CUET PG ECONOMICS

1. Marginal product of CES production function is always
   - (A) negative
   - (B) cubic
   - (C) positive
   - (D) square

2. Horizontal merger
   - (A) is a merger across firms that produces same type of products.
   - (B) is a merger across firms that produces intermediate and final products.
   - (C) is a merger across firms that produces both homogenous and non-homogenous products.
   - (D) is a merger across firms that produces only intermediate products.

3. If Marginal Cost $(MC) = \alpha q + \beta q^2 - \gamma q^3$, then the Average Cost (AC) is
   - (A) $\alpha \frac{q}{2} + \beta \frac{q^3}{3} - \gamma \frac{q^4}{4}$
   - (B) $\alpha \frac{q^2}{2} + \beta \frac{q^3}{3} - \gamma \frac{q^4}{4}$
   - (C) $\alpha \frac{q}{2} + \beta \frac{q^2}{3} - \gamma \frac{q^3}{4} + AFC$
   - (D) $\alpha \frac{q}{2} + \beta \frac{q^2}{3} - \gamma \frac{q^4}{4} + AFC$

4. In the uneconomic region of production
   - (A) marginal productivity of one factor is negative.
   - (B) marginal productivities of both factors are positive.
   - (C) marginal productivities of both factors are zero.
   - (D) marginal productivities of both factors are negative.

5. The spirit of Engel's Law is that with an increase in family income:
   - (A) Proportion of income spent on luxuries decline.
   - (B) The savings rate increases.
   - (C) The proportion of income spent on food declines.
   - (D) Expenditure on food declines.

6. If the CD production function is homogeneous of degree one, then the marginal product of labour
   - (A) will depend only on input ratio.
   - (B) will be homogenous of degree (−1).
   - (C) will depend on absolute quantity of labour only.
   - (D) will be a rectangular hyperbola.

7. Match List-I with List-II

List-I	List-II
(a) Oligopoly	(i) Identical price
(b) Monopoly	(ii) Price discrimination
(c) Bilateral monopoly	(iii) Collective bargaining
(d) Perfect competition	(iv) Sales maximisation

   Codes:

	(a)	(b)	(c)	(d)
(A)	(iv)	(ii)	(iii)	(i)
(B)	(i)	(ii)	(iii)	(iv)
(C)	(iv)	(iii)	(ii)	(i)
(D)	(ii)	(iii)	(iv)	(i)

8. A given total outlay on factor inputs at given factor prices is reflected by
   - (A) Iso-revenue curve.
   - (B) Iso-cost curve.
   - (C) Isoquant.
   - (D) Production possibility curve.

9. Match items of List-II with the items of List-I.

List-I	List-II
(a) $MRS_{xy} = 0$	(i) Indifference curve is concave to the origin
(b) MRS_{xy} is constant but not zero	(ii) Indifference curve is right angled
(c) MRS_{xy} is decreasing	(iii) Indifference curve is straight line with negative slope
(d) MRS_{xy} is increasing	(iv) Indifference curve is convex to the origin

   Codes:

	(a)	(b)	(c)	(d)
(A)	(ii)	(iii)	(iv)	(i)
(B)	(i)	(iii)	(ii)	(iv)
(C)	(i)	(iv)	(ii)	(iii)
(D)	(iv)	(iii)	(i)	(ii)

10. What describes the graphical relationship between average product (AP) and marginal product (MP)?
    - (A) AP cuts MP from above, at the maximum point of MP.
    - (B) AP cuts MP from below, at the maximum point of MP.
    - (C) MP cuts AP from above, at the maximum point of AP.
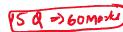   - (D) MP cuts AP from below, at the maximum point of AP.

11. For Giffen good
    - (A) income elasticity of demand is positive and price effect is positive.
    - (B) income elasticity of demand is negative and price effect is negative.
    - (C) income elasticity of demand is negative and price effect is positive.
    - (D) income elasticity of demand is positive and price effect is negative.

12. Limit Pricing is also termed as
    - (A) entry preventive pricing.
    - (B) entry encouraging pricing.
    - (C) competition enhancing pricing.
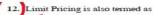   - (D) maximum profit generating pricing.

13. Social welfare is
    - (i) equal to dead weight loss.
    - (ii) maximum under perfect competition.
    - (iii) what the consumer is willing to pay minus the cost of production.
    - (iv) equal to consumer's surplus plus producer's surplus.
    - (A) Only (i) is true
    - (B) Only (i) and (ii) are true
    - (C) (ii), (iii) and (iv) are true
    - (D) Only (iii) is true

14. In case income elasticity of demand for good Y be zero, the income-consumption curve for good X will be
    - (A) parallel to horizontal axis.
    - (B) parallel to vertical axis.
    - (C) positively sloped straight line.
    - (D) negatively sloped straight line.

15. A risk-return trade-off function
    - (A) slopes upward for a risk averse decision maker.
    - (B) slopes downwards for a risk averse decision maker.
    - (C) slopes upward for a risk lover.
    - (D) slopes upward for a plunger.

16. Information asymmetry exists when
    - (A) both parties are equally informed.
    - (B) both parties are equally knowledgeable.
    - (C) one party has more information than the other.
    - (D) one party does not take interest in the subject.

17. Under perfect competition, if the total cost of any firm is $C = 0.3x^3 - 3x^2 + 20x + 15$, then find the supply of the firm when $P < 12.5$
    - (A) 0
    - (B) $0.9x^2 - 6x + 20$
    - (C) 12.5
    - (D) 1.5

12. Limit Pricing is also termed as
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the firm when $P < 12.5$?
- (A) 8
- (B) $0.9x^2 - 6x + 20$
- (C) 12.5
- (D) 1.5

18. The purchase or sale of a commodity at the present price with the objective of sale or purchase at some future date at a favourable price is known as
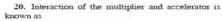- (A) Hedging
- (B) Speculation
- (C) Market intelligence
- (D) Retailing

19. In a market economy, the market mechanism can achieve all the following except
- (A) signaling changes in consumer tastes.
- (B) causing supply to respond to changes in demand.
- (C) eliminating excess supply and demand.
- (D) ensuring a fair distribution of all types of goods.

20. Interaction of the multiplier and accelerator is known as
- (A) investment multiplier
- (B) employment multiplier
- (C) super multiplier
- (D) dynamic multiplier

21. If $C = a + b(Y - T)$, where $T = ty$ and $I = \overline{I}$, then investment multiplier is
- (A) $\dfrac{1}{b(1-t)}$
- (B) $\dfrac{1}{1-b(1-t)}$
- (C) $\dfrac{1}{1-bt}$
- (D) $\dfrac{1}{1-b(1+t)}$

$\dfrac{1}{1-mpc}$

$\dfrac{1}{1-(b+tb)}$

$\dfrac{1}{1-b(1-t)}$

22. According to Friedman, a key determinant of money is not
- (A) aggregate wealth.
- (B) precautionnary motive.
- (C) relative rates of return obtainable on different forms of assets.
- (D) physical non-human capital goods and human capital.

23. Augmented Phillips Curve makes allowance for the
- (A) effects of price expectations on money wage reductions.
- (B) effects of price expectations on real wage increases.
- (C) effects of price expectations on money wage increases.
- (D) effects of price expectations on real wage reductions.

24. Based on Mankiw, Romer and Weil (1992), with conditional convergence, holding fertility rates, education and government spending as a share of GDP constant
- (A) income per capita is the same regardless of poor or rich countries.
- (B) income per capita in poor countries grows faster than in rich countries.
- (C) income per capita in rich countries grows faster than in poor countries.
- (D) income per capita in poor countries grows conditional upon foreign aid.

25. Which one of the following is not a behavioural ratio in the H-theory of money supply?
- (A) Reserve-deposit ratio
- (B) Interest-deposit ratio
- (C) Time-deposit ratio
- (D) Currency-deposit ratio

26. 'Crowding out effect' implies
- (A) too much private spending and investment is not desirable.
- (B) too much public spending leads to recession.
- (C) increased public sector spending encourages private sector spending.
- (D) increased public sector spending replaces, or drives down, private sector spending.