UNIVERSITY OF HYDERABAD
Ph. D. PROGRAMME IN GANDHIAN ECONOMIC THOUGHT
Entrance Examination – June 2011

Maximum Marks : 75
Time : 2 Hours

Hall Ticket No.

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PART – A   (25 marks)

(1) Market demand for a good is perfectly inelastic, ($x^d(p) = 35$) and its market supply is upward sloping, ($x^s(p) = -10+p/2$), where p is the price received by firms. What happens to market price, p_m, when an ad valorem excise duty of 16% is levied? It [   ]

   A. increases by 16%
   B. increases by 8%
   C. increases by 24%
   D. decreases by 8%

(2) When a poor man says that he would like to book a seat on super luxury train "Palace on Wheels" for a royal Rajasthan tour, it is a case of. [   ]

   A. luxury
   B. comfort
   C. necessity
   D. desire.

(3) Early estimates from 2011 census show that compared to 2001 census: [   ]

   A. number of females per 1000 males has increased and now there are more females than males in population
   B. number of females per 1000 males has increased but even now there are less females than males in population
   C. number of females per 1000 males has decreased further due to negligible growth in absolute number of females in population
   D. number of females per 1000 males has remained constant.

(4) Currently, the service sector constitutes _____ % of India's GDP: [   ]

   A. greater than 70%
   B. 60-70%
   C. 50-60%
   D. 40-50%

(5) Arrange the following books in order of their first publication:

   a. An Essay on the Principle of Population (Thomas Malthus)
   b. Das Kapital (Karl Marx)
   c. Principles of Political Economy (John S Mill)
[   ]

   A. a-b-c
   B. b-a-c
   C. c-b-a
   D. a-c-b

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(6) According to M K Gandhi in Hind Swaraj, "India was lost" due to:

[   ]

    A. short comings and weakness of Indian people
    B. the might of the British navy
    C. treachery of the East India Company
    D. strategic capabilities of the British generals

(7) An implication (such as "P implies Q") is *negated* when

[   ]

    A. both the premise and conclusion are true
    B. the premise is true and the conclusion is false
    C. the premise is false and the conclusion is true
    D. both the premise and conclusion are false

(8) Consider a project with fixed investment cost and a given expected income stream over the next 10 years, which is total life of the project. If the above do not change but the investor's rate of discount goes up, then,

[   ]

    A. MEC goes up
    B. MEC goes down
    C. profitability (expected return) goes up
    D. profitability (expected return) goes down.

(9) Consider the following qualities: (i) persistence; (ii) Keenness of observation; (iii) Faith; (iv) Logical reasoning; (v) industriousness; and (vi) Verbal communication. Which of these are essential for a researcher?

[   ]

    A. i, ii, iii, iv
    B. i, ii, iv , v
    C. ii, iii, iv, vi
    D. ii, iii, v, vi

(10) Nai Taleem promoted by Gandhiji emphasized:

[   ]

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

(11) Anna Hazare went on indefinite fast in April 2011 against

[   ]

    A. Marginalization of civil society
    B. inflation
    C. corruption
    D. social disharmony

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(12) The book "Economy of Permanence" is written by:

[   ]

    A. J. C. Kumarappa
    B. Bharatan Kumarappa
    C. Thorstein Veblen
    D. C. F. Andrews

(13) India's trade is ____ _____% of world trade.

[   ]

    A. below 0.75%
    B. 1% - 1.9%
    C. 2.5% - 4%
    D. approximately 5%

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

[   ]

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

(15) Consider the following two sentences:

    P: Population of India has increased significantly over the last decade
    Q: Rate of literacy in India has increased significantly over the last decade

    Choose the correct answer:

[   ]

    A. Both P and Q are true and P is correct explanation for Q
    B. Both P and Q are true but P is not correct explanation for Q
    C. P is true but Q is false
    D. Both P and Q are false

(16) Which of the following can be described as a general equilibrium?

[   ]

    A. Walrasian equilibrium
    B. Marx's simple reproduction scheme
    C. Both A and B
    D. Neither A nor B

(17) The "constructive programme" was described by Gandhiji as a training for

[   ]

    A. self-respect movement
    B. satyagraha movement
    C. swadeshi movement
    D. guerilla warfare

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(18) Assume the following statements to be true:

(i)   Specialization leads to increase in production.
(ii) Total productive capacity determines wealth of a nation.
(iii) Division of labour facilitates specialization.
(iv) Division of labour is viable when the size of market is large.

Assume further that market exists only in two states of nature – it is either large or small (and small is not large). Then,

[   ]

A. Market size is irrelevant for economic performance.
B. Division of labour leads to lower productivity.
C. Large market implies greater wealth of nation.
D. None of the above.

(19) When did M.K Gandhi write "Hind Swaraj"?

[   ]

A. 1908
B. 1909
C. 1910
D. 1914

(20) Consider the following two statements for logical consistency:

P: Some traders live underground. All traders are men. Therefore some men live underground.
Q: Some men are literate. Women are not men. Therefore no woman is literate.

Choose the correct answer:

[   ]

A. Both P and Q are logically true.
B. Both P and Q are logically false.
C. P is false but Q is true.
D. P is true but Q is false.

(21) The Senate of a university in its decision making follows the majority rule: for any two alternatives x and y before it, the Senate considers "x at least as good as y" iff "the number of persons preferring x to y is greater than or equal to the number of persons preferring y to x". This collective choice rule may violate:

[   ]

A. reflexivity
B. transitivity
C. completeness
D. all of the above

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

[   ]

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

(23) Let f be a real valued linear function defined over a compact set of points, S (which is a subset of R^n). Then function f

[   ]

A. attains its maximum at a boundary point of S.
B. attains its maximum only if S is a convex set.
C. attains its maximum in the interior of S.
D. may not attain its maximum any where in S.

(24) A few years ago, there was a run on the Global Trust Bank in Hyderabad. Subsequently this bank was merged with a public sector bank and then it continued to function normally. It indicates that,

[   ]

A. The depositors were irrational.
B. there was information asymmetry.
C. there was lack of confidence in the bank management.
D. B or C or both

(25) Market for a commodity, whose share in the national economy is negligible, is characterized by a downward sloping demand curve and fixed supply -- given that marginal cost of production is zero and there is strict capacity constraint. With no taxes, p^* and q^* are market equilibrium price and quantity respectively. Now a specific excise duty of Rs t per unit is levied and realized taxes are fully spent on welfare schemes for the people. Assuming that welfare can be measured in equivalent monetary units and ignoring distributional effects, choose the correct option:

[   ]

A. there is no change in aggregate welfare.
B. there is net loss in aggregate welfare.
C. there is net gain in aggregate welfare.
D. Answer depends on values of p^* and t.

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PART – B   (50 Marks)

Instructions and Notes:

1. There are 8 questions in this part.

2. The first question carries 5 marks and is compulsory.

3. Answer any 3 (THREE) questions from the rest (Questions 2 to 8). Each of these carries 15 marks.

4. Each question is to be answered only in the space provided for the purpose. Write the question number clearly before writing your answer.

5. Answers are expected to be precise and to the point. The candidates are advised to avoid writing irrelevant and repetitive details.

6. The main emphasis in evaluation will be on the nature and content of the argument presented in support of the answer and not the length of the answer.

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

a. The name of the author of the much talked about paper on the problem of giving of "harassment bribes" is Dr. _____ ___, who is _____ to the Ministry of Finance.

b. Which state has been in the limelight for its outstanding economic growth of more than 10% per annum over past five years? _____ (name the state).

c. Of the four ashrams, namely, Sabarmati Ashram, Sewagram, Phoenix Ashram and Tolstoy Farm, established by Gandhiji, _____ was the first to be established, and the last of these was _____.

d. Among the cereal crops of India, _____ has the highest current production, and _____ is the largest producing state for this crop.

e. The Central Government recently gave clearance to _____ Nuclear Power Project in Maharashtra.

f. According to the CAG, the loss to the public exchequer could be as high as Rs. _____ crore due to faulty/ corrupt allocation of 2-G spectrum.

g. _____ is Minister for Human Resource Development, Government of India.

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Answer any 3 (THREE) from the following questions in the space provided (on pp. 9 to 17):

Q. 2. Critically examine the relationship between economy and environment.

Q. 3. What are the main instruments of (a) monetary policy; and (b) fiscal policy?

Q. 4. Explain Gandhi's views on education and its relation to economy.

Q. 5. (a) Discuss desirable properties for a good index of inequality measure.

(b) Explain the weak binary relation (say **R**) based on Pareto ranking rule. Assuming all individual preferences to be reflexive, transitive and complete, does **R** also possess these properties? Provide derivation or logical arguments in support of your answer.

Q. 6.(a) What were the economic problems faced by the farmers which led to the Champaran movement and what methods did Gandhiji adopt in response to this problem?

(b) Comment on the statement: "By relating economics with ethics, Gandhi makes economics unscientific. After all, science is value free."

Q. 7. Examine the theoretical foundation of (a) Keynesian consumption function; (b) Milton Friedman's re-statement of quantity theory of money; and (c) Say's law.

Q. 8. Find the eigen values and corresponding eigen vectors for matrix:

$$A = \begin{bmatrix} -1 & 0.5 \\ 0.5 & -1 \end{bmatrix}$$

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Q. No.

Answer

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