

APPLIED ECONOMICS RESEARCH CENTRE

UNIVERSITY OF KARACHI

M.A.S / M.PHIL. PROGRAMME: 2021-22 (FALL)

SAMPLE TEST FOR ECONOMISTS

READ CAREFULLY THE FOLLOWING INSTRUCTIONS

INSTRUCTIONS

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

| | |
|-------------|--------------------|
| Section-I | Microeconomics |
| Section-II | Macroeconomics |
| Section-III | Quantitative |
| Section-IV | Pakistan's Economy |
- For each correct answer 1 mark will be awarded. There will be no negative marking for wrong answer.
- Write the capital letter (A - D) 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.
- Use of PENCIL is NOT allowed. Please use PEN to write your answer on the answer sheet.
- Rough work can be done on a separate sheet provided for this purpose. Do not write anything on the Test Booklet.
- Do not detach pages of question paper.
- CALCULATORS ARE NOT ALLOWED.
- Be sure to return the Test Booklet after completion along with answer sheet. Failure to do so may result in the cancellation of the paper.
- Mobile phones MUST be POWERED OFF.

ECONOMISTS: 2021-2022 (FALL)

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*

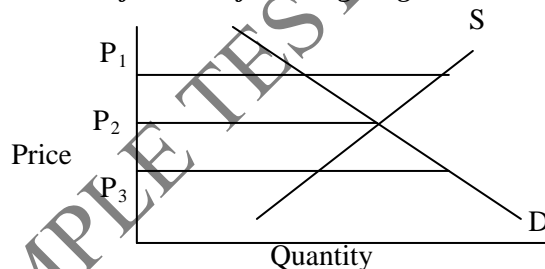
Q.2 A household 's demand curve can be derived from

- (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 P_3 ,

- (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 $C = 0.46 + 0.92y_d$, 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

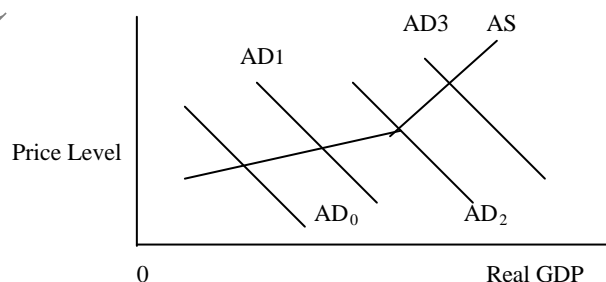
Q.3 According to the permanent income theory, temporary increase in income will mostly be _____, and permanent increase in income will mostly be _____

- (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

QUANTITATIVE + CALCULUS

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 $\text{Log } \sqrt{x} 10 =$, then $x =$

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

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

Q.8 Evaluate $\lim_{x \rightarrow 4} \frac{x-4}{x^2-x-12}$

- | | |
|--------------|------------------|
| A) Undefined | B) Zero |
| C) Infinity | D) $\frac{1}{7}$ |

Q.9 Differentiate $y = \log(x^2 + 1)^2$

- | | |
|-------------------------------|--------------------------------|
| A) $4x(x^2 + 1)$ | B) $\frac{4x \log e}{x^2 + 1}$ |
| C) $\frac{x \log e}{x^2 + 1}$ | D) $2x(x^2 + 1)$ |

Q.10 The value of integral $\int_{-2}^2 \frac{dx}{x^2}$ is:

- | | |
|-------|-------------------|
| A) 0 | B) $-\frac{1}{4}$ |
| C) -1 | D) ∞ |

Q.11 Partial fractions of $\frac{x^2+1}{x^3+1}$ will be of the form:

- | | |
|---|--|
| A) $\frac{A}{x+1} + \frac{B}{x^2-x+1}$ | B) $\frac{A}{x+1} + \frac{B}{x^2-x+1}$ |
| C) $\frac{A}{x+1} + \frac{Bx+C}{x^2-x+1}$ | D) None of the above. |

Q.12 Find multiplicative inverse of $\begin{bmatrix} -5 & 1 \\ 6 & -2 \end{bmatrix}$

- | | |
|---|---|
| A) $\frac{1}{-7} \begin{bmatrix} 1 & -3 \\ -1 & -4 \end{bmatrix}$ | B) $\frac{1}{42} \begin{bmatrix} 7 & -5 \\ 0 & 6 \end{bmatrix}$ |
| C) $\frac{1}{4} \begin{bmatrix} -2 & -1 \\ -6 & -5 \end{bmatrix}$ | D) $\frac{1}{4} \begin{bmatrix} 4 & 2 \\ -3 & 1 \end{bmatrix}$ |

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 | |