

PG/INTEGRATED PG ENTRANCE EXAMINATION, APRIL 2023

ECONOMICS/FINANCIAL ECONOMICS

Time : Two Hours

Maximum : 400 Marks

Part A (Multiple Choice Questions)

*Each correct answer shall carry 4 marks and 1 mark shall be deducted for 4 wrong answers
(¼ th)*

1. The theory of tatonnement is the contribution of _____.
 - a) Arrow.
 - b) Williamson.
 - c) Pareto.
 - d) Walras.
2. In linear programming, the unutilized units of a factor of production is described by the term _____.
 - a) Slack variable.
 - b) Ordinary variable.
 - c) Structural variable.
 - d) Null variable.
3. When an uninformed party takes actions to induce the informed party to reveal private information, the phenomenon is called :
 - a) Screening.
 - b) Moral hazard.
 - c) Signalling.
 - d) Induction.
4. In Marris model of managerial enterprise, the leverage ratio is defined as _____.
 - a) Liquid assets/total assets.
 - b) Value of debts/total assets.
 - c) Total profits/total assets.
 - d) Total assets/liquid assets.
5. In Kaldor's theory of income distribution, the APS of the workers (sw) and the APS of the profit earners (sp) are related as _____.
 - a) $sw > sp$.
 - b) $sp > sw$.
 - c) $sp = sw$.
 - d) $sp + 1 = 1 - sw$.

Turn over

6. In the Marxian theory, the organic composition of capital is defined as _____.
 - a) The ratio of variable capital to total capital.
 - b) The ratio of constant capital to total capital.
 - c) The ratio of surplus value to variable capital.
 - d) The ratio of variable capital to surplus value.
7. Dorothy Bradley is associated more with _____ Hypothesis.
 - a) Relative Income.
 - b) Permanent Income.
 - c) Absolute Income.
 - d) Lifecycle.
8. The sum of excess demand in each market is identically equal to zero :
 - a) Walras' Identity.
 - b) Says' Identity.
 - c) Keynesian Identity.
 - d) Classical Identity.
9. Which of the following is also called as Keynesian Unemployment ?
 - a) Frictional.
 - b) Voluntary.
 - c) Involuntary.
 - d) Structural.
10. Money has no real effect explains _____.
 - a) Neutrality of Money.
 - b) Monetary Neutrality.
 - c) Dichotomy.
 - d) Wealth Effect.
11. Global Multi Dimensional Poverty Index has been used by UN since _____.
 - a) 2010.
 - b) 2014.
 - c) 2002.
 - d) 2017.
12. Tariff levied as a fixed percentage of the value of the traded commodity is called _____.
 - a) Ad-Valorem Tariff.
 - b) Tariff rate Quota.
 - c) Compound tariff.
 - d) Specific Tariff.
13. UN was established in the year :
 - a) 1940, June 4th.
 - b) 1914, September 14th.
 - c) 1945, October 24th.
 - d) 1935, November 14th.

14. The theoretical inference that the balanced budget has multiplier effect :
- a) Fiscal Stabilizer.
 - b) Haavelmo Effect.
 - c) Pump Priming.
 - d) Kuznets Puzzle.
15. Inventor of Rational Expectation Hypothesis :
- a) John Muth.
 - b) Leijonhufvud.
 - c) Clover.
 - d) Edward Prescott.
16. The use 'policy to smooth out the business cycle' :
- a) Macroeconomic policy activism.
 - b) Fiscal activism.
 - c) Monetary activism.
 - d) Laissez faire.
17. Prediction that a one percentage point increase in the expected inflation rate will raise the nominal interest rate by one percentage point, leaving the real expected interest rate unaffected.
- a) Marshall Effect.
 - b) Fisher Effect.
 - c) Friedman Effect.
 - d) Keynes Effect.
18. Share of agriculture in India for the year 2020-21 :
- a) 26 %.
 - b) 30 %.
 - c) 20 %.
 - d) 15 %.
19. The MRTP Act has been replaced by :
- a) FERA Act.
 - b) FEMA Act.
 - c) Competition Act.
 - d) FRBM Act.
20. NITI Ayog replaced Planning Commission on _____.
- a) 15th April 2017.
 - b) 1st January 2015.
 - c) 17th August 2004.
 - d) 25th October 2002.
21. If the output of the export good has fallen along with an increase in the production of import goods, we have _____ bias in the growth of production.
- a) Ultra-anti-trade.
 - b) Anti-trade.
 - c) Pro-trade.
 - d) Ultra-pro-trade.

22. The index number measure of the price of exports relative to the price of imports is known as _____.
- a) Gross barter terms of trade.
 - b) Net barter terms of trade.
 - c) Income terms of trade.
 - d) Real cost terms of trade.
23. If a tariff is imposed as a flat sum per physical unit of the commodity imported or exported, it is known as :
- a) Ad-valorem tariff.
 - b) Specific tariff.
 - c) Single column tariff.
 - d) Countervailing tariff.
24. A rise in currency's par value is:
- a) Hedging.
 - b) Currency Swaps.
 - c) Devaluation.
 - d) Appreciation.
25. The international unit of account in which official accounts of IMF are kept :
- a) Gold.
 - b) Dollar.
 - c) SDRs.
 - d) Yen.
26. Covering the risk of exchange rate fluctuation is :
- a) Hedging.
 - b) Speculation.
 - c) Arbitrage.
 - d) None of the above.
27. The slope of the iso-cost line is the ratio of :
- a) Quantities.
 - b) Product prices.
 - c) Costs.
 - d) Input prices.
28. When the marginal and average product of labour at a point are respectively $AP_L = 2.5$; $MP_L = 0.5$. The output is _____ with respect to labour.
- a) Elastic.
 - b) Perfectly elastic.
 - c) Inelastic.
 - d) Perfectly inelastic.
29. When the area below the demand curve is 20 square units and the area of the rectangle representing consumer's expenditure is 10 square units, consumer's surplus in square units is :
- a) 2.
 - b) 200.
 - c) 10.
 - d) 30.

30. Food grains in India are canalized by :
- a) ONGC.
 - b) FCI.
 - c) OIL.
 - d) MMTC.
31. 'Kuttanad Packages' is very well related to the name of :
- a) K N Raj.
 - b) V Kurien.
 - c) AK Sen.
 - d) M S Swaminathan.
32. In the Dual economy model economic system consists of :
- a) Primary and secondary.
 - b) Traditional and modern.
 - c) Agricultural and industrial.
 - d) Backward and downward.
33. Nerlovian model relates to :
- a) Supply response.
 - b) Supply demand gap.
 - c) Demand projections.
 - d) Sustainable development.
34. Financial Dualism is propounded by _____.
- a) H. Myint.
 - b) A. Lewis.
 - c) B. Higgins.
 - d) J.H. Boeke.
35. 'Sarvodaya' was advocated by _____.
- a) Jawaharlal Nehru.
 - b) M. K. Gandhi.
 - c) Dadabhai Naoroji.
 - d) B.R. Ambedkar.
36. Who wrote the collective choice and social welfare ?
- a) Pareto.
 - b) A C Pigou.
 - c) H H Gossen.
 - d) Amartyasen.
37. Buying and selling of the same equities in different markets at the same time with a view to benefit from price differentials between markets are called _____.
- a) Arbitrage.
 - b) Bull.
 - c) Bear.
 - d) Capital gains.
38. A provision that gives its holder the right to buy an asset at fixed price during a certain period :
- a) Put option.
 - b) Call option.
 - c) Debt swap.
 - d) None of these.

39. One investment purchased against another investment in order to counter any loss made by either
- a) Hedge.
 - b) Arbitrage.
 - c) Risk.
 - d) Capital gains.
40. Which of the asset enjoy risk and return of ownership ?
- a) Equity.
 - b) Bond.
 - c) Insurance policies.
 - d) Treasury Bills.
41. The value of a fund asset depends on some underlying asset is called :
- a) Real asset.
 - b) Bond.
 - c) Derivative.
 - d) None of these.
42. Who introduced the Central Place Theory ?
- a) Christaller.
 - b) Losch.
 - c) Greenhut.
 - d) S. Florence.
43. Which variable is not considered in measuring the size of a firm or plant :
- a) Employment.
 - b) Profits.
 - c) Sales.
 - d) Assets.
44. A private sector business organization owned and controlled by a single individual is called :
- a) State owned enterprise.
 - b) Corporate firm.
 - c) Sole proprietorship.
 - d) None of the above.
45. Industrial Finance Corporation of India was established in :
- a) 1948.
 - b) 1993.
 - c) 1951.
 - d) 2001.
46. Which country accounts for highest share of FDI in India :
- a) Singapore.
 - b) USA.
 - c) Mauritius.
 - d) China.
47. The Chairman of Sixth State Finance Commission of Kerala :
- a) S.M.Vijayanand.
 - b) Prabhath Patnaik.
 - c) Thomas Isec.
 - d) K.M.Mani.

48. 15th finance commission is headed by _____.
a) Y V Reddy. b) N.K.Singh.
c) Vijay Kelkar. d) C.rangarajan.
49. Which of the following is not a source of hypothesis ?
a) Experience of researcher. b) Body of theories.
c) Findings of other studies. d) Objective of study.
50. Which of the following is not an attribute of data collection technique :
a) Relevance. b) Validity.
c) Convenience. d) Reliability.
51. Which of the following does not form non-probability samples ?
a) Accidental samples. b) Purposive samples.
c) Quota samples. d) Stratified sampling.
52. 'Development as freedom' is a famous work of _____.
a) W.W.Rostow. b) A.O.Hirschman.
c) Amartya Sen. d) Jagadish Bhagavati.
53. Leontief paradox is related to empirical verification of _____ theory.
a) Stolper- Samuelson theory. b) Comparative advantage.
c) Heckscher-Ohlin. d) Krugman model.
54. _____ Popularized the immiserizing growth theory.
a) Paul Krugman. b) Bo Sodersten.
c) Amartya Sen. d) Jagadish Bhagavati.
55. Inverted -U hypothesis is associated with.
a) Simon Kuznet. b) Paul Krugman.
c) Leibenstein. d) Mah Bub ul Haq.
56. Lorenz Curve is a measure of _____.
a) Inflation. b) Poverty.
c) Income Inequality. d) None of these.

57. Micro finance concept was popularized by _____.
a) Karl Marx. b) Ragner Nurkse.
c) Muhammed Yunus. d) A.O.Hirschman.
58. The National Credit Fund for Women (Rashtriya Mahila Kosh) was set up in _____ year.
a) 1998. b) 1993.
c) 1982. d) 2000.
59. 'Mahila Udayam Nidhi'(MUN)is a programme of _____.
a) R.B.I. b) NABARD.
c) SIDBI. d) Indian Bank.
60. Functional finance is associated with the name of :
a) Dalton. b) Mus grave.
c) A.P Lerner. d) Keynes.
61. Chairman of the indirect taxes enquiry committee :
a) K.N Raj. b) L.K Jha.
c) Vivek Johri. d) K .N Wanchoo.
62. Which of the following is not a local tax ?
a) Profession tax. b) Advertisement tax.
c) Property tax. d) Capital gain tax.
63. Theory of clubs is related to :
a) Lindal. b) Arrow.
c) Buchanan. d) Samuelson.
64. Which one of the following forms the largest share of deficit in government of India's budget ?
a) Fiscal deficit. b) Budget deficit.
c) Revenue deficit. d) Primary deficit.
65. If $A = \begin{bmatrix} 1 & 2 & 3 \end{bmatrix}$, $A \cdot A^T =$ _____.
a) 14. b) 20.
c) 6. d) 10.

- Turn over**

74. Probability of a sample space is _____.
- a) 0. b) 1.
c) $\frac{1}{2}$. d) $\frac{1}{6}$.
75. Probability of getting 2 Sundays in a leap year is _____.
- a) $\frac{2}{366}$. b) $\frac{1}{366}$.
c) $\frac{1}{7}$. d) $\frac{2}{7}$.
76. _____ coined the term 'Econometrics'.
- a) Theil. b) Basmann.
c) Frisch. d) Durbin.
77. Simultaneous equation violates the assumption of _____.
- a) $E(U) = 0$. b) $Cov(X_i, X_j) = 0$.
c) $Cov(U_i, U_j) = 0$. d) $Cov(U_i, X_i) = 0$.
78. Durbin Watson ratio, $d = 4$, shows _____.
- a) no autocorrelation. b) Positive autocorrelation.
c) Negative autocorrelation. d) None of these.
79. Number of dummy variables for, $m = 3$ category is _____.
- a) 1. b) 2.
c) 3. d) 4.
80. Abhijit Banerjee won Nobel Prize for his experimental research on _____.
- a) To reduce inequality. b) To alleviate poverty.
c) To improve public health. d) To create employment.
81. The statement, 'Econometrics is concerned with the empirical determination of economic laws' is given by _____.
- a) H. Theil. b) PA Samuelson.
c) R Frisch. d) AS Goldberger.
82. India changed over to the decimal system of coinage in _____.
- a) 1957 April. b) 1947 April.
c) 1967 April. d) 1997 April.

83. In a company, debenture holders are its :
a) Share holders. b) Debtors.
c) Creditors. d) Directors.
84. Following cost is not directly related to production :
a) Fixed cost. b) Variable cost.
c) Marginal cost. d) Sunk cost.
85. An example for perpetuity _____.
a) Initial investment. b) Fixed deposit.
c) Life insurance. d) Pension fund.
86. The Board of Industrial and Financial Reconstruction (BIFR) came in to existence in _____.
a) 1957. b) 1967.
c) 1977. d) 1987.
87. Which one of the following bank has recently launched work from home facility for its employees ?
a) ICICI. b) SBI.
c) Bank of Baroda. d) Punjab National Bank.
88. Which district has the highest area and production of Cashew in Kerala ?
a) Kozhikode. b) Kannur.
c) Malappuram. d) Kasargode.
89. Mobile application developed by Government of India for identifying Covid-19 hotspots is _____.
a) Covidshield. b) Cowin.
c) Covaxin. d) Arogya setu.
90. The term Autarky means _____.
a) Limited Trade. b) Free trade.
c) Trade Diversion. d) Trade Creation.
91. The standard for measuring Inflation in India since 2014 is _____.
a) GDP deflator. b) Consumer Price Index.
c) Wholesale price index. d) Index of industrial production.

92. In a binomial distribution of $n = 6$ trials, probability of failure, $q = 0.4$. Then the mean and variance of the distribution is _____.
- a) 2.4 and 1.44. b) 3.6 and 1.44.
c) 0 and 1. d) 1 and 0.
93. Which agency controls the price of pharmaceutical drugs in India ?
- a) Food safety and drug administration.
b) National pharmaceutical pricing authority.
c) Central Drugs Standard Control Organisation.
d) Drugs Controller General of India.
94. Which among the following is not a canon of taxation ?
- a) Canon of Equity. b) Canon of Certainty.
c) Canon of Convenience. d) Canon of Disparity.
95. The theory of second best was formulated by :
- a) Pareto. b) Scitovsky.
c) Lipsey and Lancaster. d) Kaldor and Hicks
96. Quasi rent concept is introduced by :
- a) Alfred Marshall. b) Adam Smith.
c) David Ricardo. d) JS Mill.
97. _____ equilibrium is known as knife edge equilibrium.
- a) Edgeworth. b) Nash.
c) Cournot. d) Stackelberg.
98. Theory of games and economic behaviours was authored by :
- a) Nueman- Morgenston. b) John Nash.
c) RL Stone. d) Edgeworth.
99. The head Quarter of SAARC is at:
- a) Beijing. b) Kathmandu.
c) Colombo. d) Myanmar.
100. Purchasing power parity theory was developed by :
- a) Gustav Cassel. b) Marshall.
c) Peacock-Wiseman. d) Keynes.