Options :

12820623283. A

12820623284. B

12820623285. C

12820623286. D

Question Number : 29 Question Id : 1282065887 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

If $X \sim \text{Binomial}(n, p)$, $E(X)=2$ and $\text{Var}(X)=\frac{4}{3}$, then the values of n and p are

- a. $n=2, p=1/6$
- b. $n=6, p=1/3$
- c. $n=2, p=2/3$
- d. $n=6, p=2/3$

Options :

12820623287. A

12820623288. B

12820623289. C

12820623290. D

Question Number : 30 Question Id : 1282065888 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Which of the following is true of the relationship between the IS curve and the AD curve?

- a. The commodity market is in equilibrium along the IS curve but it may not be in equilibrium along the AD curve.
- b. An increase in government spending will shift the IS curve but it will not shift the AD curve.
- c. The steeper the IS curve, the steeper the AD curve.
- d. A horizontal shift of the AD curve is typically greater than the horizontal shift in the IS curve due to crowding out.

Options :

12820623291. A

12820623292. B

12820623293. C

12820623294. D

Question Number : 31 Question Id : 1282065889 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Let $\sum_{n=1}^{\infty} a_n$ be a convergent series and let S be its sum. Let $S_n = \sum_{i=1}^n a_i$ be the n -th order partial sum. Then $\lim_{n \rightarrow \infty} S_n$ and $\lim_{n \rightarrow \infty} a_n$ are given by

- a. 1 and 0 respectively
- b. 0 and 1 respectively
- c. S and 0 respectively
- d. S and 1 respectively

Options :

12820623295. A

12820623296. B

12820623297. C

12820623298. D

Question Number : 32 Question Id : 1282065890 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

The tables below show various combinations of goods X and Y which give a consumer the indicated levels of cardinal utility.

| 1 UTIL | | 4 UTILS | | 16 UTILS | |
|--------|---------------|---------|---------------|----------|---|
| X | Y | X | Y | X | Y |
| 1 | 1 | 1 | 2 | 1 | 4 |
| 2 | $\frac{1}{2}$ | 2 | 1 | 2 | 2 |
| 4 | $\frac{1}{4}$ | 4 | $\frac{1}{2}$ | 4 | 1 |

Which of the following options is *false*?

- The marginal utility of X diminishes as X consumption increases holding Y constant.
- The marginal rate of substitution of X for Y diminishes as X rises.
- These preferences give rise to indifference curves which are convex to the origin.
- An increase in the amount of X consumed increases the marginal utility of Y.

Options :

12820623299. A

12820623300. B

12820623301. C

12820623302. D

Question Number : 33 Question Id : 1282065891 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Consider an economy where the interest rate is so low that it cannot decrease further (liquidity trap). In such an economy,

- Monetary policy is very effective at increasing output.
- The AD curve is horizontal.
- The AD curve can be downward sloping if consumption increases with increase in real wealth.
- Policymakers can never close the output gap.

Options :

12820623303. A

12820623304. B

12820623305. C

12820623306. D

Question Number : 34 Question Id : 1282065892 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Suppose that demand in the market for Economics books is

$Q_D = \max\{0, 3000 - 4P\}$ and supply is $Q_S = \max\{0, -1000 + 12P\}$. In market equilibrium, the value of consumer surplus (CS) and producer surplus (PS), respectively, are

- a. $CS = 5000; PS = 5000$
- b. $CS = 40,000; PS = 40,000/3$
- c. $CS = 500000; PS = \frac{500000}{3}$
- d. $CS = 4000000; PS = 4000000$

Options :

12820623307. A

12820623308. B

12820623309. C

12820623310. D

Question Number : 35 Question Id : 1282065893 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Define the matrices

$$M = \begin{pmatrix} 0 & 1 & 0 & 0 \\ 3 & -2 & 2 & 1 \\ 0 & 15 & 0 & 1 \\ 5 & 5 & 5 & 5 \end{pmatrix} \quad \text{and} \quad N = \begin{pmatrix} 3 & 9 & -1 & -1 \\ 0 & 1 & 0 & 16 \\ 0 & 0 & 2 & 3 \\ 0 & 0 & 0 & 2 \end{pmatrix}$$

The value of the determinant of (MN) is:

- a. 5
- b. 12
- c. $1/5$
- d. 60

Options :

12820623311. A

12820623312. B

12820623313. C

12820623314. D

Question Number : 36 Question Id : 1282065894 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Which of the following statements is (are) correct?

- A. Under a fixed exchange rate system, potential conflicts arise between the goals of internal balance and external balance.
- B. With a fixed exchange rate system, there is an absence of conflicts between internal and external balance goals.
- C. Countries may find that expansionary policies, which might be desired in order to reduce the unemployment rate, lead to income levels that are too high to balance the trade account and could lead to balance of payments problems.
 - a. A and C only
 - b. A, B, and C
 - c. B and C only
 - d. A and B only

Options :

12820623315. A

12820623316. B

12820623317. C

12820623318. D

Question Number : 37 Question Id : 1282065895 Question Type : MCQ Option Shuffling : No Display Question Number : Yes Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 3 Wrong Marks : 0

Consider the following two-player game in which each player has 3 pure strategies.

| | | Player 2 | | |
|----------|---|----------|------|------|
| | | L | C | R |
| Player 1 | U | 4, 3 | 5, 1 | 6, 2 |
| | M | 2, 1 | 8, 4 | 3, 6 |
| | D | 3, 0 | 9, 6 | 2, 8 |

Find the strategies that survive iterated elimination of strictly dominated strategies.

- a. (U, L) and (D, C)
- b. (U, L)
- c. (D, C)
- d. None of the strategies survive iterated elimination of strictly dominated strategies

Options :

12820623319. A

- 12820623320. B
- 12820623321. C
- 12820623322. D

Question Number : 38 Question Id : 1282065896 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical
Correct Marks : 3 Wrong Marks : 0

Mary's demand curve for food is $Q = 10 - 2P$. Her price elasticity of demand for food at price P^* equals $(-2/3)$. How much is P^* ?

- a. 2
- b. 4
- c. 1
- d. none of the above

Options :

- 12820623323. A
- 12820623324. B
- 12820623325. C
- 12820623326. D

Question Number : 39 Question Id : 1282065897 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical
Correct Marks : 3 Wrong Marks : 0

In a classical macroeconomic model, if the supply of labor schedule is plotted against the money wage, not the real wage, then

- a. the labor supply schedule will be downward sloping.
- b. an increase in the money wage will cause the labor supply schedule to shift to the left.
- c. an increase in the price level will cause the labor supply schedule to shift to the left.
- d. an increase in the money wage will cause the labor supply schedule to shift to the right.

Options :

- 12820623327. A
- 12820623328. B
- 12820623329. C
- 12820623330. D

Question Number : 40 Question Id : 1282065898 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical
Correct Marks : 3 Wrong Marks : 0

Suppose (x_1^*, x_2^*) maximizes utility subject to a budget constraint $p_1x_1 + p_2x_2 \leq y$, where (p_1, p_2) is the price vector and y is the income. Suppose the budget constraint holds as an equality at consumption bundle (x_1^*, x_2^*) , which yields utility u^* . Then, the consumption bundle that minimizes expenditure subject to attaining at least u^* level of utility at price vector (p_1, p_2)

- a. results in expenditure equal to y and is (x_1^*, x_2^*)
- b. results in expenditure greater than y and is not equal to (x_1^*, x_2^*)
- c. results in expenditure greater than y and is not equal to (x_1^*, x_2^*)
- d. results in none of the above

Options :

12820623331. A

12820623332. B

12820623333. C

12820623334. D