COMMON P.G. ENTRANCE TEST–2022 (CPET-2022)

Subject Code : **63**   Test Booklet No.:

Entrance Subject : **Economics**   Hall Ticket No.:

TEST BOOKLET

Time Allowed : **90 Minutes**   Full Marks : **70**

INSTRUCTIONS TO CANDIDATES

1. **Please do not open this Question Booklet until asked to do so.**

2. Check the completeness of the Question Booklet immediately after opening.

3. Enter your **Hall Ticket No.** on the Test Booklet in the box provided alongside. **Do not** write anything else on the Test Booklet.

4. Fill up & darken Hall Ticket No. & Test Booklet No. in the OMR Answer Sheet as well as fill up Test Booklet Serial No. & OMR Answer Sheet Serial No. in the Attendance Sheet carefully. Wrongly filled up OMR Answer Sheets are liable for rejection.

5. Each question has four answer options marked (A), (B), (C) & (D).

6. Answers are to be marked on the Answer Sheet, which is provided separately.

7. Choose the most appropriate answer option and darken the oval completely, corresponding to (A), (B), (C) or (D) against the relevant question number.

8. Use only **Blue/Black Ball Point Pen** to darken the oval for answering.

9. Please do not darken more than one oval against any question, as scanner will read such markings as wrong answer.

10. **Each question carries equal marks. There will be no negative marking for wrong answer.**

11. **Electronic items such as calculator, mobile, etc., are not permitted inside the examination hall.**

12. Don't leave the examination hall until the test is over and permitted by the invigilator.

13. **The candidate is required to handover the original OMR sheet to the invigilator and take the question booklet along with the candidate's copy of OMR sheet after completion of the test.**

14. Sheet for rough work is appended in the Test Booklet at the end.

1. If the market supply curve for a product shifts rightwards, what is the best possible explanation for this shift?

    (A) Increase in the price of raw materials

    (B) Introduction of a tax on that product by the government

    (C) Introduction of a new technique that makes the production of that commodity cheaper

    (D) An advertising campaign that is successful in promoting the product

2. Consumer surplus is the area:

    (A) Below the demand curve and above the price

    (B) Above the demand curve and below the price

    (C) Above the supply curve and below the price

    (D) None of the above

3. What does the term 'marginal' in economics mean?

    (A) Additional

    (B) Unimportant

    (C) Minimum unit

    (D) None of the above

4. When consumers seek to be different and exclusive by demanding less of a commodity as more people consume it. This phenomenon is known as:

    (A) Snob Effect

    (B) Bandwagon Effect

    (C) Substitution Effect

    (D) Price Effect.

5. Costs that do not change with change in output?

    (A) Fixed costs

    (B) Variable costs

    (C) Explicit Costs

    (D) Implicit Costs

6. Short-run marginal cost is equal to

(A) the change in total cost divided by the change in output.

(B) the change in total variable cost divided by the change in output.

(C) the cost per unit of the variable input divided by the marginal product of the variable input.

(D) all of the above.

7. In a perfectly competitive market, the type of decision a firm has to make is different in the short run than in the long run. Which of the following is an example of a perfectly competitive firm's long-run decision?

(A) what price to charge buyers for the product

(B) how much to spend on advertising and sales promotion

(C) the profit-maximizing level of output

(D) whether or not to enter or exit an industry

8. The marginal revenue product of labor for a firm

(A) will increase if the price of the firm's output increases.

(B) is the firm's demand curve for labor.

(C) will decrease if the firm hires more labor.

(D) All of the above are correct

9. Which of the statements is true

(A) ATC + AVC = AFC

(B) ATC + MC = AFC

(C) ATC + AFC = AVC

(D) AFC + AVC = ATC

10. The individual labour supply curve...

(A) ...shifts downwards if workers' preference for leisure increases.

(B) ...shifts to the left if there is technological progress in production.

(C) ...shifts to the right if there is technological progress in production.

(D) ...is not affected by technological progress in production.

11. Moving along an indifference curve the:

(A) Consumers prefer some of the consumption points to others.

(B) Marginal rate of substitution for a good increase as more of the good is consumed.

(C) Marginal rate of substitution is constant.

(D) Consumers do not prefer one consumption point to another.

12. Find the slope of a tangent to the curve $Y=9X^2 + 7X^4$ at X=1

(A) 28

(B) 16

(C) 46

(D) None of these

13. The optimal amount of pollution to society is where

(A) The total cost of the pollution is equal to zero

(B) The total benefit of the pollution is zero

(C) The marginal benefit of pollution equals the marginal cost of pollution

(D) There is no pollution at all

14. If A and B are square matrices of the same order, then

(A) (AB)' = A'B'

(B) (AB)' = B'A'

(C) AB = O; If |A| = 0 or |B| = 0

(D) AB = O; if A = I or B = I

15. Which one of the following is not true?

(A) Matrix addition is commutative

(B) Matrix addition is associative

(C) Matrix multiplication is commutative

(D) Matrix multiplication is associative

16. If A is symmetric Matrix, then $A^T=$

(A) A

(B) |A|

(C) 0

(D) None of the above

17. At a price of Rs. 11.00, quantity demanded is 90; and at a price of Rs. 9.00, quantity demanded is 110. The price elasticity of demand is:

(A) 0.8

(B) 1

(C) 1.5

(D) -1.22

18. Necessities have_____elasticity of demand of between 0 and +1.

(A) cross

(B) price

(C) income

(D) Any of these

19. India's GDP or National income(NI) also known as NNP is calculated based on?

(A) Market Price

(B) Factor Cost

(C) Constant price

(D) WTO Rate

20. We are given the following hypothetical inputs in U.S. dollars in a trillion for economy XYZ.

• Consumption (C): $10

• Government Expenditure (G): $14

• Investments (I): $24

• Depreciation: $2

• Exports: $8

• Imports: $4

• Net Exports (X): $4

• Foreign Production by National Resident (F): $1

• Domestic Production by Non-Resident (D): $3

The national income of the country XYZ is:

(A) $45

(B) $50

(C) $35

(D) $65

21. The distribution phase of the circular flow of income involves :

(A) Production of goods and services

(B) Flow of factor income

(C) Expenditure on goods and services

(D) None of these

22. "Inflation is always and everywhere a monetary phenomenon" these are the famous words of

(A) Milton Friedman

(B) Adam Smith

(C) David Ricardo

(D) J M Keynes

23. Which of the following events will lead to an increase in the demand for money?

(A) A decrease in the price level

(B) An increase in the interest rate

(C) An increase in the level of aggregate output

(D) An increase in the supply of money

24. The opportunity cost of holding money is determined by ?

(A) the interest rates

(B) the discount rates

(C) the level of aggregate output

(D) the inflation rates

25. Wage price flexibility is the contribution of which of the following economist?

(A) J B Say

(B) J M Keynes

(C) J S Mill

(D) A C Pigou

26. This independence of real variables from changes in money supply and nominal variables is called:

(A) Money illusion

(B) Neutrality of money

(C) Classical dichotomy

(D) . Money multiplier

27. Which of the following about money supply measure adopted in 1977 is correct?

(A) M2= M1 +demand deposits with post offices

(B) M3= M1 +term deposits with banks

(C) M4=M3+total deposits with post offices

(D) All the above

28. In India Inflation is measured by

(A) Wholesale Price Index

(B) Consumer Price Index

(C) Consumer Price Index of Agricultural Labours

(D) National Income Deflation

29. Which kind of demand fluctuates the most?

(A) Consumption demand

(B) Private demand for Investment

(C) Aggregate demand

(D) Demand for firms for Investment Goods

30. In short run macroeconomic analysis, demand is often viewed as the driving force. Which component of total demand is often regarded as being independent of economic conditions and thus exogenous in the model?

(A) Consumption and private spending

(B) Investment, saving

(C) Net Exports

(D) Government spending and tax receipts

31. Which of the following functions, when defined on the set of non-negative real numbers, is increasing?

    (A) $F(X) = 13-X^2$

    (B) $F(x) = -4x + 1$

    (C) $F(x) = -4 X2$

    (D) $F(x) = x2$

32. An increase in the marginal propensity to consume will:

    (A) Lead to the consumption function becoming steeper

    (B) Shift the consumption function upward

    (C) Shift the consumption function downward

    (D) Shift the saving function downward

33. If the Keynesian consumption function is $C = 10 + 0.8 Yd$ then, when disposable income is £1000, what is the average propensity to consume?

    (A) 0.8

    (B) 500

    (C) 810

    (D) 0.81

34. After a contractionary or expansionary fiscal policy,

    (A) the LM curve shifts and we move along the IS curve.

    (B) the IS curve shifts and we move along the LM curve.

    (C) both the IS and LM curves shift.

    (D) neither the IS nor the LM curve shifts.

35. Dividing nominal wages (W) by labour productivity (Y/L) yields:

    (A) Real unit labour costs

    (B) Nominal unit labour costs

    (C) Total factor productivity

    (D) Labour share of total income

36. The long-run Phillips Curve is vertical which indicates

(A) that in the long-run, there is no tradeoff between inflation and unemployment.

(B) that in the long-run, there is no tradeoff between inflation and the price level.

(C) that in the long-run, the economy returns to a 4 percent level of inflation.

(D) None of the above.

37. The term business cycle refers to

(A) fluctuations in aggregate economic activity

(B) ups and downs in production of goods

(C) increasing unemployment

(D) decreasing saving

38. The economy is said to be overheated at the _____phase of business cycle.

(A) Expansion

(B) Peak

(C) Contraction

(D) Depression

39. Which economist represents a very different point of view to that of Keynes?

(A) ...David Ricardo

(B) ...John Stuart Mill

(C) ...Thomas Malthus

(D) ...Adam Smith

40. What is the major attribute of Correlation Analysis?

(A) Association among variables

(B) Difference among variables

(C) Regression among variables

(D) Variations among variables

41. How is random sampling helpful?

(A) Reasonably accurate

(B) An economical method of data collection

(C) Free from personal biases

(D) All of the above

42. What does the longitudinal research approach actually deal with?

    (A)   Long-term research

    (B)   Short-term research

    (C)   Horizontal research

    (D)   None of the above

43. The vicious circle theory indicates that

    (A) A country is poor because it has low productivity but high savings

    (B) as countries go richer they save less

    (C) Poverty perpetuates itself in reenforcing way in both demand and supply side

    (D) Market size is large in LDCs

44. Which of the following about strategy of balanced growth is right?

    (A) Simultaneous investment in all sectors

    (B) All sectors are independent.

    (C) Both

    (D) None

45. One classification of development levels used by the World Bank divides countries into three group on the basis of GNP per capita. They are

    (A) NIC, OPEC and G7

    (B) Low-income, middle-income and high-income

    (C) Southeast, Northeast and Southwest

    (D) Asia, America and Europe

46. A questionnaire that offers no scope for any respondent's own view is called:

    (A) close-ended

    (B) Schedule

    (C) open-ended

    (D) Unstructured

47. Plagiarism in research is:

   (A) Creative use of previous data

   (B) Copying unscrupulously and making use of it

   (C) Referring to previous data and working over it with new objectives

   (D) Quoting some one and citing him or her

48. Which of the following steps are required to design a questionnaire?

   1) Writing primary and secondary aims of the study

   2) Review of current Literature

   3) Prepare a draft of a questionnaire

   4) Revision of the draft

Codes

   (A) 1,2&3

   (B) 1,3 &4

   (C) 2,3 &4

   (D) 1,2,3,&4

49. Which of Rostow's stages of economic growth is marked by a few key industries driving economic growth?

   (A)   Traditional society

   (B)   Take-off

   (C)   Drive to maturity

   (D)   Age of mass consumption

50. The rational expectations hypothesis implies that when macroeconomic policy changes,

   (A) the economy will become highly unstable.

   (B) the way expectations are formed will change.

   (C) people will be slow to catch on to the change.

   (D) people will make systematic mistakes.

51. If a rise in the expected price level results in an immediate and equal rise in wages and prices, then an expansionary monetary policy will cause

(A) the aggregate demand curve to shift to the right, and output to increase only if the policy is anticipated.

(B) the aggregate demand curve to shift to the right, and output to increase only if the policy is unanticipated.

(C) a decline in the price level.

(D) Both (B) and (C) of the above.

52. Import of machinery and equipment is recorded under _____ of the _____account.

(A)   Credit side, capital

(B)   Debit side, capital

(C)   Debit side, current

(D)   Credit side, current

53. According to Mundell- Fleming model, _____ balance refers to equilibrium in balance of payments.

(A) Internal & External

(B) External

(C) International

(D) Domestic

54. The global financial crisis started in

(A) Great Britain

(B) USA

(C) UAE

(D) India

55. Which Five Year Plan had the primary goal to establish India as a self-reliant and a self- generating economy?

(A)   First Five Year plan

(B)   Second Five Year Plan

(C)   Third Five Year Plan

(D)   Fourth Five Year Plan

56. Who among the following is not part of the Governing Council of NITI Aayog?

(A) All Chief Ministers of the states

(B) Chief minister of Delhi and Puducherry

(C) Governors of States

(D) Lieutenant Governor of Andaman & Nicobar Island

57. Which one of the following is not an assumption of Harrod-Domar Model?

(A) Fixed capital-output ratio

(B) Variable marginal and average propensity to save

(C) Closed economy

(D) Capital is the only factor of production

58. Marx attributed the capitalist crisis to:

(A) High rate of wages

(B) Falling rate of profit

(C) Inflationary pressures

(D) Exploitation of labour

59. Which is not a part of the Sustainable Development Goal,2030?

(A) Free Higher Education

(B) Providing primary and secondary schools

(C) Equal access to affordable vocational training

(D) Universal access to quality higher education

60. Which of the following is an impact of global warming?

(A) Deforestation

(B) Rise in sea level

(C) Waste generation

(D) Rapid increase in population

61. The Lorenz curve shows:

(A) patterns of poverty between developed and developing countries

(B) the change in GDP per capita over time

(C) the poorest's income shares fall in the early stages of growth

(D) income concentration relative to a 45-degree line

62. A period of rapid population growth between a preindustrial stable population characterized by high birth and death rates and a later modern, stable population marked by low fertility and mortality is known as ?

   (A)   demographic transition

   (B)   population maturity

   (C)   demobilizing population

   (D)   birth-death transformation

63. The biggest public sector in India

   (A)   Air India

   (B)   Indian Railway

   (C)   Iron and Steel Plants

   (D)   None of these

64.   To calculate the median, all the items of a series have to be arranged in a/an _____ .

   (A)   Descending order

   (B)   Ascending order

   (C)   Ascending or descending order

   (D)   None of the above

65. Which of the following techniques is an analysis of the relationship between two variables to help provide the prediction mechanism?

   (A)   Correlation

   (B)   Regression

   (C)   Standard error

   (D)   None of the above

66. Find the correlation coefficient if the regression coefficients are 0.5 and 0.45

   (A)   1.5

   (B)   2.5

   (C)   3.5

   (D)   2.25

67. Fisher's method of calculating the index number is based on the _____.

   (A)   Arithmetic mean

   (B)   Harmonic mean

   (C)   Geometric mean

   (D)   None of the above

68. Which of the following is the index that is used to measure changes in total money value?

   (A)   Price index

   (B)   Quantity index

   (C)   Value index

   (D)   None of the above

69. According to the figures of Census 2011,which state has the maximum difference in the male and female literacy

   (A) Rajasthan

   (B) Kerala

   (C) Uttar Pradesh

   (D) Madhya Pradesh

70. Which of the following indicators is not used to calculate Human Development Index?

   (A) Life Expectancy

   (B) Education

   (C) Per capita Income

   (D) Social Inequality

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ROUGH WORK