C 4493

Name.......................................

Reg. No...............................

SECOND SEMESTER M.A. DEGREE (SUPPLEMENTARY) EXAMINATION APRIL 2021

(CUCSS)

Economics

EC 02 C06—MACRO ECONOMICS : THEORIES AND POLICIES—II

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

*Answer **all** questions.*
Each question carries ¼ weightage.

1. Deflation means ————.

    (a) Rise in price level.

    (b) Decrease in price level.

    (c) Constant.

    (d) None.

2. Trade off between inflation and unemployment is called ————.

    (a) Laffer curve.

    (b) Philips curve.

    (c) NAIRU.

    (d) None.

3. Relationship between tax rate and tax revenue depicted curve is called ————.

    (a) Laffer curve.

    (b) Substitution model.

    (c) Menu cost.

    (d) None.

4. General equilibrium was first developed by ————.

    (a) Walras.

    (b) Keynes.

    (c) Pigou.

    (d) None.

5. Assumptions of classical theory are ————.

    (a) Price flexibility.

    (b) Unemployment.

    (c) Say's law.

    (d) All.

Turn over

6. In classical theory the equality between saving and investment is brought about by ————.

    (a) Rate of interest.   (b) Income.

    (c) Consumption.   (d) Multiplier.

7. The normal condition of a capitalist economy in classical theory is ————.

    (a) Underemployment.   (b) Full employment.

    (c) General unemployment.   (d) Frictional unemployment.

8. The law which states that supply creates its own demand and overproduction is impossible is known as ————.

    (a) The law of supply.   (b) Say's law of market.

    (c) Law of demand.   (d) Law of macro economics.

9. Wages and prices do not adjust quickly to restore general equilibrium is a property of ————.

    (a) Classical economics.   (b) Keynesian economics.

    (c) Monetary economics.   (d) Supply side economics

10. GDP refers to ————.

    (a) Gross domestic product.   (b) Gross national product.

    (c) Gross disposable income.   (d) None.

11. Fluctuations in economic activities refers to ————.

    (a) Inflation.   (b) Deflation.

    (c) Business cycle.   (d) None.

12. MPC means ————.

    (a) Marginal propensity to consume.

    (b) Ratio of change in consumption to income.

    (c) Both (a) and (b).

    (d) None.

(12 × ¼ = 3 weightage)

Part B

Answer any **five** *questions.*
Each question carries 1 weightage.

13. Inflation targeting.

14. NAIRU.

15. Underemployment.

16. Phases of business cycle.

17. Rational expectation hypothesis.

18. Objectives of supply side economics.

19. General equilibrium.

20. Fixed exchange rate.

(5 × 1 = 5 weightage)

Part C

Answer any **eight** *questions.*
Each question carries 2 weightage.

21. Monetarist approach to inflation.

22. Unemployment and labour market.

23. Search theory.

24. Monetary theory of Hawtrey.

25. Political theory of business cycle.

26. Themes of monetarism.

27. Inter-temporal substitution model.

28. Techniques of fiscal policy.

29. Themes of supply side economics.

30. Dual decision hypothesis.

31. Financial instability theory.

(8 × 2 = 16 weightage)

Turn over

Part D

Answer any **three** *questions.*

Each question carries 4 *weightage.*

32. Samuelson theory of business cycle.

33. Global recession.

34. New classical macro economics.

35. Walrasian general equilibrium.

36. Monetary policy under fixed exchange rate.

(3 × 4 = 12 weightage)

C 4494

Name...

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SECOND SEMESTER M.A. DEGREE (SUPPLEMENTARY) EXAMINATION APRIL 2021

(CUCSS)

Economics

EC 02 C07—PUBLIC FINANCE : THEORY AND PRACTICE

(2015 Admissions)

Time : Three Hours   Maximum : 36 Weightage

Part A

*Answer **all** questions.*
Each question carries ¼ weightage.

1. The ultimate resting place of the burden of a tax payment is called :

   a) Impact.   b) Incidence.

   c) Shifting.   d) None.

2. Pump Priming is related with :

   a) Monetary policy.   b) Income policy.

   c) Price policy.   d) Fiscal policy.

3. The debts which the government promises to pay off at a specified date are called :

   a) Irredeemable debts.   b) Funded debts.

   c) Redeemable debts.   d) Unfunded debts.

4. Gender budgeting started in India with the Union budget of :

   a) 1991-92.   b) 2001-02.

   c) 2006-07.   d) 2010-11.

5. Corporate tax is imposed by :

   a) State Government.

   b) Central Government.

   c) Local Government.

   d) Both Centre and State Government.

Turn over

6. The Committee constituted for reforms in tax structure in India was :

    a)   Gadgil Committee.   b)   Chelliah Committee.

    c)   Narasimhan Committee.   d)   Kelkar Committee.

7. Fiscal deficit does not involve :

    a)   Interest payments.   b)   Disinvestment proceedings.

    c)   Market Borrowings.   d)   Sovereign borrowings.

8. Which one of the following is Adam Smith's Canon of Taxation ?

    a)   Productivity.   b)   Certainty.

    c)   Flexibility.   d)   Stability.

9. Revenue deficit in India is :

    a)   Positive.   b)   Zero.

    c)   Negative.   d)   Balanced.

10. GST covers the taxes like :

    a)   Sales tax.   b)   Service tax.

    c)   Service and Excise.   d)   Service, excise and VAT.

11. The FRBM Act aims at reducing fiscal deficit by :

    a)   2%.   b)   1%.

    c)   0.5%.   d)   3%.

12. The difference between revenue deficit and grants for creation of capital assets is called :

    a)   Fiscal deficit.   b)   Budget deficit.

    c)   Primary deficit.   d)   Effective revenue deficit.

(12 × ¼ = 3 weightage)

Part B

Answer any **five** *questions.*
Each question carries 1 *weightage.*

13. Distinguish between merit goods and merit wants.

14. Explain the rationale for government intervention in economic activity.

15. Define property rights.

16. Explain performance budgeting.

17. Explain Gross Fiscal Deficit.

18. Define subsidy.

19. Give a note on fiscal federalism.

20. Explain plan and non- plan expenditure.

(5 × 1 = 5 weightage)

Part C

Answer any **eight** *questions.*
Each question carries 2 weightage.

21. Explain the revenue sources of local bodies in India.

22. State the major recommendations of Fourteenth Finance Commission in India.

23. Explain the intergeneration equity aspects of public debt.

24. Describe Wagner's Law.

25. Discuss the relevance of Critical Limit Hypothesis.

26. Define optimal taxation.

27. Explain about government financing of human development in India.

28. Mention about externality and public good.

29. Discuss the partial equilibrium analysis of taxation.

30. What are the corrective measures for fiscal deficit in India.

31. Explain direct and indirect taxes in India.

(8 × 2 = 16 weightage)

Part D

Answer any **three** *questions.*
Each question carries 4 weightage.

32. State the features and major highlights of Kerala budget 2018-19.

33. Discuss the sources and management of public debt in India.

34. Evaluate the fiscal crisis in India.

35. Give a brief note on growth of public expenditure in India.

36. Explain the features of functional finance.

(3 × 4 = 12 weightage)

SECOND SEMESTER M.A. DEGREE (SUPPLEMENTARY) EXAMINATION APRIL 2021

(CUCSS)

Economics

EC 02 C08—QUANTITATIVE METHODS FOR ECONOMIC ANALYSIS—II

(2015 Admissions)

Time : Three Hours   Maximum : 36 Weightage

Part A (Multiple Choice)

Answer all the **twelve** *questions.*
Each question carries a weightage of ¼.

1. For a discrete random variable X with possible values 1, 2, 3, 4 and with distribution function $F(x)$, $F(4.5) = $ —————.

    (i) 1.

    (ii) 0.

    (iii) $-\infty$.

    (iv) ∞.

2. Variance of X following binomial distribution with parameters 16 and p is 4. The value of p is —————.

    (i) 1/2

    (ii) 1/4.

    (iii) 1/8.

    (iv) 1/16.

3. Mean of X following Poisson distribution is 2. Then $P(X = 0) = $ —————.

    (i) e^{-1}.

    (ii) $2e^{-1}$.

    (iii) $2e^{-2}$.

    (iv) e^{-2}.

4. If $f(x) = 2(1-x), 0 < x < 1$ is the p.d.f. of a random variable X, then $P(X > 2)$ is —————.

    (i) 0.

    (ii) 1/4.

    (iii) 1/2.

    (iv) 1.

Turn over

5. If X follows normal distribution with mean 5 and variance 2, $P(X > 5) = $ —————.

    (i)   0.   (ii)   1/4.

    (iii) 1/2.   (iv)   1.

6. If X follows N (0, 1) distribution then square of X follows ————— distribution.

    (i)   Chi-square.   (ii)   Normal.

    (iii) t.   (iv)   F.

7. Ratio of two random samples are taken from standard normal distribution follows ————— distribution.

    (i)   Normal.   (ii)   Chi-square.

    (iii) t.   (iv)   F.

8. The sampling distribution of the statistic used in ANOVA is —————.

    (i)   Normal.   (ii)   Chi-square.

    (iii) t.   (iv)   F.

9. In testing of hypothesis P (Type II error) is ————— of the test.

    (i)   Size.   (ii)   Power.

    (iii) 1-Power.   (iv)   None of these.

10. Fisher Neyman factorization theorem identifies ————— estimator for a parameter.

    (i)   Consistent.   (ii)   Efficient.

    (iii) Sufficient.   (iv)   Unbiased.

11. Significance level of a test is —————.

    (i)   P (Type I error).   (ii)   P (Type II error).

    (iii) 1 - P (Type I error)   (iv)   1-P (Type II error).

12. Statistic following ————— distribution is used in testing the variance of a normal population.

    (i)   Normal.   (ii)   Chi-square.

    (iii) t.   (iv)   F.

(12 × ¼ = 3 weightage)

Part B (Very Short Answers)

Answer any **five** *questions.*
Each question carries 1 *weightage.*

13. Write any *two* properties of distribution function.

14. For a binomial distribution B (8, 0.3), obtain mean of E (X − 2).

15. If X follow Poisson distribution with variance 3, find P (X < 1).

16. Write the values of E (X) and V (X) of X following standard normal distribution.

17. Define an unbiased estimator.

18. State Neyman Pearson Lemma.

19. Define significance level of a test.

20. Define critical region.

(5 × 1 = 5 weightage)

Part C (Short Answers)

Answer any **eight** *questions.*
Each question carries 2 *weightage.*

21. A player who is tossing three coins gets Rs. 8 for three heads, Rs. 4 for two heads and Rs. 2 for one head and loses Rs. 20 if three tails appear. Find his expected gain.

22. An industry generating disease has a probability 0.15 to appear among workers. Out of 6 workers what is the probability that the number of workers suffering from disease is (i) None ; (ii) At least 2 ; and (iii) All.

23. In a book of 600 pages, 150 typographical errors occur. Assuming Poisson law for the number of errors per page, find the probability that a page taken at random will contain no error.

24. If X follows Normal distribution with mean 0 and SD 4, find (i) $P\left(X^2 < 16\right)$; and

(ii) $P\left(X + 2 > 6\right)$.

25. Define Statistic. What is the sampling distribution of the mean of a sample of size 16 taken from a normal population with mean 10 and SD 3.

26. If *t* follow *t*-distribution with 9 degrees of freedom, obtain *a* and *b* such that (i) $P\left(t > a\right) = 0.05$;

and (ii) $P\left(t < b\right) = 0.025$.

Turn over

27. Define (i) Consistent ; and (ii) Sufficient estimator.

28. Explain Type I and Type II errors in testing of hypothesis. Which is more serious, explain.

29. From a sample of 900 items gives an average weight 3.41 gms. Test whether the sample can be regarded as taken from a population with mean 3.21 and standard deviation 2.63 at 5 % level of significance ?

30. Explain paired t-test.

31. Write a short note on Chi-square test of goodness of fit.

(8 × 2 = 16 weightage)

Part D (Essays)

Answer any **three** *questions.*

Each question carries 4 *weightage.*

32. If the random variable X takes the values 0, 1, 2, 3 and 4 such that,

$$3P\left(X = 0\right) = \frac{3}{2}P\left(X = 1\right) = P\left(X = 2\right) = P\left(X = 3\right) = 3P\left(X = 4\right).$$

    (i)   Find the probability distribution of X ;

    (ii) E(X) ; and

    (iii) V(X).

33. In a normally distributed population 7 % of items have their values less than 35 and 87% have their values less than 63. Find the mean and standard deviation of this normal distribution.

34. Explain (i) Point Estimation ; and (ii) Interval Estimation. Identify a 90 % confidence interval for the mean of a normal population using the sample of size 16 taken from the population when the population standard deviation is known as 8. Sample mean and sample standard deviations are calculated as 32 and 6.

35. In a sample of 600 students of a college 400 are found to utilize internet facility from library. In another college of 900 students 450 were found to use the facility. Test whether the two colleges are significantly different with respect to the habit of using internet facility from library.

36. Explain Chi-square test of independence. 100 randomly selected students involving 60 boys and 40 girls from a school is classified according to their performance in Economics :

	Gender	
	Boys	Girls
Below average	18	10
Average	32	18
Above average	10	12

Use a 0.05 level of significance and test the hypothesis that gender and performance in Economics are independent.

(3 × 4 = 12 weightage)

(Pages : 3)

Name...

Reg. No.....................................

SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Economics

ECO 2C 05—MICRO ECONOMICS THEORY AND APPLICATIONS-II

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend **all** questions in each section.*

2. *The minimum number of questions to be attended from the Section/Part shall remain the same.*

3. *There will be an overall ceiling for each Section/Part that is equivalent to the maximum weightage of the Section/Part.*

Part A (Multiple Choice Questions)

*Answer **all** questions.*
Each question carries ¼ weightage.

1) IRR is defined as the discount rate at which NPV = —————.

   (a) 1.

   (b) 2.

   (c) 3.

   (d) 0.

2) Hicks test is the reverse of ————— test.

   (a) Pareto.

   (b) Pigou.

   (c) Kaldor.

   (d) Scitovsky.

3) Free riding is considered a failure of the conventional ————— market system.

   (a) Perfect.

   (b) Free.

   (c) Imperfect.

   (d) Barter.

4) Among the following ————— is not related to Lindahl equilibrium.

   (a) Every consumer demands the same amount of the public good and thus agrees on the amount that should be produced.

   (b) Consumers each pay a price according to the marginal benefit they receive.

   (c) The total revenue from the tax covers the full cost of providing the public good.

   (d) Consumers do not pay a price according to the marginal benefit they receive.

Turn over

5) Externalities are —————— when the social costs outweigh the private costs.

    (a)   Positive.
    (b)   Negative.

    (c)   Both (a) and (b).
    (d)   None of the above.

6) Unsystematic risk mitigated through diversification is ——————.

    (a)   Diversifiable risk.
    (b)   Conventional risk.

    (c)   Scientific risk.
    (d)   Specific risk.

7) Behavioural economics is often related with ——————.

    (a)   Positive economics.
    (b)   Welfare economics.

    (c)   Normative economics.
    (d)   Poor economics.

8) A public good is subject to —————— problem as some people will take advantage of using it while refusing to help to pay for it.

    (a)   Rivalry.
    (b)   Excludability.

    (c)   Externality.
    (d)   Free-rider.

9) Evenly Rotating Economy (ERE) is an alternative to ——————.

    (a)   Partial equilibrium.
    (b)   Long-run general equilibrium.

    (c)   Equilibrium.
    (d)   Pareto equilibrium.

10) William Meckling is associated to ——————.

    (a)   Asymmetric information.
    (b)   Theory of Second Best.

    (c)   Impossibility theorem.
    (d)   Principal-agent problem.

11) —————— is a part of social choice theory.

    (a)   Pigou's theorem.
    (b)   Pareto's theorem.

    (c)   Walra's theorem.
    (d)   Arrow's impossibility theorem.

12) Real interest rate takes —————— into account.

    (a)   Money rate.
    (b)   Bank rate.

    (c)   Inflation.
    (d)   Exchange reserve.

(12 × ¼ = 3 weightage)

Part B (Short Answer Type Questions)

Answer any **five** *questions.*
Each question carries 1 *weightage.*

13) Define future goods.

14) Explain Lindahl pricing.

15) Write a note on Coase theorem.

16) Define Welfare Economics.

17) Explain supply of future goods.

18) What is CPR ?

19) Explain efficiency wage theory.

20) Explain Rules of thumb.

(5 × 1 = 5 weightage)

Part C (Paragraph type Questions)

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

21) Explain rules of thumb and biases in decision making.

22) What are the implications of asymmetric information ?

23) Explain capital assets pricing model.

24) How pricing of risky assets is done ?

25) Explain Arrow's impossibility theorem.

26) Compare diversifiable and non diversifiable risks.

27) Explain Firms demand for capital.

28) Explain IRR Criterion.

29) Briefly explain the theory of Second Best.

30) Explain hidden information and hidden action.

(7 × 2 = 14 weightage)

Part D (Essay type Questions)

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

31) What is Public good ? Explain Public goods and market failure.

32) What is externality ? Briefly explain positive and negative externalities in production and consumption.

33) Explain the criteria of social welfare. Briefly illustrate Kaldor-Hicks compensation criterion.

34) What is NPV ? Explain NPV criterion for capital investment decision.

(2 × 4 = 8 weightage)

(Pages : 3)

Name..

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SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Economics

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

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend* **all** *questions in each section.*

2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*

3. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

Part A (Multiple Choice Questions)

Answer **all** *questions.*
Each question carries ¼ weightage.

1. Which of the following statement is correct ?

    a) A variable is endogenous when its value is determined by forces outside the model.

    b) A change in an exogenous variable is classified as an autonomous change.

    c) A variable is exogenous when its value is determined by forces within the model.

    d) A variable is autonomous when its value is determined by forces within the model.

2. If, money has no real effect, it is referred to as :

    a) Neutrality of money. b) Real effect.

    c) Consumption effect. d) Income effect.

3. Which of the following is not an essential characteristic of business cycle ?

    a) Recurrent nature. b) Cumulative in effect.

    c) Regular. d) All pervading in their impact.

4. Bottle-neck inflation is a situation that sets in —————.

    a) After the point of full employment. b) Before the point of full employment.

    c) After imposing price controls. d) During war period.

Turn over

5. 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.

6. Which of the following groups will not be hurt by inflation ?

    a) Individuals on fixed incomes.
    b) Borrowers at fixed interest rates.

    c) Retail store owners.
    d) Lenders at fixed interest rates.

7. Which of the following will be the outcome of stagflation ?

    a) Unemployment goes down.
    b) The price level goes down.

    c) Phillips curve shifts rightward.
    d) Real GDP increases.

8. In which year did William Nordhaus received Nobel prize in economics :

    a) 2019.
    b) 2017.

    c) 2016.
    d) 2018.

9. A political signal in demand management, output and inflation movements originating with shifts in party control of the government was mainly advocated by :

    a) New classical.
    b) Nordhaus model.

    c) Partisan theory.
    d) None of the above.

10. The behavior that the motivation of government to win the elections in order to realize their policies is known as :

    a) Preference behaviour.
    b) Naive behaviour.

    c) Opportunistic behaviour.
    d) Partisan behaviour.

11. If supply of money falls short of demand for money, the country will have :

    a) BOP surplus.
    b) BOP deficit.

    c) BOP equilibrium.
    d) BOP neither surplus nor deficit.

12. Business cycle fluctuationsto a large extent can be accounted for by real shocks are mainly advocated by :

    a) Classical school.
    b) Keynesian school.

    c) New Classical school.
    d) New Keynesian school.

<div align="right">(12 × ¼ = 3 weightage)</div>

Part B (Short Answer Type Questions)

Answer any **five** *questions.*
Each question carries 1 weightage.

13. What is meant by classical dichotomy ?

14. Distinguish between monetarism and fiscalism.

15. What is Lucas' surprise supply function ?

16. State Adaptive Expectation Hypothesis.

17. What is meant by natural rate of unemployment hypothesis ?

18. Bring out the propositions of implicit wage contract model.

19. State the rationale of political business cycles.

20. Distinguish between devaluation and depreciation.

(5 × 1 = 5 weightage)

Part C (Paragraph Type Questions)

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

21. What is Nordhaus opportunistic model ?

22. Explain the 'new micro economics' of the labour market.

23. Describe rational expectation hypothesis.

24. How to pay for war ? Substantiate your arguments.

25. Describe the monetarist approach to inflation.

26. Examine the problems of BOP Disequilibrium.

27. Describe Expectation Augmented Phillips Curve.

28. Explain the policy implications of supply side economics.

29. Critically Explain the Kaldor's theory of business cycle.

30. What are the consequences of devaluation ?

(7 × 2 = 14 weightage)

Part D (Essay Type Questions)

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

31. Explain the major postulations and policy implications of New Political macro economics.

32. Critically examine the policy implications of the Classical Equilibrium model.

33. What are the Keynesian critiques on classicism ? Explain Keynesian analysis of the labour market.

34. Describe the contributions of new classical macro economics.

(2 × 4 = 8 weightage)

C 4601

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SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Economics

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend* **all** *questions in each section.*

2. *The minimum number of questions to be attended from the Section/Part shall remain the same.*

3. *There will be an overall ceiling for each Section/Part that is equivalent to the maximum weightage of the Section/Part.*

Part A (Multiple Choice Questions)

Answer **all** *questions.*
Each question carries ¼ weightage.

1. Chairman of 15th Finance Commission is :

    a) Y.V. Reddy.

    b) Nand Kishore Singh.

    c) Vijay K Kelkar.

    d) C.Rangarajan.

2. Which of the following is not a characteristic of public good ?

    a) Non-excludable.

    b) Non-rivalry.

    c) Divisibility.

    d) Indivisibility.

3. Who is the constitutional authority to decide the tax share of states ?

    a) Finance Minister.

    b) Finance Commission.

    c) Planning Commission.

    d) Union Cabinet.

4. Reason for market failure is :

    a) Asymmetric information.

    b) Decreasing cost.

    c) Provision of public good.

    d) All of these.

Turn over

5. Which of the following tax is levied by the State Government only ?

    a) Income tax.   b) Corporate tax.

    c) Entertainment tax.   d) Tax on buildings.

6. Among the following canons of taxation, which one is not suggested by Adam Smith :

    a) Elasticity.   b) Certainty.

    c) Convenience.   d) Equity.

7. Which schedule of Indian constitution divides the legislative powers between Union and States ?

    a) 6th.   b) 7th.

    c) 8th.   d) 9th.

8. Fiscal Responsibility and Budget Management Act was passed in the year :

    a) 1993.   b) 2005.

    c) 2000.   d) 2003.

9. When the demand for a commodity is perfectly elastic and its supply is inelastic, the entire burden of tax will be on ?

    a) Buyers.   b) Sellers.

    c) Both.   d) None of these.

10. Which of the following principle is called Least Aggregate Sacrifice Principle of incidence ?

    a) Equal Absolute Sacrifice.   b) Equal Proportional Sacrifice.

    c) Equal Marginal Sacrifice.   d) All of these.

11. Ability to Pay principle is related with :

    a) Progressive tax.   b) Regressive tax.

    c) Proportional tax.   d) Digressive tax.

12. Generally, indirect taxes are :

    a) Progressive.   b) Regressive.

    c) Proportional.   d) Constant.

(12 × ¼ = 3 weightage)

Part B (Short Answer Type)

Answer any **five** *out of eight questions.*
Each question carries 1 weightage.

13. Define Tax. What are the characteristics of a tax ?

14. Examine the role of finance commission in a country.

15. What is a public good ? How it is different from private good ?

16. Explain balanced budget multiplier.

17. Distinguish between development and non-development expenditure.

18. Explain Musgrave's concept of incidence.

19. Write a note on vertical fiscal imbalance.

20. What is GST ? Explain.

(5 × 1 = 5 weightage)

Part C (Paragraph Type)

Answer any **seven** *out of ten questions.*
Each question carries 2 weightage.

21. What are Externalities ? Explain positive and negative externalities.

22. What are the objectives of FRBM Act ? Explain.

23. Describe the principles of public debt management.

24. Explain Median Voter Theorem.

25. Explain the Voluntary Exchange theory of Lindahl.

26. Define public revenue. What are the sources of public revenue ?

27. What are the objectives of public expenditure in a developing country ?

28. Discuss the factors influencing the incidence of a tax.

29. Briefly explain theory of public choice.

30. What are the methods of fiscal transfers in India ? Explain.

(7 × 2 = 14 weightage)

Turn over

Part B (Short Answer Type)

Answer any **five** *out of eight questions.*
Each question carries 1 weightage.

13. Define Tax. What are the characteristics of a tax ?

14. Examine the role of finance commission in a country.

15. What is a public good ? How it is different from private good ?

16. Explain balanced budget multiplier.

17. Distinguish between development and non-development expenditure.

18. Explain Musgrave's concept of incidence.

19. Write a note on vertical fiscal imbalance.

20. What is GST ? Explain.

(5 × 1 = 5 weightage)

Part C (Paragraph Type)

Answer any **seven** *out of ten questions.*
Each question carries 2 weightage.

21. What are Externalities ? Explain positive and negative externalities.

22. What are the objectives of FRBM Act ? Explain.

23. Describe the principles of public debt management.

24. Explain Median Voter Theorem.

25. Explain the Voluntary Exchange theory of Lindahl.

26. Define public revenue. What are the sources of public revenue ?

27. What are the objectives of public expenditure in a developing country ?

28. Discuss the factors influencing the incidence of a tax.

29. Briefly explain theory of public choice.

30. What are the methods of fiscal transfers in India ? Explain.

(7 × 2 = 14 weightage)

Turn over

Part D (Essay Type)

Answer any **two** *out of four questions.*
Each question carries 4 weightage.

31. Define Zero Based Budgeting. What are the main processes involved in Zero Based Budgeting ? Explain its merits and demerits.

32. Examine the problems of central state financial relations in India. Discuss the impact of new economic reforms on centre state financial relations.

33. Explain the role of public debt in the economic development of India. Discuss the trends in the growth of public debt India.

34. Critically explain the pure theories of public expenditure.

(2 × 4 = 8 weightage)

C 3848   (Pages : 4)   Name...

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SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2021

(CCSS)

Economics

ECO 2C 05—MICROECONOMIC THEORY AND POLICY—II

(2019 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A

*Answer **all** questions.*
Each question carries 1 mark.

Multiple Choice Questions :

1. Feasible region is the feature of ————.

   a) LPP.   b) Input-output analysis.

   c) Asymmetric information.   d) None.

2. In a linear programming, the unutilized units of a factor of production is described by ————.

   a) Slack and surplus variable.   b) Constraints.

   c) Objective function.   d) None.

3. Edgeworth box represents a particular allocation of labour and capital between ————.

   a) Firms.   b) Commodities.

   c) Individuals.   d) None.

4. A sum total of the satisfaction of all the individuals in a society refers to ————.

   a) Point of bliss.   b) Second best.

   c) Maximizing welfare.   d) None.

5. In general equilibrium model Walras used ———— equations.

   a) Simultaneous.   b) Quadratic.

   c) Behavioural.   d) None.

Turn over

6. Eulers theorem is also called ————.

    a) Product exhaustion theorem.   b) Adding up problem.

    c) Both (a) and (b).   d) None.

7. Ricardian theory of distribution is based on ————.

    a) Marginal principle.   b) Surplus principle.

    c) Both (a) and (b).   d) None.

8. "Social choice and individual value" was formulated by ————.

    a) Arrow.   b) Kaldor.

    c) Hicks.   d) None.

9. Kaldor criterion and Hicks criterion were ————.

    a) Different.   b) Same.

    c) Compensative.   d) Both (a) and (c).

10. Market with asymmetric information is related to ————.

    a) Akerlof.   b) Hicks.

    c) Kaldor.   d) None.

(10 × 1 = 10 marks)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. Technical coefficient.

12. North west corner rule in transportation problem.

13. Adding up problem.

14. Tattonment.

15. Differentiate slack and surplus variable.

16. Production possibility frontier.

17. Moral hazard.

18. Write down the dual of the following problem :

Maximize $Z = X_1 + 6X_2$
subject to $X_1 + 3X_2 \geq 2$
                $X_1 + 3X_2 \leq 3$
                $X_1, X2 \geq 0.$

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 marks.

19. Explain assumptions of input-output analysis.

20. Explain marginal productivity theory.

21. Critically evaluate Ricardian model of distribution.

22. Explain Kaldor-Hicks compensation criteria.

23. Explain general equilibrium of exchange, equity and efficiency.

24. Discuss marginal conditions of Pareto-optimality.

25. Explain Rawl's theory of justice.

26. Explain Arrows impossibility theorem.

27. Explain Sen's theory of welfare.

28. Critically evaluate Williamson model of transaction cost.

29. A company has two plants at P and Q which supply to warehouses located at D, E and F. The unit transportation costs are given below. Solve the problem using Vogel's Approximation method :

Warehouse Plant	D	E	F	Available
P	30	20	10	800
Q	5	15	25	500
Required	300	300	400	

Turn over

30. Solve the following linear programming problem by using graphical method :

Maximize Z = 12X + 4Y
subject to $2X + 3Y \leq 48$
                $X + 3Y \leq 42$
                $X + Y \leq 21$ $X, Y \geq 0.$

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 10 *marks.*

31. Discuss the application of linear programming problem and transportation problem in micro-economics.

32. Explain Kaldor model of distribution.

33. Explain market with asymmetric information.

34. Solve the following problem by using simplex method :

Maximize Z = $10X_1 + X_2 + 2X_3$
subject to $X_1 + X_2 - 2X_3 \leq 10$
                $4X_1 + X_2 + X_3 \leq 20$
                $X_1, X_2, X_3 \geq 0.$

(2 × 10 = 20 marks)

C 4602

(Pages : 4)

Name....................................

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SECOND SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Economics

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

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend **all** questions in each section.*

2. *The minimum number of questions to be attended from the Section/Part shall remain the same.*

3. *There will be an overall ceiling for each Section/Part that is equivalent to the maximum weightage of the Section/Part.*

Part A (Multiple Choice Questions)

*Answer **all** questions.*
Each question carries ¼ weightage.

1. How many four digit, numbers can be formed with the digits 3, 4, 5, 6, 7, 8 ?

    (a) 120.

    (b) 240.

    (c) 360.

    (d) 480.

2. For a binomial distribution, mean is ——————— variance.

    (a) Less than.

    (b) Equal to.

    (c) Greater than.

    (d) None of these.

3. If X is a random variable with mean μ, then $E(X)^r$ is called :

    (a) r^{th} row moment.

    (b) r^{th} central moment.

    (c) Variance.

    (d) Standard deviation.

4. If the two events A and B are mutually exclusive, then :

    (a) $P(A \cap B) = P(A) \cdot P(B)$.

    (b) $P(A \cap B) = P(A) \cdot P(B|A)$.

    (c) $P(A \cap B) = 0$.

    (d) None of these.

Turn over

5. For a standard normal distribution, median is always :

    (a) Equal to zero.   (b) Not equal to zero.

    (c) Equal to three.   (d) Not equal to three.

6. The variance of the difference of two independent random variables is equal to the ———————— of their individual variances :

    (a) Sum.   (b) Difference.

    (c) Product.   (d) Ratio.

7. The square root of the variance of an estimator is called :

    (a) Significance level.   (b) Statistic.

    (c) Parameter.   (d) Standard error.

8. Ratio of two Chi-square variates will follow :

    (a) χ^2 distribution.   (b) t distribution.

    (c) F distribution.   (d) Normal distribution.

9. The distribution used for testing the equality of two population proportions is :

    (a) Normal distribution.   (b) t distribution.

    (c) F distribution.   (d) χ^2 distribution.

10. If the statistic t gives all the information regarding the parameter θ contained in the sample, then t is a ———————— estimator.

    (a) Sufficient.   (b) Consistent.

    (c) Efficient.   (d) Likelihood.

11. Whether a test is one-tailed or two-tailed depends on ———————— hypothesis.

    (a) Null.   (b) Alternative.

    (c) Simple.   (d) Composite.

12. The expectation of the mean of a random sample of size n from a population with mean μ is :

    (a) $\dfrac{\mu}{n}$.   (b) $n\mu$.

    (c) μ^2.   (d) μ.

$(12 \times \frac{1}{4} = 3 \text{ weightage})$

Part B (Short Answer Type)

Answer any **five** *out of eight questions.*
Each question carries 1 weightage.

13. Compute the values of the following :

    (a) $_5P_2$; (b) $_{10}C_6$; (c) $_6C_2$; and (d) $_7P_5$.

14. Obtain the probability of getting a sum of 9 when two dice are thrown simultaneously.

15. In how many ways can 4 white and 3 black balls be selected from a box containing 20 white and 15 black balls ?

16. Briefly explain the probability function and parameters of a normal distribution.

17. Discuss the two types of errors associated with hypothesis testing.

18. Distinguish between point estimate and interval estimate.

19. Discuss the major applications of t-test.

20. Define a random variable. Also define expectation and variance of a random variable.

$$(5 \times 1 = 5 \text{ weightage})$$

Part C (Paragraph Type)

Answer any **seven** *out of ten questions.*
Each question carries 2 weightage.

21. Explain the frequency definition and axiomatic definition of probability.

22. Two persons A and D attempt independently to solve a puzzle. The probability that A will solve is $\frac{3}{5}$ and the probability that B will solve is $\frac{1}{3}$. Find the probability that the puzzle will be solved by (i) At least one of them ; and (ii) Both of them.

23. Explain the important properties of normal distribution.

24. A random sample of 50 Mathematics grades showed a mean of 75 and a standard deviation of 10. What are the 95 % confidence limits for the population mean ?

25. Three letters are selected from the letters of the word 'ASSASSINATIONS'. What is the probability that (i) all are 'S' ; (ii) Two are 'A' and one is 'N' ; (iii) Exactly one is 'T' ; and (iv) At least one is 'A'.

Turn over

26. The weekly wages of 1,000 workers are normally distributed around a mean of Rs.70 and with a standard deviation of Rs. 5. Estimate the number of workers whose weekly wages will be (i) between Rs.70 and Rs.72 ; (ii) between Rs.69 and Rs.72 ; (iii) more than Rs.75 ; and (iv) less than Rs. 63.

27. Explain the procedure for testing equality of two population means.

28. A soap manufacturing company was distributing a particular brand of soap through a number of retail shops. Before a heavy advertisement campaign, the mean sales per week per shop was 140 dozens. After the campaign, a sample of 20 shops was taken and mean sales was found to be 147 dozens with a standard deviation of 16. Can you consider the advertisement campaign effective ?

29. What do you mean by significance level, power and critical region of a test ?

30. Explain the desirable properties of an estimator.

$(7 \times 2 = 14$ weightage)

Part D (Essay Type)

Answer any **two** *out of four questions.*
Each question carries 4 weightage.

31. A random variable X follows a probability distribution as given below :

X	0	1	2	3
$p(x)$	$\dfrac{k}{2}$	$\dfrac{k}{3}$	$\dfrac{k+1}{3}$	$\dfrac{2k-1}{6}$

Find the value of k. Also find the mean and variance of the variable.

32. A systematic sample of 100 pages was taken from the Oxford Dictionary and the observed frequency distribution of foreign words per page was found to be as follows :

No. of foreign words per page (X) :	0	1	2	3	4	5
Frequency :	42	34	12	7	4	1

Calculate the expected frequencies using Poisson distribution.

33. The heights of six randomly chosen sailors are in inches : 63, 65, 68, 69, 71 and 72. Those of 10 randomly chosen soldiers are 61, 62, 65, 66, 69, 69, 70, 71, 72 and 73. Test whether the data support the claim that the sailors are on the average taller than soldiers.

34. A set of data involving four tropical feed stuffs A, B, C, D tried on 20 chicks is given below. All the 20 chicks were treated alike in all respects except the feeding treatments and each feeding treatment is given to 5 chicks. Analyze the data :

A	55	49	42	21	52
B	61	112	30	89	63
C	42	97	81	95	92
D	169	137	169	85	154

$(2 \times 4 = 8$ weightage)

C 3849

Name...

Reg. No...................................

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2021

(CCSS)

Economics

ECO 2C 06—DEVELOPMENTS IN MODERN MACRO ECONOMICS

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

*Answer **all** questions.*
Each question carries 1 mark.

Multiple Choice Questions :

1. During the period of prosperity, credit creation is :

    a) Small.
    b) Heavy.
    c) Unchanged.
    d) None of these.

2. Deflation is :

    a) A situation of falling prices.
    b) A situation of rising prices.
    c) A situation of constant prices.
    d) None of these.

3. Which of the following can be adopted as a method of credit control ?

    a) Bank rate policy.
    b) Variable reserve syste.
    c) Selective credit control.
    d) All of these.

4. Menu cost is related to ——————.

    a) New Keynesian economics.
    b Classical.
    c) New classical.
    d None.

5. High rate of inflation and unemployment is called ——————.

    a) Inflation.
    cion.
    c) Stagflation.

6. The consumption over time is known as —————————.

    a) Inter temporal choice.   b) Dual decision.

    c) Adaptive expectation.   d) None.

7. Inflation means —————————.

    a) Rise in price level.   b) Decrease in price level.

    c) Constant.   d) None.

8. Robert Lucas is associated with ————————— school of economics.

    a) New classical.   b) Classical.

    c) Keynesians.   d) None.

9. Fluctuations in economic activities refers to —————————.

    a) Inflation.   b) Deflation.

    c) Business cycle.   d) None.

10. Stagflation refers to —————————.

    a) Deflation and rising unemployment.

    b) Inflation and rising unemployment.

    c) Inflation and rising employment.

    d) Stagnant employment and deflation.

(10 × 1 = 10 marks)

Part B (Very Short Questions)

Answer any **five** *questions in one* **or** *two sentences each.*
Each question carries 2 marks.

11. Laffer curve.

12. Rational expectation hypothesis.

13. Dual decision hypothesis.

14. Types of unemployment.

15. Short run Philips curve.

16. Underemployment.

17. Misery index.

18. Cost of unemployment

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 marks.

19. Explain Monetary theory of business cycle.

20. Explain NAIRU.

21. Explain Themes of supply side economics.

22. Explain Features of new Keynesian economics.

23. Explain Monetarism.

24. Explain monetarist views on great depression.

25. Explain small menu cost model.

26. Explain wage contract theory.

27. Explain expected augmented Philips curve.

28. Explain Causes of unemployment.

29. Explain Cost of inflation.

30. What do you meant by inflation targeting ?

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 10 marks.

31. Explain New classical macro economics.

32. Explain Real business cycle theory.

33. Discuss the instruments of fiscal policy.

34. Discuss the basic postulates of classical and Keynesian system.

(2 × 10 = 20 marks)

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2021

(CCSS)

Economics

ECO 2C 07—STATISTICS FOR ECONOMICS

(2019 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A (Multiple Choice questions)

Answer **all** *questions.*
Each question carries 1 *mark.*

1. If A and B are two events, the probability of occurrence of either A or B is given :

   a) $P(A \cup B)$.   b) $P(A) + P(B)$.

   c) $P(A \cap B)$.   d) $P(A)P(B)$.

2. How many different ways the letters of word "LEADER" can be arranged ?

   a) 240.   b) 320.

   c) 360.   d) 380.

3. What is the probability of getting more than 2 when a die is tossed :

   a) $\dfrac{1}{3}$.   b) $\dfrac{1}{2}$.

   c) $\dfrac{2}{3}$.   d) 1.

4. A normal Distribution Curve :

   a) Is Symmetrical.

   b) Has a single peak.

   c) Has the same value of mean, median and mode.

   d) All the above.

5. Mean of Binomial Distribution is :

   a) np.   b) n/p.

   c) square root of np.   d) npq.

Turn over

6. Chi square distribution curve is :

    a)   Symmetrical.   b)   Positively skewed.

    c)   Negatively skewed.   d)   None of the above.

7. Bias of an estimator can be :

    a)   Positive.   b)   Negative.

    c)   Either Positive or Negative.   d)   Always zero.

8. Least square theory was proposed by :

    a)   R.A Fisher   b)   Karl Pearson

    c)   C.F Gauss   d)   J. Neymann

9. Analysis of variance (ANOVA) is test for :

    a)   Difference in sample variance

    b)   Difference is sample means

    c)   Difference in sample standard deviation

    d)   Difference in sample skewness

10. Which of the following is the most appropriate non-parametric test ?

    a)   T test.   b)   F test.

    c)   Z test.   d)   U test.

(10 × 1 = 10 marks)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. What is conditional probability ?

12. State Baye's Theorem.

13. Distinguish between unit set and universal set.

14. Identify a log normal distribution.

15. When Chi-square test is used ?

16. What is Ordinary Least Square Method ?

17. Define Type-1 and Type-2 errors in hypothesis testing.

18. When Krushall Wallis test is used ?

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 marks.

19. Explain critical region and Type I & II errors in hypothesis testing.

20. What is exponential probability distribution ?

21. The sales manager of a watch company wants to study whether the sales of company's different brands of watches is independent of the states in which it is sold. The researcher has taken a random sample of 823 consumers who have purchased watches across four states. The observations of the researcher with respect to the sales of each brand across states is given below.

States	Brand 1	Brand 2	Brand 3	Total
TAMIL NADU	75	85	82	242
KERALA	70	50	74	194
KARNATAKA	55	62	60	177
ANDRA PRADESH	65	75	70	210
Total	265	272	286	823

Determine whether the brand preference is independent of the states ? (Use Chi square test at 5% level of significance)

22. The table below shows the marks of a sample of 8 students from Batch A and 9 students from Batch B. Use the Mann-Whitney U Test to determine whether the marks differ between Batch A and Batch B.

Marks (out of 100)	75	71	72	79	73	76	73	70	
Marks (Out of 100)	82	84	77	75	74	68	80	69	74

23. A Laptop manufacturing company employed 300 employees of whom 80 are mechanical engineers and 220 are diploma holders in management. Thirty percent of the management diploma holders are mechanical engineers. Suppose an employee is selected at random. What is the probability that the selected employee is a management diploma holder and a mechanical engineer ?

24. Explain the Law of Large Numbers and Central Limit Theorem.

25. A company has conducted a written test to recruit people as managers. Assume that the test marks are normally distributed with mean as 60 and standard deviation as 25. Find the following :

  (i) Probability of randomly obtaining score greater than 40 in the test.

  (ii) Probability of randomly obtaining a score that is between 35 to 85. **Turn over**

26. What is conditional probability ? Explain Bayes's Theorem.

27. Explain the characteristics of F distribution.

28. Explain mean and variance of normal probability distribution.

29. What is a Wilcoxon Signed rank test ? What are its uses ?

30. A new electrical company claims that the average life of its bulbs is 4000 hours. A retailer has taken a sample of 10 bulbs to test this claim and found that the mean life of bulbs is 39,00 hours with a sample standard deviation of 270 hours. Conduct t test at 5% level of significance and find whether the claim by the company is acceptable.

(8 × 5 = 40 marks)

Part D

*Answer any **two** questions.*
Each question carries 10 marks.

31. The following data pertaining to the number of units of a product manufactured by four different brands of machine :

Machine Types

A	B	C	D
46	40	49	38
48	42	54	45
36	38	46	34
35	40	48	35
40	44	51	41

Test whether the mean productivity is same for the four brands of machine. Use ANOVA and test at 5% significance level.

32. Using method of least square to fit a regression line of the form $P = a + b$W to the following data :

Weight (kg)	50	70	100	120	140
Price (Rs.)	12	15	21	25	30

Estimate P (Price) when W (weight) is 150.

33. Explain the procedure for testing a hypothesis with suitable example.

34. Discuss the features of Binomial and Poisson distributions and bring out its relative merits and merits.

(2 × 10 = 20 marks)

C 3851 (Pages : 3) Name..

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SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2021

(CCSS)

Economics

ECO 2C 08—INTERNATIONAL TRADE : THEORY AND POLICY

(2019 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A (Multiple Choice Questions)

Answer **all** *questions.*
Each question carries 1 *mark.*

1. Spot exchange rate refers to :

   a) After 3 months. b) On the spot.

   c) Groups. d) None of these.

2. If autonomous payments are greater than autonomous receipts, the BOP is said to be :

   a) Surplus. b) Deficit.

   c) Balance. d) Favourable.

3. The classical theory does not consider differences in :

   a) Transportation costs. b) Customer wants.

   c) Technology. d) Prices.

4. Paul Krugman is credited with :

   a) Law of factor price equalisation. b) Product life cycle theory.

   c) New trade theory. d) Factor proportions theory.

5. Opportunity cost is also known as ————.

   a) Next Best alternative. b) Transformation cost.

   c) Both a) and b). d) None of above.

6. Trade between two countries is known as' ————.

   a) External. b) Internal.

   c) Inter-regional. d) None of Above.

7. A tariff ————.

   a) Increase the volume of trade. b) Reduces the volume of trade.

   c) Has no effect on volume of trade. d) Both a) and c).

Turn over

8. Who among the following enunciated the concept of single factoral terms of trade

   a) Jacob Viner.   b) G.S. Donens.

   c) Taussig.   d) J.S. Mill.

9. 'Infant industry argument' in international trade is given in support of :

   a) Granting Protection.

   b) Free trade.

   c) Encouragement to export oriented small and tiny industries.

   d) None of the above.

10. Trade between two countries can be useful if cost ratios of goods are —————.

    a) Equal.   b) Different.

    c) Undetermined.   d) Decreasing.

(10 × 1 = 10 marks)

Part B

*Answer any **five** questions.*
Each question carries 2 marks.
*Answer in one **or** two sentences each.*

Write short notes on :

11. Bilateral and multilateral trade.

12. Factor endowment.

13. Non-tariff barriers.

14. Balance of payment.

15. SAARC.

16. Trade Diversion.

17. Regional Trade Blocs.

18. Dutch Disease.

19. Euro Currency Market.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

*Answer any **eight** questions.*
Each question carries 5 marks (19-30).

20. Briefly discuss factors affecting terms of trade.

21. Discuss the advantages of free trade policy.

22. Critically examine the Stopler-Samuelson theorem on international trade.

23. Examine the impact of Euro on the world economy.

24. Define terms of trade. Explain different forms of terms of trade.

25. Give a brief account of the refinement of the classical theory.

26. What do you understand by capital account convertibility ?

27. What is meant by effective rate of protection ? State the partial equilibrium analysis of trade barriers for small countries.

28. What are the results of empirical testing of the Ricardian Model ?

29. How can intra industry trade measured ? What are the shortcomings of such a measure ?

30. Discuss how the opportunity cost theory of international trade removes the shortcomings of the classical theory of international trade.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 10 *marks (31-34).*

31. What are the salient features of the IMF system under the Bretton woods ? What were the factors responsible for its breakdown ?

32. Discuss the features of product cycle model. How do technology differences affect the international trade between developed and underdeveloped economies ?

33. Examine the case for and against of fixed and flexible exchange rate system.

34. Examine how 'factor intensity reversal' invalidates the Heckscher-Ohlin theorem.

(2 × 10 = 20 marks)

C 3852

(Pages : 3)

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SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2021

(CCSS)

Economics

ECO 2C 09—PUBLIC FINANCE AND POLICY

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

*Answer **all** questions.*
Each question carries 1 mark.

Multiple Choice Questions :

1. FRBM act was enacted on :

    (a) 2000.

    (b) 2001.

    (c) 2002.

    (d) 2003.

2. A service in which a tendency to a local monopoly necessitates, the intervention of a public authority to defend the interest of the consumer is known as :

    (a) Public utility.

    (b) Private sector.

    (c) Tax.

    (d) Public revenue.

3. The expansionary effect of a balanced budget is known as :

    (a) Unbalanced budget multiplier.

    (b) Balanced budget multiplier.

    (c) Programme budgeting.

    (d) Zero based budgeting.

4. Who among the economist introduced the concept of merit good ?

    (a) Musgrave.

    (b) A.P. Lerner.

    (c) J.M. Keynes.

    (d) A.C. Pigou.

5. Pollution emitted by a factory that muddies the surrounding environment and effects the health of nearby residents is an example of :

    (a) Positive externality.

    (b) Negative externality..

    (c) Public debt.

    (d) Public good.

Turn over

6. When supply is more elastic than demand, the tax burden falls on :

    (a) Sellers.   (b) Buyers.

    (c) Government.   (d) Foreign government.

7. India introduced VAT in the year :

    (a) 1980.   (b) 1886.

    (c) 2005.   (d) 1986.

8. MNREGA was launched in the year :

    (a) 2000.   (b) 2006.

    (c) 2003.   (d) 2008.

9. Tiebout hypothesis was introduced in the year :

    (a) 1950.   (b) 1956.

    (c) 1966.   (d) 1965.

10. Diffusion theory was propounded by :

    (a) A.C. Pigou.   (b) N.F. Canard.

    (c) Seligman.   (d) Edgeworth.

(10 × 1 = 10 marks)

Part B (Very short answer questions)

Answer any **five** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. What do you mean by club good ?

12. What do you mean by Pigouvian tax ?

13. What do you mean by federalsim ?

14. What do you mean by internal and external debt burden ?

15. Examine the basic reasons for increasing public expenditure under welfare state.

16. What do you mean by debt sustainability ?

17. What do you mean by public expenditure ?

18. Examine the Coase theorem.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*

Each question carries 5 marks.

19. Examine the pure theories of taxation.

20. Explain the process of pricing of public utilities.

21. Examine the changing centre-state relations during reform period in India.

22. What do you mean by stabilisation and allocation function ?

23. Briefly explain tiebout model.

24. Explain the importance of GST in Indian tax system.

25. What do you mean by subsidy ? Explain different types of subsidies.

26. Explain median voter theorem.

27. Describe the various sources of revenue of state government under Indian constitution.

28. Review the major recommendations of fourteenth finance commission in India.

29. Examine the macro economic impacts of debt burden in national economy.

30. Evaluate the effectiveness and performance of centrally sponsored schemes in India.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** *questions.*

Each question carries 10 *marks .*

31. Examine first generation theory in fiscal federalsim.

32. Explain the factors that influence the incidence and shifting of taxation.

33. Examine the trends in public expenditure in India.

34. Briefly examine public choice theory.

(2 × 10 = 20 marks)

C 83292

Name..

Reg. No....................................

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2020

(CCSS)

Economics

ECO 2C 05—MICROECONOMIC THEORY AND POLICY–II

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer **all** *questions.*
Each question carries 1 *mark.*

Multiple Choice questions :

1. Utility means 'happiness' and is a sense of 'desired fulfillment' is a criticism against Pareto-optimality by ——————.

   a) Kaldor.
   b) Hicks.
   c) Pigou.
   d) None.

2. General equilibrium model was developed by ——————.

   a) Walras.
   b) Kaldor.
   c) Pasinetti.
   d) None.

3. LPP was developed by ——————.

   a) Dantzig.
   b) Kaldor.
   c) Hicks.
   d) None.

4. In market, to convey the information about product is called ——————.

   a) Market signaling.
   b) Moral hazard.
   c) Adverse selection.
   d) None.

5. Theory of second best developed by ——————.

   a) Lancaster.
   b) Pareto.
   c) Pigou.
   d) None.

Turn over

6. Dual of the dual is —————.

    a) Primal.   b) Surplus.

    c) Slack.   d) None.

7. Input-output analysis was developed by —————.

    a) Dantzig.   b) Leontief.

    c) Kaldor.   d) None.

8. The concept of social optimum was introduced by —————.

    a) Pigou.   b) Marshall.

    c) Arrow.   d) None.

9. 'Economic Theory and Operations Analysis' is authored by —————.

    a) Baumol.   b) Smith.

    c) Kaldor.   d) None.

10. Social welfare function was developed by —————.

    a) Bergson.   b) Marshall.

    c) Samuelsson.   d) Both a) and b).

(10 × 1 = 10 marks)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. Search cost.

12. Market signalling.

13. Principal agent problem.

14. Grant utility frontier.

15. Market failure.

16. Features of public goods.

17. Walras law.

18. Euler's theorem.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 marks.

19. Explain economic interpretation of dual.

20. Explain market for lemons.

21. Explain efficiency wage theory.

22. Explain Kaldor-Hicks compensation criteria.

23. Explain Walrasian general equilibrium.

24. Discuss Kaldor theory of distribution.

25. Differentiate closed and open input-output model.

26. Explain the features of linear programming problem.

27. Explain the mathematical formulation of transportation problem.

28. Explain Williamson model of transaction cost.

29. Solve the following linear programming problem by using graphical method.

    Maximize Z $= 80x_1 + 120x_2$

    subject to $x_1 + x_2 \leq 9$
    $$x_1 \geq 2$$
    $$x_2 \geq 3$$
    $$20x_1 + 50x_2 \leq 360$$
    $$x_1, x_2 \geq 0.$$

30. Find the initial feasible solution to the transportation problem by using north west corner rule :

    Destination

Origins	D_1	D_2	D_3	Supply
O_1	2	7	4	5
O_2	3	3	1	8
O_3	5	4	7	7
O_4	1	6	2	14
Demand	7	9	18	

                                                        (8 × 5 = 40 marks)

Turn over

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 10 *marks.*

31. Discuss the application of input-output analysis.

32. Explain Ricardian theory of distribution.

33. Explain Pareto-optimality.

34. Solve the following linear programming problem by using simplex method :

    Maximize Z $= 6x_1 + 4x_2$

    subject to $2x_1 + x_2 \leq 2$
    $$x_1 - x_2 \leq 2$$
    $$3x_1 + 2x_2 \leq 9$$
    $$x_1, x_2 \geq 0.$$

    (2 × 10 = 20 marks)

C 83290

(Pages : 4)

Name.......................................

Reg. No................................

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2020

(CCSS)

Economics

ECO 2C 08—INTERNATIONAL TRADE : THEORY AND POLICY

(2018 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A

Answer **all** *questions.*
Each question carries 1 *mark.*
Multiple Choice Questions.

1. A primary reason why nations conduct international trade is because :

    (a) Some nations prefer to produce one thing while others produce another.

    (b) Resources are not equally distributed to all trading nations.

    (c) Trade enhances opportunities to accumulate profits.

    (d) Investment opportunities are not identical in all trading nations.

2. The Heckscher-Ohlin theory explains comparative advantage as the result of differences in :

    (a) Economies of large-scale production.

    (b) Relative abundance of various resources.

    (c) Relative costs of labor.

    (d) Research and development expenditures.

3. The concept of opportunity cost was developed by :

    (a) Adam Smith.   (b) Ricardo.

    (c) J. S. Mill.   (d) Haberler.

4. The supply curve of foreign currency tends to be :

    (a) Upward sloping.   (b) Downward sloping.

    (c) Vertical.   (d) All the Above.

Turn over

5. Differences in environmental standards or other government regulations among nations :

    (a) Have no impact on patterns of international trade.

    (b) Have tended to make U. S. steel companies more competitive internationally.

    (c) Can affect production costs and thus alter comparative advantages and trade patterns.

    (d) Have been eliminated by the nations participating in NAFTA.

6. The reduction or covering of foreign exchange risk is called :

    (a) Hedging.   (b) Speculation.

    (c) Intervention.   (d) Arbitrage.

7. In oligopolistic intra-industry model, the number of firms in the manufacturing sector is supposed to be :

    (a) Very large.   (b) Small.

    (c) Medium.   (d) Large.

8. The theory of Customs Union issue was developed by :

    (a) Hans Singer.   (b) Jacob Viner.

    (c) Leontief.   (d) J. Bhagawati.

9. Generalized System of Preferences were advocated by :

    (a) GATT.   (b) UNCTAD.

    (c) OPEC.   (d) WTO.

10. The tariff that maximises a country's welfare is :

    (a) Prohibitive tariff.   (b) Optimum tariff.

    (c) Protective tariff.   (d) Effective tariff.

(10 × 1 = 10 marks)

Part B

Answer **all** *of the following.*
Each question carries 2 marks.
Very Short Questions. Answer in one **or** *two sentences each.*

11. Dutch Disease.

12. Seigniorage.

13. Dollarization.

14. Basis for Trade.

15. Factor Abundance.

(5 × 2 = 10 marks)

Part C

Answer any **eight** *questions.*
Each question carries 5 marks.
Short Answer Questions.

16. Explain the immiserizing growth theory.

17. How is terms of trade determined under Offer Curves in International Trade theory ?

18. Evaluate Absolute Advantage theory.

19. Write a note on empirical tests of Ricardian theory of International Trade.

20. Discuss Leontief Paradox.

21. Explain Brander Krugman intra-industry trade model.

22. How do transportation costs affect international trade ?

23. Explain the Product Cycle Model.

24. Examine whether Quotas are more restrictive than Tariffs.

25. Discuss the objectives of the formation of European Economic Union.

26. What are the characteristics of a good international monetary system ?

27. Explain the functioning of Euro Currency market.

(8 × 5 = 40 marks)

Part D

Answer any **two** *questions.*
Each question carries 10 *marks.*
Essay Type Questions.

28. Critically evaluate Rybczynski theorem.

29. Explain the theory of factor price equalization. Can it be called the General Equilibrium theory of international trade.

30. Give an account of Posner's Technological Gap model of trade.

31. Explain the objectives and functions of World Trade Organization (WTO). How far it succeeded in achieving its objectives ?

(2 × 10 = 20 marks)

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2020

(CCSS)

Economics

ECO 2C 06—DEVELOPMENTS IN MODERN MACRO ECONOMICS

(2018 Admissions)

Time : Three Hours　　　　　　　　　　　　　　　　Maximum : 80 Marks

Part A

*Answer **all** questions.*
Each question carries 1 mark.

Multiple choice Questions :

1. The new classical proposition of anticipated or expected policy has no effect on the output of the economy is called :

   a) Tax wedge.　　　　　　　　　b) Uncertainty.

   c) Reaganomics.　　　　　　　　d) Policy ineffectiveness.

2. A situation where all prices in an economy are continuously adjusted with relation to a price index by force of contracts is called :

   a) Misery Index.　　　　　　　　b) Growth Index.

   c) Inertial inflation.　　　　　　d) Price wage index.

3. Which among the following economist is associated with Chicago school ?

   a) Stigler.　　　　　　　　　　　b) Coase.

   c) Buchnan.　　　　　　　　　　d) All the above.

4. The level of the unemployment rate at which prices rise at the same rate that they are expected to rise, and thus at which (since expectations needn't change) the rate of inflation does not then rise or fall is known as :

   a) Frictional unemployment.　　　b) NAIRU.

   c) Structural unemployment.　　　d) Cyclical unemployment.

5. Which of the following consider fiscal policy, as the main instrument of economic management ?

   a) Keynesians.　　　　　　　　　b) Supply-side economists.

   c) Both (a) and (b).　　　　　　　d) Monetarists.

Turn over

6. The classical postulate of full employment was consistent with :

   a) Voluntary and frictional unemployment.

   b) Underemployment.

   c) Involuntary unemployment.

   d) Educated and cyclical unemployment.

7. The rationale that underlie efficiency wage models imply that firms will set the real wage :

   a) Equal to money wage.   b) Fixed.

   c) Below the market clearing level.   d) Above the market clearing level.

8. Which hypothesis asserts that people use all available relevant information to make economic forecasts about the price level :

   a) Adaptive expectation hypothesis.   b) NAIRU.

   c) Rational expectation hypothesis.   d) Hysteresis.

9. According to modern monetary approach Balance of Payment disequilibrium is a :

   a) Real phenomenon.

   b) Monetary phenomenon.

   c) Imbalance between demand for and supply of commodities.

   d) Imbalance in foreign trade.

10. According to Keynes the massive unemployment in the 1930s in Great Britan was due to :

    a) Deficiency in aggregate demand.   b) High investment demand.

    c) Excess aggregate demand.   d) High consumption demand.

(10 × 1 = 10 marks)

Part B (Very Short Questions)

Answer **all** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. What is Misery Index ?

12. Distinguish between short run and long run Phillips curves.

13. What is rational expectation ?

14. What do you mean by supply shock ?

15. What is seigniorage revenue ?

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 marks.

16. Illustrate the classical aggregate supply curve.

17. Explain the policy conclusions followed from monetarist propositions.

18. What are the determinants of natural rate of unemployment ?

19. Write a note on stagflation.

20. Debate Keynesians Vs Monetarists.

21. What is Expectations Augmented Phillips curve ?

22. Explain Efficiency Wage theory.

23. Explain the micro foundation of cyclical behaviour of wages.

24. Write a note on the Great Depression of 1930s.

25. Explain Okun's law.

26. Briefly explain the major propositions of New Keynesain economics.

27. Describe Laffer curve.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 10 marks.

28. Examine unemployment-inflation trade off and the Phillips curve.

29. Describe Adaptive Expectation Hypothesis and NAIRU.

30. Describe the structure of New Classical macroeconomics.

31. Explain the Dual Decision Hypothesis by Clower.

(2 × 10 = 20 marks)

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2020

(CCSS)

Economics

ECO 2C 05—MICROECONOMIC THEORY AND POLICY—II

(2018 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A

Answer **all** *questions.*
Each question carries 1 *mark.*

Multiple Choice Questions :

1. The concept of quasi-rent means :

    (a) The wages to the workers.

    (b) The rent shared by the workers and the landlord.

    (c) The return to a factor of production which is fixed in supply in the short-period only.

    (d) None of the above.

2. The iron law of wages is :

    (a) Marginal Productivity Theory.   (b) Wage fund Theory.

    (c) Collective bargaining.   (d) The subsistence theory of wages.

3. The idea of 'Lemons' was propounded by :

    (a) Ackerlof.   (b) Bergson.

    (c) Sen.   (d) Scitovisky.

4. Marginal Productivity theory of distribution was first formulated in its complete form by

    (a) Adam Smith.   (b) Ricardo.

    (c) J. S. Mill.   (d) J. B. Clark.

Turn over

5. Welfare economics is generally accepted as :

   (a) Positive economics.   (b) Normative economics.

   (c) Static economics.   (d) None of the above.

6. The market where services of factors of production are bought and sold is called :

   (a) Product market.   (b) Factor market.

   (c) Stock market.   (d) Open market.

7. David Ricardo propounded the theory of :

   (a) Law of reciprocal demand.

   (b) Comparative advantage theory.

   (c) Absolute advantage theory.

   (d) None of the above.

8. The concept of social welfare function was first introduced by :

   (a) Kaldor.   (b) Samuelson.

   (c) Pareto.   (d) Bergson.

9. According to Kaldor-Hicks compensation criterion, the proposed change will increase social welfare if :

   (a) The gains are equal to loses.

   (b) The losses are greater than the gains.

   (c) the gains are greater than the losses.

   (d) None of the above.

10. The return to a factor of production which is fixed in the short run is :

   (a) Scarcity rent.   (b) Quasi rent.

   (c) Contractual rent.   (d) Economic rent.

(10 × 1 = 10 marks)

Part B (Very Short Questions)

Answer **all** *questions in one* **or** *two sentences.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. Define 'Point of Bliss'.

12. What is Pigou Tax ?

13. Define Pareto optimality.

14. State Hawkins - Simon condition.

15. List some negative externalities.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 marks.

16. Define Public Good and examine its characteristic features.

17. Explain Social Welfare function.

18. Explain the economic importance of linear programming.

19. Explain Sen's Capability Approach.

20. Define Scitovsky's double criterion.

21. What do you understand by market failure and how can state resolve it ?

22. Distinguish between general equilibrium and partial equilibrium.

23. Explain Ackerlof's theory of 'Lemons'.

24. Distinguish between Ricardian and modern theories of Rent.

25. How does moral hazard work ?

26. Write a note on Euler's theorem.

27. Explain in brief Input Output analysis

(8 × 5 = 40 marks)

Turn over

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 10 *marks.*

28. Illustrate Walrasian model of General Equilibrium.

29. Explain Rawls Theory of Justice. Compare and contrast it with Amartya Sen's welfare criterion.

30. Evaluate Kaldor's theory of distribution.

31. Explain Linear Programming with diagrammatical and numerical illustrations.

(2 × 10 = 20 marks)

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2020

(CCSS)

Economics

ECO 2C 09—PUBLIC FINANCE AND POLICY

(2019 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A

Answer **all** *questions.*
Each question carries 1 *mark.*

Multiple Choice Questions :

1. Tax on any market activity that generates negative externality is known as :

    a) Direct tax.   b) Indirect tax.

    c) Advalorem duty.   d) Pigouvian tax.

2. Zero based budgeting was developed by :

    a) Peter Pyhrr.   b) A.C. Piou.

    c) Adof Wagner.   d) Charles Tiebout.

3. Expenses incurred by the public authorities like Central, State and Local are known as :

    a) Public revenue.   b) Public debt.

    c) Public expenditure.   d) Budget.

4. GST was came into effect in India in the year :

    a) 2016.   b) 2017.

    c) 2007.   d) 2006.

5. A pure theory of local expenditure was written by :

    a) Charles tiebout.   b) Martin feldstein.

    c) Carl shoup.   d) A.C.Pigou.

Turn over

6. Concentration theory was put forward by :

   a) Physiocrats.   b) Meracantalists.

   c) A.C.Pigou.   d) Adolf wagner.

7. The book "An economic theory of democracy" was written by :

   a) Anthony Down.   b) Duncan Black.

   c) Akerlof.   d) Musgrave.

8. Voluntary exchange theory was developed by :

   a) Samuelson.   b) A.C.Pigou.

   c) Alfred Marshall.   d) Knut Wicksell.

9. When tax is levied as a substitute of another tax is called :

   a) Balanced budget incidence.   b) Differential incidence.

   c) Specific incidence.   d) None of the above.

10. Concept of General taxation principle was propounded by :

   a) Musgrave.   b) Dalton.

   c) Findlay Shirras.   d) None of the above.

$(10 \times 1 = 10$ marks)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. What do you mean by expenditure in capital account ?

12. Differentiate between negative externality and positive externality.

13. Explain the concept of tax capitalisation.

14. How private good is different from public good ?

15. What do you mean by VAT ?

16. Write a short note on expenditure reform commission.

17. What do you mean by expenditure in current account ?

18. Differentiate between incidence and shifting of a tax.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 *marks.*

19. What are the factors determining optimum level of decentralisation ?

20. Describe the scope of VAT under Indian federal set up.

21. Write a short note on revenue sources of central government in India.

22. Write a short note on financial adjustment in a federation.

23. Explain the process of estimating prices under public utility ?

24. Explicate the importance of inter generational equity.

25. Briefly explain the effects of balanced budget multiplier with the help of a diagram.

26. Examine the macro economic impacts of deficit.

27. Examine the problems of Centre-State financial relations in India.

28. Internal public debt is of no consequences to the community whereas external public debt impoverishes the community. Comment.

29. Explain Domars stability criterion.

30. Examine the economic effects of subsidies with suitable examples.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 10 *marks.*

31. Describe the issues related with centrally sponsored schemes in India.

32. Examine the major trends in public debt in India.

33. Examine the pure theory of public expenditure.

34. Briefly examine the concept of Zero based budgeting in India.

(2 × 10 = 20 marks)

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2020

(CCSS)

Economics

ECO2C08—INTERNATIONAL TRADE : THEORY AND POLICY

(2019 Admissions)

Time : Three Hours   Maximum : 80 Marks

Part A (Multiple Choice Questions)

Answer **all** *questions.*
Each question carries 1 *mark.*

1. If import is higher than export, it is ————.

    (a) Trade surplus.   (b) Trade balance.

    (c) Trade deficit.   (d) None of these.

2. Ricardo's comparative theory is based on :

    (a) Surplus theory.   (b) Labour theory of value.

    (c) Capital theory of value.   (d) None of these.

3. The optimum currency area was developed by :

    (a) Mundell and Mekinon.   (b) Prebrisch.

    (c) Singer.   (d) Hirschman.

4. What does hedging refers to ?

    (a) Foreign Exchange Speculation.

    (b) Increasing Foreign Exchange Risk.

    (c) Covering Foreign Exchange Risk.

    (d) Foreign Exchange Arbitrary.

5. Maastricht treaty led to the creation of which one of the following :

    (a) European Parliament.   (b) Euro.

    (c) European Union.   (d) European Court of Justice.

Turn over

6. Leontief tested his paradox theory for the USA of the year.

   (a) 1940.   (b) 1947.

   (c) 1950.   (d) 1955.

7. Which of the agreement of GATT is related to Intellectual Property ?

   (a) TRIMS.   (b) TRIPS.

   (c) MFA.   (d) Both (A) and (B).

8. Which paradox is contrary of H.O. Theory ?

   (a) Samelson.   (b) Leontief.

   (c) Haberlar.   (d) Lerner.

9. Most Favoured Nation Clauses was introduced by :

   (a) WTO.   (b) GATT.

   (c) ADB.   (d) IBRD.

10. Factor price equalization theorem was proved by :

   (a) Schumpeter.   (b) Heckscher Ohlin.

   (c) Lerner.   (d) Sameulson.

                                              (10 × 1 = 10 marks)

Part B

Answer any **five** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

Write short notes on :

11. Law of comparative advantage.

12. Mint-par partly.

13. Devaluation.

14. Free Trade Area.

15. Convertibility of currency.

16. IBRD.

17. BOP disequilibrium.

18. Net Barter Terms of Trade.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*

Each question carries 5 marks.

19. How the exchange rate is determined under managed floating exchange rate ?

20. Explain the differentiate between appreciation and depreciation.

21. State the Stopler Samuelson Theorem.

22. Write down about Absorption approach.

23. Give a brief account of Euro Currency Markets.

24. What are the difference between spot and forward exchange market ?

25. Bring out any *five* arguments in support of free trade.

26. Point out the major functions of IMF.

27. "Trade as an engine of growth". Discuss.

28. Explain Technological Gap and Product Cycle Model.

29. What are the different forms of economic integration ?

30. Explain the concept of optimum tariff.

(8 × 5 = 40 marks)

Part D (Essay type Questions)

Answer any **two** *questions.*

Each question carries 10 *marks.*

31. Explain the classical theory of International Trade.

32. "The multinational corporations have become a very powerful force in the economy" Discuss.

33. Discuss the advantages and disadvantages of policy of protection.

34. Critically examine the Eli Heckscher and Bertin Ohlin Theory of International Trade.

(2 × 10 = 20 marks)

C 83294

(Pages : 5)

Name..

Reg. No...................................

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2020

(CCSS)

Economics

ECO 2C 07—STATISTICS FOR ECONOMICS

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A (Multiple Choice Questions)

Answer **all** *questions.*
Each question carries 1 *mark.*

1. How many words (with or without meaning) can be formed by using all letters of the word 'BIHAR' ?

    a) 360.

    b) 720.

    c) 60.

    d) 120.

2. The probability of intersection of two disjoint events always :

    a) Zero.

    b) Infinity.

    c) One.

    d) None of the above.

3. If the outcome of one event does not influence another event, then the two events are :

    a) Dependent.

    b) Mutually Exclusive.

    c) Independent.

    d) Both (a) and (c).

4. Which of the following is true about a Poisson distribution ?

    a) Mean is > Variance.

    b) Mean = Variance.

    c) Mean = Standard deviation.

    d) Mean is < Variance.

5. Marginal probability is :

    a) The probability of an event occurring conditional upon another event.

    b) The probability of an event occurring unconditional upon another event.

    c) The probability of two events occurring at the same time.

    d) None of the above.

Turn over

6. Which of the following is true :

    a) Less the standard error better it is.

    b) More the standard error better it is.

    c) Standard error is always zero.

    d) Standard error is always unity.

7. The degrees of freedom for student's t based on a random sample of size n is :

    a) n.   b) $n - 2$.

    c) $n - 1$.   d) $(n - 1)/2$.

8. Probability of rejecting null hypothesis when its true :

    a) Type 1 error.   b) Type 2 error.

    c) Sampling error.   d) Standard error.

9. The techniques of ANOVA was first developed by :

    a) R.A. Fisher.   b) Karl Pearson.

    c) Irvin Fisher.   d) W.Z. Gosset.

10. In Kruskal-Wallis Test, having k samples, the appropriate number of degrees of freedom is :

    a) k.   b) $n - k$.

    c) $n - k - 1$.   d) $k - 1$.

(10 × 1 = 10 marks)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. Define union of sets and intersection of sets.

12. Distinguish between discrete and continuous random variable.

13. State binomial method (formula) for probability of X success in n trials.

14. What is law of large numbers ?

15. What is a log normal distribution ?

16. What way maximum likelihood method is different from least square method ?

17. Distinguish between parametric and non-parametric tests.

18. When to use a sign test ?

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 marks.

19. A College has conducted a written test to its students. Assume that the test marks are normally distributed with mean as 240 and standard deviation as 100. Find the following :

    (i)   Probability of randomly obtaining marks greater than 400 in the test.

    (ii) Probability of randomly obtaining a mark between 140 to 340.

20. A new Tyre company claims that the average life of its tyre is 40000 kms. A retailer has taken a sample of 10 tyres to test this claim and found that the mean life of tyres is 39,000 kms with a sample standard deviation of 2700 kms. Conduct a t test at a 5% level of significance and find whether the claim by the tyre company is correct.

21. The sales manager of a garment company wants to study whether the sales of company's different brands of jeans is independent of Cities. The researcher has taken a random sample of 700 consumers who have purchased jeans. The observations of the researcher with respect to the sales of each brand across cities is given below :

Cities	Brand 1	Brand 2	Brand 3	Total
Mumbai	65	75	72	212
Bangalore	60	40	64	164
Delhi	45	52	50	147
Cochin	55	65	60	177
	225	232	246	700

Determine whether the brand preference is independent of the Cities ? Use Chi-Square Test at 5% level of significance.

Turn over

22. The table below shows the weekly expenditure (in Rs.) to a sample of 8 households from Village A and 9 households from Village B. Use the Mann-Whitney Test (U test) to determine whether the villagers differ in terms of weekly expenditure :

Household

Expenditure

(in Rs.) in

Village A   10000 10400 9600 10600 9860 10200 9800 10440

Household

Expenditure

(in Rs.)

Village B   11000 11200 10340 10040 9980 10500 10700 10300 9920

23. State the General rule of multiplication in probability.

A University has bought 70 LCD Projectors. Out of 70 projectors, 10 are defective.

   (i)   If LCDs are drawn at random, one at a time without replacement, what is probability that both the projectors are defective.

  (ii)   If LCDs are drawn at random, one at a time with replacement, what is probability that both the projectors are defective.

24. Explain briefly the procedure of hypothesis testing.

25. What is conditional probability ? Explain the addition and multiplication rules of probability.

26. Explain the characteristics of Poisson distribution.

27. Discuss the mean and variance of a binomial distribution.

28. What is Kruskal-Wallis test ?

29. Explain Spearman's rank correlation test.

30. Describe lognormal probability distribution ?

$(8 \times 5 = 40 \text{ marks})$

Part D

Answer any **two** *questions.*

Each question carries 10 *marks.*

31. A company has four salesmen A, B, C and D. Each of them was sent for a month to three areas of a city and their in hundreds of rupees are shown below :

Salesmen			
A	B	C	D
30	70	30	30
80	50	40	70
100	60	80	80

Test weather there exist any significant difference in the performance of the salesmen. Use ANOVA and test at 5% significance level.

32. Fit a straight line of Y on X using method of least squares to the following data :

X	10	22	30	35	40	48
Y	60	64	72	80	85	90

33. Explain the characteristics of Normal Distribution. What are its uses ?

34. Answer the following :

    a) State conditional probability.

    b) Explain Bayes' theorem.

    c) A box contain 3 blue ball and two red ball. While another box contain two blue and five red balls. A ball drawn at random from one of the boxes turn out to be blue. What is the probability that it came from the first box ?

$(2 \times 10 = 20 \text{ marks})$

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2020

(CCSS)

Economics

ECO2C06—DEVELOPMENTS IN MODERN MACRO ECONOMICS

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.
Each question carries 1 mark.

Multiple Choice questions :

1. An Economic model is a statement of relationship among economic ————.

    (a) Variables.

    (b) Phenomena.

    (c) Development.

    (d) None of these.

2. General equilibrium was developed by ————.

    (a) Walras.

    (b) Clower.

    (c) Lucas.

    (d) None.

3. Menu cost is related to ————.

    (a) New Keynesian economics.

    (b) Classical.

    (c) New classical.

    (d) None.

4. High rate of inflation and unemployment is called ————.

    (a) Inflation.

    (b) Deflation.

    (c) Stagflation.

    (d) None.

5. The consumption over time is known as ————.

    (a) Inter temporal choice.

    (b) Dual decision.

    (c) Adaptive expectation.

    (d) None.

Turn over

6. Inflation means ————.

    (a)   Rise in price level.   (b)   Decrease in price level.

    (c)   Constant.   (d)   None.

7. Robert Lucas is associated with ———— school of economics

    (a)   New classical.   (b)   Classical.

    (c)   Keynesians.   (d)   None.

8. Fluctuations in economic activities refers to ————.

    (a)   Inflation.   (b)   Deflation.

    (c)   Business cycle.   (d)   None.

9. Notional demand was developed by ————.

    (a)   Walras.   (b)   Clower.

    (c)   Lucas.   (d)   None.

10. Relationship between tax rate and tax revenue depicted curve is called.

    (a)   Laffer curve.   (b)   Dual decision hypothesis.

    (c)   Stagflation.   (d)   None.

(10 × 1 = 10 marks)

Part B (Very short Answer Questions)

Answer any **five** *questions.*
Each question carries 2 marks.
Answer in one **or** *two sentences each.*

11. Explain inflationary gap.

12. Discuss cost-push inflation.

13. Explain long run Philips curve.

14. Explain the phases of business cycle.

15. Explain adaptive expectation.

16. Evaluate Laffer curve.

17. Explain the types of unemployment.

18. Discuss Keynesian theory of inflation.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

Answer any **eight** *questions.*
Each question carries 5 marks.

19. Explain Features of new classical macro economics.

20. Explain Features of supply side economics.

21. Explain Neo Keynesian quantity constrained model.

22. Explain Classical theory of inflation.

23. Explain Philips curve.

24. Explain Unemployment and under employment.

25. Explain Natural rate of unemployment hypothesis.

26. Explain Political business cycle theory.

27. Explain Keynes interpretation of great depression.

28. Explain monetarists rule versus discretion.

29. Explain neutrality of money.

30. Explain efficiency wage theory.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries 10 *marks.*

31. Explain new Keynesian economics.

32. Explain Current global recession.

33. Discuss monetary approach to balance of payment theory.

34. Discuss the supply side views on fiscal policy and the role of incentives.

(2 × 10 = 20 marks)

M.A. (PREVIOUS) DEGREE [CBCSS] EXAMINATION, APRIL/MAY 2020

(PVT/SDE)

M.A. Economics—Second Semester

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

(2019 Admissions)

Time : Three Hours   Maximum : 30 Weightage

Part B

SECTION A (MULTIPLE CHOICE QUESTIONS)

Answer **all** *questions.*

Each question carries ¼ weightage.

1. How many three digit numbers can be formed with the digits 3, 4, 5, 6, 7 ?

    (a) 120.

    (b) 60.

    (c) 100.

    (d) 150.

2. For a binomial distribution :

    (a) mean > variance.

    (b) mean < variance.

    (c) mean = variance.

    (d) mean ≠ variance.

3. If X is a random variable with mean μ, then $E(X - \mu)^2$ is called :

    (a) r^{th} row moment.

    (b) r^{th} central moment.

    (c) Variance.

    (d) Standard Deviation.

4. If the two events A and B are independent, then :

    (a) $P(A \cap B) = P(A) \cdot P(B).$

    (b) $P(A \cap B) = P(A) \cdot P(B|A).$

    (c) $P(A \cap B) = P(A) + P(B).$

    (d) None of these.

5. For a normal distribution, the measure of kurtosis is always :

    (a) Equal to zero.

    (b) Not equal to zero.

    (c) Equal to three.

    (d) Not equal to three.

Turn over

6. The variance of a constant is :

   (a) Zero.

   (b) Constant itself.

   (c) One.

   (d) Cannot be determined.

7. The statistical measure of the sample values is called :

   (a) Significance level.

   (b) Statistic.

   (c) Parameter.

   (d) None of these.

8. Square of a t variate will follow :

   (a) $\chi 2$ distribution.

   (b) t distribution.

   (c) F distribution.

   (d) Normal distribution.

9. The distribution used for testing the equality of two population variances is :

   (a) Normal distribution.

   (b) t distribution.

   (c) F distribution.

   (d) $\chi 2$ distribution.

10. If the statistic t is an unbiased estimator of the parameter θ and its variance is minimum among the class of all unbiased estimators, then t is a ——————— estimator.

   (a) Sufficient.

   (b) Consistent.

   (c) Efficient.

   (d) Likelihood.

11. Which of the following hypothesis shows a left tailed test ?

   (a) $H_0 : \mu = \mu_0$.

   (b) $H_0 : \mu \neq \mu_0$.

   (c) $H_0 : \mu < \mu_0$.

   (d) $H_0 : \mu > \mu_0$.

12. The variance of the mean of a random sample of size n from a population with variance σ^2 is :

   (a) $\dfrac{\sigma}{n}$.

   (b) $\dfrac{\sigma^2}{n}$.

   (c) $\dfrac{\sigma}{\sqrt{n}}$.

   (d) $\dfrac{\sigma^2}{\sqrt{n}}$.

(12 × ¼ = 3 weightage)

SECTION B (SHORT ANSWER TYPE)

Answer any **five** *out of eight questions.*
Each question carries 1 weightage.

13. Compute the values of the following :

   (a) $_4P_2$; (b) $_{10}C_7$; (c) $_6C_4$; and (d) $_7P_4$.

14. Give the classical definition of probability.

15. What is the probability that a leap year contains 53 sundays ?

16. Define Binomial Distribution. State its properties.

17. Explain Central limit theorem. .

18. Distinguish between one-tailed and two-tailed tests.

19. Discuss the major applications of F-test.

20. What are the assumptions of one-way ANOVA ?

$(5 \times 1 = 5 \text{ weightage})$

SECTION C (PARAGRAPH TYPE)

Answer any **seven** *out of ten questions.*
Each question carries 2 weightage.

21. A bag contains 5 red and 3 black balls and the second one contains 4 red and 5 black balls. One of them is selected at random and a draw of two balls is made from it. What is the probability that one of them is red and other is black.

22. Three persons A, B, C are simultaneously shooting a target. The probability for hitting the target for each of the persons are $\frac{1}{4}, \frac{1}{2}$ and $\frac{2}{3}$ respectively. Find the probability that :

    (a)   Exactly one of them will hit the target.

    (b)   At least one of them will hit the target.

23. A random variable X follows a probability distribution as given below :

X	0	1	2	3
p (x)	$\frac{k}{2}$	$\frac{k}{3}$	$\frac{k+1}{3}$	$\frac{2k-1}{6}$

Find the value of k.

24. What are the physical conditions for which binomial distribution can be applied ?

25. Define Poisson distribution. Explain the conditions for which binomial distribution tends to Poisson distribution. Also explain the properties of Poisson distribution.

26. A car hire firm has two cars which it hires out day by day. The number of demands for a car on each day is distributed as a Poisson variate with mean 1.5. Calculate the proportion of days on which :

    (a)   Neither car is used.

    (b)   Some demand is refused.

Turn over

27. What is lognormal distribution? Examine the important applications of lognormal distribution in Economics.

28. Discuss the major sampling distributions.

29. Explain the procedure of testing a statistical hypothesis.

30. In a sample of 26 items drawn from a population the mean was found to be 50. If the 90% confidence limits for the population mean were 46.584 and 53.416, find the standard deviation of the sample.

$(7 \times 2 = 14$ weightage$)$

SECTION D (ESSAY TYPE)

Answer any **two** *out of four questions.*
Each question carries 4 weightage.

31. State Baye's theorem. In a bolt factory, machine A, B, C manufacture respectively 25 %, 35 % and 40 % of the total. Of their output 6 %, 4 % and 2 % are defective. A bolt drawn at random was found to be defective. What is the probability that it was manufactured by (i) Machine 4 ; (ii) Machine B ; and (iii) Machine C ?

32. Fit a Poisson distribution to the following data and calculate the expected frequencies :

X	:	0	1	2	3	4
Frequency		123	59	14	3	1

33. In a test given to two groups of students the marks obtained were as follows :

Group I	18	20	36	50	49	36	34	49	41
Group II	29	26	28	35	30	44	46		

Assuming that the group standard deviations are the same and that the marks normally distributed, test the hypothesis that the group means are equal.

34. Following are the weekly sale records (in Rs.) of three salesmen A, B and C of a company during 13 sale-calls :

A	300	400	300	500	
B	600	300	300	400	
C	700	300	400	600	500

Test whether the sales of three salesmen ai   ......ent.

$(2 \times 4 = 8$ weightage$)$

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

Part A

Multiple Choice Questions :

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. To enhance a procedure the control charts and procedures of descriptive statistics are classified into :

    (A) Behavioural Tools.

    (B) Serial Tools.

    (C) Industry Statistics.

    (D) Statistical Tools.

3. Individual respondents, focus groups, and panels of respondents are categorised as :

    (A) Primary Data Sources.

    (B) Secondary Data Sources.

    (C) Itemised Data Sources.

    (D) Pointed Data Sources.

4. A method used to examine inflation rate anticipation, unemployment rate and capacity utilisation to produce products is classified as :

    (A) Data Exporting Technique.

    (B) Data Importing Technique.

    (C) Forecasting Technique.

    (D) Data Supplying Technique.

5. The scale applied in statistics winch imparts a difference of magnitude and proportions is considered as :

    (A) Exponential Scale.

    (B) Goodness Scale.

    (C) Ratio Scale.

    (D) Satisfactory Scale.

6. Review of performance appraisal, labour turnover rates planning of incentives and training programs and are examples of :

    (A) Statistics in Production.

    (B) Statistics in Marketing.

    (C) Statistics in Finance.

    (D) Statistics in Personnel Management.

7. In a binomial distribution, $n = 5$ mean equals 2, what is the value of q ?

    (A) 40.

    (B) 50.

    (C) 60.

    (D) 70.

8. What is true for a Poisson distribution ?

   (A) Mean = Variance.   (B) Mean > Variance.

   (C) Mean < Variance.   (D) Mean $\leq$ Variance.

9. 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.

10. Any statement whose validity is tested based on a sample is called :

   (A) Null hypothesis.   (B) Alternative hypothesis.

   (C) Statistical hypothesis.   (D) Simple hypothesis.

11. A quantitative statement about a population is called :

   (A) Research hypothesis.   (B) Composite hypothesis.

   (C) Simple hypothesis.   (D) Statistical hypothesis.

12. The alternative hypothesis is also called :

   (A) Null hypothesis.   (B) Statistical hypothesis.

   (C) Research hypothesis.   (D) Simple hypothesis.

13. The hypothesis is $\mu \leq 10$ is a :

   (A) Simple hypothesis.   (B) Composite hypothesis.

   (C) Alternative hypothesis.   (D) None of the above.

14. 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.

15. 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.

Turn over

16. Testing $H_0 : \mu = 25$ against $H_1 : \mu \neq 20$ leads to :

    (A) Two-tailed test.   (B) Left-tailed test.

    (C) Right-tailed test.   (D) Neither (A), (B) and (C).

17. The range of test statistic-t is :

    (A) 0 to ∞.   (B) 0 to 1.

    (C) $-\infty$ to $+\infty$.   (D) -1 to $+1$.

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 to $+1$.   (B) 0 and 1.

    (C) 0 and n.   (D) $-\infty$ to $+\infty$.

20. Critical region is also called :

    (A) Acceptance region.   (B) Rejection region.

    (C) Confidence region.   (D) Statistical region.

M.A. (PREVIOUS) DEGREE [CBCSS] EXAMINATION, APRIL/MAY 2020

(PVT/SDE)

M.A. Economics–Second Semester

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Part B

SECTION A (MULTIPLE CHOICE QUESTIONS)

Answer all questions.
Each question carries ¼ weightage.

1. In the case of pure public good, marginal cost to an additional consumer is :

    a) One.

    b) Zero.

    c) Greater than zero.

    d) Less than zero.

2. Fringe Benefit Tax was levied for the first time by central government in :

    a) 2003-04.

    b) 2004-05.

    c) 2005-06.

    d) 2006-07.

3. Dual GST model adopted in India is based on the experience of :

    a) France.

    b) Canada.

    c) America.

    d) China.

4. Which subject was transferred from state list to concurrent list by the 42nd amendment of the constitution ?

    a) Agriculture.

    b) Irrigation.

    c) Education.

    d) None of these.

5. The President of India appoints Finance Commission for every five years under ——————— article of the constitution.

    a) 280.

    b) 275.

    c) 285.

    d) 273.

Turn over

6. Ability to pay principle is closely related with :

    a) Proportional tax.   b) Progressive tax.

    c) Regressive tax.   d) Digressive tax.

7. Who among the following advocated the policy of functional finance :

    a) Dalton.   b) Musgrave.

    c) Lerner.   d) Samuelson.

8. The difference between fiscal deficit and interest payments during a year is called :

    a) Primary deficit.   b) Revenue deficit.

    c) Budget deficit.   d) None of these.

9. If elasticity of supply is greater than elasticity of demand, tax burden is :

    a) More on buyers.

    b) More on sellers.

    c) Equally shared by buyers and sellers.

    d) Completely on sellers.

10. Among the following canons of taxation, which one is provided by Adam Smith ?

    a) Elasticity.   b) Diversity.

    c) Productivity.   d) Equity.

11. Fiscal Responsibility and Budget Management Act was passed in the year :

    a) 1993.   b) 2003.

    c) 2000.   d) 2005.

12. The concept of merit good was introduced by :

    a) Musgrave.   b) Buchanan.

    c) Tiebout.   d) Dalton.

(12 × ¼ = 3 weightage)

SECTION B (SHORT ANSWER TYPE)

Answer any **five** *out of eight questions.*
Each question carries 1 weightage.

13.   What is a club good ? Explain with the help of an example.

14.   Explain MODVAT. What are its objectives ?

15.   Briefly discuss about FRBM Act.

16.   What is Externality ? Explain.

17.   What is meant by built-in-stabilisers ? Explain.

18.   Distinguish between absolute and relative unanimity.

19.   Discuss the main provisions of GST.

20.   What do you mean by intergenerational equity in debt burden ?

(5 × 1 = 5 weightage)

SECTION C (PARAGRAPH TYPE)

Answer any **seven** *out of ten questions.*
Each question carries 2 weightage.

21.   What are the objectives of public debts in India ? Explain.

22.   Discuss the functions of Finance Commission in India.

23.   Define Incidence. Explain various concepts of incidence.

24.   What is monetary policy ? What are the objectives of monetary policy ?

25.   Explain balanced budget multiplier.

26.   Examine the Allocation, Distribution and Stabilization functions of the government.

27.   What is Zero Based Budgeting ? Briefly explain the process involved in ZBB.

28.   Give a brief account of various measures adopted by the government to control externalities.

29.   Discuss the theory of optimal taxation.

30.   To what extent the principles of federal finance are observed in Indian federal system ? Explain.

(7 × 2 = 14 weightage)

Turn over

Section D (Essay Type)

Answer any **two** *out of four questions.*
Each question carries 4 weightage.

31. Discuss the problem of pricing of public utilities. Explain the theories of public utility services.

32. Give an account of major highlights of Union Budget 2019-20.

33. Define public expenditure. What are the pure theories of public expenditure ? Explain.

34. Critically evaluate various theories of public choice.

(2 × 4 = 8 weightage)

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Name...

Reg. No....................................

M.A. (PREVIOUS) DEGREE [CBCSS] EXAMINATION, APRIL/MAY 2020

(PVT/SDE)

M.A. Economics–Second Semester

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

(2019 Admissions)

Part A

	DD	MM	YEAR	
Date of Examination :	☐ ☐	☐ ☐	☐ ☐ ☐	FN/AN

Time : 15 Minutes   Total No. of Questions : 20

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.

2. Immediately after the commencement of the examination, the candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.

3. Write the Name, Register Number and the Date of Examination in the space provided.

4. 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.

5. **Candidate should handover this Question paper to the invigilator after 15 minutes and before receiving the question paper for Part B Examination.**

ECO 2C 07—PUBLIC FINANCE : THEORY AND PRACTICE

Part A

Multiple Choice Questions :

1. A forward-shifted tax will affect :

    (A) Buyers more than sellers.

    (B) Sellers more than buyers.

    (C) Buyers and sellers equally.

    (D) Government revenues negatively.

2. The chairman of FRBM committee is ——————————.

    (A) A.P Lerner.

    (B) Dalton.

    (C) Hicks.

    (D) Adarkar.

3. Impact of a tax refers to :

    (A) Final money burden.

    (B) Immediate money burden.

    (C) Indirect real burden.

    (D) None of the above.

4. Which of the following is not a direct tax ?

    (A) Income tax.

    (B) Wealth tax.

    (C) Gift tax.

    (D) Service tax.

5. Which of the following is not an indirect tax ?

    (A) Sales tax.

    (B) Custom duty.

    (C) Excise duty.

    (D) Gift tax.

6. Direct tax are ——————————— in nature.

    (A) Progressive.

    (B) Equitable.

    (C) Regressive.

    (D) None of the above.

7. Debts which have to be paid at some specific future date are known as :

    (A) Redeemable Debts.

    (B) Irredeemable Debts.

    (C) Treasury.

    (D) None of the above.

8. Pick out the item which is not a part of tax revenue :

    (A)   Interest.   (B)   Corporate Tax.

    (C)   Excise.   (D)   Customs.

9. The main objective of budgeting is :

    (A)   Planning.   (B)   Co-ordination.

    (C)   Control.   (D)   All of these.

10. The "Tragedy of the Commons" is :

    (A)   Discovery of corruption among members of the British parliament.

    (B)   Exhaustion of resources that are collectively owned.

    (C)   Outrageous crime in a Boston public park.

    (D)   Play by Arthur Miller.

11. The provision of public goods requires :

    (A)   Competition among firms in the market.

    (B)   Lobbying.

    (C)   Trade protection.

    (D)   None of the above.

12. When consumption of a good is non-rival and non-excludable, the good is a :

    (A)   Public good.   (B)   Mixed good.

    (C)   Private good.   (D)   Service.

13. Who deals with income and expenditure of public authorities ?

    (A)   Public finance.   (B)   Private finance.

    (C)   Local Government.   (D)   None of these.

14. In the time of emergency from which sources, the government take debt ?

    (A)   Only Indian.   (B)   Only imported.

    (C)   Indian or imported.   (D)   All.

Turn over

15. The Government can collect funds from :

    (A)   Taxes.   (B)   Fees.

    (C)   Prices of public goods.   (D)   All the three.

16. Which of the following taxes is/are withdrawn or abolished ?

    (A)   Interest tax.   (B)   Estate duty.

    (C)   Gift tax.   (D)   All the above.

17. Net taxes are :

    (A)   Domestic taxes minus foreign taxes.

    (B)   Business taxes minus personal taxes.

    (C)   Total taxes minus Government transfer payments.

    (D)   Total taxes minus Government purchases.

18. The main source of revenue of Federal Government is :

    (A)   Property taxes.   (B)   Token taxes.

    (C)   Customs duties.   (D)   Sales tax.

19. Which of the following statements is not correct ?

    (A)   The first finance commission was constituted in 1951

    (B)   Chairman of the First Finance Commission was Mr. Santhanam

    (C)   The Chairman of the 12th Finance Commission was C. Rangarajan

    (D)   (B) and (C)

20. Who is the Chairman of the 14th Finance Commission ?

    (A)   Vijay Kelkar.   (B)   Y.V. Reddy.

    (C)   Arun Kumar Mathur.   (D)   Nandan Nilakani.

M.A. (PREVIOUS) DEGREE [CBCSS] EXAMINATION, APRIL/MAY 2020

(PVT/SDE)

M.A. Economics–Second Semester

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

(2019 Admissions)

Time : Three Hours   Maximum : 30 Weightage

Part B

SECTION A (MULTIPLE CHOICE QUESTIONS)

Answer all questions.
Each question carries ¼ weightage.

1. Open market sales and purchases of bonds designed to offset the impact of surplus or deficit on the BOF is called :

    a) Open market operation.   b) Revaluation.

    c) Sterilization.   d) Devaluation.

2. $C = a + bY$ is a ——————— consumption function.

    a) Linear proportional.   b) Non-linear proportional.

    c) Non-linear non-proportional.   d) Linear non-proportional.

3. Re-statement of quantity theory of money is a :

    a) Theory of interest rate.   b) Theory of income determination.

    c) Theory of demand for money.   d) Theory of supply of money.

4. Other things remain the same , quantity of money in Fisher's approach has :

    a) Direct proportional relationship with price level.

    b) Indirect proportional relationship with value of money.

    c) Inverse proportional relationship with price level.

    d) No relationship with value of money.

5. The terms 'inside' money and 'outside' money were introduced by :

    a) Milton Friedman and J. Tobin.   b) A. C. Pigou and D. Patinkin.

    c) J. G. Gurley and E. S, Shaw.   d) J. R. Hicks and A. Hansen.

Turn over

6. Say's law will not operate under conditions of :

   a) Barter economy.   b) Money economy.

   c) Equality of saving and investment. d) Inflexible wages and prices.

7. The magnitude of MPC, according to Keynesian theory is :

   a) $0 < \dfrac{\Delta C}{\Delta Y} > 1.$ b) $0 > \dfrac{\Delta C}{\Delta Y} < 1.$

   c) $0 < \dfrac{\Delta C}{\Delta Y} < 1.$ d) $0 > \dfrac{\Delta C}{\Delta Y} > 1.$

8. In an equation $\Delta Y = \Delta C + \Delta S$, where $\Delta C = 150$; and $\Delta S = 50$; the investment multiplier K is :

   a) 2.   b) 4.

   c) 1.   d) 2.5.

9. The intersection of ADF and ASF determines :

   a) Effective Demand.   b) Income and Output.

   c) Income and Employment.   d) All the above.

10. In the equation $p = mv + m'v'/T$, which element is not assumed to be constant ?

    a) $p.$ b) $v.$

    c) $m.$ d) T.

11. In the long run, the Keynesian aggregate supply curve is :

    a) Downward sloping because product prices are fixed.

    b) Upward sloping because factor prices are fixed.

    c) Vertical because rate of unemployment is fixed.

    d) Horizontal because the price level is fixed.

12. 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.

                                          (12 × ¼ = 3 weightage)

SECTION B (SHORT ANSWER TYPE QUESTIONS)

Answer any **five** *questions.*
Each question carries 1 weightage.

13. State Keynesian policy conclusion on depression.

14. What is meant by expectation augmented Philips curve ?

15. Define NAIRU.

16. Distinguish between supply shocks and stagflation.

17. What are the components of BOP Statement ?

18. State small menu cost model.

19. What is meant by political business cycles ?

20. Write a note on New Macro Economics.

(5 × 1 = 5 weightage)

SECTION C (PARAGRAPH TYPE QUESTIONS)

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

21. Describe implicit wage contract model.

22. How does the political instability cause economic instability ?

23. What are the features of supply side economics ?

24. Explain Lucas' inter-temporal substitution model.

25. Examine effectiveness of fiscal and monetary policy during depression.

26. Describe Hibbs Partisan model.

27. What is J-curve effect ? Bring out its implication.

28. Critically Explain Kaldor's theory of business cycle.

29. Describe inflation unemployment trade - off.

30. The real business cycle approach builds the model that minimizes the role of the monetary sector. Discuss.

(7 × 2 = 14 weightage)

Turn over

SECTION D (ESSAY TYPE QUESTIONS)

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

31. Describe the major postulations and policy implications of New Keynesian economics.

32. Critically examine the contributions of monetarist in solving macroeconomic issues.

33. Explain the central features of real business cycle models. What are the arguments against this ideology ?

34. Evaluate the political economy of debt and deficit. Bring out the role of Govt, in stabilize the economy.

(2 × 4 = 8 weightage)

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(Pages : 4 + 4 = 8)

Name...

Reg. No....................................

M.A. (PREVIOUS) DEGREE [CBCSS] EXAMINATION, APRIL/MAY 2020

(PVT/SDE)

M.A. Economics—Second Semester

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

(2019 Admissions)

Part A

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.

2. Immediately after the commencement of the examination, the candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.

3. Write the Name, Register Number and the Date of Examination in the space provided.

4. 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.

5. **Candidate should handover this Question paper to the invigilator after 15 minutes and before receiving the question paper for Part B Examination.**

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

Part A

Multiple Choice Questions :

1. The book 'A Treatise on Money is authored by :

    (A) J. M. Keynes.

    (B) Irving Fischer.

    (C) Milton Friedman.

    (D) None of these.

2. Assertion (A) : According to Milton Friedman, slope of the long-run Philips curve is vertical. Reason (R) : The expectations about future inflation are the basic cause of the nonexistence of the trade-off between inflation and unemployment in the long-run :

    (A) Both (A) and (R) are true, but (R) is not the correct reason of (A).

    (B) Both (A) and (R) are true, and (R) is the correct season of (A).

    (C) Both (A) and (R) are false.

    (D) (A) is true, but (R) is false.

3. The concepts of inside money and outside money is given by :

    (A) Milton Friedman.

    (B) J. M. Keynes.

    (C) Gurley and Shaw.

    (D) None of these.

4. Assertion (A) : Long-run Philips curve is a vertical line at the NAIRU Reason (R) : Non-accelerating inflation raise 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.

5. Ratex hypothesis is related to :

    (A) New Classical Economics.

    (B) Supply side Economics.

    (C) New Keynesian Economics.

    (D) None of these.

6. Inflation can be contained by :

    (A) Surplus budget.

    (B) Increase in taxation.

    (C) Reduction in public expenditure.

    (D) All these three measures.

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. The shape of Laffer curve is :

   (A) Inverted U shape.   (B) U shape.

   (C) Inverse L shape.   (D) None of these.

9. According to New classical Economics :

   (A) Anticipated policy change will not affect output.

   (B) Unanticipated policy change will affect output.

   (C) Both (A) and (B).

   (D) None of these.

10. 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.

11. Liquidity trap is a situation when :

    (A) All potential investors expect the rate of interest to rise in future.

    (B) All potential investors expect the rate of interest to fall in future.

    (C) Natural rate of interest is above the critical rate of interest.

    (D) Demand for money for speculative purpose is interest inelastic.

12. In Keynesian system speculative demand for money arises because of :

    1. Uncertainty of future interest rates.

    2. Unexpected expenditures.

    3. To bridge the gap between income and eventual expenditure.

    4. 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.

13. Which of the following is not specifically mentioned as a determinant of the demand for money ?

    (A) Wealth.   (B) Nominal yield on alternative assets.

    (C) Inflation rate.   (D) Real rate of interest.

Turn over

14. Identify the correct chronological order of the following classical economists :

    (A)   Adam smith, Malthus, Ricardo, Mill.

    (B)   Adam smith, Ricardo, Malthus, Mill.

    (C)   Adam smith, Mill, Ricardo, Malthus.

    (D)   Adam smith, Malthus, Mill, Ricardo.

15. Which of the following statements does not hold tine in case of the Keynesian economics ?

    (A)   Velocity of money is an unstable function of its determinant.

    (B)   Labor is subject to money illusion.

    (C)   As function tends to become flat at levels of output well below full employment and to become steeper ad full capacity is reached.

    (D)   As schedule is vertical, and output, and employment are completely supply determined.

16. The equation of exchange is :

    (A) $M*P = V*Y$.   (B) $M + V = P + Y$.

    (C) $M + Y = V + P$.   (D) $M*V = P*T$.

17. Why does a temporary decrease in government purchases decrease labour supply in the classical model ?

    (A)   People prefer to work less when government is doing less for them.

    (B)   Decreased government purchases make people worse off, so they work less hours.

    (C)   The decrease in current or future taxes needed to pay for the decrease in government purchases increases people wealth.

    (D)   The fall in government spending decreases labour demand, decreasing the real wage, and so people decreases their labour supply.

18. "In a closed economy with no government : $s = 100 + 0.2y$ investment increases by 100, what is the increase in consumption ?

    (A)   100.   (B)   200.

    (C)   300.   (D)   400.

19. When there are vacancies in the job-market, but also high levels of unemployment, then we could say that this unemployment is ?

    (A)   Cyclical.   (B)   Regional.

    (C)   Seasonal.   (D)   Structural.

20. According to the basic classical model, an increase in the money supply will cause :

    (A)   Employment to increase.   (B)   The price level to increase.

    (C)   Output to increase.   (D)   Investment to increase.

M.A. (PREVIOUS) DEGREE [CBCSS] EXAMINATION, APRIL/MAY 2020

(PVT/SDE)

M.A. Economics–Second Semester

ECO 2C 05—MICRO ECONOMICS : THEORY AND APPLICATIONS—II

(2019 Admissions)

Time : Three Hours   Maximum : 30 Weightage

Part B

SECTION A (MULTIPLE CHOICE QUESTIONS)

Answer **all** *questions.*
Each question carries ¼ weightage.

1. PV of Benefit expected from the Project / PV of the cost of the Project is ————————

     (a) IRR.   (b) NPV.

     (c) PBP.   (d) BCR.

2. ———————— has developed a reaction against the compensation criteria proposed by Kaldor, Hicks and Scitovsky.

     (a) Little.   (b) Pigou.

     (c) Sen.   (d) Kalecki.

3. The free rider problem can crop up when the resource is shared by ————————

     (a) All and free to few.   (b) Few and free to all.

     (c) All and free to all.   (d) Few and free to few.

4. ———————— theorem is a social-choice paradox.

     (a) Social Ordering.   (b) Impossibility.

     (c) Non-dictatorship.   (d) Pareto Efficiency.

5. ———————— is a type of taxation in which individuals pay for the provision of a public good according to the marginal benefit they receive.

     (a) Pigou tax.   (b) Marshallian tax.

     (c) Musgrave tax.   (d) Lindahl tax.

                                                    Turn over

6. ——————— is one way to overcome externalities.

    (a) Public good.   (b) Private good

    (c) Taxation.   (d) Investment

7. Capital structure of a company is ———————

    (a) Business Risk.   (b) Financial Risk.

    (c) Strategic risk.   (d) Systematic risk.

8. ——————— is a flexibility technique for quick decisions when working with complex data.

    (a) Optimal decisions.   (b) Rational decisions.

    (c) Heuristics.   (d) Marginalism.

9. ——————— is one for which either availability or supply is somehow compromised.

    (a) Public good.   (b) Quasi-public good.

    (c) Rivalry.   (d) Private good.

10. ——————— theory considers the economy as a network of interdependent markets.

    (a) Asymmetric theory.   (b) Behavioural theory.

    (c) General equilibrium theory.   (d) Hicks theory.

11. The relationship between stockholders and a CEO is an example for ———————.

    (a) Part-owner problem.   (b) Rewards-order problem.

    (c) Owner-asset problem.   (d) Principal-agent problem.

12. ——————— take inflation into account.

    (a) Real interest rates.   (b) Price.

    (c) Demand.   (d) Exchange rate.

(12 × ¼ = 3 weightage)

Section B (Short Answer Type Questions)

Answer any **five** *ques*

Each question carries 1 weight

13. Explain capital assets pricing model ?

14. Explain the equilibrium price of future goods

15. Explain Scitovisky criterion ?

16. What are the criterions of social welfare ?

17. Explain the tragedy of commons ?

18. What do you mean by free rider theorem ?

19. What is market signalling ?

20. Explain Coase theorem ?

(5 × 1 = 5 weightage)

SECTION C (PARAGRAPH TYPE QUESTIONS)

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

21. How pricing of risky assets is determined ?

22. Compare first theorem and second theorem of welfare economics ?

23. Explain the implications of asymmetric information ?

24. Explain hidden information and hidden action ?

25. Explain negative externalities in consumption ?

26. Explain Arrow's impossibility theorem ?

27. Explain Kaldor-Hicks compensation criterion ?

28. Explain CPR with examples ?

29. Explain Firms demand for capital ?

30. Explain Lindahl pricing ?

(7 × 2 = 14 weightage)

SECTION D (ESSAY TYPE QUESTIONS)

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

31. Explain the reference points and consumer preference in Behaviour economics ?

32. Explain general equilibrium analysis of production and exchange ?

33. Explain the criteria of social welfare in the context of Pareto optimality ?

34. What is a future good? Explain the effects of changes in r-supply of future goods ?

(2 × 4 = 8 weightage)

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Name...

Reg. No.....................................

M.A. (PREVIOUS) DEGREE [CBCSS] EXAMINATION, APRIL/MAY 2020

(PVT/SDE)

M.A. Economics–Second Semester

ECO 2C 05—MICRO ECONOMICS : THEORY AND APPLICATIONS—II

(2019 Admissions)

Part A

	DD	MM	YEAR	
Date of Examination :	☐ ☐	☐ ☐	☐ ☐ ☐ ☐	FN/AN

Time : 15 Minutes   **Total No. of Questions : 20**

INSTRUCTIONS TO THE CANDIDATE

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3. Write the Name, Register Number and the Date of Examination in the space provided.

4. 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.

5. **Candidate should handover this Question paper to the invigilator after 15 minutes and before receiving the question paper for Part B Examination.**

ECO 2C 05—MICRO ECONOMICS : THEORY AND APPLICATIONS—II

Part A

Multiple Choice Questions :

1. A pure private good is :

    (A)   Non-rival in consumption and subject to exclusion.

    (B)   Rival in consumption and subject to exclusion.

    (C)   Rival in consumption and not subject to exclusion.

    (D)   All of the above.

2. Points outside the production possibility frontier are :

    (A)   Producable.   (B)   Endowment points.

    (C)   Consumer equilibrium points.   (D)   Unattainable.

3. 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.

4. If, for John's current intertemporal consumption pattern (satisfying his intertemporal budget constraint), his marginal rate of intertemporal substitution is 1 and the real rate of interest is positive, then...

    (A)   The interest rate will fall to zero.

    (B)   John could increase his lifetime utility by consuming more today.

    (C)   John could increase his lifetime utility by consuming less today.

    (D)   John is necessarily a borrower.

5. 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.

6. 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 private marginal cost.

7. A perfectly competitive steel mill that produces large amounts of pollution (a negative externality) will, from a social point of view :

    (A) Produce too little steel.

    (B) Produce the socially optimal quantity of steel.

    (C) Produce too much steel.

    (D) Produce too much steel only if it installs pollution control equipment.

8. Common property :

    (A) Is owned by specific people.

    (B) Is inexhaustible.

    (C) Refers strictly to land resource.

    (D) Refers to goods "owned" by society at large and freely usable by anyone.

9. 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.

10. Community surplus equals :

    (A) Producer surplus minus consumer surplus.

    (B) Profits plus utility.

    (C) Total utility minus plus profit.

    (D) Consumer surplus plus producer surplus.

11. Monopoly power in a market is likely to :

    (A) Increase consumer surplus.

    (B) Increase community surplus.

    (C) Lead to higher producer surplus.

    (D) Lead to lower prices and lower output.

12. A positive consumption externality occurs when :

    (A) The social marginal cost is greater than the private marginal cost.

    (B) The social marginal benefit is greater than the private marginal benefit.

    (C) The social marginal cost is greater than the private marginal benefit.

    (D) The social marginal cost is less than the private marginal cost.

13. 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.

Turn over

14. Asymmetric information occurs when :

    (A) Information is free.

    (B) Buyers and sellers have access to different information.

    (C) Community surplus is maximized.

    (D) Community surplus is mimimized.

15. An insurance company can protect itself from moral hazard by :

    (A) Monitoring.   (B) Imposing an 'excess'.

    (C) Holding liquid assets.   (D) Diversification.

16. What is a Nash equilibrium :

    (A) A strategy for each player such that total payoffs are maximized.

    (B) A strategy for a person such that the person maximizes payoff given the strategies of others.

    (C) A strategy that maximizes pay-off.

    (D) A strategy for each person such that everyone maximizes pay-off given the strategies of others.

17. An outcome is Pareto efficient if :

    (A) No person can be made better off without making someone worse off.

    (B) Everybody can be made better off.

    (C) At least one person can be made better off.

    (D) Every person maximizes payoff given the pay-off of others.

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. Non diversifiable risk affects :

    I. The opportunity cost of capital.

    II. Should enter into the risk premium.

    (A) Only I.   (B) Only II.

    (C) Both I and II.   (D) None of them.

20. Who opined that economic growth meant bringing W closer to W* :

    (A) Walras.   (B) Adam smith.

    (C) Bentham.   (D) Pareto.