

- 1.(b) pareto efficient
- 2.(d) all of the above
- 3.(b) a private good
- 4.(b) monopsony
- 5.(d) $C = Q\sqrt{wr}$
- 6.(d) complete crowding out and no increase in equilibrium income
- 7.(b) the IS curve is vertical and the LM curve is upward sloping.
- 8.(b) 115.3
- 9.(d) 3/8
- 10.(d) A consumer's budget share for an inferior good decreases with an increase in money income.
- 11.(b) Income elasticity of good x is 0.
- 12.(c) 1/3
- 13.(c) remains constant
- 14.(d) any of the above three conditions is satisfied
- 15.(c) f is quasi-convex
- 16.(a) does not change the value of the determinant of A
- 17.(e) 1/25
- 18.(d) 0.82
- 19.(c) under flexible exchange rates when the exchange rate rises (depreciates) above and then falls down to equilibrium after a monetary expansion
- 20.(c) fiscal policy is an effective tool for stabilizing the economy
- 21.(b) not a competitive equilibrium allocation but is pareto efficient
- 22.(a) a competitive equilibrium allocation and is pareto efficient
- 23.(b) (0,1)
- 24.(c) 50 units
- 25.(a) equilibrium output increases by 160/3 units
- 26.(b) Current Employment: 400; Employment tomorrow: 424
- 27.(c) Rs. 4000
- 28.(b) 0.56
- 29.(b) $q_1 = 2$ and $q_2 = 2$
- 30.(b) A has $x = 2, y = 0$ and B has $x = 0, y = 2$
- 31.(a) 5/14
- 32.(d) 2/7
- 33.(b) 0
- 34.(b) 128
- 35.(b) has a greater impact on income than in a closed economy
- 36.(d) an increase in the interest sensitivity of money demand
- 37.(c) The line defined by $y = x + 2$ and the vertical axis.
- 38.(a) the smaller the induced change in interest rates and smaller the responsiveness of investment to these changes
- 39.(d) the level of profits
- 40.(b) $(x_1, x_2) = (2/18, 5/18)$
- 41.(c) x_1 increases and x_2 decreases
- 42.(c) (15, 7)
- 43.(b) $Y = 12500 - 50r$
- 44.(d) does not change, ever increasing
- 45.(c) leaves unchanged
- 46.(d) 7/15
- 47.(b) 121/256
- 48.(c) 4/13
- 49.(a) 28/30
- 50.(d) Both countries produce both goods
- 51.(e) $\frac{t^2(1+b)}{2b}$
- 52.(c) is greater than or equal to 0 at every $x \in \mathbb{R}$
- 53.(d) In every election, every party has at least one dishonest candidate.
- 54.(b) a Gang
- 55.(d) a Gang
- 56.(b) There are at least two sets of individuals that are both a Family and a Gang.
- 57.(a) a Family
- 58.(a) 45
- 59.(b) 3/8
- 60.(d) $f(x) = |x|$, where $x \in \mathbb{R}_+$

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