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Exam Date: **08-Oct-2020**
Exam Time: **15:00-18:00**
Examination: **1. Course Code - M.A./M.Sc./M.C.A.**
2. Field of Study - ECONOMICS (ECOM)

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SECTION 1 - SECTION 1

Question No.1 (Question Id - 22)
The degree of price control will be very high in the case of :
(A) ○ Imperfect competition
(B) ○ Perfect competition
(C) ○ **Monopoly (Correct Answer)**
(D) ○ Monopolistic

Question No.2 (Question Id - 44)
If two lines of regression are perpendicular to each other, then the relation between the regression coefficients is :
(A) ○ $\beta_{xy}=\beta_{yx}$
(B) ○ $\beta_{xy}\ \beta_{yx}=1$
(C) ○ $\beta_{xy}+\beta_{yx}=1$
(D) ○ **$\beta_{xy}+\beta_{yx}=0$ (Correct Answer)**

Question No.3 (Question Id - 16)
Correlation coefficient (r) is significant when :
(A) ○ **r > 6 probable error (Correct Answer)**
(B) ○ r < 6 probable error
(C) ○ r=6 probable error
(D) ○ none of above

Question No.4 (Question Id - 11)
When the rate of taxation increases with increase in income, then it is :
(A) ○ Proportional tax
(B) ○ **Progressive tax (Correct Answer)**
(C) ○ Regressive tax
(D) ○ All of above

Question No.5 (Question Id - 25)
Primary deficit means :
(A) ○ **Fiscal deficit minus interest payment (Correct Answer)**
(B) ○ Excess of expenditure over receipts
(C) ○ Deficit financed by borrowing externally
(D) ○ None

Question No.6 (Question Id - 38)
When C=20+0.5Y, I=50, G=10, find the national income.
(A) ○ **160 (Correct Answer)**
(B) ○ 170
(C) ○ 140
(D) ○ 150

Question No.7 (Question Id - 41)
In a box containing 100 bulbs, 10 are defective. What is the probability that out of sample of 5 bulbs none is defective ?
(A) ○ 1/10
(B) ○ 1/4
(C) ○ (9/10)^5 = $\left(\frac{9}{10}\right)^5$ **(Correct Answer)**
(D) ○ None of the option

Question No.8 (Question Id - 24)
Rostow divided economic growth into stages of :
(A) ○ Two
(B) ○ **Five (Correct Answer)**
(C) ○ Four

(D) ○ Three

Question No.9 (Question Id - 34)

Find the private income from given data in □ NDP_{FC}=15400, Net income from abroad=100, Transfer payment from government=250, Net donation from abroad=50, Interest on national debt=150, Income to government from domestic product=150.

(A) ○ **15800 (Correct Answer)**
(B) ○ 18500
(C) ○ 24300
(D) ○ 16150

Question No.10 (Question Id - 33)

When production function of a firm is Q=20 $K^{0.5}L^{0.5}$, price of capital is □ 5 per unit and price of labour is □ 4 per unit. What will be expansion path ratio for the firm ?

(A) ○ K=0.3L
(B) ○ K=39/4L
(C) ○ K=14/5L
(D) ○ **K=0.8L (Correct Answer)**

Question No.11 (Question Id - 2)

For an economy, if C = 400 + 0.8 Y_d, Y_d = Y - T, T = 300 + 0.2Y, find MPC.

(A) ○ 0.93
(B) ○ **0.64 (Correct Answer)**
(C) ○ 0.20
(D) ○ 0.81

Question No.12 (Question Id - 1)

What will be slope (dK/dL) of the given Isoquant 4 $K^{1/4}L^{3/4}$ = 2000 ?

(A) ○ **(-) 3K/L (Correct Answer)**
(B) ○ (-) 5K/L
(C) ○ (+) 5K/L
(D) ○ 3/5K

Question No.13 (Question Id - 50)

Let $\delta > 0$ be a constant and $f(x) = \begin{cases} \delta x(1-x), & 0 < x < 1 \\ 0, & \text{otherwise} \end{cases}$ is a pdf. Find the P(X > 0.3).

(A) ○ 1
(B) ○ 0.234
(C) ○ 2
(D) ○ **0.784 (Correct Answer)**

Question No.14 (Question Id - 10)

When Average Variable Cost AVC = 10 - 5Q + $10Q^2$. What will be output at minimum marginal cost when fixed cost is 50 ?

(A) ○ **0.166 (Correct Answer)**
(B) ○ 0.178
(C) ○ 0.23
(D) ○ none

Question No.15 (Question Id - 35)

When interest rate is very low and LM curve becomes horizontal straight line, then this situation is known as :

(A) ○ Liquidity ratio
(B) ○ **Liquidity trap (Correct Answer)**
(C) ○ Giffen curve
(D) ○ Debt trap

Question No.16 (Question Id - 14)

When government imposes tax in the case of negative production externality, what will be effect on Consumer Surplus ?

(A) ○ **Consumer surplus reduces (Correct Answer)**
(B) ○ Consumer surplus increases
(C) ○ Consumer surplus does not change
(D) ○ None of above

Question No.17 (Question Id - 4)

Ms. Sulekha wants to buy two goods namely Samosa and Jalebi when she is having money income ₹ 200.00. The price of Samosa is ₹ 10.00 each and the price of Jalebi is ₹ 4.00 each. What proportion of income should she allocate on Samosa and Jalebi to maximise utility when the utlity function is $\sqrt{X_1X_2}$ where X_1 and X_2 stand for Samosa and Jalebi respectively.

(A) ○ 60% on X_1 and 40% on X_2
(B) ○ **50% on X_1 and 50% on X_2 (Correct Answer)**
(C) ○ 40% on X_1 and 60% on X_2
(D) ○ 70% on X_1 and 30% on X_2

Question No.18 (Question Id - 30)

What will be the equilibrium income when commodity market (IS) and the money market (LM) are in equilibrium in the case of C=102+0.7Y, I=150-100i, M_S=470, M_T=0.25Y, M_Z= 124-200i ?

(A) ○ 1100
(B) ○ 1300
(C) ○ 1900
(D) ○ **1000 (Correct Answer)**

Question No.19 (Question Id - 48)

The below question has been dropped and full marks are awarded.

If X ~ N(30, 5^2) then which one of the following is correct ?
(A) ○ P(X ≥ 30)=0.5
(B) ○ P(X ≤ 0)=P(X ≥0)
(C) ○ P(|X| ≤ 1)=P(|X| ≥ 1)
(D) ○ P(30 ≤ X ≤ 40)=P(20 ≤ X ≤ 30)

Question No.20 (Question Id - 17)

Hirschman takes divergent series of investment as a project that :
(A) ○ creates less external economies than they appropriate
(B) ○ **creates more external economies than they appropriate (Correct Answer)**
(C) ○ creates no external economies than they appropriate
(D) ○ none of above

Question No.21 (Question Id - 49)

Let X be distributed with pdf f (x)=1 if 0 < x < 1, is equal to zero otherwise. Then find the EX, EX^2 and Var(X).

(A) ○ $\frac{1}{2}, \frac{1}{3}, \frac{1}{4}$
(B) ○ $\frac{1}{2}, \frac{1}{3}, \frac{1}{12}$ **(Correct Answer)**
(C) ○ $\frac{1}{2}, \frac{1}{4}, \frac{1}{4}$
(D) ○ $\frac{1}{2}, \frac{1}{4}, \frac{1}{12}$

Question No.22 (Question Id - 6)

When the price of a Pen is □ 20 and elasticity of demand is 1.6, find the marginal revenue.

(A) ○ 1.7
(B) ○ **7.5 (Correct Answer)**
(C) ○ 9.5
(D) ○ 3.5

Question No.23 (Question Id - 8)

The demand function for a good in place is Q = 24 - 3P. What will be theoretically maximum quantity (Q) demanded for price (P) ?

(A) ○ 33
(B) ○ **24 (Correct Answer)**
(C) ○ 8
(D) ○ 28

Question No.24 (Question Id - 37)

The below question has been dropped and full marks are awarded.

If the demand function of a commodity X is X=200-0.5P, what will be demand elasticity at a price of □ 5 ?

(A) ○ 0.097
(B) ○ 0.052
(C) ○ 0.067
(D) ○ 0.093

Question No.25 (Question Id - 47)
The probability that a 3-card hand drawn at random and without replacement from an ordinary deck consists entirely of red cards is :

(A) ○ $\frac{9}{17}$
(B) ○ $\frac{3}{17}$
(C) ○ $\frac{2}{17}$ **(Correct Answer)**
(D) ○ $\frac{4}{17}$

Question No.26 (Question Id - 32)
The below question has been dropped and full marks are awarded.

The demand function Q_d=35000-5P and the supply function of a firm Ms. Sulekhs Ltd. is Q_s=20000+20P. What will be impact on the quantity demanded and price when government imposes specific sales tax □ 10.00 per unit and Lump Sum tax □ 2000.

(A) ○ 509
(B) ○ 608
(C) ○ 1200
(D) ○ 609

Question No.27 (Question Id - 36)
We consider Fisher's index as an ideal index because it satisfies :
(A) ○ Time reversal test
(B) ○ Factor reversal test
(C) ○ **Both time and factor reversal test (Correct Answer)**
(D) ○ None

Question No.28 (Question Id - 20)
The slope of the budget line is (-) 0.25 and income is □ 100 for buying two equal goods Samosa and Jalebi. What amount will be spent on Samosa ?

(A) ○ 30
(B) ○ 34
(C) ○ 65
(D) ○ **20 (Correct Answer)**

Question No.29 (Question Id - 46)
If equation of lines 4x-ky=6 and 6x+3y+2=0 are perpendicular then,

(A) ○ k=2
(B) ○ k=4
(C) ○ k=6
(D) ○ **k=8 (Correct Answer)**

Question No.30 (Question Id - 5)
The demand function for a quantity Q is Q_d = 35000 - 5P. Over what range of price, the quantity demand will be inelastic ?

(A) ○ 100 to 600
(B) ○ 300 to 399
(C) ○ 500 to 3900
(D) ○ **Zero to 3500 (Correct Answer)**

Question No.31 (Question Id - 15)
When C=200+0.75 (Y-T), I=200-25r, G=100, T=100. Find IS curve function.
(A) ○ **Y=1700-100r (Correct Answer)**
(B) ○ Y=1800-100r
(C) ○ Y=1900-100r
(D) ○ Y=1700+100r

Question No.32 (Question Id - 26)
Fisher's index is :
(A) ○ Harmonic mean of Laspeyre's and Pasche
(B) ○ **Geometric mean of Laspeyre's and Pasche (Correct Answer)**
(C) ○ Arithmetic mean of Laspeyre's and Pasche
(D) ○ None

Question No.33 (Question Id - 23)
The minimum rate at which the central bank rediscounts bills held by commercial banks is called :

(A) ○ Repo rate
(B) ○ CRR
(C) ○ **Bank rate (Correct Answer)**
(D) ○ Prime Lending rate

Question No.34 (Question Id - 12)
What is direct tax ?
(A) ○ **Paid by a person on whom it is imposed (Correct Answer)**
(B) ○ Paid by a person on whom it is not imposed
(C) ○ Both 1 and 2
(D) ○ None of above

Question No.35 (Question Id - 19)
When level of income is zero, what will you call the level of consumption ?
(A) ○ induced consumption
(B) ○ minimum
(C) ○ related
(D) ○ **autonomous (Correct Answer)**

Question No.36 (Question Id - 43)

The sequence $S_n = \frac{1}{1^1} + \frac{1}{2^2} + \cdots + \frac{1}{n^n}, \forall n \in N$ is :

(A) ○ oscillating
(B) ○ **convergent (Correct Answer)**
(C) ○ divergent
(D) ○ none of these

Question No.37 (Question Id - 31)
The below question has been dropped and full marks are awarded.

Ms. Sulekha is having income of □ 30.00 for consuming two goods Samosa and Jalebi whose prices are □ 10.00 and □ 2.00 per piece. What will be Sulekha's total price effect when her utility function is U = XY and the price of Samosa decreased to □ 5.00 per piece but the price of Jalebi is remaining the same ?

(A) ○ -5/6
(B) ○ -3/2
(C) ○ +5/7
(D) ○ None

Question No.38 (Question Id - 40)
Which policy is more effective in the Keynesian range of LM curve ?
(A) ○ **Fiscal (Correct Answer)**
(B) ○ Monetary
(C) ○ Both fiscal and monetary
(D) ○ Neither fiscal and nor monetary

Question No.39 (Question Id - 45)
Calculate area under the curve xy=1, x=1 to x=e :

(A) ○ **1 unit (Correct Answer)**
(B) ○ 2 unit
(C) ○ e unit
(D) ○ 0 unit

Question No.40 (Question Id - 13)
When Average Tax Rate (ATR) is more than Marginal Tax Rate (MTR) then it is :
(A) ○ **Regressive tax (Correct Answer)**
(B) ○ Progressive tax
(C) ○ Proportional tax
(D) ○ Degressive tax

Question No.41 (Question Id - 3)
What will be equilibrium income, when Lump Sum Tax (T) is added to the model and Consumption (C) is a function of disposable income (Y_d), given Y = C + I, C = C_0 + bY_d, I = I_0, Y_d = Y - T, C_0 = 100, b = 0.5, I_0 = 40, T = 50.

(A) ○ 274
(B) ○ 298
(C) ○ **230 (Correct Answer)**
(D) ○ 653

Question No.42 (Question Id - 7)
The demand function for a good is Q = 36 - 3P. What will be theoretically maximum Price (P) for Quantity (Q) ?

(A) ○ **12 (Correct Answer)**
(B) ○ 3
(C) ○ 10
(D) ○ 112

Question No.43 (Question Id - 39)
What will happen when supply elasticity is less than demand elasticity ?
(A) ○ **Consumer burden will be less than producer burden (Correct Answer)**
(B) ○ Consumer burden will be more than producer burden
(C) ○ Both will be equal
(D) ○ None

Question No.44 (Question Id - 21)
Offer curve introduced by Alfred Marshall deals with :
(A) ○ **Terms of trade (Correct Answer)**
(B) ○ Exchange rate
(C) ○ Money supply
(D) ○ Money

Question No.45 (Question Id - 29)
What will be the second order direct partial derivative V_{XX} and V_{yy} respectively for given Cobb-Douglas function $V=4X^{0.4}Y^{0.5}$?

(A) ○ $0.98x^{-1.6}\ y^{0.5}$, $-X^{0.4}Y^{-1.7}$
(B) ○ **$0.96x^{-1.6}\ y^{0.5}$, $-X^{0.4}Y^{-1.5}$ (Correct Answer)**
(C) ○ $0.196x^{-1.6}\ y^{1.5}$, $-X^{0.4}Y^{-1.5}$
(D) ○ $0.06x^{-3.6}\ y^{0.5}$, $-X^{0.4}Y^{-1.5}$

Question No.46 (Question Id - 28)
The long run supply elasticity for constant cost industry will be :
(A) ○ More than unity
(B) ○ **Infinity (Correct Answer)**
(C) ○ Zero
(D) ○ None

Question No.47 (Question Id - 42)
During the Covid pandemic we observed the fall in the salary of 10 males of a given locality are found to be 70, 50, 62, 68, 61, 68, 70, 33, 64, 40 in thousands. Is it reasonable to believe that the average salary is greater than 64 in thousand ? To test at 5% significance level to make the decision or conclusion about the hypothesis we will use the following :

(A) ○ **Use one sided hypothesis, tabulated value of "t" should be less than calculated value. (Correct Answer)**
(B) ○ Use two sided hypothesis, tabulated value of "t" should be less than calculated value.
(C) ○ Use one sided hypothesis, tabulated value of "t" should be greater than calculated value.
(D) ○ Use two sided hypothesis, tabulated value of "t" should be greater than calculated value.

Question No.48 (Question Id - 18)
A firm should increase investment when :
(A) ○ MEC < i
(B) ○ MEC=i

(C) ○ **MEC > i (Correct Answer)**
(D) ○ MEC=1

Question No.49 (Question Id - 9)
When demand Q = 300 - 5P and supply Q = 200 + 15P. If government imposes specific sales tax of □ 2.00 per unit, what will be new price ?

(A) ○ 7.3
(B) ○ **6.5 (Correct Answer)**
(C) ○ 6.9
(D) ○ 5.9

Question No.50 (Question Id - 27)
A saddle point in the game theory refers to :
(A) ○ No loss
(B) ○ No profit
(C) ○ **Outcome of strictly determined game (Correct Answer)**
(D) ○ None

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