

- 1.(d) None of the above necessarily holds
- 2.(a) [8, 10]
- 3.(c) between 0 and 10, 10 and 20, 20 and 30
- 4.(d) 100/3
- 5.(a) -2
- 6.(d) prefer to buy the lottery if and only if  $p > 51/221$
- 7.(a)  $p_1 = p_2 = \frac{a+c}{2-b}$
- 8.(c)  $p_1 = p_2 = \frac{a+c-bc}{2(1-b)}$
- 9.(a) Rising before 1991 but falling after 1991
- 10.(b) Growing faster than mean consumption per-capita according to NSS
- 11.(a)  $\frac{1}{2}$
- 12.(c)  $\frac{\log 2}{0.015}$
- 13.(a)  $R^2$  is zero.
- 14.(a) Log of the geometric mean of wages
- 15.(b) 100
- 16.(c) under flexible exchange rates when the exchange rate rises (depreciates) above and then falls down to equilibrium after a monetary expansion
- 17.(b) has a greater impact on income than in a closed economy
- 18.(c) money wages do not immediately change when the price level changes
- 19.(b) real revenue created by printing new money
- 20.(c) increase the level on income and lower the interest rate
- 21.(d) has exactly 1 real root
- 22.(b) concave on  $(-1, 2)$ , convex on  $(-\infty, -1)$  and  $(2, \infty)$
- 23.(c)  $x = 3$
- 24.(c) 1/26
- 25.(b)  $f$  is a linear transformation, but  $g$  is not a linear transformation
- 26.(b)  $x = 6\pi/(4 + \pi)$
- 27.(b) equals 27/99
- 28.(a) (0, 5, 4)
- 29.(b) (4, 0, 5)
- 30.(c) either (a) or (b)
- 31.(b)  $\theta = 3T/M$
- 32.(d)  $\frac{1}{\beta} - 1$
- 33.(e)  $N \frac{(1-r)}{(1+r)^2}$
- 34.(c) the above allocation is 'No-envy allocation' if  $\alpha \geq \frac{5}{3}$
- 35.(d) Pareto optimal if  $\alpha \geq 5$
- 36.(c) Rich choose (iii) and Middle class choose (ii)
- 37.(d)  $w_2 - c$  from Rich, and  $v_1$  from Middle class
- 38.(d) 0 and 1 are the only Pareto optimal locations
- 39.(b)  $p_x > 0$  and  $p_y > 0$
- 40.(d)  $p_y = p_x > 0$
- 41.(c) A and B are independent if exactly one of them has positive probability
- 42.(d) above 4 and less than 5
- 43.(c) The Lorenz curves for the two distributions cross each other
- 44.(b) 76
- 45.(c) 1/3
- 46.(c)  $\frac{4}{3}e^{-2}$
- 47.(c)  $\hat{\beta} = 0$  or all  $x$ 's are constant
- 48.(c)  $\hat{\alpha}$  will change but  $\hat{\beta}$  will not
- 49.(c) The OLS estimated coefficients will be unbiased and so will their estimated standard errors because the error variance is not related to  $x$
- 50.(d) Any of the above
- 51.(c) 10,000
- 52.(b) there is a trade deficit
- 53.(b) can attain this by increasing the tax rate to 4/5
- 54.(a) 5000 units
- 55.(c) the LM curve will be flatter and fiscal policy would be more effective
- 56.(b) the neoclassical property of diminishing returns to each factor
- 57.(c)  $y_t = \alpha k_t + \beta$
- 58.(b)  $\frac{dk}{dt} = s\alpha k_t + s\beta - nk_t$
- 59.(a) 8
- 60.(a) unambiguously increases the steady state value of capital per worker

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