

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2019

(CUCSS)

Economics

ECO 2C 07—QUANTITATIVE TECHNIQUES—II

(2010 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

*Answer all the questions.**Each bunch of four questions carries a weightage of 1.*

(A) Multiple Choice :

1. A distribution for which mean is greater variance :

- (a) Poisson. (b) Binomial.
(c) Exponential. (d) Geometric.

2. For a Poisson distribution standard deviation is 4, then the mean is :

- (a) 4. (b) 8.
(c) 16. (d) 32.

3. If the distribution of X is normal with mean 0 and variance 1 with $P(0 \leq X \leq 1) = 0.3413$, the value of $P(|X| \geq 1)$ is :

- (a) 0.6578. (b) 0.3413.
(c) 0.3174. (d) 0.1587.

4. Precision is the reciprocal of :

- (a) Arithmetic mean. (b) Median.
(c) Variance. (d) Correlation coefficient.

(B) Multiple Choice :

5. Type-II error is :

- (a) Accepting a false null hypothesis. (b) Accepting a true null hypothesis.
(c) Rejecting a false null hypothesis. (d) Rejecting a true null hypothesis.

6. To test the significance of variance, the test used is :

- (a) t -test. (b) F -test.
(c) Paired t -test. (d) Chi-square test.

Turn over

7. Neyman Pearson lemma gives the best critical region for testing :
- (a) Simple H_0 against simple H_1 .
 - (b) Composite H_0 against simple H_1 .
 - (c) Composite H_0 against composite H_1 .
 - (d) Simple H_0 against composite H_1 .
8. To test the significance of proportion, we use :
- (a) t -test.
 - (b) F-test.
 - (c) Normal test.
 - (d) Chi-square test.
- (C) Fill in the blanks :
9. If X has a binomial distribution with mean 4 and variance 3, then n is _____.
10. For a Poisson distribution with parameter 3, probability of non occurrence of the event is _____.
11. If X and Y are independent normal variates with mean 1 and 3 and standard deviations 2 and 3 respectively. Then the distribution of $Z = 2X + Y$ is _____.
12. To test the equality of proportions, we use
- (D) State True or False :
13. The mean of a binomial distribution is less than variance.
14. The probability of Type-I error is called level of significance.
15. Consistency is a large sample property.
16. To test the significance of variance, we use F-test.

(4 × 1 = 4 weightage)

Part B

Answer any ten questions.

Each question carries a weightage of 2.

17. Define mathematical expectation. X assumes values 2, 1, 0 and -1 with equal probabilities, find the mean and variance of X .
18. For a binomial distribution mean is 6 and variance is 4. Find (i) $P(X = 2)$ and (ii) P (at least one success).
19. Give the properties and importance of normal distribution.
20. Define log normal distribution and give its importance.
21. Define standard error and give the standard error of sample mean based on a sample of size n .

22. Define chi-square distribution.
23. Distinguish between parameter and statistic. Give example for each of them.
24. Define estimation. Distinguish between unbiasedness and consistency
25. Explain the terms (i) statistical hypothesis, (ii) null hypothesis, (iii) critical region
26. Give the various steps in testing of hypothesis.
27. Explain large sample tests and small sample tests.
28. Give the procedure for testing the significance of population mean.
29. Mention two uses of F-distribution in testing of hypothesis.
30. Explain chi-square test for independence of attributes.

(10 × 2 = 20 weightage)

Part C

Answer any three questions.

Each question carries a weightage of 4.

31. Let X be a random variable with the following probability distribution :

x	- 3	6	9
$P(X = x) :$	$\frac{1}{6}$	$\frac{1}{2}$	$\frac{1}{3}$

Find $E(X)$, $E(X^2)$ and $V(X)$.

32. (a) For a Poisson distribution mean is 4 and standard deviation is 2. Find (i) $P(X = 0)$; (ii) P (at most one success) ; and (iii) skewness.
- (b) Define sampling distribution. Give the distribution of sample mean based on a sample of size n .
33. (a) Distinguish between point estimation and interval estimation. Give suitable examples for each of them.
- (b) Distinguish between (i) simple hypothesis and composite hypothesis ; (ii) null and alternative hypothesis.
34. (a) A random sample of size 16 has 54 as mean. The sum of the squared deviations from the mean is 135. Can the sample be regarded as taken from the population having 56 as mean? Also find probable limits in which the mean is expected to lie.
- (b) Random sample of 400 men and 600 women asked whether they would like to have a flyover near their residence. 200 men and 325 women were in favour of the proposal. Test the hypothesis that proportion men and women against the proposal are same at 5% level.

35. (a) Explain the method of maximum likelihood estimation. Give the properties of ML estimator.
- (b) 1,000 families are selected at random in a city to test the belief that high income families usually send their children to public schools and the low income families often sent their children to government school. The following results were obtained :

Income	School		Total
	Public	Government	
Low	370	430	800
High	130	70	200
Total	500	500	1,000

Test whether income and type of schooling are independent?

(3 × 4 = 12 weightage)

**SECOND SEMESTER M.A. DEGREE (CBCSS—SDE/PRIVATE)
EXAMINATION, APRIL 2022**

Economics

ECO 2C 08—QUANTITATIVE METHODS FOR ECONOMIC ANALYSIS—II

(2019 Admission onwards)

[Improvement Candidates need not appear for MCQ Part]

(Multiple Choice Questions for SDE Candidates)

Time : 20 Minutes

Total No. of Questions : 20

Maximum : 5 Weightage

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 2C 08—QUANTITATIVE METHODS FOR ECONOMIC ANALYSIS—II

(Multiple Choice Questions for SDE Candidates)

1. A numerical value used as a summary measure for a sample, such as a sample mean, is known as a :
 - (A) Population Parameter.
 - (B) Sample Parameter.
 - (C) Sample Statistic.
 - (D) Population Mean.
2. Sample statistics are also represented as :
 - (A) Lower Case Greek Letter.
 - (B) Roman Letters.
 - (C) Associated Roman Alphabets.
 - (D) Upper Case Greek Letter.
3. The variables whose calculation is done according to the weight, height and length and weight are known as :
 - (A) Flowchart Variables.
 - (B) Discrete Variables.
 - (C) Continuous Variables.
 - (D) Measuring Variables.
4. Graphical and numerical methods are specialized processes utilised in :
 - (A) Education Statistics.
 - (B) Descriptive Statistics.
 - (C) Business Statistics.
 - (D) Social Statistics.
5. Which one is correct for a binomial distribution ?
 - (A) Mean = Variance.
 - (B) Mean > variance.
 - (C) Mean < variance.
 - (D) Mean \leq variance.
6. Three fair coins tossed simultaneously what is the probability to get exact 2 head ?
 - (A) $3/8$.
 - (B) $2/8$.
 - (C) $1/8$.
 - (D) 1.
7. In a basket there are 5 red balls and 3 black balls, what is the probability to select 2 balls from that in which one is black and one is red ?
 - (A) $2/8$.
 - (B) $5/8$.
 - (C) $8/28$.
 - (D) $15/28$.

8. Any hypothesis, which are tested for the purpose of rejection under the assumption that it is true, is called :
- (A) Null hypothesis. (B) Alternative hypothesis.
(C) Statistical hypothesis. (D) Composite hypothesis.
9. Any statement whose validity is tested based on a sample is called :
- (A) Null hypothesis. (B) Alternative hypothesis.
(C) Statistical hypothesis. (D) Simple hypothesis.
10. A statement that is accepted if the sample data provide sufficient evidence that the null hypothesis is false is called :
- (A) Simple hypothesis. (B) Composite hypothesis.
(C) Statistical hypothesis. (D) Alternative hypothesis.
11. The hypothesis $\mu \leq 10$ is a :
- (A) Simple hypothesis. (B) Composite hypothesis.
(C) Alternative hypothesis. (D) None of the above.
12. The probability of rejecting the null hypothesis when it is true is called :
- (A) Level of confidence. (B) Level of significance.
(C) Power of the test. (D) Difficult to tell.
13. The choice of one-tailed test and two-tailed test depends upon :
- (A) Null hypothesis. (B) Alternative hypothesis.
(C) None of these. (D) Composite hypothesis.
14. Test of hypothesis $H_0 : \mu = 20$ against $H_1 : \mu < 20$ leads to :
- (A) Right one-sided test. (B) Left one-sided test.
(C) Two-sided test. (D) All of the above.
15. A rule or formula that provides a basis for testing a null hypothesis is called :
- (A) Test-statistic. (B) Population statistic.
(C) Both of these. (D) None of the above.

16. If H_0 is true and we reject it is called :
- (A) Type-I error. (B) Type-II error.
(C) Standard error. (D) Sampling error.
17. $1 - \alpha$ is also called :
- (A) Confidence co-efficient. (B) Power of the test.
(C) Size of the test. (D) Level of significance.
18. A null hypothesis is rejected if the value of a test statistic lies in the :
- (A) Rejection region. (B) Acceptance region.
(C) Both (A) and (B). (D) Neither (A) nor (B).
19. Level of significance α -lies between :
- (A) -1 and $+1$. (B) 0 and 1 .
(C) 0 and n . (D) $-\infty$ to $+\infty$.
20. Power of a test is related to :
- (A) Type-I error. (B) Type-II error.
(C) Both (A) and (B). (D) Neither (A) and (B).

SECOND SEMESTER M.A. DEGREE (CBCSS—SDE/PRIVATE)
EXAMINATION, APRIL 2022

Economics

ECO 2C 08—QUANTITATIVE METHODS FOR ECONOMIC ANALYSIS—II
(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A

Multiple Choice Questions.

Answer all questions.

Each question carries 1/5 weightage.

1. The probability of committing Type I error at a certain level is called _____.
 - (a) Level of significance.
 - (b) Power of the test.
 - (c) Critical region.
 - (d) None of these.
2. From a bag containing 20 black and 40 white balls, a ball is drawn at random. What is the probability that it is black :
 - (a) 1.
 - (b) 2/3.
 - (c) 1/3.
 - (d) Zero.
3. The tests that do not depend upon the population parameters such as the mean and variance are :
 - (a) Non-parametric tests.
 - (b) Parametric tests.
 - (c) Large sample test.
 - (d) None of these.
4. The standard deviation of the sampling distribution is called the _____.
 - (a) Parameter.
 - (b) Statistic.
 - (c) Variance.
 - (d) Standard error.
5. The name associated with ANOVA :
 - (a) Gosset.
 - (b) R. A. Fisher.
 - (c) Whitemann.
 - (d) None of these.

Turn over

6. The numerical value of the sample mean is said to be an :
- (a) Sampling error. (b) Estimator.
(c) Estimate. (d) None of these.
7. The subjective approach to assigning probability was introduced by :
- (a) Frank Ramsey. (b) L. Savage.
(c) A. N. Kolmogorov. (d) None of these.
8. The probability of an event ranges from :
- (a) 1. (b) 0.
(c) Zero to one. (d) None of these.
9. Complementary Events are :
- (a) Mutually exclusive and exhaustive.
(b) Mutually exclusive.
(c) Exhaustive.
(d) Either (b) or (c).
10. If A is a subset of B and B is a subset of A then A and B are said to be an example of _____.
- (a) Disjoint set. (b) Equal Set.
(c) Universal set. (d) None of these.
11. Events are said to be _____ when their totality includes all the possible outcomes of a random experiment.
- (a) Exhaustive. (b) Complementary.
(c) Mutually exclusive. (d) None of these.
12. Variance ratio test is otherwise called _____.
- (a) *t*-test. (b) Z-test.
(c) ANOVA. (d) F-test.
13. Let $A = \{1, 3, 4, 7\}$ and $B = \{2, 4, 6, 8\}$, then $A \cap B$ is :
- (a) $\{1, 2, 3, 4, 6, 7, 8\}$. (b) Empty set.
(c) $\{4\}$. (d) None of these.

14. _____ is a probability distribution expressing the probability of one set of dichotomous alternative.
- (a) Normal. (b) Binomial.
(c) Poisson. (d) None of these.
15. A flower basket contains 8 white and 4 yellow flowers. Five flowers are drawn at random to make a bouquet. What is the probability that 2 of them are yellow and 3 white ?
- (a) $14/33$. (b) $12/33$.
(c) $10/33$. (d) None of these.

(15 × 1/5 = 3 weightage)

Part B (Very Short Questions)

*Answer any five questions:
Each question carries a weightage of 1.*

16. What do you understand by Level of Significance ?
17. Explain the term Statistical Inference?
18. Write a short note on F-distribution ?
19. Distinguish between Null and Alternative Hypothesis.
20. Out of 5 economists and 7 statisticians, a committee consisting of 2 economist and 3 statisticians is to be formed. In how many ways this can be done if any economist and any statistician can be included.
21. If the probability of a defective bolt is 0.2, find the mean and standard deviation for the distribution of defective bolts in a total of 400.
22. Define ANOVA. Write in a sentence how one way ANOVA classification different from two way ANOVA classification
23. Define Lognormal distribution.

(5 × 1 = 5 weightage)

Part C

*Short Answer Questions. Answer any seven questions.
Each question carries 2 weightage.*

24. Write a note on Central Limit Theorem ?
25. Explain the Methods of Least Squares.
26. Define Conditional Probability.
27. Distinguish between a parametric and a non-parametric distribution.

Turn over

28. Discuss the different steps involved in testing a hypothesis ?
29. Explain the Addition and Multiplication laws of probability.
30. Distinguish between Point and Interval estimation.
31. Define degrees of freedom.
32. The mean of two large samples of sizes 1000 and 2000 are 67.5 and 68 respectively. Test the equality of means of the two populations each with standard deviation 2.5.
33. The IQ of 1000 randomly selected people from a college were tested and the details are given below :

	Poor IQ	Good IQ
Male	200	350
Female	200	250

Can we conclude at 5 % level of significance (table value = 3.84) that sex has no bearing on the quality of the test.

(7 × 2 = 14 weightage)

Part D

*Essay Questions. Answer any two questions.
Each question carries 4 weightage.*

34. Explain and derive the method of maximum likelihood estimation technique.
35. Define Poisson distribution and explain its characteristics.

A random variable x follows Poisson distribution with parameter 3. Find the probabilities that x assumes the values : (i) 0, 1, 2 ; and (ii) Less than 3 ; (iii) At least 3.

36. What is "Analysis of Variance" ? Explain the basic assumptions in an analysis of variance. In a certain factory, production is carried out with the help of 4 different plots of land on 5 different high yielding varieties of seeds. Carry out a two way design without repeated values to examine whether 4 different plots of land differ with respect to mean productivity and the mean productivity is same for the 5 different high yielding varieties of seeds. The data is furnished below :

Sum of the squares of variance between plots of land = 34.1.

Sum of the squares of variance between high yielding varieties of seeds = 52.8.

Sum of the squares of total variance = 172.4.

Set up ANOVA table for the given information and draw inferences about variance at 5% level of significance (Table values for $\nu_1 = 3$ and $\nu_2 = 12$, $F_{0.05} = 3.49$)

37. Briefly discuss any four Non parametric distribution.

(2 × 4 = 8 weightage)

**SECOND SEMESTER M.A. DEGREE (CBCSS—SDE/PRIVATE)
EXAMINATION, APRIL 2022**

Economics

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admission onwards)

[Improvement Candidates need not appear for MCQ Part]

(Multiple Choice Questions for SDE Candidates)

Time : 20 Minutes**Total No. of Questions : 20****Maximum : 5 Weightage****INSTRUCTIONS TO THE CANDIDATE**

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
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ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(Multiple Choice Questions for SDE Candidates)

1. A public good is :

- (A) Non executable in nature (B) Non rival in consumption
(C) Excludable in nature (D) A good that public must possess

Select the correct answer using the codes given below :

- (A) Both (A) and (B). (B) Only (C)
(C) Both (C) and (D). (D) Only (D).

2. Wealth tax was abolished in :

- (A) 2011. (B) 2012.
(C) 2014. (D) 2015.

3. The ability to pay principle of taxation is logically most consistent with the normative notion of :

- (A) Tax neutrality. (B) Horizontal equity.
(C) Value – added taxation. (D) Vertical equality.

4. The relationship between tax collections and tax rates has been expressed by :

- (A) Lorenz curve. (B) Engel's law.
(C) Laffer curve. (D) Indifference curve.

5. The basis of corporate tax is :

- (A) Total turnover of the company.
(B) Profit after distribution of dividend.
(C) Profit before distribution of dividend.
(D) Capital employed in the company.

6. Transfer Payments include :

- (A) Old Age Pension. (B) Subsidies.
(C) Wealth Tax. (D) Corporate Income tax.

7. Special assessment is also known as :

- (A) Tax Revenue. (B) Battement Levy.
(C) VAT. (D) None of the above.

8. Generally, the nature of indirect tax is _____.
- (A) Progressive. (B) Regressive.
(C) Proportional. (D) None of the above.
9. Pick out the item which is not a part of tax revenue :
- (A) Interest. (B) Corporate Tax.
(C) Excise. (D) Customs.
10. The concept of Merit goods was developed by _____.
- (A) Musgrave. (B) Marshall.
(C) Adam Smith (D) Zak.
11. Public debt is the debt owed by _____.
- (A) Industry. (B) Individual.
(C) Central government. (D) Bank.
12. The system of assigning the source of revenue to the Central as well as State Governments is generally referred to as :
- (A) Public Finance. (B) Distributive Finance.
(C) Unitary Finance. (D) Federal Finance.
13. The Indian income tax is :
- (A) Direct and proportional. (B) Indirect and proportional.
(C) Indirect and progressive. (D) Direct and progressive.
14. Which of the following is a public good ?
- (A) House. (B) Traffic sign.
(C) Both of the above. (D) None of the above.
15. In which year GST was first introduced :
- (A) 1952. (B) 1953.
(C) 1954. (D) 1955.

16. Government taxing and spending policies are called :
- (A) Monetary Policy. (B) Fiscal Policy.
(C) Commercial Policy. (D) Finance Policy.
17. The tax levied on the interstate trade of goods is :
- (A) Sales tax. (B) Excise tax.
(C) GST. (D) Central sales tax.
18. Who is the Chairman of the 14th Finance Commission ?
- (A) Vijay Kelkar. (B) Y.V. Reddy.
(C) Arun Kumar Mathur. (D) Nandan Nilakani.
19. Who establishes the Finance Commission in India ?
- (A) President. (B) Finance Minister.
(C) Parliament. (D) Governor of reserve Bank of India.
20. An example of a public good is :
- (A) A loaf of bread (B) National defence services.
(C) A Ford truck. (D) A home computer.

SECOND SEMESTER M.A. DEGREE (CBCSS—SDE/PRIVATE)
EXAMINATION, APRIL 2022

Economics

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A

Answer all questions.

Each bunch of five questions carries a weightage of 1.

1. Fiscal policy is the policy of
 - A) RBI.
 - B) NABARD.
 - C) Government.
 - D) Tax department.
2. Under capital stock transfer theory, if projects are financed by taxation that reduces the disposable income of :
 - A) Consumers.
 - B) Bond holders.
 - C) Money lenders.
 - D) Commercial banks.
3. GST came into effect in India on :
 - A) 1st January 2016.
 - B) 1st July 2015.
 - C) 1st January 2015.
 - D) 1st July 2017
4. In which of the following year, all tax revenues of Center have become shareable among Center and States ?
 - A) 2003 AD.
 - B) 1998 AD.
 - C) 2007 AD.
 - D) 2000 AD.
5. According to concentration theory, the only source from which tax revenue could finally come was
 - A) Industrial sector.
 - B) Service sector.
 - C) Import.
 - D) Land rent.

Turn over

6. The final resting place of the tax burden is called :
- A) Tax evasion. B) Tax avoidance.
C) Incidence. D) Impact.
7. The term 'zero base budgeting means starting from the_____
- A) Scratch. B) Unity.
C) Previous expenditure. D) Fiscal deficit.
8. Which of the following taxes is applicable in the case of supply of services from Kerala to Tamil Nadu ?
- A) CGST. B) SGST.
C) UTGST. D) IGST.
9. The rate at which scheduled banks can borrow funds overnight from RBI at the time of acute shortage of funds :
- A) Repo. B) Reverse repo.
C) MSF. D) Bank rate.
10. Which one of the following economist introduced the principle of "Maximum Social Advantage"?
- A) Karl Marx. B) Hugh Dalton.
C) J. M. Keynes. D) Alfred Marshall.
11. 'The Pure Theory of Public Expenditure' is related to :
- ~~A) Musgrave B) Wagner.~~
C) Mill. D) Samuelson.
12. Indian GST model has _____rate structure
- A) 3. B) 2.
C) 6. D) 4.
13. Which theory states that, public investment projects can be financed either through tax revenue or through borrowed capital ?
- A) Welfare attitude theory. B) Capital stock transfer theory.
C) Bowen- Davis- Kopf thesis. D) None of the above.

14. The ability -to - pay principle of taxation is logically most consistent with the normative notion of
- A) Tax neutrality. B) Horizontal equity.
C) Value- added taxation. D) Vertical equity.
15. According to the provisions of the FRBM Act, 2003 and FRBM Rules, 2004, the government is under obligation to present three statements before the parliament along with the annual budget. Which one of the following is not one of them
- A) Macroeconomic framework statement.
B) Fiscal policy statement.
C) Medium- term fiscal policy statement.
D) Short- term fiscal policy statement.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries a weightage of 1.

16. What is merit good ?
17. What is Pigouvian tax ?
18. Briefly explain gender budgeting.
19. State proportional tax.
20. Explain burden of taxation.
21. What do you mean by tax evasion ?
22. What are the factors influencing the shifting of tax.
23. Explain Tiebout model.

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any seven questions.

Each question carries a weightage of 2.

24. Analyse the trends and sources of revenue in the union, state and local bodies in India.
25. Examine the theory of fiscal federalism.

Turn over

26. Critically evaluate the trends in public expenditure in India.
27. Discuss the vertical imbalance.
28. Explain the macro-economic impacts of deficit.
29. What do you by FRBM Act ?
30. Discuss the concept of subsidy.
31. Distinguish between VAT and GST.
32. Analyse debt burden.
33. Compare partial and general equilibrium analysis of tax.

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any two questions.

Each question carries a weightage of 4.

34. Analyse the trends in public debt in India.
35. Critically assess the centre state financial relations in India.
36. Demonstrate the median voter theorem.
37. What do you mean by sustainability of public debt and Domar stability condition ?

(2 × 4 = 8 weightage)

**SECOND SEMESTER M.Sc. DEGREE (CBCSS—SDE/PRIVATE)
EXAMINATION, APRIL 2022**

Economics

ECO 2C 06—MACRO ECONOMICS : THEORIES AND POLICIES—II

(2019 Admission onwards)

[Improvement Candidates need not appear for MCQ Part)]

(Multiple Choice Questions for SDE Candidates)

Time : 20 Minutes

Total No. of Questions : 20

Maximum : 5 Weightage

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
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ECO 2C 06—MACRO ECONOMICS : THEORIES AND POLICIES—II

(Multiple Choice Questions for SDE Candidates)

1. According to Keynes, there is :
 - (A) No direct relationship between the quantity of money and price level.
 - (B) Direct relationship between money and price level.
 - (C) No direct relationship between demand for money and supply of money.
 - (D) Direct relationship between demand for money and supply of money.
2. Assertion (A) : Long-run Philips curve is a vertical line at the NAIRU.
Reason (R) : Non-accelerating inflation rate of unemployment, more or less, stands accepted.
 - (A) Both (A) and (R) are false.
 - (B) Both (A) and (R) are true, but (R) is not the correct reason.
 - (C) Both (A) and (R) are true, and (R) is the explanation.
 - (D) (A) is true, (R) is false.
3. Which among the followings is not the feature of monetarism ?
 - (A) Fiscal policy causes no long-term increase in real output.
 - (B) Only a trade-off in the short-term.
 - (C) Tend to emphasis supply-side unemployment (natural rate).
 - (D) Demand- deficient unemployment big causes.
4. The doctrine of Policy ineffectiveness postulate is associated with :
 - (A) New classical Economics.
 - (B) Supply side economics.
 - (C) New Keynesian Economics.
 - (D) Monetarism.
5. New Classical Economics is based on :
 - (A) Rational Expectation.
 - (B) Adaptive expectation.
 - (C) backward looking expectation.
 - (D) All the above.
6. The New Classical economics was developed against the back ground of :
 - (A) 1930's depression.
 - (B) 1970' stagflation.
 - (C) 2008 subprime crisis.
 - (D) None of these.
7. Which of the following are main postulates of Supply side Economics ?
 - (A) Cut in tax rate.
 - (B) Increasing public expenditure.
 - (C) Both (A) and (B).
 - (D) None of these.

8. Which of the following statements does not hold true in case of the Keynesian Economics ?
- (A) Velocity of money is an unstable function of its determinants.
 - (B) Labour is subject to money illusion.
 - (C) Aggregate supply function tends to become flat at levels of output well below full employment and to become steeper as full capacity is reached.
 - (D) Aggregate supply schedule is vertical, and output and employment are completely supply determined.
9. In Keynesian system speculative demand for money arises because of :
- I. Uncertainty of future interest rates.
 - II. Unexpected expenditures.
 - III. To bridge the gap between income and eventual expenditure.
 - IV. Relationship between changes in the interest rates and bond prices.
- Codes :
- (A) I and III are correct.
 - (B) I and IV are correct.
 - (C) II and III are correct.
 - (D) III and IV are correct.
10. Speculative demand for money is zero when market rate of interest is :
- (A) More than the 'critical rate'.
 - (B) More than the market rate of interest but less than the critical rate (i.e. capital gains occur).
 - (C) Less than the market rate of interest.
 - (D) Lowest (i.e. in liquidity trap).
11. In Classical system how to correct an overproduction or glut in the market ?
- (A) By increasing price of input
 - (B) By wage cut policy.
 - (C) By price cut policy.
 - (D) By decreasing production.
12. Cambridge **K** is related to _____.
- (A) Restatement theory of money.
 - (B) Cash balance approach.
 - (C) Liquidity preference theory.
 - (D) Transaction version of quantity theory of money.
13. In the Keynesian system speculative demand for money arises because of :
- 1 : uncertainty of future interest rate.
 - 2 : unexpected expenditures.
 - 3 : To bridge the gap between income and eventual expenditures.
 - 4 : Relationship between changes in the interest rates and bond price.
- Codes :
- (A) 1 and 3 are correct.
 - (B) 1 and 4 are correct.
 - (C) 2 and 3 are correct.
 - (D) 3 and 4 are correct.

14. Which of the following are not characteristics of Keynesian consumption function ?
- (A) The main influence on consumption in the short run is current disposable income.
 - (B) The marginal propensity to consume is less than one.
 - (C) The average propensity to consume decreases as income increases.
 - (D) The average propensity to consume increases as income increases.
15. Induced investment depends on :
- (A) Price level and rate of interest.
 - (B) Level of income and rate of interest.
 - (C) Level of employment and wage rate.
 - (D) Price level and wage rate.
16. The purpose of Keynesian analysis is to explain what determines the :
- (A) Size of the labor force.
 - (B) Price level.
 - (C) Amount of money required in the economy.
 - (D) Levels of national income, output and employment.
17. Attempts to force inflation below no-accelerating inflation rate of unemployment (NAIRU) will cause :
- (A) Inflation accelerate without any change in employment or output.
 - (B) Inflation to decelerate with rising employment and output.
 - (C) Inflation to decelerate with employment and output remaining the same.
 - (D) Inflation to remain unchanged with fall in employment and output.
18. Which of the following is not a feature of the A. W. Philip's inflation unemployment trade-off relation ?
- (A) A non-linear inverse relationship between unemployment rate and the rate of exchange in wage rate.
 - (B) There is a loop in the anticlockwise around the Philip's curve.
 - (C) The wage-inflation unemployment relationship is predictable.
 - (D) Philip's curve shifts when expected rate of inflation shifts.
19. Inflation :
- (A) Always reduces cost of living.
 - (B) Always reduces standard of living.
 - (C) Reduces price of products.
 - (D) Reduces purchasing power of money.
20. Why does a temporary decrease in government purchases decrease labour supply in the classical model ?
- (A) The fall in government spending decreases labour demand, decreasing the real wage, and so people decrease their labour supply.
 - (B) The decrease in current or future taxes needed to pay for the decrease in government purchases increases people's wealth.
 - (C) People prefer to work less when the government is doing less for them.
 - (D) Decreased government purchases make people worse off, so they work less hours.

**SECOND SEMESTER M.Sc. DEGREE (CBCSS—SDE/PRIVATE)
EXAMINATION, APRIL 2022**

Economics

ECO 2C 06—MACRO ECONOMICS : THEORIES AND POLICIES—II

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A

Multiple Choice Questions.

Answer all each question carry 1/5 weightage.

1. If actual inflation rises expected inflation also rise and Phillips curve will move upward so as to give the same expected real wage increase at each employment level is the assumption associated with :
 - (a) Long run Philips curve.
 - (b) Expectations augmented Phillips curve.
 - (c) Short run Philips curve.
 - (d) Any of the above.
2. The party in power chooses economic policies during its incumbency which maximizes its plurality in next election was mainly advocated by :
 - (a) Robert Lucas.
 - (b) J. M. Keynes.
 - (c) William Nordhaus.
 - (d) Milton Friedman.
3. Keynes was most concerned with :
 - (a) Demand Pull inflation.
 - (b) Cost push inflation.
 - (c) Structural inflation.
 - (d) Stagflation.
4. In the Keynesian model, prices are :
 - (a) Flexible.
 - (b) Fixed.
 - (c) Fixed or only flexible upwards.
 - (d) Fixed or only flexible downwards.

Turn over

5. Which of the following was not considered as wealth in Friedman's demand function for money ?
- (a) Money. (b) Bonds
(c) Human capital. (d) Real estate
6. The intersection of ADF and ASF determines :
- (a) Effective Demand. (b) Income and Output.
(c) Income and Employment. (d) All the above.
7. The amount by which the real Gross domestic product, or real GDP, exceeds potential GDP, is referred to as :
- (a) Inflationary gap. (b) Deflationary gap.
(c) Recessionary gap. (d) None of these.
8. According to Milton Friedman quantity theory of money is the theory of :
- (a) Price. (b) Income.
(c) Demand for money. (d) Supply of money.
9. Based on accelerator - multiplier interaction, whose theory of trade cycle generates constrained cycle :
- (a) J. R. Hicks. (b) N. Kaldor.
(c) Paul Samuelson. (d) Robert Lucas.
10. Crowding out effect involves an increase in government spending which results into :
- (a) Increase in prices.
(b) Reduction in private investments.
(c) Increase in private investments.
(d) Reduction in interest rates.
11. If, money has no real effect, it is referred to as :
- (a) Neutrality of money. (b) Real effect.
(c) Consumption effect. (d) Income effect.
- 12: If the government's anti-inflationary policy is not viewed as credible, it results in :
- (a) Self-fulfilling inflation. (b) Deflation.
(c) Disinflation. (d) Stable prices.

13. Which of the following will be the outcome of stagflation ?
- Unemployment goes down.
 - The price level goes down.
 - Phillips curve shifts rightward.
 - Real GDP increases.
14. The behavior that the motivation of government to win the elections in order to realize their policies is known as :
- Preference behaviour.
 - Opportunistic behaviour.
 - Naive behaviour.
 - Partisan behaviour.
15. $C = a + bY$, the consumption function is :
- Linear proportional.
 - Non-linear proportional.
 - Non-linear non-proportional
 - Linear non-proportional.

(15 × 1/5 = 3 weightage)

Part B

*Very Short Answer Questions.
Answer any five questions.
Each question carries 1 weightage.*

- State Ricardian equivalence.
- State Laffer curve.
- What are the key propositions of new Keynesian economics ?
- State and explain long run Philips curve.
- State the need of govt's discretionary economic policies.
- What are the core propositions of Hibbs Partisan model ?
- What is Lucas' surprise supply function ?
- Write a note on supply shocks and stagflation.

(5 × 1 = 5 weightage)

Part C

*Short Answer Questions. Answer any seven questions.
Each question carries 2 weightage.*

- Describe rational expectation hypothesis.
- What are the effects of devaluation on BOP ?

Turn over

26. Describe Expectation Augmented Phillips Curve.
27. What are the consequences of devaluation ?
28. Explain and evaluate the further modifications and extensions on Philips Curve.
29. Examine the policy conclusions of Keyes on Great Depression.
30. How does the political instability cause economic instability ?
31. Examine effectiveness of fiscal and monetary policy during depression.
32. Critically Explain Kaldor's theory of business cycle.
33. Discuss the economics of reconciliation between war expenditure and public consumption.
(7 × 2 = 14 weightage)

Part D

Essay Questions. Answer any two questions.

Each question carries 4 weightage.

34. Examine the major postulations and policy implications of New Classical macro economics.
35. Explain the central features of real business cycle models. What are the arguments against this ideology ?
36. Explain the major postulations and policy implications of New Political macro economics.
37. What are the Keynesian critiques on classicism ? Explain Keynesian analysis of the labour market.
(2 × 4 = 8 weightage)

SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2022

(CBCSS—SDE/PRIVATE)

Economics

ECO 2C 05—MICROECONOMICS THEORY AND APPLICATIONS—II

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A*Answer all questions.**Each bunch of five questions carries a weightage of 1.*

1. Which of the following is a problem connected with general equilibrium analysis ?
 - A) Existence problem.
 - B) Stability problem.
 - C) Uniqueness problem.
 - D) All of the above.
2. According to Kaldor- Hicks compensation criterion, a change in economic policy leads to an improvement in social welfare, if :
 - A) The gainers can just compensate the losers.
 - B) The losers can profitably bribe the gainers to induce them to stay in the old position.
 - C) The gainers can compensate the losers for their loss and still remain better off.
 - D) The losers do not oppose the change.
3. In the case of a negative externality, the social marginal cost will :
 - A) Exceed the private marginal cost.
 - B) Be equal to private marginal cost.
 - C) Fall short of private marginal cost.
 - D) Bear no significant relation to PMC.
4. Impossibility theorem is related to :
 - A) Bergson.
 - B) Scitovsky.
 - C) Arrow.
 - D) Kaldor.

Turn over

5. Free rider problem is related to :
- A) Private good.
 - B) Public good.
 - C) Merit good.
 - D) Inferior good.
6. Decisions that have consequences in multiple time periods are :
- A) Risk.
 - B) Intertemporal choice.
 - C) Expected utility.
 - D) None of the above.
7. Which of the following is not a problem of insurance markets ?
- A) Moral Hazard.
 - B) Asymmetric information.
 - C) Principal-agent problem.
 - D) Adverse selection.
8. Sum of the product of utility of each possible outcome multiplied by its probability of outcome is :
- A) Expected Utility.
 - B) Expected value.
 - C) Probability distribution.
 - D) None of the above.
9. When an information asymmetry is observed after an agreement is obtained between individuals, is called :
- A) Signaling.
 - B) Moral Hazard.
 - C) Both A) and B).
 - D) None of the above.
10. "Economics of Welfare" is written by :
- A) Pigou.
 - B) Pareto.
 - C) Marshall.
 - D) Bergson.
11. Walrasian model of general equilibrium is :
- A) Short-run model.
 - B) Long-run model.
 - C) Continuous model.
 - D) Non-continuous model.
12. Curve showing all efficient allocations of goods between two consumers, or of two inputs between two production functions :
- A) PPC.
 - B) Isoquant.
 - C) Indifference curve.
 - D) Contract curve.

13. The marginal utility of money diminishes for a decision maker who is :
- A) Risk seeker. B) Risk neutral.
C) Risk averter. D) None of these.
14. Negative network externality in which a consumer wishes to own an exclusive or unique good is :
- A) Demonstration effect. B) Snob effect.
C) Stock externality. D) None of these.
15. Determination of equilibrium prices and quantities in a market independent of effects from other markets :
- A) General equilibrium analysis. B) Partial equilibrium analysis.
C) Efficient market. D) Efficient equilibrium.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries a weightage of 1.

16. Write a short note on the efficiency in exchange.
17. What is diversifiable risk ?
18. Write a note on nominal discount rates.
19. Examine the equilibrium price of future goods.
20. What do you mean by property rights ?
21. Explain common property resources.
22. Explain pricing of risky assets.
23. Distinguish between private goods and public goods

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any seven questions.

Each question carries a weightage of 2.

24. Write a short note on insurance market.
25. Explain the efficiency wage theory.

Turn over

26. Examine the reference point under behavioural economics.
27. Discuss the Lindahls pricing principle.
28. Assess the Rawls theory of social choice
29. Analyse the net present value criterion of capital investment decision.
30. What are the causes of market failure ?
31. State the theorem of welfare economics.
32. Explain the Pareto optimality criterion
33. Discuss the general equilibrium in perfectly competitive conditions ?

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any two questions.

Each question carries a weightage of 4.

34. Discuss the general equilibrium analysis.
35. Assess the theory of second best.
36. Discuss the different methods of solving the problem of externality.
37. Examine the implications of asymmetric information.

(2 × 4 = 8 weightage)

SECOND SEMESTER M.A. DEGREE EXAMINATION, APRIL 2022**(CBCSS—SDE/PRIVATE)****Economics****ECO 2C 05—MICROECONOMICS THEORY AND APPLICATIONS—II****(2019 Admission onwards)****[Improvement Candidates need not appear for MCQ Part]****(Multiple Choice Questions for SDE Candidates)****Time : 20 Minutes****Total No. of Questions : 20****Maximum : 5 Weightage****INSTRUCTIONS TO THE CANDIDATE**

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 2C 05—MICROECONOMICS THEORY AND APPLICATIONS—II

(Multiple Choice Questions for SDE Candidates)

1. Pareto points in the Edgeworth Box are :
 - (A) Found when indifference curves are tangent.
 - (B) Found when MRS are equal.
 - (C) Found when one person cannot be made better off without making another person worse off.
 - (D) All of the above.
2. The Coase theorem has problems because :
 - (A) Generally, bargaining costs are not zero.
 - (B) Individuals are not concerned with others.
 - (C) Markets always exist.
 - (D) All of the above.
3. Market failure can occur when :
 - (A) Monopoly power exists in the market.
 - (B) Markets are missing.
 - (C) Consumers can influence prices.
 - (D) All of the above.
4. Public goods can be :
 - (A) Provided privately.
 - (B) Provided publicly.
 - (C) Subject to free rider problems.
 - (D) All of the above.
5. Marginal damages :
 - (A) Must always be considered in social marginal costs.
 - (B) Must not be considered in social marginal costs.
 - (C) Must sometimes be considered in social marginal costs.
 - (D) Have nothing to do with social marginal costs.
6. The concept of market signalling was first developed by :
 - (A) Michael Spence.
 - (B) Kaldor.
 - (C) Garrett Hardin.
 - (D) Pareto.

7. The accelerator principle states :
- (A) If an increase in the growth of output is expected, investment will increase.
 - (B) If an increase in investment is expected, output will increase.
 - (C) If an increase in the growth of investment is expected, output will increase.
 - (D) Small swings in investment are associated with large swings of output.
8. To reach an economically efficient output level, the size of an excise tax imposed on a firm generating a negative externality should be :
- (A) The firm's marginal cost.
 - (B) The social marginal cost.
 - (C) The difference between the social marginal cost and the firm's marginal cost.
 - (D) The sum of the social marginal cost and the firm's marginal cost.
9. Bargaining costs are generally high in cases involving environmental externalities because :
- (A) There are strong incentives to be a free rider.
 - (B) Many individuals may be affected by the externalities.
 - (C) It is difficult to measure the costs of the externalities.
 - (D) All of the above.
10. Which of the following statements is NOT true ?
- In the free market changes in the price of a product :
- (A) Can act as a signal to producers.
 - (B) Can provide an incentive to reallocate resources.
 - (C) Can act as a rationing device.
 - (D) Are set by the government.
11. A demerit good :
- (A) Is a public good.
 - (B) Involves a positive externality.
 - (C) Is overprovided in the free market.
 - (D) Is under provided in the free market.
12. An insurance company can protect itself from moral hazard by :
- (A) Monitoring.
 - (B) Imposing an 'excess'.
 - (C) Holding liquid assets.
 - (D) Diversification.
13. The government can address by providing universal health insurance coverage and charging uniform premiums :
- (A) Expected utility.
 - (B) Asymmetric information.
 - (C) Commodity egalitarianism.
 - (D) Adverse selection.

14. Adverse selection can occur when :
- (A) All persons involved in a transaction have full information.
 - (B) One person has information not available to others.
 - (C) Post-agreement incentives result in workers shirking.
 - (D) Nobody has any information about a particular product.
15. An individual will not choose to acquire all available information because :
- (A) That would maximize utility given his or her budget constraint.
 - (B) That would violate the assumption of risk aversion.
 - (C) There are increasing returns to additional information.
 - (D) There are decreasing marginal costs to acquiring information
16. An example of adverse selection is :
- (A) Purchasing a new car sight unseen based on the recommendation of a neighbour.
 - (B) High health insurance premiums resulting from the poor health of people who buy policies.
 - (C) Suppliers who charge more for better quality clothing than for lower quality clothing.
 - (D) Being talked into buying a low-quality item because the price is lower.
17. The standard economic model assumes people are :
- (A) Rational.
 - (B) Boundedly rational.
 - (C) Altruistic.
 - (D) Emotional.
18. The permanent increment to future consumption expressed as a fraction of the initial consumption forgone is _____.
- (A) Rate of return.
 - (B) Perpetual rate of return.
 - (C) Expected return.
 - (D) All the above.
19. Which criterion refers to economic efficiency which can be objectively measured ?
- (A) 'Cardinalist' Criterion.
 - (B) Bentham's Criterion.
 - (C) The Pareto-Optimality Criterion.
 - (D) The Kaldor-Hicks 'Compensation Criterion'.
20. Pareto-optimal state in the economy can be attained if the :
- 1 The $MRS_{x,y}$ between any two goods be equal for all consumers.
 - 2 The $MRTS_{L,K}$ between any two inputs be equal in the production of all commodities.
 - 3 The $MRPT_{x,y}$ be equal to the $MRS_{x,y}$ for any two goods.
- (A) Condition 1 and 2 are satisfied
 - (B) Condition 1 and 3 are satisfied.
 - (C) Condition 2 and 3 are satisfied.
 - (D) Condition 1, 2 and 3 are satisfied.

**SECOND SEMESTER P.G. DEGREE (SUPPLEMENTARY) EXAMINATION
SEPTEMBER 2021**

(CUCSS)

Economics

ECO 2C 08—INTERNATIONAL TRADE—THEORY AND POLICY

(2010 Syllabus)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all the questions.

Each question carries $\frac{1}{4}$ weightage.

1. Causes of trade according to classical economists was :
 - (a) Differences in productivity of capital.
 - (b) Differing labour productivity.
 - (c) Both (a) and (b).
 - (d) None of the above.
2. USA should import according to H-O theory :
 - (a) Capital intensive goods.
 - (b) Labour intensive goods.
 - (c) Both (a) and (b).
 - (d) None of these.
3. Only factor of production which classical economists considered for international trade was :
 - (a) Capital.
 - (b) Labour.
 - (c) Land.
 - (d) None of the above.
4. Internal and international trade differs in terms of :
 - (a) Geographical and climatic conditions.
 - (b) Mobility of factors of production.
 - (c) Factor endowment.
 - (d) All these.

Turn over

II. 5 Protection creates :

- (a) Vested interest.
- (b) Corruption.
- (c) Inefficiency.
- (d) All the above.

6 Balance of current account includes :

- (a) Balance of Trade.
- (b) Balance of invisibles.
- (c) Balance of unrequited transfers.
- (d) All the above.

7 Which one of the following is not a Non-Tariff Barrier (NTB) ?

- (a) Voluntary export restriction.
- (b) Local content requirement.
- (c) Administrative barrier.
- (d) Tariff rate quotas.

8 Graphical representation of reciprocal demand is referred to as :

- (a) Offer curve.
- (b) Demand curve.
- (c) Supply curves.
- (d) Contract curve.

III. 9 SAARC was formed in :

- (a) 1995.
- (b) 1985.
- (c) 1980.
- (d) 1990.

10 India should export according to H.O theory :

- (a) Capital intensive goods.
- (b) Labour intensive goods.
- (c) Both (a) and (b).
- (d) None of these.

11 Government policy about exports and imports is called :

- (a) Commercial policy.
- (b) Fiscal policy.
- (c) Monetary policy.
- (d) Finance policy.

12 Market in which currencies buy and sell and their prices settle on is called the :

- (a) International bond market.
- (b) International capital market.
- (c) Foreign exchange market.
- (d) Eurocurrency market.

- IV. 13 Participation in international trade is important as _____.
- (a) It acts as Engine of growth. (b) Vent for surplus.
(c) Widens the market. (d) All of these.
- 14 Labour is the only factor of production according to the _____ theory of international trade.
- (a) Classical theory. (b) Modern theory.
(c) None of these. (d) All of these.
- 15 Regional trade agreement is treaty signed by countries to _____.
- (a) Encourage free movement of goods and services across borders.
(b) Encourage free movement of goods and services within borders.
(c) Discourage free movement of goods and services across borders.
(d) None of the above.
- 16 Tariff is expressed as either a specific or an ad valorem rate, whichever is higher, is known as _____.
- (a) General Tariff. (b) Mixed Tariff.
(c) Compound Tariff. (d) Countervailing Tariff.

(16 × ¼ = 4 weightage)

Part B

Write a short answer to any ten questions.

Each question carries 2 weightage.

- 17 What is trade policy and its importance ?
- 18 Define dumping.
- 19 Write a short note on balance of trade.
- 20 Critically illustrate the impact of foreign direct investment in India since globalization.
- 21 Differentiate between current and capital account.
- 22 What do you mean by optimum tariff.
- 23 Define terms of trade.

Turn over

- 24 Differentiate between international trade and inter-regional trade.
- 25 What is foreign exchange market ? Briefly explain its functions.
- 26 Critically explain the Monetary Approach to BOP.
- 27 Explain Voluntary export restraints.
- 28 Distinguish the different types of economic integration.
- 29 Explain the Swan Model of Internal and External Balance.
- 30 Write down about Dutch disease.

(10 × 2 = 20 weightage)

Part C

*Write essays on any **three** questions.*

Each question carries 4 weightage.

- 31 Critically evaluate the Heckscher-Ohlin trade theory.
- 32 Explain theories of customs union.
- 33 Critically explain the Prebisch Singer Thesis.
- 34 Illustrate the reasons for fluctuations of Indian Rupee in International Currency Market.
- 35 Why trade is called an engine of growth and what factors led to the growth of trade ?

(3 × 4 = 12 weightage)