

**Ph. D. PROGRAMME IN GANDHIAN ECONOMIC THOUGHT  
Entrance Examination – February 2014**

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. There are 25 objective type (multiple choice) questions in all. Questions are for 3 marks each. There are one or more correct options for every question. You **MUST** mark **ALL** correct options on the OMR answer sheet for it to be awarded 3 marks. For example, if question no. x has (A) and (C) as correct options, then darken options (A) and (C) against question no. x on the OMR sheet.
5. Wrong answer or partially correct answer to a question is awarded zero marks.
6. Every unanswered question is awarded zero marks.
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 8 pages, including this page and pages for the rough work.

- (1) The father of India's economic nationalism is:
- A. R. C. Dutt
  - B. Gopal Krishna Gokhale
  - C. Bal Gangadhar Tilak
  - D. Dadabhai Naoroji
- (2) Which is/are the book(s) authored by J. C. Kumarappa?
- A. The Wants and Means of India
  - B. Public Finance and Our Poverty
  - C. Economy of Permanence
  - D. Why the Village Movement
- (3) According to Keynesian theory if money supply is increased, then,
- A. bond price falls
  - B. rate of interest falls
  - C. bond price rises
  - D. rate of interest rises
- (4) Some of the recent Supreme Court orders are concerned with the functioning of the electoral politics in India. Identify these:
- A. Inclusion of 'NOTA' in voting
  - B. Putting a ceiling of election expenses
  - C. Disqualification of elected legislators convicted of serious criminal offences (appropriately defined)
  - D. Disbanding use of black money in elections
- (5) Which among the following, according to Milton Friedman, is/are desirable property/properties of a good theory?
- A. realism of assumptions
  - B. predictive ability of the theory
  - C. internal structure of theory
  - D. simplicity of assumptions of the theory
- (6) Which of the following were the items included in the "Constructive Programme" put forward in 1941 by Gandhiji ?
- A. Adivasis
  - B. Students
  - C. Removal of Untouchability
  - D. Khadi

- (7) The problem of asymmetric information may lead to
- A. adverse-selection
  - B. dead-weight losses
  - C. self-selection
  - D. moral hazard
- (8) An argument can have
- A. many conclusions
  - B. any number of premises
  - C. only one or two premises
  - D. only one conclusion
- (9) Inflation in India is caused by
- A. rising fiscal deficit
  - B. expansion of bank credit
  - C. rising non-development expenditure
  - D. none of the above options is correct
- (10) The well-known Gandhian economists are:
- A. Vinayak Mahadev Dandekar
  - B. Shriman Narayan Agarwal
  - C. Jagadish N Bhagawati
  - D. Jamshed Kaikhusroo Mehta
- (11) The objective of disinvestment policy is to
- A. meet growing financial needs of the states
  - B. put national resources and assets to optimal use
  - C. upgradation of public sector units
  - D. deregulating the economy
- (12) According to the NSSO Survey 66<sup>th</sup> round (2009-10) which was released in May 2012, the average monthly per capita expenditure of rural households in India is
- A. Rs. 1053
  - B. Rs. 1551
  - C. Rs. 2306
  - D. Rs. 3229

- (13) Identify the correct statement(s) in Kumarappa's understanding:
- A. The bucket economy is necessary for progress
  - B. The current economy is superior to the bucket economy
  - C. The bucket economy is superior to the current economy
  - D. The bucket economy leads to war and strife
- (14) In the standard economic theory of perfect competition with U-shaped AVC and MC curves, if  $MC = MR$  then,
- A. total profit is minimum, if not maximum
  - B. total profit is maximum, if not minimum
  - C. total average cost is at its minimum
  - D. total average revenue is at its maximum
- (15) What is the percentage of share capital of RRBs held by the state governments?
- A. 25 percent
  - B. 50 percent
  - C. 15 percent
  - D. 33 percent
- (16) In an invalid deductive argument, the conclusion
- A. may be true but does not logically follow from the premises
  - B. follows with some positive probability
  - C. does not follow from the premises at all
  - D. is always false
- (17) Let a 2-good exchange economy be such that individual utility functions are strictly quasi-concave and strictly monotonous increasing. Then,
- A. the set of core allocations and the set of competitive allocations are both empty.
  - B. the set of core allocations is empty but the set of competitive allocations is non-empty.
  - C. the set of core allocations and the set of competitive allocations are both non-empty.
  - D. the set of core allocations is non-empty but the set of competitive allocations is empty.
- (18) Which among the following bills were passed in 2013 by both houses of the Indian Parliament?
- A. The Microfinance Institutions (Development and Regulation) Bill
  - B. The Prevention of Corruption (Amendment) Bill
  - C. The National Food Security Bill
  - D. The Lokpal and Lokayuktas Bill

- (19) Mr. A with utility function  $u(y)$ , where  $y$  is his income, is risk averse w.r.t. Arrow-Pratt measure of absolute risk aversion. Ms. B has utility function  $v$ , such that  $v$  can be expressed as a strictly monotone increasing function of  $u(y)$  as  $v = f(u)$ . Then a sufficient condition for Ms. B to be similarly risk averse is:
- A.  $v$  is a strictly convex function of  $u$ .
  - B.  $v$  is a quadratic function of  $u$ .
  - C.  $v$  is an affine transformation of  $u$ .
  - D.  $v$  is a linear function of  $u$ .
- (20) According to Real Business Cycles model, employment in an economy may decline due to:
- A. technology shock
  - B. adverse climate conditions
  - C. liquidity trap
  - D. lack of demand
- (21) Which of the following school(s) propound(s) policy ineffectiveness?
- A. Quantity Theory of Money
  - B. Rational Expectations
  - C. Keynesian
  - D. New Classical Macroeconomics

**The following is an excerpt from the Speech delivered by M. K. Gandhi at Muir College Economic Society, Allahabad on December 22, 1916.**

Before I take you to the field of my experiences and experiments, it is perhaps best to have a mutual understanding about the title of this evening's address: Does economic progress clash with real progress? By economic progress, I take it, we mean material advancement without limit and by real progress we mean moral progress, which again is the same thing as progress of the permanent element in us. The subject may therefore be stated thus: "Does not moral progress increase in the same proportion as material progress?" I know that this is a wider proposition than the one before us. But I venture to think that we always mean the larger one even when we lay down the smaller. For we know enough of science to realise that there is no such thing as perfect rest or repose in this visible universe of ours. If therefore material progress does not clash with moral progress, it must necessarily advance the latter. Nor can we be satisfied with the clumsy way in which sometimes those who cannot defend the larger proposition put their case. They seem to be obsessed with the concrete case of thirty millions of India stated by the late Sir William Wilson Hunter to be living on one meal a day. They say that before we can think or talk of their moral welfare, we must satisfy their daily wants. With these, they say, material progress spells moral progress. And then is taken a sudden jump: what is true of thirty millions is true of the universe. They forget that hard cases make bad law. I need hardly say to you how ludicrously absurd this deduction would be. No one has ever suggested that grinding pauperism can lead to anything else than moral degradation. Every human being has a right to live and therefore to find the wherewithal to feed himself and where necessary to clothe and house himself. But, for this very simple performance, we need no assistance from economists or their laws.

"Take no thought for the morrow" is an injunction which finds an echo in almost all the religious scriptures of the world. In well-ordered society, the securing of one's livelihood should be and is found to be the easiest thing in the world. Indeed, the test of orderliness in a country is not the number of millionaires it owns, but the absence of starvation among its masses. The only statement that has to be examined is whether it can be laid down as a law of universal application that material advancement means moral progress.

**Answer the following questions (22 – 25) with reference to the passage above:**

(22) We find that Gandhi

- A. wanted economists to help in meeting basic needs
- B. was in favour of pauperism
- C. thought that pauperism results in moral degradation
- D. recognized right of all human beings to food, clothing and housing

- (23) In the phrase, "... hard cases make bad law", what is referred to as the hard case?
- A. Material progress is necessary for moral progress in the case of 30 million poor people
  - B. Material progress is necessary for moral progress in the case of the universe of all people
  - C. It is correct to jump from the case of 30 million people to the case of the universe of all people
  - D. The situation of the poorest people, who being a small fraction of total population makes it the hard case
- (24) What does "real progress" refers to?
- A. Increase in real national output.
  - B. Moral advancement of people.
  - C. Advancement of education among the people.
  - D. Enhancement in technological/ productive capacity.
- (25) Which of the following, according to Gandhi, is true for a well-ordered society?
- A. The State is providing job security and food security for all.
  - B. There is absence of starvation.
  - C. There are no millionaires.
  - D. The system provides opportunities for all people to be able to earn their own livelihood.

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**SPACE FOR ROUGH WORK**