UNIVERSITY OF HYDERABAD
Ph. D. PROGRAMME IN GANDHIAN ECONOMIC THOUGHT
Entrance Examination – June 2012

Maximum Marks: 75
Time: 2 Hours

INSTRUCTIONS:

1. Read these instructions carefully before answering.
2. Write your Hall Ticket Number in the space provided above on this page.
3. This question paper consists of TWO PARTS.
4. PART-A consists of 25 multiple choice questions. Each correct answer carries ONE MARK.
5. Use blue or black pen for marking your choice of answer for PART-A.
6. Answer Sheet for the PART-A is given on the right panel on this page. Indicate your choice by putting a CROSS [X] in the box corresponding to your chosen answer.
7. There is negative marking for PART-A. Each wrong answer carries – 0.33 MARKS.
8. PART-B carries 50 marks. Read further instructions provided there.
9. Use of calculators is NOT permitted.
10. Hand over the Question Paper Booklet at the end of the examination to the Invigilator.
11. No additional sheets will be provided. Rough work can be done on the question paper itself (except on this page) or on the space provided for it at the end of the booklet.
12. This question paper contains 16 pages, excluding this page but including pages for the rough work.

<table>
<thead>
<tr>
<th>Q.No.</th>
<th>Alternatives</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART – A

(25 marks)

1. Based on views of Mahatma Gandhi, we can infer that the main task of consumption theory is
   (A) to examine consumer behaviour assuming that individual preferences are given
   (B) to study effect of sales promotion (advertising) on the consumer welfare
   (C) to study means by which consumers can control their desires and change their preferences
   (D) to examine the role of the State in satisfying consumer demand.

2. An economy is functioning at its full potential and shows full employment. The monetary authority increases money supply by 50%. Then, which of the following is true in the short run?
   (A) Wealth in the society increases.
   (B) Real income of the society goes up.
   (C) The inflation in the economy becomes higher.
   (D) None of the above.

3. Which of the following countries is associated with “National Happiness Index”? 
   (A) Bangladesh
   (B) Bhutan
   (C) India
   (D) Nepal.

4. Consider the statement : “Ashfaq and Barun are economists”. Its negation is:
   (A) Neither Ashfaq nor Barun is an economist.
   (B) Ashfaq is an economist but Barun is not.
   (C) Ashfaq is not an economist but Barun is.
   (D) Either Ashfaq is not an economist, or Barun is not an economist or neither of these two are economists.

5. Who headed the “National Planning Committee” which was formed in 1938 by the Indian National Congress?
   (A) J. L. Nehru
   (B) V. K. R. V. Rao
   (C) P. C. Mahalanobis
   (D) Pitamber Pant

6. Fiscal deficit in the Union Budget for year 2012-2013 as % of GDP is estimated to be:
   (A) below 1.5%
   (B) between 2% and 3%
   (C) between 3.5% and 4.25%
   (D) between 4.5% and 5.5%

7. Preferences of an individual are described by a Cobb-Douglass utility function, \( u(x, y) = Ax^ay^b \). Then such a utility function is:
   (A) strictly quasi-concave but not strictly monotonous
   (B) not strictly quasi-concave but strictly monotonous
   (C) neither strictly quasi-concave nor strictly monotonous
   (D) both strictly quasi-concave and strictly monotonous.
8. The theory of trusteeship is most consistent with
   (A) principle of non-violence
   (B) principles underlying change through a revolution
   (C) principles of capitalist development
   (D) principles of laissez-faire economics

9. Who among the following authored a book on the condition of education in the 18th century India, entitled, “The Beautiful Tree”?
   (A) Dharampal
   (B) Bipan Chandra
   (C) S. Radhakrishnan
   (D) None of the above.

10. The problem of “adverse selection” arises due to:
    (A) asymmetric information
    (B) asymmetric preference relation
    (C) real wage rigidity
    (D) backward bending supply curve.

11. P, Q and R are sets as given below: P = { ø }, Q = { 0 }, R = { P, Q }, where ø is null set. Which of the following statements is correct?
    (A) P is a subset of R
    (B) Q is a subset of R
    (C) Both A & B are True
    (D) None of the above.

12. An argument is sound if and only if
    (A) the conclusion follows from the premise/s
    (B) the conclusion is true
    (C) the premise/s is/are true
    (D) it is valid and the premises are true

13. The primary target of “Hind Swaraj”, written by Mahatma Gandhi, was
    (A) modern civilization
    (B) British imperialism
    (C) caste system
    (D) capitalist system

14. Arrange the following Indian economic thinkers according to their date of birth
    (A) c – b – a
    (B) a – c – b
    (C) a – b – c
    (D) c – a – b
15. Which of the following is correct answer in context of components of board money (M₃) concept? M₃ aggregates include cash as well as the following:
   (A) post office deposits
   (B) credit card spending
   (C) public sector bonds
   (D) term deposits with banks.

16. Which among the following is not a measure of inequality?
   (A) Gini coefficient
   (B) Head count ratio
   (C) Ratio of standard deviation to mean
   (D) Atkinson index.

17. Consider a society of a finite number of individuals (1,2,........... n) facing a finite number of states (i.e. alternatives), Z₁,Z₂,...........Zₙ (s ≥ 3). Every individual in this society is always able to unambiguously rank all these states with each other. We say that an alternatives Zₖ is Pareto optimal, iff,
   (A) Every individual in the society considers Zₖ to be superior to any other state
   (B) Every individual in the society considers Zₖ to be at least as good as any other state
   (C) Every individual in the society considers Zₖ to be at least as good as any other state and with respect to every other state, Zᵢ (i ≠ k), there is at least one individual who strictly prefers Zₖ to this state Zᵢ.
   (D) There is no other state which is considered at least as good as Zₖ by everyone and strictly better than Zₖ by at least one individual.

18. The idea that the human institutions have a historical origin and not a divine origin is associated with
   (A) Individualism
   (B) Liberalism
   (C) Nationalism
   (D) Secularism

19. Consider two samples. Sample A has the following observations: 111, 111, 117, 123, 123; and sample B has the following observations: 411, 414, 417, 420, 423. Then,
   (A) variances of A and B are equal
   (B) variance of A is greater than variance of B
   (C) variance of A is smaller than variance of B
   (D) variances of A and B are not comparable

20. The best class to rule, according to Aristotle, is
   (A) middle class
   (B) intellectual class
   (C) farming class
   (D) warrior class
21. The study "A Survey of Matar Taluka" was conducted by
   (A) M. N. Srinivas
   (B) J. C. Kumarappa
   (C) J. K. Mehta
   (D) W. H. Wiser.

22. A person is faced with a choice set containing exactly two elements. Then any binary relation defining her/his preferences necessarily satisfies:
   (A) reflexivity
   (B) completeness
   (C) transitivity
   (D) asymmetry

23. Consumption function for an economy is given by: \( C = 350 + 0.8 Y^d \), where \( C \) is consumption and \( Y^d \) is disposable income given as: \( Y^d = 0.75 Y \), since 25% of income (\( Y \)) is collected as taxes. Then expenditure multiplier is:
   (A) 1.5
   (B) 2.5
   (C) 3.75
   (D) 5.0

24. Market supply for a good is perfectly inelastic, \( (x^S(p) = 125, p \) being price received by the firms) and its market demand is downward sloping, given as \( (x^D(p) = 500/p, \) where \( p \) is the price paid by the consumers). What happens to the aggregate revenue, \( R \), earned by the firms and the market price, \( p_m \), when an ad valorem excise duty of 16% is freshly levied?
   (A) The market price, \( p_m \), increases by 16% and the aggregate revenue, \( R \), decreases by 16%.
   (B) The market price, \( p_m \), increases by 16% and aggregate revenue, \( R \), decreases by less than 16%.
   (C) The market price, \( p_m \), remains unchanged and aggregate revenue, \( R \), decreases by 16%.
   (D) The market price, \( p_m \), remains unchanged and aggregate revenue, \( R \), decreases by less than 16%.

25. The book "Small Is Beautiful" was written by
   (A) Joseph Alois Schumpeter
   (B) Ernst Friedrich Schumacher
   (C) George Pratt Schultz
   (D) Theodore William Schultz
PART – B

(50 Marks)

Instructions and Notes:

1. There are 10 questions in this part.
2. The first question carries 5 marks and is compulsory.
3. Answer any 3 (THREE) questions from the rest (Questions 2 to 10). Each of these questions carries 15 marks.
4. Each question is to be answered only in the space provided for the purpose. Write the question number clearly before writing your answer.
5. Answers are expected to be precise and to the point. The candidates are advised to avoid writing irrelevant and repetitive details.
6. The main emphasis in evaluation will be on the nature and content of the argument presented in support of the answer and not on the length of the answer.

Q.1. Complete the following by filling the blank spaces with relevant information:
(This question is compulsory)

a. Mr. ____________________________ is the Union Minister of Rural Development.

b. Defying pre-poll predictions of a hung assembly in recent elections held the state of Uttar Pradesh earlier this year, ____________________________ (give the name of the party) won a clear majority on its own and Mr. ____________________________ became the youngest Chief Minister of this most populous state of India.

c. Poverty line adopted recently by the Planning Commission generated a lot of heated discussions in the media and the public. This poverty line in terms of monthly per capita expenditure was set at Rs _____________ for the rural areas and Rs _____________ for the urban areas for 2009-10.

d. According to 2011 Census of India, absolute increase in urban population was ____________________________ (larger/smaller) than absolute increase in rural population between 2001 and 2011 censuses.
e. Dr. ____________________________ was the Chairman of the Drafting Committee for preparation of the Indian Constitution, which was adopted on ____________________________ by the Constituent Assembly, which was presided over by Dr. ____________________________.

f. India’s per capita GDP is at present of the order of Rs _____________ per annum.

Q.2. Examine the millowner (manager)-worker relationship from a Gandhian view point.

Q.3. Explain the behavioural assumptions underlying classical theories in modern economics.

Q.4. “That government is best which governs the least”. Discuss.

Q.5. (a) What are some adverse consequences of inflation?
(b) Discuss some ways of restraining inflation.

Q.6. (a) What do you understand by non-satiation in consumer theory? (b) Suppose that every agent in an economy possesses at least one satiation consumption bundle (his/her bliss point). What are possible consequences of this for economic performance of an economy consisting of such economic agents?

Q.7. It is said that the greatest thing which Gandhi gave to Indian people was the courage to be free. How do you understand and evaluate this statement?

Q.8. It has been argued in literature that in certain circumstances corrupt practices act as lubricants to facilitate economic functioning and hence improve/ enhance economic growth – especially when bureaucratic structures are rigid and costs of corruption are stable to individuals. Examine effects of corruption from perspectives of ethics and of economic performance, both (a) in the short run and (b) in the long run.


Q.10. Two large villages are having stable and fairly prosperous economies but with negligible growth in their per capita incomes. Over some rather trivial matter there arises a conflict between these two villages leading to tension, insecurity and occasional armed fights as well. In this scenario, now there are fortifications, increased patrolling, accumulation of arms and ammunition etc. in both the villages. It is also found that per capita GDP in each of the villages has grown by over 15% in the aftermath of this conflict. How will you evaluate economic performance of a society in the light of the above example?

***************