School of Economics
Quaid-i-Azam University, Islamabad

M.PHIL ADMISSION TEST

SAMPLE PAPER

Attempt all questions. All Questions carry equal marks:

Q:1   Discuss Marginal Rate of Substitution using suitable graphs?

Q:2   What is Engel Curve ? Draw free hand Engel Curve for an income inelastic commodity.

Q:3   What is the fundamental philosophy of microeconomics and how the concept of General Equilibrium is in line with this philosophy?

Q:4   If initial endowment is efficient (Pareto optimal) in the Edgeworth box, then no beneficial exchange is possible? Do you agree? Explain.

Q:5   What is government expenditure multiplier? Explain both theoretically and mathematically?

Q: 6   What is classical dichotomy? Does government policy effect if classical dichotomy holds?

Q:7   Explain Life cycle income hypothesis?

Q:8   Explain briefly the relationship between money demand and bond prices in an economy?

Q: 9   Interpret the coefficient of X_i in each of the following models, where Y_i is the consumption of *ith* individual and X_i is his income at a particular time.

$$\hat{Y}_i = 50 + 0.75\ ln(X_i)$$

$$\widehat{lnY}_i = 50 + 0.75\ ln(X_i)$$

$$\widehat{lnY}_i = 50 + 0.75\ (X_i)$$

$$\hat{Y}_i = 50 + 0.75\ (X_i)$$

Q10.   Based on the prices and quantities (consumed) for twenty food items for 2016 and 2017. The Laspeyres Price index was 121 and the Paasche's Pricex was 117, with 2016 as the base year. Interpret these two indices. Is Paasche's price index always less than Laspeyres price index. (why or why not explain)

P A T T E R N
• Four Questions from Microeconomics
• Four Questions from Macroeconomics
• Two Questions from Statistics / Econometrics or Mathematical Economics
• Four Questions from Microeconomics