

THE MAHARAJA SAYAJIRAO UNIVERSITY OF BARODA, VADODARA

Ph. D. ENTRANCE TEST (PET) – 7<sup>th</sup> August 2022

Signature of Invigilator

Paper - II  
Economics (22/01)

Roll.  
No.

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Maximum Marks: 50

No. Of Printed Pages: 8

Instruction for the Candidate:

1. This paper consists of **FIFTY (50)** multiple choice type questions. Each Question carries **ONE (1)** mark.
2. There is no Negative Marking for Wrong Answer.
3. A separate OMR Answer Sheet has been provided to answer questions. Your answers will be evaluated based on your response in the OMR Sheet only. No credit will be given for any answering made in question booklet.
4. Defective question booklet or OMR if noticed may immediately replace by the concerned invigilator.
5. Write roll number, subject code, booklet type, category and other information correctly in the OMR Sheet else your OMR Sheet will not be evaluated by machine.
6. Select most appropriate answer to the question and darken appropriate oval on the OMR answer sheet, with black / blue ball pen only. **DO NOT USE PENCIL** for darkening. In case of over writing on any answer, the same will be treated as invalid. Each question has exactly one correct answer and has four alternative responses (A), (B), (C) and (D). You have to darken the circle as indicated below on the correct response against each item.  
**Example:** (A) (●) (C) (D) where (B) is correct response.
7. Rough Work is to be done in the end of this booklet.
8. If you write your Name, Roll Number, Phone Number or put any mark on any part of the OMR Answer Sheet, except for the space allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, such as change of response by scratching or using white fluid, you will render yourself liable to disqualification.
9. Calculators, Log tables any other calculating devices, mobiles, slide rule, text manuals etc are **NOT** allowed in the examination hall. If any of above is seized from the candidates during examination time; he/ she will be immediately debarred from the examination and corresponding disciplinary action will be initiated by the Center Supervisor as deemed fit.
10. **DO NOT FOLD** or **TEAR** OMR Answer sheet as machine will not be able to recognize torn or folded OMR Answer sheet.
11. **You have to return the OMR Answer Sheet to the invigilator at the end of the examination compulsorily** and must not carry it with you outside the Examination Hall. You are however, allowed to carry original question booklet on conclusion of examination.



**Paper - II**  
**Economics (22/01)**

**Note:** This paper contains **FIFTY (50)** multiple-choice questions. Each Question carries **ONE (1)** mark.

- 01) Which example of market expectations causes the dollar to depreciate against the yen: expectations that the U.S. economy will have:
- A) faster growth than Japan
  - B) higher future interest rates than Japan
  - C) more rapid money supply growth than Japan
  - D) lower inflation rates than Japan
- 02) Starting from a position where the nation's money demand equals the money supply and its balance of payments is in equilibrium, economic theory suggests that the nation's balance of payments would move into a surplus position if there occurred in the nation a (an):
- A) decrease in the money supply
  - B) increase in the money supply
  - C) decrease in the money demand
  - D) increase in money demand
- 03) Assume identical interest rates on comparable securities in the United States and foreign countries. Suppose investors anticipate that in the future the U.S. dollar will depreciate against foreign currencies. Investment funds would tend to:
- A) flow from the United States to foreign countries
  - B) flow from foreign countries to the United States
  - C) remain totally in foreign countries
  - D) remain totally in the United States
- 04) Suppose that rising U.S. income leads to higher sales and profits in the United States. This would likely result in:
- A) increasing portfolio investment into the United States
  - B) decreasing portfolio investment into the United States
  - C) increasing direct investment into the United States
  - D) decreasing direct investment into the United States
- 05) Due to Japan's high saving rate, suppose that the Japanese invest abroad. This investment may result in a/an \_\_\_\_\_ of the Japanese yen and therefore a \_\_\_\_\_ for Japan.
- A) appreciation; trade surplus
  - B) appreciation; trade deficit
  - C) depreciation; trade surplus
  - D) depreciation; trade deficit
- 06) Suppose that the purchasing-power-parity estimate of the dollar/euro exchange rate is \$1.30 per euro, and the current spot rate is \$1.38 per euro. Comparing these two exchange rates, from a long-run viewpoint you would
- A) anticipate the dollar to depreciate against the euro
  - B) anticipate the dollar to appreciate against the euro
  - C) anticipate the dollar's exchange rate against the euro to remain constant
  - D) have no anticipation concerning future movements in the dollar/euro exchange rate
- 07) Assume that a "Big Mac" hamburger costs \$3 in the United States and 2 pesos in Mexico. The implied purchasing-power-parity exchange rate between the peso and the dollar is
- A) 0.67 pesos = \$1
  - B) 0.8 pesos = \$1
  - C) 1.25 pesos = \$1
  - D) 1.67 pesos = \$1
- 08) Exchange rate overshooting often occurs because
- A) domestic prices adjust slowly to shifts in demand
  - B) military spending increases during military conflicts
  - C) elasticities are smaller in the long run than the short run
  - D) elasticities are smaller in the short run than the long run
- 09) The purchasing-power-parity theory has limitations in forecasting exchange rate fluctuations for all of the following reasons except
- A) inflation affects exchange rates
  - B) international capital flows affect exchange rates
  - C) governments sometimes impose trade restrictions such as tariffs and quotas
  - D) not all products are internationally tradeable
- 10) Because of the J-Curve effect, a depreciation of the domestic currency tends to increase the size of a:
- A) trade surplus in the short run
  - B) trade surplus in the long run
  - C) trade deficit in the short run
  - D) trade deficit in the long run

- 11) Economic theory predicts that a currency depreciation will least lead to an improvement in the home country's trade balance when:
- home demand for imports is inelastic and foreign export demand is inelastic
  - home demand for imports is elastic and foreign export demand is inelastic
  - home demand for imports is inelastic and foreign export demand is elastic
  - home demand for imports is elastic and foreign export demand is elastic
- 12) A public good is one which exhibits
- rivalry
  - private ownership
  - convexities of marginal cost
  - indivisibility
- 13) Markets for environmental resources may be missing because
- Price of the resource is prohibitive
  - markets may be too thin in terms of people involved
  - supply is abundant
  - cost of producing the resource is too high
- 14) One of the factors that prevents efficient allocation of environmental resources is
- perfect competition
  - non-convexities
  - equal marginal cost
  - private ownership of resources
- 15) Public bads will always be oversupplied because of the presence of
- positive externalities
  - absence of marginal cost
  - excessive demand
  - negative externalities
- 16) Paretian welfare economics rests on the assumed value judgment that, if a particular change in the economy leaves at least one individual better off and no individual worse off, social welfare may be said to have
- increased
  - decreased
  - remained same
  - cannot be determined
- 17) Which of the following is NOT a property right regime?
- Open access
  - Foreign property
  - Common property
  - Private property
- 18) Clearly defining and assigning property rights would resolve environmental problems by
- shifting the burden of resource management on the user
  - giving greater power to private individuals
  - internalizing externalities
  - raising tax rates
- 19) The presence of externality tends to
- shift the demand curve upwards
  - shift the supply curve downwards
  - keep both curves unchanged
  - shifts the supply curve in either direction
- 20) Which of the following is NOT a reason for market failure?
- presence of externalities
  - absence of property rights
  - excess demand and supply
  - lack of perfect competition
- 21) Which of the following models formed the basis of India's 2nd Five Year Plan
- Harrod-Domar model
  - Raj-Sen model
  - Cambridge model
  - Mahalanobis model
- 22) Planning Commission has been replaced by
- Planning Aayog
  - Development Council
  - NitiAayog
  - Indian Administration Council
- 23) In India, coins and subsidiary coins are issued by
- Union Government
  - Reserve Bank of India
  - Ministry of Finance
  - Planning Commission
- 24) In India, inflation measured by the
- Wholesale Price Index number
  - Consumers Price Index for urban workers
  - National Income Deflation
  - Consumers Price Index for agricultural workers
- 25) Agriculture employs nearly what percent of the Indian population?
- 92%
  - 43%
  - 11%
  - 77%

- 26) Which of the following organizations looks after the credit needs of agriculture and rural development in India?  
 A) NABARD  
 B) ICICI  
 C) IDBI  
 D) ICAR
- 27) Indian currency notes are printed in  
 A) Nagpur  
 B) Vishakhapatnam  
 C) Kolkata  
 D) Nashik
- 28) After Independence how many times India has faced Demonetisation?  
 A) Three times  
 B) Two times  
 C) Only once  
 D) Six times
- 29) Which of the following is not a qualitative credit control measure of RBI?  
 A) Fixing margin requirements  
 B) Variable interest rate  
 C) Open market operations  
 D) Credit rationing
- 30) Tarapore Committee was constituted  
 A) to give recommendations on redefining poverty line  
 B) to give recommendations for currency depreciations  
 C) to set the road map for full capital account convertibility  
 D) to set the road map for decentralization
- 31) Which of the following are the components of internal debt?  
 A) Market loans + PPF + Bank deposits  
 B) Cash reserve ratio + Treasury Bills + FDI  
 C) Market loans + Market Stabilization Scheme + Treasury Bills  
 D) None of the above
- 32) Which tax is collected by Panchayats in India?  
 A) Sales tax  
 B) Tax on local fairs  
 C) Land Revenue  
 D) Custom Duty
- 33) The number of live births per 1,000 population per year is known as  
 A) The basic demographic equation  
 B) The crude birth rate  
 C) Fertility  
 D) Fecundity
- 34) Janani Suraksha Yojana scheme  
 A) Has the dual objective of reduction of maternal and infant mortality  
 B) It provided the facility of institutional delivery  
 C) Is 100 % centrally sponsored integrated with cash assistance  
 D) All of the above
- 35) The term 'Hindu rate of growth' was conceptualized by  
 A) VKRV Rao  
 B) J Bhagwati  
 C) K N Raj  
 D) T N Srinivasan
- 36) Disguised unemployment is common phenomenon in  
 A) Heavy industries  
 B) Agriculture  
 C) Banking sector  
 D) FMCG sector
- 37) India is the member of following, except  
 A) ABRICS  
 B) BWTO  
 C) CADB  
 D) DEU
- 38) The rate at which banks lend to RBI is known as  
 A) Bank rate  
 B) Repo rate  
 C) Reverse repo rate  
 D) Discount rate
- 39) Who is known as father of 'white revolution' in India?  
 A) M S Swaminathan  
 B) V Kurien  
 C) C Rangarajan  
 D) Indira Gandhi
- 40) SEBI stands for  
 A) Science and Engineering Board of India  
 B) Securities and Exchange Board of India  
 C) Social Equity Bureau of India  
 D) Science and Educational Board of India
- 41) Hicks and Allen believed that utility \_\_\_\_\_.  
 A) Cannot be measured.  
 B) Cannot be expressed.  
 C) Can be measured in cardinal numbers.  
 D) Can be measured in ordinal numbers.

- 42) Which of the following is called Gossan first Law \_\_\_\_\_?  
 A) Law of substitution.  
 B) Law of equi marginal utility  
 C) Law of reciprocal demand.  
 D) Law of diminishing marginal utility.
- 43) Engel curve for Giffen good is \_\_\_\_\_.  
 A) Positively sloped.  
 B) Negatively sloped.  
 C) Horizontal straight line.  
 D) Vertical straight line.
- 44) Income consumption curve of an inferior commodity is \_\_\_\_\_.  
 A) Positively sloped.  
 B) Downward sloping straight.  
 C) Backward bending.  
 D) Showing constant income effect.
- 45) Quasi rent is a phenomenon of \_\_\_\_\_.  
 A) No time.  
 B) Long term.  
 C) Medium term.  
 D) Short term.
- 46) Which unit of valuation is known a “Paper Gold”.  
 A) Eurodollars.  
 B) Petrodollars.  
 C) GDR.  
 D) SDR.
- 47) The transformation curve is derived from the  
 A) Consumption Curve.  
 B) Utility Possibility Curve  
 C) Social Welfare Function.  
 D) Production Contract Curve

48) Match the items in List-I with the items in List-II

**List-I**

- a. Principles of Economics
- b. Kinked Demand Curve
- c. Principle of Maximum Social Advantage
- d. Law of Invisible Hand

**List- II**

- 1. Paul Sweezy
- 2. Adam Smith
- 3. Marshall
- 4. Dalton

Codes: **a b c d**

- A) 3 1 4 2
- B) 3 2 4 1
- C) 2 1 3 4
- D) 4 3 1 2

- 49) According to whom, surplus value should be given to labour?  
 A) Adam Smith.  
 B) Karl Marx.  
 C) Gandhiji.  
 D) A. Sen
- 50) According to Kuznets, innovation is \_\_\_\_\_.  
 A) Application of new knowledge to production process  
 B) Improvement of efficiency of machines  
 C) Discovery of new consumption needs  
 D) Improvement of marketing techniques

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**Rough Work:**