APPLIED ECONOMICS RESEARCH CENTRE
UNIVERSITY OF KARACHI

M.A.S / M.PHIL. LEADING TO PH.D. PROGRAMME: 2014-15 (FALL-EVENING)

SAMPLE TEST
FOR
ECONOMISTS

<u>*Note:*</u> *The total duration for the test to be conducted on SUNDAY, AUGUST 31, 2014, would be of two hours*

READ CAREFULLY THE FOLLOWING INSTRUCTIONS

INSTRUCTIONS

- **The paper contains 80 questions and comprises FOUR sections.**

- **Attempt all questions.**

- **For each correct answer one mark will be awarded while ¼ mark will be deducted for each wrong answer.**

- **Write a capital letter (A – E) for the correct choice in the box against each question on the answer sheet (provided separately to you) and avoid overwriting.**

- **More than one answer to any question in the space provided shall be considered wrong.**

- **CALCULATORS ARE NOT ALLOWED**

ECONOMISTS: 2014-15 (FALL-EVENING)

SECTION - I
MICROECONOMICS

Total Marks: (25)

Q.1 If goods *A* and *B* are complements, an increase in the price of good *A* will leads to

  (A)   A decrease in demand for good *B*
  (B)   A decrease in the quantity demanded of good *B*
  (C)   An increase in the price of good *B*
  (D)   No change in demand for good *B* because A and B are not substitutes.
 **(E)**   A rightward shift in the demand for good *B*

Q.2 A household 's demand curve can be derived from

  (A)   A single indifference curve
  (B)   A single budget line
  (C)   A price-consumption line
  (D)   An increase-consumption line
  (E)   The indifference map

Q.3 Assuming that capital is a fixed input and that labour is variable, the total product Curve relates

  (A)   Output to various levels of capital and labour employment
  (B)   Total cost to various levels of labour employment
  (C)   Labour cost to the level of output
  (D)   Output to various levels of labour employment with capital held constant
  (E)   Output to the cost of labour

Question 4 and 5 refer to the following diagram:
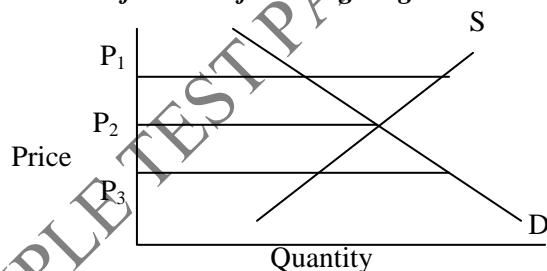
Q.4 At a price equals P_1,

  (A)   There is upward pressure on price.
  (B)   Demand will rise to restore equilibrium
  (C)   The market has reached an equilibrium price
  (D)   Quantity supplied is greater than quantity demanded
  (E)   A shortage exists

Q.5 When price equals P₃,

    (A)   There is a tendency of price to rise
    (B)   There is excess supply.
    (C)   Quantity exchanged equals quantity demanded
    (D)   The market is in equilibrium
    (E)   A surplus exists

SECTION – II
MACROECONOMICS

Total Marks: (25)

Q.1 Given the Keynesian consumption function C = 0.46 + 0.92yd, if income rises by Rs. 1 billion, how much will consumption increase?

    (A)   Rs 460 million
    (B)   Rs 920 million
    (C)   Rs 500 million
    (D)   Rs 1,380 million

Q.2 Other things remaining constant, an increase in the level of output in an economy is likely to result in

    (A)   An increase in money supply
    (B)   An increase in rate of interest
    (C)   A decrease in money demand
   **(D)**   A decrease in the rate of interest

Q.3 According to the permanent income theory, temporary increase in income will mostly be _____, and permanent increase in income will mostly be _____

    (A)   Spent: Saved
    (B)   Spent: Spent
    (C)   Saved: Spent
    (D)   Saved: Saved

Q.4 To ensure that the fundamental identity of national income accounting holds, changes in inventories are:

    (A)   Treated as part of saving
    (B)   Ignored
    (C)   Treated as part of expenditures
    (D)   Counted as consumption

Q.5
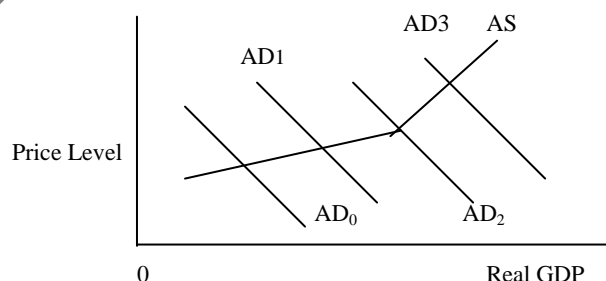
Refer to the above diagram. If the economy's present aggregate demand curve is AD2:

- **(A)** The most appropriate fiscal policy is to increase government expenditures or a reduction of taxes.
- **(B)** The most appropriate fiscal policy is a reduction of government expenditures or an increase of taxes.
- **(C)** Government should not undertake either an expansionary or a contractionary fiscal policy.
- **(D)** The economy is achieving its full capacity output.

SECTION – III
QUANTITAVE

Total Marks: (20)

Q.1 If *n* and *p* are both odd numbers, which of the following numbers must be even numbers?

- **(A)** *n+p*
- **(B)** *np*
- **(C)** *np+2*
- **(D)** *n+p+1*
- **(E)** *2n+p*

Q.2 if $x^2 + y^2 = 3x, then \frac{dy}{dx} =$

- **(A)** $\frac{3-2x}{2y}$
- **(B)** $\frac{2x-3}{2y}$
- **(C)** $\frac{2y-3}{2x}$
- **(D)** $\frac{3-2y}{2x}$

Q.3 **Log** $\sqrt{x}\,10=, then\, x =$

- **(A)** 1/2
- **(B)** 4
- **(C)** 10
- **(D)** 2

Q.4 ∆ABC is a right angled triangle, if the length of three sides of ∆ABC are 3 cm, 4cm and 5cm, then the area of ∆ABC is

- **(A)** Cannot determine
- **(B)** 6 cm^2
- **(C)** 10 cm^2
- **(D)** 7.5 cm^2

Q.5 A bag of chicken food will feed 18 chickens for 54 days. How long will it feed 12 chickens.

- **(A)** 36
- **(B)** 47
- **(C)** 53
- **(D)** 72
- **(E)** 81

Q.6   The median of the data : 25, 12, 10, 22, 17, 11, 18 is:

    (A)   22   (B)   16.43
    (C)   17   (D)   25
    (E)   115

Q.7   The number of possible samples of size 2 can be drawn without replacement from a population of 4 units consisting of the values 5, 3, 7, 6 will be:

    (A)   24   (B)   16
    (C)   08   (D)   04
    (E)   06

SECTION - IV
PAKISTAN'S ECONOMY

TOTAL Marks (10)

Q.1   National savings as percent of GDP of Pakistan is around:

    (A) 18%   (B) 15%   (C) 11%
    (D) 12%   (E) 8%

Q.2   The major share in total exports of Pakistan consists of:

    (A) Carpet and Rugs   (B) Surgical Goods
    (C) Textile and Textile Articles   (D) Leather Goods
    (D) Rice

Q.3   The two major sources of federal tax revenues in Pakistan are :

    (A) Custom Duties and Income Tax
    (B) Sales Tax and Income Tax
    (C) Excise Duties and Sales Tax
    (D) Excise Duties and Custom Duties
    (E) Sales Tax and Capital Value Tax

Q.4   The recorded growth in real Gross Domestic Product in fiscal year 2003 was

    (A) 4.5%   (B) 4.1%   (C) 5.1%
    (D) 5.8%   (E) 3.9%

Q.5   The total volume of exports of Pakistan in the fiscal year 2003 was close to:

    (A) $11 billions   (B) $11 trillion   (C) $ 20 billions
    (D) $ 8 billions   (E) $ 15 billions