PH.D./M.PHIL. COMMON ENTRANCE TEST MODEL QUESTION PAPER

PART B

Subject: Economics

Max Marks: 45

SECTION – A

Choose the most appropriate answer for the following questions. (2X15 = 30 Marks)

1. Gilt – edged market means
   (A) Bullion market
   (B) Market of pure metals
   (C) Market of government securities

2. Prebisch – Singer hypothesis relates to
   (A) Balance of payments problem of developing countries
   (B) Terms of trade of developing countries
   (C) Prevalence of poverty among developing countries

3. Duesenberry was of the opinion that less developed countries will have serious and adverse effect on their balance of payments due to
   (A) Demonstration effect
   (B) Multiplier effect
   (C) Backwash effect

4. If the producer pays the price of each of the inputs used in production is equal to the value of marginal product, then which one of the following does he earn?
   (A) Zero supernormal profit
   (B) Monopoly profit
   (C) Positive supernormal profit

5. Arrange the following events in the Indian economy in chronological order.
   (a) First phase of nationalisation of 14 Banks
   (b) Establishment of Narasimham Committee I on Banking system
   (c) Enactment of FEMA Act
   (A) (a), (c), (b)
   (B) (a), (b), (c)
   (C) (a), (c), (b)

6. For the function \( Q = A \cdot K^\alpha \cdot L^\beta \), which of the following is correct?
   (A) The degree of homogeneity is 1
   (B) Elasticity of substitution is equal to \( \alpha + \beta \)
   (C) Output elasticity with respect to capital is \( \alpha \)
7. Match the following

<table>
<thead>
<tr>
<th>List - I (Concept)</th>
<th>List - II (Economist)</th>
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<tbody>
<tr>
<td>(a) Profit as a dynamic surplus</td>
<td>(i) J. Schumpeter</td>
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<td>(b) Profit as reward for innovation</td>
<td>(ii) M. Kalecki</td>
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<td>(c) Profit as reward for uncertainty bearing</td>
<td>(iii) F.H. Knight</td>
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<tr>
<td>(d) Profit arise due to monopoly power enjoyed by the producers</td>
<td>(iv) J.B. Clark</td>
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Code: (a) (b) (c) (d)  
(A) (ii) (i) (iii) (iv)  
(B) (iv) (i) (iii) (ii)  
(C) (iv) (ii) (iii) (i)

8. In the Paul Sweezy Model of Oligopoly in the Kinked Demand Curve, the point of kink represents

(A) Quantity rigidity  
(B) Price rigidity  
(C) Both the price and quantity rigidity

9. Non Accelerating Inflation Rate of Unemployment (NAIRU) means

(A) A rate of unemployment for which the change in the rate of inflation is zero  
(B) A rate of inflation which makes the rate of unemployment zero  
(C) A rate of inflation for which the change in the rate of unemployment is zero

10. Verdoon’s law is about the

(A) Positive relation between the growth of population, employment and output with the growth of production per head  
(B) Negative relation between the growth of population, employment and output with the growth of production per head  
(C) Positive relation between population growth and employment

11. Liquidity trap is a situation when

(A) All potential investors expect the rate of interest to rise in future  
(B) All potential investors expect the rate of interest to fall in future  
(C) Natural rate of interest is above the critical rate of interest

12. In a multiple regression with three independent variables, the regression coefficients are to be tested. Which test would be used?

(A) Z test  
(B) F test  
(C) t test
13. Core inflation is a measure of inflation
   (A) that is based only on food and energy prices
   (B) that includes items that face volatile price movements, notably food and energy
   (C) that excludes items that face volatile price movements, notably food and energy

14. Select the correct statement of adding up theorem.
   (A) If income generated by the given output produced during the given period is distributed according to average productivity of all factors, total income will be exhausted.
   (B) Total income derived from the output will be exhausted if all factors are paid according to their marginal productivity.
   (C) Total income derived from the output will be exhausted if all factors are paid at the same rate.

15. ‘Price Scissors’ refer to
   (A) Relative price of fuel and industrial goods
   (B) Relative price of industrial goods in terms of agricultural goods
   (C) Relative price of imported goods in terms of the exported goods

Section B

Write a short essay on any three of the following:  
(5 X 3 = 15 marks)

1. Critically examine the reasons for the decline of the public private undertakings in the post-liberalization period.

2. Do you believe that capital account convertibility is feasible under the present circumstances in India? Explain.

3. “We are still waiting for the long-run benefits of demonetization”. Do you agree with this statement? Justify your arguments.

4. ‘Autonomy of central bank is crucial for economic progress and financial stability of any nation’. What is your stand with this statement?

5. What is high-powered money? Explain how changes in short-term monetary policy affect high-powered money and “money multiplier”.

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