624 MSc IN ECONOMETRICS AND FINANCIAL TECHNOLOGY
(FINAL)

1.   Which of the following statements is most closely associated with general equilibrium analysis?

   (A) Everything depends on everything else
   (B) Ceterus paribus
   (C) The equilibrium price of a good and service depends on the balancing of the forces of demand and supply for that good or service
   (D) The equilibrium price of a factor depends on the balancing of forces of demand and supply for that factor

2.   When there is no change in central bank holding of international reserves, a country's

   (A) Trade balance always equals 0
   (B) Current account balance always equals 0
   (C) Capital account balance always equals 0
   (D) Balance of payment always equals 0

3.   A change in autonomous spending is represented by

   (A) A movement along C + I + G spending line
   (B) A shift of C + I + G spending line
   (C) A change in behavioural coefficient
   (D) A change in marginal propensity to save

   where, C = Consumption, I = Investment, G = Government spending

4.   The Lerner Index equals

   (A) (MC – P)/MC
   (B) P/(MC – P)
   (C) (P – MC)/P
   (D) MC/(MC – P)

5. Arc elasticity gives a better estimate of point elasticity of a curvilinear demand curve as

    (A) The size of the arc becomes smaller
    (B) The curvature of the demand curve over the arc becomes less
    (C) Both of the above
    (D) None of the above

6. Simultaneous equilibrium in the money and goods market exists

    (A) At an unlimited number of output and rates of interest
    (B) At only one output level and rate of interest
    (C) At an unlimited number of output levels and only one rate of interest
    (D) At only one output level and an unlimited number of rates of interest

7. Price elasticity for a curvilinear demand function of the form $Q = aP^{-b}$ is

    (A) $-ba$
    (B) $-b$
    (C) $-a/b$
    (D) Cannot be determined

8. If the price consumption curve for a commodity is horizontal at all relevant prices for it, the demand curve for this commodity is

    (A) Horizontal
    (B) Positively Sloped
    (C) Vertical
    (D) Rectangular Hyperbola

9. An individual is just willing to accept a gamble to win or lose Rs. 1000 if the probability of winning is 0.6. Suppose that the utility gained, if the individual wins is 100 utils, then how much utility does one lose if one loses the gamble?

   (A) 40 utils
   (B) 100 utils
   (C) 160 utils
   (D) 150 utils

10. In an economy of two individuals (A and B) and two commodities (X and Y), general equilibrium of exchange is reached

   (A) $MRT_{xy} - MRS_{xy}$ for A and B

   (B) $MRS_{xy} = P_x/P_y$

   (C) $(MRS_{xy})_A = (MRS_{xy})_B$

   (D) All of the above

11. Quasi rent is

   (A) Equal to the firm's total profit
   (B) Greater than the firm's total profit
   (C) Smaller than the firm's total profit
   (D) Any of the above is possible

12. According to the theory of contestable markets, perfect competition can occur

   (A) Only if there are a large number of firms in the industry
   (B) If entry into the industry is absolutely free and exit from the industry is entirely costless
   (C) Only in the absence of government regulation
   (D) Only in the presence of foreign companies

13. According to Quantity Theory of Money

    (A) An increase in the nominal money supply causes proportional increase in the price level, ceteris paribus
    (B) An increase in the nominal money supply causes a proportional increase in real GNP, ceteris paribus
    (C) An increase in the real money supply causes a proportional increase in the price level, ceteris paribus
    (D) An increase in real money supply causes a proportional increase in real GNP, ceteris paribus

14. A labour -augmenting technological change has no effect upon the

    (A) Depreciation investment line
    (B) Saving Curve
    (C) Output Curve
    (D) Capital-effective labour ratio

15. If factor prices and factor quantities move in the same direction, we have

    (A) Constant Cost Industry
    (B) An increasing cost Industry
    (C) A decreasing cost Industry
    (D) None of the above

16. Shadow price in linear programming problem refers to

    (A) The change in the value of the constraint per unit change in the objective function
    (B) The change in the value of the objective function per unit change in any one of the constraints
    (C) The change in the value of the primal solution per unit change in the dual solution
    (D) None of the above

17. The MC curve reaches its minimum point before the AVC and AC curve. In addition, the MC curve intersects the AVC curve and the AC curve at their lowest point. The above statements are both true

   (A) Always
   (B) Never
   (C) Often
   (D) Sometimes

18. The dynamic aggregate demand schedule shifts rightward when there is an increase in

   (A) The expected rate of inflation, ceteris paribus
   (B) The growth rate of the nominal money supply, ceteris paribus
   (C) The income tax rate, ceteris paribus
   (D) The current inflation rate, ceteris paribus

19. The Engle Curve for a Giffen Good

   (A) Negatively Sloped
   (B) Positively Sloped
   (C) Vertical
   (D) A Rectangular Hyperbola

20. When both the price of a substitute and the price of a complement X rise, the demand for X

   (A) Rises
   (B) Falls
   (C) Remains Unchanged
   (D) All of the above are possible

21. The economy is in inflationary equilibrium. A reduction in

   (A) Government spending permanently lowers the economy's rate of inflation
   (B) Nominal money supply growth lowers the inflation rate with no effect on output in the short run
   (C) Nominal money supply growth lowers the inflation rate and the level of output in the short run
   (D) Government spending lowers the rate of inflation with no effect on output in the short run

22. When current income includes a negative transitory component, relating consumption with current income will produce

   (A) An average propensity to consume that is lower than the long-run average propensity to consume
   (B) An average propensity to consume that is higher than the long run average propensity to consume
   (C) An average propensity to consume that equals the long-run average propensity to consume
   (D) None of the above

23. The substitution effect for a fall in the price of a commodity (ceteris paribus) is given by

   (A) A movement on a given indifference curve
   (B) A movement from a higher to a lower indifference curve
   (C) A movement down on a given indifference curve
   (D) None of the above

24. Suppose that the production function of a firm is $Q = 100L^{0.5} K^{0.5}$, where L is labour and K is capital, Q is quantity, Price = 1, wage = 30 and interest = 40 then the maximum profit this firm can earn is

   (A) 1000
   (B) 9000
   (C) 500
   (D) 10,000

25. When the population growth rate of an economy becomes greater than the achievable economic growth rate, it is known as

   (A) Population explosion
   (B) Population trap
   (C) Population crisis
   (D) Population boom

26. The Solow Growth Model predicts that

   (A) Rich nations will grow faster than poor nations
   (B) The rich will get richer and the poor will get poorer
   (C) The rich will get poorer and the poor will get richer
   (D) Poor nations will grow faster than rich nations

27. A cluster of complementary goods and services across diverse set of industries is called as

   (A) Market place
   (B) Meta market
   (C) Market space
   (D) Resource Market

28. Who wrote the book 'Planning and Poor'?

   (A) H.K.Paranjape
   (B) M.L.Dantwala
   (C) A.K.Sen
   (D) B.S.Minhas

29. In the 'New Economy', the share of industrial sector

   (A) Falls
   (B) Rises
   (C) Remain constant
   (D) Falls and then rises

30. Theory of demographic transition was propound by

    (A) Alfred Marshall
    (B) Malthus and J.B. Say
    (C) Karl Marx
    (D) Thomson and Notestein

31. The market borrowings and other liabilities when added to budget, we get

    (A) Fiscal deficit
    (B) Revenue deficit
    (C) Primary deficit
    (D) Budget deficit

32. Which of the following taxes is **NOT** shared by the government with the states?

    (A) Custom duty
    (B) Union excise duty
    (C) Income tax
    (D) State duty

33. In estimating the budgetary deficit, the official approach in India is to exclude

    (A) Long term borrowings from the market
    (B) Borrowings from the Reserve Bank of India
    (C) Drawing down of the cash balance
    (D) Borrowings from Reserve Bank in the form of ways and means advance

34. If demand for a good is inelastic, an increase in its price will cause the total expenditure of the good to

    (A) Increase
    (B) Decrease
    (C) Remain same
    (D) Become zero

35. The locus of Pareto Optimality in Production and Consumption is given by

(A) The Utility Possibility Curve
(B) The Social Welfare Function
(C) The Transformation Curve
(D) The Grand Utility Possibility Curve

36. When two opposite changes occurs at equal rate state is called

(A) Special equilibrium
(B) Dynamic equilibrium
(C) Non equilibrium
(D) Unique equilibrium

37. In the kinked demand curve, it is assumed that

(A) An increase in price by the firms is not followed by others
(B) An increase in price by the firms followed others
(C) A decrease in price by the firms is not followed by others
(D) Firms called to fix the price

38. The presence of increasing returns to scale in an industry tends to

(A) Make that industry perfectly competitive
(B) Discourage producers from exporting
(C) Give a comparative advantage in that industry to large countries
(D) Cause price in that industry to rise with output

39. In a cartel, members firms may be given a fixed amount to produce. This amount is called as

(A) Limit less
(B) Factor
(C) Quota
(D) Quaint

40. Research through experiment and observation is called

(A) Clinical Research
(B) Experimental Research
(C) Laboratory Research
(D) Empirical Research

41. Who proposed the theory of rational expectations?

(A) Keynes
(B) John of Muth
(C) Say
(D) Hicks

42. According to Peacock and Wiseman's analysis, public expenditure increases

(A) In jerks or step like fashion
(B) As time passes
(C) In smooth and continuous manner
(D) In the short and long runs

43. Reagan economics is based on three Pillars namely,

(A) Tax policy, regulatory policy and environmental policy
(B) Tax policy, monetary policy and environmental policy
(C) Tax policy, regulatory policy and labour policy
(D) Tax policy, regulatory policy and monetary policy

44. The theory of portfolio choice suggests that the most important factor affecting the demand for domestic and foreign assets is

(A) The liquidity of these assets relative to one another
(B) The riskiness of these assets relative to one another
(C) The expected return on these assets relative to one another
(D) The level of trade and capital flows

45. International Trade is most likely to generate short-term unemployment in

    (A) Industries in which there are neither imports nor exports
    (B) Import-competing industries
    (C) Industries that sell to domestic and foreign buyers
    (D) Industries that sell to only foreign buyers

46. Solve $x - 2y + z - 3w = 4$
$$2x + 3y - z - 2w = -4$$
$$3x - 4y + 2z + 4w = 12$$
$$2x - y - 3z + 2w = -2$$

    (A) $x = 1, y = 2, z = 0, w = -1$
    (B) $x = 0, y = 1, z = 3, w = -1$
    (C) $x = 2, y = -1, z = 3, w = 1$
    (D) $x = 1, y = -1, z = 2, w = 0$

47. In a new subdivision, 35% of the houses have a family room and a fireplace, while 70% have family rooms. What is the probability that a house selected at random in this subdivision has a fireplace given that it has a family room?

    (A) 0.215
    (B) 0.50
    (C) 0.80
    (D) 0.30

48. How many numbers between 3000 and 5000 can be formed by using the 7 digits 0, 1, 2, 3, 4, 5, 6 if each digit must not be repeated in any number?

    (A) 140
    (B) 340
    (C) 270
    (D) 240

49. The least number of terms of the series 1/3 + 1/6 + 1/12….that should be taken so that their sum will differ from their sum to infinity by less than 1/1000

    (A) 10
    (B) 20
    (C) 30
    (D) 8

50. Approximate $\sqrt[3]{3}$ to three decimal places

    (A) 1.553
    (B) 1.442
    (C) 1.333
    (D) 1.678

51. An isosceles trapezoid has base angles measuring 45 degree. If upper base has length 12 and the altitude has length 3, then the length of the lower base is

    (A) 3
    (B) 12
    (C) 18
    (D) 5

52. A tree casts 15 ft shadow at a time when a nearby upright pole 6 ft high casts a shadow of 2 ft. Then it is expected that tree height would be

    (A) 15 ft
    (B) 6 ft
    (C) 35 ft
    (D) 45 ft

53. A passenger on the front of train A observes that she passes the complete length of train B in 33 seconds when travelling in the same direction as B and in 3 seconds when travelling in the opposite direction. If B is 330 ft long, the speed of the two trains is

    (A) 50 ft/sec, 60 ft/sec
    (B) 60 ft/sec, 50 ft/sec
    (C) 40 ft/sec, 60 ft/sec
    (D) 60 ft/sec, 40 ft/sec

54. A ball starting from rest rolls down an inclined plane and passes over 3 in during the 1st second, 5 in during the 2nd second, 7 in during 3rd second, etc. In what time from rest will it cover 120 inches?

    (A) 10 sec
    (B) 20 sec
    (C) 5 sec
    (D) 15 sec

55. The numbers in Pascal triangle have the following intersecting properties

    (A) The first number and the last number in each row is 1
    (B) Every other number in the array can be obtained by adding the two numbers appearing directly above it.
    (C) Both (A) and (B) above are correct
    (D) None of the above

56. The minimum number of students in a class to be sure that three of them are born in the same month

    (A) 4
    (B) 36
    (C) 25
    (D) 15

57. If the elements of a set can be counted, that set is known as
    ……………….. set

    (A) Finite
    (B) Infinite
    (C) Known
    (D) Unknown

58. Which of the following sets are null sets?

    (A) {0}
    (B) ∅
    (C) {}
    (D) Both (B) and (C) above are null sets

59. Power of set of empty set has exactly ……………….. subset.

    (A) One
    (B) Two
    (C) Zero
    (D) Three

60. If $x^{-2/3}$, then we can rewrite this

    (A) $x^{3/2}$
    (B) $1/x^{3/2}$
    (C) $1/x^{2/3}$
    (D) $3\sqrt{x}$

61. $y = a^x$ is known as ……………….. function.

    (A) Power
    (B) Logarithmic
    (C) Exponential
    (D) Logarithmic information

62. $y = f(x)$ is an increasing function, then the tangents are ……………….. sloped.

   (A) Positively
   (B) Negatively
   (C) Vertically
   (D) Horizontally

63. A ……………….. line is a straight line that touches a curve at only one point

   (A) Demand
   (B) Tangent
   (C) Supply
   (D) Fixed cost

64. At a minimum of any function $y = f(x)$, the second order condition is

   (A) $dy/dx = 0$
   (B) $d^2y/dx^2 > 0$
   (C) $d^2y/dx^2 < 0$
   (D) $dy/dx < 0$

65. If $e_y < 1$, then the good is

   (A) Income inelastic
   (B) Income elastic
   (C) Demand inelastic
   (D) Demand elastic

66. A matrix which converts the rows to columns is called ……………….. of
    a matrix

   (A) Row
   (B) Column
   (C) Transpose
   (D) Zero

67. Cramer's rule is a simplified method of solving a systems of
   …………….. equations

   (A) Linear
   (B) Quadric
   (C) Cubic
   (D) Polynomial

68. What is the slope of the graph of $2y + 3x = 102y + 3x = 10$?

   (A) −3
   (B) 3
   (C) −1.5
   (D) 1.5

69. Which of the following describes an advantage of using Laspeyres method?

   (A) Many commonly used quantity measures are not tabulated for every period
   (B) Changes in consumption patterns are taken into account
   (C) One index can be easily compared to another
   (D) Both (A) and (C) above are correct, but (B) is incorrect

70. A method used to deal with cyclical variation when cyclical component does not explain most of the variations left unexplained by the trend component is

   (A) Spearman Analysis
   (B) Specific Analysis
   (C) Relative Cyclical Residual
   (D) None of the above

71. In Kruskal Wallis Test of k samples, the appropriate number of degrees of freedom is

   (A) k
   (B) k − 1
   (C) n_k − 1
   (D) n − k

72. Signs of the possible presence of multicollinearity in multiple regression are

    (A) Significant t values for the coefficient
    (B) Low standard errors of the coefficient
    (C) A sharp increase in t value for the coefficient of an explanatory variable when another variable is removed from the model
    (D) All of the above

73. When performing a chi-square hypothesis test, what happens when expected frequencies in several cells are too small?

    (A) The value of Chi square will be overestimated
    (B) The null hypothesis will be more likely to be rejected than it should be
    (C) The degrees of freedom are greatly reduced
    (D) Both (A) and (C) above are correct, but (B) is incorrect

74. If we have large enough sample sizes, we can discard which of the assumptions associated with ANOVA testing

    (A) The samples are drawn from normal population
    (B) Each population has the same variance
    (C) Both (A) and (B) are correct
    (D) None of the above

75. The correct distribution to use to compute consumer's risk exactly is the

    (A) Normal
    (B) Hypergeometric
    (C) Poisson
    (D) Binomial

76. For which of the following tests, difference of proportions is **NOT** appropriate?

    (A) Seeing whether the fractions of waste produced by two processes are the same
    (B) Deciding whether the fractions of women in two grades at school are the same
    (C) Testing whether different proportions of people in Delhi and Mumbai like cricket
    (D) Seeing whether Hyundai owners have more brand loyalty than Honda owners

77. If a statistic underestimates a population parameter as much as it overestimates it, we would call it

    (A) Consistent
    (B) Sufficient
    (C) Efficient
    (D) None of the above

78. Assume that you take a sample and calculate the means as 100. You then calculate the upper limit of a 90% confidence interval for population mean, its value is 112. What is the lower limit of this confidence interval?

    (A) 88
    (B) 92
    (C) 100
    (D) It cannot be determined from the information given

79. The central limit theorem

    (A) Requires knowledge of the frequency distribution
    (B) Permits us to use sample statistics to make inferences about population parameters
    (C) Relates the shape of a sampling distribution of the mean of the sample
    (D) Requires sample to contain fewer than 30 observations

80. If $p \neq 0.5$, then the binomial distribution is

   (A) Symmetrical
   (B) Skewed
   (C) Skewed to the right
   (D) Skewed to the left

81. Type I error refers to

   (A) Hypothesis is true but test rejects it
   (B) Hypothesis is false but test accepts it
   (C) Hypothesis is true and test accepts it
   (D) Hypothesis is false and test rejects it

82. In a two tail test the rejection region is located at

   (A) Right side
   (B) Left side
   (C) Both the tails
   (D) Centre of the bell shaped curve

83. χ^2 is a ……………….. test

   (A) Parametric
   (B) Non-parametric
   (C) Standard error
   (D) Significance

84. As the number of degrees of freedom ……………….. the curve becomes more symmetrical

   (A) increase
   (B) decrease
   (C) normal
   (D) negative

85. Test for the effects of two factors simultaneously can be calculated by using

   (A) One-way ANOVA
   (B) Two-way ANOVA
   (C) Three-way ANOVA
   (D) Left and right ANOVA

86. Statistical test of the possibility of a relationship between two variables is called

   (A) Test of association
   (B) Test of disassociation
   (C) Test of addition
   (D) Test of subtraction

87. Uncertainty of elements can be reduced with the estimation of

   (A) Under coverage error
   (B) Coverage error
   (C) Sampling error
   (D) Random sample error

88. The model able to explain the observations of the actual world refers to

   (A) Theoretical plausibility
   (B) Explanatory ability
   (C) Accuracy of the estimates
   (D) Forecasting ability

89. ……………….. is the quantitative measurement of the degree of correlation.

   (A) Scatter diagram
   (B) Correlation co-efficient
   (C) Population mean
   (D) Sample mean

90. Partial correlation coefficient between X_1 and X_3, when X_2 is kept constant is denoted by

   (A) $\Upsilon_{12.3}$

   (B) $\Upsilon_{23.1}$

   (C) $\Upsilon_{13.2}$

   (D) Υ_{123}

91. A firm has total assets of Rs. 14 million and a debt/equity ratio of 0.075. Its sales is Rs. 10 million, and it has total fixed costs of Rs. 4 million. If the firm's EBIT is Rs. 2 million, tax rate is 45% and the interest rate on all of its debt is 10%, what is the firm's ROE?

   (A) 5.5%
   (B) 12.02%
   (C) 7.91%
   (D) 9.63%

92. Southeast Packaging's ROE last year was only 5%, but its management has developed a new operating plan designed to improve things. The new plan calls for a total debt ratio of 60%, which will result in interest charges of Rs. 8000 per year. Management projects an EBIT of Rs. 26,000 on sales of Rs. 240,000 and it expects to have a total assets turnover ratio of 2.0. Under these conditions, the average tax rate will be 40%. If the changes are made, what return on equity will Southeast earn?

   (A) 9%
   (B) 11.25%
   (C) 17.50%
   (D) 22.50%

93. Assume that the current interest rate on a 1 year bond is 8%, the current rate on a 2-year bond is 10%, and the current rate on a 3 year bond is 12%. If the expectations theory of the term structure is correct, **what is the 1 year interest rate expected during Year 3?**

   (A) 12.0%
   (B) 16%
   (C) 13.5%
   (D) 10.5%

94. Inflation, recession, and high interest rates are economic events which are characterized as

   (A) Company specific risk that can be diversified away
   (B) Market risk
   (C) Systematic risk that can be diversified away
   (D) Diversifiable risk

95. You hold a diversified portfolio consisting of a Rs. 5000 investment in each of 20 different common stocks. The portfolio beta is equal to 1.15. You have decided to sell one of your stocks, a lead mining stock whose Beta is 2. What will be the new beta of the portfolio?

   (A) 1.12
   (B) 1.20
   (C) 1.22
   (D) 1.10

96. You are offered a Rs. 1000 par value bond which has a stepped up coupon interest rate. The annual coupon rate is 10% per coupon, payable semiannually (Rs. 50 each 6 months) for the first 15 years, and then the annual coupon rate increases to 13%, also payable semiannually, for the next 15 years. The first interest payment will be made 6 months from today and Rs. 1000, principal amount will be returned at the end of Year 30. You currently have savings in an account which is earning a 9% nominal rate, but with quarterly compounding. This is your opportunity cost for purpose of analyzing the bond. What is the value of the bond to you today?

    (A) 1,614.53
    (B) 1,419.18
    (C) 1,306.21
    (D) 1,155.98

97. Morgan Company wants to determine the effective annual rate on the 91-day Treasury bills it holds. The T-bills were purchased at a 6.2% discount rate basis. Use a 365 day year to calculate the yield basis rate. The answer is ………………

    (A) 6.39%
    (B) 6.20%
    (C) 6.34%
    (D) 6.54%

98. The economic ordering quantity will rise due to an increase in which of the following variables?

    (A) Product demand (Sales)
    (B) Carrying Cost
    (C) Ordering Cost
    (D) Both (A) and (C) above

99. Which of the following rules are essential to successful cash flow estimates, and ultimately, to successful capital budgeting?

(A) The return on invested capital is the only relevant cash flow
(B) Only incremental cash flows are relevant to the accept/reject decision
(C) Total cash flows are relevant to capital budgeting analysis and the accept/reject decision
(D) All of the above

100. Monte Carlo simulation

(A) Can be useful for estimating a project's stand alone risk
(B) Is capable of using probability distributions for variables as input data instead of a single numerical estimate for each variable
(C) Produces both an expected NPV (or IRR) and a measure of the riskiness of the NPV or IRR
(D) All of the above

101. If debt financing is used, which of the following is correct?

(A) The percentage change in net operating income is greater than a given percentage change in net income
(B) The percentage change in net operating income is equal to a given percentage change in net income
(C) The percentage change in net operating income depends on the interest rate charged on debt
(D) The percentage change in net operating income is less than the percentage change in net income

102. In 2022, a particular Japanese imported automobile sold for 1476000yen or $8,200. If car still sells for the same amount of yen today, but the current exchange rate is 144 per dollar, what is the car selling rate for today in U.S. dollars?

(A) 10,250
(B) 12,628
(C) 8,200
(D) 5,984

103. Which of the following statements is most correct?

   (A) An option's value is determined by its formula value, which is the market price of the stock less its striking price. Thus, an option can't sell for more than its formula value
   (B) As stock price rises, the premium portion of an option on a stock increases because the difference between price of the stock and the fixed striking price increases
   (C) Issuing options provides companies with a low cost method of raising capital
   (D) The market value of an option depends in part on the option's time to maturity and on the variability of the underlying stock's price

104. A firm has total interest charges of Rs. 10,000 per year, sales of Rs. 1 million, a tax rate of 40%, and a net profit margin of 6%. What is the firm's times-interest-earned ratio?

   (A) 16 times
   (B) 10 times
   (C) 7 times
   (D) 11 times

105. You are considering the purchase of a common stock that just paid a dividend of Rs. 2. You expect this stock to have a growth rate of 30% for the next 3 years, then to have a long run normal growth rate of 10% thereafter. If you require a 15 percent rate of return, how much should you be willing to pay for this stock?

   (A) 71.26
   (B) 97.50
   (C) 82.46
   (D) 79.15

106. The duration of a bond with Rs. 1000 par value and a 7 % coupon rate, three years remaining to maturity and 9% yield to maturity is

   (A) 2.5 years
   (B) 3 years
   (C) 2.80 years
   (D) 4.5 years

107. All but one is an off-balance sheet activity

   (A) Standby letter of credits
   (B) Forward Contracts
   (C) Convertibles
   (D) Swap contracts

108. The management goal of ……………….. is to mimic the index

   (A) Exchange Traded funds
   (B) Open Ended Funds
   (C) Close Ended Funds
   (D) Derivative products

109. Investors can speculate on expectations of a decline in securities price by

   (A) Market Order
   (B) Limit Order
   (C) Stop Loss Order
   (D) Stop Buy Order

110. The benefits awarded by the life insurance company to a beneficiary with the asset backing policy

   (A) Whole life insurance
   (B) Term Insurance
   (C) Variable Life Insurance
   (D) Universal Life Insurance

111. The purchase of an interest rate cap and the simultaneous sale of an interest rate floor is

   (A) Rate capped Swap
   (B) Interest Rate Collars
   (C) Extendable Swap
   (D) None of the above

112. A dollar maintained in the European Bank is

   (A) ADR
   (B) GDR
   (C) Eurocurrency
   (D) Eurocredit

113. How many companies are included in the SENSEX of India?

   (A) 30
   (B) 50
   (C) 111
   (D) 25

114. Which of the following is **NOT** a credit rating agency?

   (A) CRISIL
   (B) ICRA
   (C) NIKKEI
   (D) CARE

115. The price of underlying asset is added into intrinsic value of option to calculate

   (A) Forward price of option
   (B) Exercise price of option
   (C) Book value of option
   (D) Spot price of option

116. SEBI announced plans to tighten regulations for which type of trading?

   (A) Spot trading
   (B) Investor trading
   (C) Algorithmic trading
   (D) Swap

117. Marginal utility of a particular commodity at the point of saturation is

  (A) Zero
  (B) Unity
  (C) Greater than unity
  (D) Less than unity

118. Which of the following is **NOT** a function of SEBI?

  (A) Protecting the interests of investors
  (B) Registration of share brokers
  (C) Change in the repo rates
  (D) Allow Foreign Institutional Investors (FII) in the securities market

119. The market value of the firm is the result of

  (A) Dividend decisions
  (B) Working capital decisions
  (C) Capital budgeting decisions
  (D) Trade-off between risk and return

120. In Walter model formula D stands for

  (A) Dividend per share
  (B) Direct dividend
  (C) Direct earnings
  (D) Debenture

121. Which one is **NOT** a diversifiable or specific risk factor?

  (A) Company strike
  (B) Bankruptcy of a major supplier
  (C) Death of a key company officer
  (D) Industrial recession

122. The major benefit of diversification is to

    (A) Increase the expected return
    (B) Increase the size of the investment portfolio
    (C) Reduce brokerage commissions
    (D) Reduce the expected risk

123. The ……………….. decision involves determining the appropriate make-up of the right- hand side of the balance sheet?

    (A) Asset management
    (B) Financing
    (C) Investment
    (D) Capital budgeting

124. Which of the following statements is **NOT** correct regarding earnings per share (EPS) maximization as the primary goal of the firm?

    (A) EPS maximization ignores the firm's risk level
    (B) EPS maximization does not specify the timing or duration of expected EPS
    (C) EPS maximization naturally requires all earnings to be retained
    (D) EPS maximization is concerned with maximizing net income

125. The long-run objective of financial management is to

    (A) Maximize earnings per share
    (B) Maximize the value of the firm's common stock
    (C) Maximize return on investment
    (D) Maximize market share

126. Among the following, which is a non discounted method?

    (A) IRR
    (B) NPV
    (C) Discounted NPV
    (D) Payback

127. The first step in capital budgeting process?

   (A) Screening the proposal
   (B) Final approval
   (C) Implementing proposal
   (D) Identification of investment proposal

128. Which form of market efficiency states that current security prices fully reflect all information, both public and private?

   (A) Weak
   (B) Semi Strong
   (C) Strong
   (D) Highly Strong

129. Which one of the following influences the capital structure?

   (A) Restrictive covenants
   (B) Tax advantage
   (C) Cost of capital
   (D) Trading on Equity

130. Financial leverage refers to the rate of change in earnings per share for a given change in earnings

   (A) Before tax
   (B) Before interest
   (C) Before interest and tax
   (D) After interest and tax

131. When capital market is booming, firms can take market route to

   (A) Raise capital
   (B) Decrease capital
   (C) Stop growing
   (D) Stagnate

132. Capital is allocated by financial markets by

   (A) A lottery system between investment dealers
   (B) Pricing securities based on their risk and expected future cash flows
   (C) By pricing risky securities higher than low-risk securities
   (D) By a government risk-rating system based on AAA for low risk and CCC for high risk

133. Which of the following are **NOT** among the daily activities of financial management?

   (A) Sale of shares and bonds
   (B) Credit management
   (C) Inventory control
   (D) The receipt and disbursement of funds

134. The ultimate measure of performance is

   (A) Amount of the firm's earnings
   (B) How the earnings are valued by the investor
   (C) Firm's profit margin
   (D) Return on the firm's total assets

135. When a company uses increased fixed cost for production, this is an example of

   (A) Financial leverage
   (B) Operating leverage
   (C) Variable Cost leverage
   (D) Combined leverage

136. Who among the following is the 48th Chief Justice of India?

   (A) Justice N.V. Ramana
   (B) Justice S.A. Bobde
   (C) Justice Uday U. Lalit
   (D) Justice R.F. Nariman

137. Which is highest Civilian Award of India?

   (A) Veer Chakra
   (B) Bharat Bhushan
   (C) Padma Shri
   (D) Bharat Ratna

138. Which part of the plant is used as Saffron?

   (A) Sepals
   (B) Petals
   (C) Stamens
   (D) Style and Stigma

139. In the Union Government Pradhan Mantri Suraksha Bima Yojana what is the amount of premium per annum?

   (A) 12
   (B) 330
   (C) 120
   (D) 320

140. Sound travels in gases in the form of

   (A) longitudinal waves
   (B) transverse waves
   (C) both longitudinal and transverse waves
   (D) stationary wave

141. Which one of the following States is known as "Garden of Spices"?

   (A) Karnataka
   (B) Tamil Nadu
   (C) Gujarat
   (D) Kerala

142. If a clock based on oscillating pendulum is taken from the earth to the moon, it will

    (A) become slow
    (B) become fast
    (C) give same time as on the earth
    (D) stop working

143. Which of the following is **NOT** a fundamental right?

    (A) Right to equality
    (B) Right to liberty
    (C) Right against exploitation
    (D) Right to property

144. Strategy adopted for revamping the Indian maritime sector is

    (A) Maritime India Vision 2030
    (B) Maritime India Vision 2032
    (C) Maritime India Vision 2035
    (D) Maritime India Vision 2040

145. What is the amount of Iron in Earth (percentage in total mass)?

    (A) 24.6%
    (B) 34.6%
    (C) 43.6%
    (D) 36.4%

146. The Department of Public Enterprises (DPE) has been under the aegis of which Union Ministry now?

    (A) Ministry of Finance
    (B) Ministry of Home Affairs
    (C) Ministry of Commerce and Industry
    (D) Ministry of MSME

147. "National Strategy on Blockchain" was provided by

(A) Ministry of Commerce
(B) Ministry of Electronics and Information Technology
(C) NITI Aayog
(D) Centre for Development of Advanced Computing

148. Which one of the following countries inaugurated the 'India-assisted social housing units project'?

(A) Sri Lanka
(B) Mauritius
(C) Oman
(D) Myanmar

149. The leader of Indian Rebellion of 1857 in Lucknow was

(A) Begum Hazrat Mahal
(B) Maulvi Ahmadullah Shah
(C) Tatya Tope
(D) Birjis Qadir

150. New bacteria found in the 'International Space Station' has been named after which Indian scientist?

(A) Jagdish Chandra Bose
(B) APJ Abdul Kalam
(C) Ajmal Khan
(D) CV Raman

FINAL ANSWER KEY

Subject Name: 624 MSc IN ECONOMETRICS AND FINANCIAL TECHNOLOGY

SI No.	Key	SI No.	Key	SI No.	Key	SI No.	Key	SI No.	Key
1	A	31	A	61	C	91	A	121	D
2	D	32	A	62	A	92	D	122	D
3	B	33	C	63	B	93	B	123	B
4	C	34	A	64	B	94	B	124	D
5	C	35	A	65	A	95	B	125	B
6	B	36	B	66	C	96	D	126	D
7	B	37	A	67	A	97	B	127	D
8	D	38	C	68	C	98	D	128	C
9	D	39	C	69	D	99	B	129	C
10	C	40	D	70	D	100	D	130	C
11	C	41	B	71	B	101	D	131	A
12	B	42	A	72	C	102	A	132	B
13	A	43	D	73	D	103	D	133	A
14	D	44	C	74	A	104	D	134	B
15	B	45	B	75	B	105	A	135	B
16	B	46	C	76	C	106	C	136	A
17	A	47	B	77	D	107	C	137	D
18	B	48	D	78	A	108	A	138	D
19	A	49	A	79	B	109	D	139	A
20	D	50	B	80	B	110	C	140	A
21	C	51	C	81	D	111	B	141	D
22	B	52	D	82	C	112	C	142	D
23	C	53	B	83	B	113	A	143	D
24	A	54	A	84	A	114	C	144	A
25	B	55	C	85	B	115	B	145	B
26	D	56	C	86	A	116	C	146	A
27	B	57	A	87	C	117	A	147	B
28	D	58	D	88	B	118	C	148	B
29	A	59	A	89	B	119	D	149	A
30	D	60	C	90	C	120	A	150	C