

DSE 2005

DSE 2005 Part 1	
Q. No	Ans
1	D
2	A
3	C
4	B
5	B
6	D
7	B
8	A
9	A
10	B
11	C
12	D
13	D
14	C
15	C
16	A
17	B
18	B
19	C
20	A
21	B
22	C
23	C
24	C
25	D
26	B
27	A
28	C
29	B
30	A

Part II

1. (A) (a) Required Variance = $25/49 + 36/49 = 61/49$
 (b) Required Variance = 50
 (c) Null Hypothesis:
 $H_0 : \mu_A - \mu_B = 0$
 Test statistic value:

$$z = \frac{(\bar{x}_A - \bar{x}_B)}{\sqrt{(25/36) + (36/49)}} \approx -20,$$
 Null is rejected.
 (B) (a) True
 (b) True
 (c) False
 (d) False
 (e) True

2. Given the information we can derive that Aggregate supply curve will be vertical, hence an increase in supply of money will shift AD curve outwards and can only lead to rise in prices without affecting the output.

3. (A) (a) $SC = p_x x + (25p_y)/x$
 (b) $LC = 10\sqrt{p_x p_y}$
 (c) $x = 5\sqrt{\frac{p_y}{p_x}}$
 (d) $x = 3.5\sqrt{\frac{2p_y}{p_x}}$
 (B) $(q_1, q_2, q_3) = (1/2, 1/4, 1/8)$

4. (A) Refer textbook
 (B) (a) $a_{33} \neq -3$; (b) Price = $61/6$