

D-87



**UNIVERSITY OF HYDERABAD**

Ph. D. PROGRAMME IN GANDHIAN ECONOMIC THOUGHT

**Entrance Examination – February 2013**

Maximum Marks : 75  
Time : 2 Hours

Hall Ticket No.

**INSTRUCTIONS :**

1. Read these instructions carefully before answering.
2. Write your Hall Ticket Number in the OMR Answer Sheet given to you. Also write your Hall Ticket Number in the space provided above on this page.
3. Answers are to be marked on the OMR answer sheet following the instructions provided there upon.
4. This question paper has TWO parts.
5. PART – A consists of 25 multiple choice questions. Each correct answer carries one mark.
6. PART – B carries 50 marks. Read further instructions provided there.
7. Use of calculators is NOT permitted.
8. Hand over the OMR sheet at the end of the examination to the Invigilator.
9. No additional sheets will be provided. Rough work can be done in the question paper itself / on the space provided for it at the end of the booklet.
10. This question paper contains 10 pages, including this page and pages for the rough work.

**PART – A****(25 marks)***There are 25 multiple choice questions in this part. Each question carries 1 mark.*

(1) Market demand for a good is perfectly inelastic, ( $x^d(p) = 45$ ) and its market supply is upward sloping, ( $x^s(p) = -5+p/3$ ), where  $p$  is the price received by firms. What happens to market price,  $p_m$ , when an ad valorem excise duty of 9% is levied? It

- |                     |                      |
|---------------------|----------------------|
| A. increases by 18% | B. increases by 9%   |
| C. increases by 27% | D. decreases by 4.5% |

(2) Nai Taleem promoted by Gandhiji emphasized:

- |                      |                        |
|----------------------|------------------------|
| A. New Technology    | B. Gurukul system      |
| C. Liberal Education | D. Vocational Training |

(3) In the classical model, unemployment may occur in an economy due to,

- |                                  |                                     |
|----------------------------------|-------------------------------------|
| A. nominal (money) wage rigidity | B. real wage rigidity               |
| C. excessive liquidity           | D. lack of investment opportunities |

(4) As far as consumption theory is concerned, Mahatma Gandhi believed that, its task is primarily to

- A. examine rational consumer behaviour with given individual preferences
- B. study effect of government policies on the consumer welfare
- C. study how consumers can control their desires and change their preferences
- D. examine the role of the State in satisfying consumer demand

(5) In a valid inductive argument the conclusion follows from the premise/s

- |                                      |   |
|--------------------------------------|---|
| A. necessarily                       | B. contingently                         |
| C. both necessarily and contingently | D. neither necessarily nor contingently |

(6) "The greatest hurdle for India's progress is the hard heartedness of the educated Indians." This is from:

- |           |              |
|-----------|--------------|
| A. Gandhi | B. Nehru     |
| C. Tagore | D. Aurobindo |

(7) Which of the following is one of the Purusharthas:

- |           |           |
|-----------|-----------|
| A. Satya  | B. Ahimsa |
| C. Dharma | D. Karuna |

(8) Adam Smith's statement that relative value of a pair of commodities (e.g. deer and beaver) is determined by relative amount of labour needed to produce them is stated for a society that is:

- |                               |                         |
|-------------------------------|-------------------------|
| A. in an early and rude state | B. a feudal society     |
| C. a colonial society         | D. in an advanced state |

- (9) Who was the author of the book "The History of British India" ?
- A. John S. Mill  
B. Baden-Powell  
C. William Jones  
D. James S Mill
- (10) Gandhiji did not continue narrating "Story of My Experiments with Truth" or his Autobiography beyond the events of 1921. His reason for stopping at this stage was that,
- A. every aspect of his life was public after 1921.  
B. he had come out of jail and had no further time to write his autobiography.  
C. the national struggle had become more important than continuing with his experiments with truth  
D. nothing significant happened in his life after 1921.
- (11). Consider an investor contemplating new investment. Suppose that she believes that the future prospects of gains from such investment have considerably improved. Then it is most likely that,
- A. her rate of discount goes up and expected value of future returns also goes up  
B. her rate of discount goes up and expected value of future returns goes down  
C. her rate of discount goes down and expected value of future returns also goes down  
D. her rate of discount goes down and expected value of future returns goes up
- (12) Consider the following two situations: (a) People keep all their money as currency only; (b) Banks are not allowed to lend out of deposits (they can lend out of their own capital). Then,
- A. Money multiplier is equal to zero in both (a) and (b).  
B. Money multiplier is equal to zero in (a) and is equal to 1 in (b).  
C. Money multiplier is greater than zero in (a) and is equal to zero in (b).  
D. Money multiplier is equal to 1 in both (a) and (b).
- (13) Consider a consumer in a market situation, where the economy has 2-commodities. Let her demand be  $x_1 = (11, 15)$  when price is  $p_1 = (5, 4)$ . Now, consider alternative scenarios for the same consumer showing demand  $x_2$  at another price  $p_2$  as specified in the scenario. Identify the scenario for which the Weak Axiom of Revealed Preference (WARP) holds:
- A. Suppose demand is  $x_2 = (10, 16)$  at price  $p_2 = (5, 5)$ .  
B. Suppose demand is  $x_2 = (12, 13)$  at price  $p_2 = (4, 5)$ .  
C. Both of the above.  
D. None of the above.

(14) Given the inverse demand function as:  $p = 100.q^{-3}$ , where  $p > 0$  and  $q > 0$ ,  $p$  is price and  $q$  is corresponding demand. Which among the following is true for the absolute value of the price elasticity of demand,  $|e_p|$  ?

- A.  $|e_p|$  does not change with change in price.
- B.  $|e_p|$  increases as price is increased.
- C.  $|e_p|$  decreases as price is increased.
- D.  $|e_p|$  first increases with price then it decreases.

(15) A suitable decision should incorporate:

- A. list of alternative courses of action
- B. complete prediction of future
- C. summary list of pros and cons
- D. all of the above

(16) If a study examines several different markets at the same time, and compares the outcomes with conditions in each market, the study is using,

- A. time series data
- B. panel data
- C. cross-sectional data
- D. none of the options A, B, C.

(17) Cartels are inherently unstable because members,

- A. tend to produce below their quotas
- B. tend to produce above their quotas
- C. produce highly differentiated goods
- D. all of the options A, B, C.

(18) Which of the following securities is most liquid?

- A. Money market instruments
- B. Capital market instruments
- C. Gilt-edged securities
- D. Index futures

(19) The highest sector-wise contribution to gross domestic savings comes from

- A. private corporate sector
- B. cooperative sector
- C. public sector
- D. household sector

(20) In India, the cooperative movement was initiated in the sector of

- A. farming
- B. consumer goods production
- C. agricultural credit
- D. marketing of agricultural products

(21) According to Planning Commission estimates, in 2009-10, the number of people below poverty line in India stood approximately at

- A. 35 cr
- B. 20 cr
- C. 45 cr
- D. 25 cr

(22) Business Correspondents in banking are for providing services for

- A. women
- B. educational institutions
- C. weaker sections of the society
- D. minorities

- (23) Which Committee has given its recommendation on 'financial inclusion'?
- A. Vaghul Committee  
B. Rangarajan Committee  
C. Rakesh Mohan Committee  
D. Kelkar Committee
- (24) Which State has recently launched the unemployment allowances scheme?
- A. Andhra Pradesh  
B. Gujarat  
C. Himachal Pradesh  
D. Uttar Pradesh
- (25) Let "Some stockholders are not businessmen" be a true statement. Which among the following can be derived as a true statement from the above?
- A. All non-businessmen are stockholders  
B. Some non-businessmen are stockholders  
C. No businessmen are stockholders  
D. No stockholders are businessmen

**PART – B****(50 Marks)**

*In this part Q. 26 to 30 are of 1 mark each. Each has one correct option.*

*Q.31 to 45 are for 3 marks each. There are one or more correct options for questions 41 to 43. You MUST mark ALL correct options for it to be awarded 3 marks. Otherwise it is awarded zero marks.*

*Q.44 and Q.45 have one correct option (for 3 marks each). Identify the correct option. There are no negative marks.*

- (26) Which of the following were established by Mahatma Gandhi?
- A. Kashi Vidyapeeth  
B. Gujarat Vidyapeeth  
C. Viswa-bharati  
D. Benaras Hindu University
- (27) An implication (such as "P implies Q") is negated when
- A. the premise is false and the conclusion is false  
B. the premise is true and the conclusion is true  
C. the premise is false and the conclusion is true  
D. the premise is true and the conclusion is false
- (28) The problem of "moral hazard" arises due to:
- A. moral degradation  
B. asymmetric information  
C. asymmetric preference relation  
D. concealed/informal markets

- (29) According to the law of demand, if a firm reduces the price of its good,
- consumers in aggregate will demand more units
  - consumers in aggregate will demand roughly the same number of units
  - consumers will demand more units only if they have income to pay for them
  - the effect is uncertain, it depends on the behaviour of the rival firm
- (30) Theme of "World Economic Forum on India" held in November 2012 was
- From Crisis to Revival
  - From Debilitation to Rise
  - From Deliberation to Transformation
  - All the above

**Please Note that the remaining questions are of 3 marks each.**

- (31) The stages of economy described by Kumarappa include:
- Economy of Enterprise
  - Economy of Circular flow
  - Economy of Gregation
  - Economy of Service
- (32) All nest-builders are great workers. Some birds are nest-builders. Therefore,
- All birds are great workers
  - Some birds are great workers
  - All great workers are nest-builders
  - Some nest-builders are birds
- (33) Country A is capable of producing 20 auto tyres or 16 micro-circuits per labour day.  
Country B is capable of producing 24 auto tyres or 24 micro-circuits per labour day.
- Country B has an absolute advantage in both goods
  - Country B is expected to export both goods
  - Country A has a comparative advantage in tyres
  - None of the above
- (34) Consider a general equilibrium framework. Let demands and supplies of all commodities be well-defined for all admissible prices. Then, which of the following is homogenous of degree zero in prices alone?
- Aggregate profits
  - Aggregate demand
  - Aggregate supply
  - Aggregate excess demand
- (35) Which among the following terms describe a land system of India?
- Mahalwari
  - Mansabdari
  - Subedari
  - Zamindari
- (36) Who among the following are associated with the "marginalist" school of economics?
- A. Marshall
  - John. S. Mill
  - W. S. Jevons
  - J. B. Say

- (37) Let individual preferences be represented by a utility function,  $u(x)$ ,  $x$  being commodity bundle (a vector of order  $n$ ). For each commodity,  $i$ , ( $i = 1, 2, \dots, n$ ), let there exist a quantity  $x_i^0$ , such that,  $du/dx_i > 0$  for all  $x_i < x_i^0$ , and  $du/dx_i = 0$  for all  $x_i \geq x_i^0$ . Then, the underlying preferences must violate condition(s):
- A. transitivity  
B. strict convexity  
C. non-satiation  
D. continuity
- (38) Market for a commodity, whose share in the national economy is negligible, is characterized by a downward sloping demand curve and fixed supply – given that marginal cost of production is zero and there is strict capacity constraint. With no taxes,  $p^*$  and  $q^*$  are market equilibrium price and quantity respectively. Now a specific excise duty of Rs.  $t$  per unit is levied and realized taxes are fully spent on welfare schemes for the people. Assuming that welfare can be measured in equivalent monetary units and ignoring distributional effects, choose the correct option(s):
- A. there is net loss in aggregate welfare.  
B. there is no change in aggregate welfare.  
C. there is no change in market equilibrium price.  
D. there is an increase in market equilibrium price..
- (39) According to Gandhiji in Hind Swaraj, who among the following contributed to the impoverishment of India?
- A. Engineers  
B. Lawyers  
C. Doctors  
D. Policemen
- (40) Let  $f$  be a real valued linear function defined over a compact set of points,  $S$  (which is a subset of  $R^n$ ). Then the function  $f$
- A. attains its maximum at a boundary point of  $S$ .  
B. attains its maximum only if  $S$  is a convex set.  
C. attains its minimum at a boundary point of  $S$ .  
D. may not attain its maximum or minimum anywhere in  $S$ .
- (41) The model of kinked demand curve is used to explain,
- A. brand loyalty  
B. sales maximization  
C. sticky prices in oligopolies  
D. collusive price agreements
- (42) Who wrote the book "Economy of Permanence?"
- A. J. C. Kumarappa  
B. Vinoba Bhave  
C. Bharatan Kumarappa  
D. G. K. Gokhale

(43) In a zero-sum game,

- (A) the players' payoffs are in complete conflict – when one gains, the other loses
- (B) there is never an advantage from communication or cooperation
- (C) it is always an advantage to move first
- (D) none of the above

**Please read the following text carefully to answer two questions (Nos. 44 and 45)**

*M. Sundar was killed on a road near Pune at 4.00 am on 2 October. Omprakash, Chanchal, Santosh, Masum and Kanhai were arrested a few days later in Nagpur and their statements recorded. Each of them made four statements, exactly three of which were true and one false. One of these persons has definitely killed Sundar. The statements are as given below:*

*Omprakash: I was in Vadodra when Sundar was murdered. I have never killed anyone. Kanhai is guilty. Masum and I are friends.*

*Chanchal : I did not kill Sundar. I never owned a revolver in my life. Kanhai knows me. I was in Nagpur the night of 2 October.*

*Santosh : Chanchal lied when he said that he never owned a revolver. The murder was committed on Gandhi Jayanti. Omprakash was in Vadodra at this time. One of us is guilty.*

*Masum : I did not kill Sundar. Kanhai has never been in Pune. I never saw Omprakash before. Chanchal was in Nagpur with me on the night of 2 October.*

*Kanhai : I did not kill Sundar. I have never been in Pune. I never saw Chanchal before. Omprakash made a mistake when he said that I am guilty.*

**Now answer the following questions Q.44 and Q.45 based on the above passage.**

(44) There is a person among the five above such that if he is assumed guilty of this crime, then two of his statements become false. Who is he?

- |             |                         |
|-------------|-------------------------|
| A. Chanchal | B. Kanhai               |
| C. Masum    | D. Omprakash or Santosh |

(45) Who Killed Sundar?

- |                    |             |
|--------------------|-------------|
| A. Omprakash       | B. Chanchal |
| C. Masum or Kanhai | D. Santosh  |