

Round 1

MA Economics Entrance Test

Sections	Number of Questions	Type
1: Microeconomics	10	MCQ
2: Macroeconomics	10	MCQ
3: Quantitative Reasoning	10	MCQ
4: Analytical	5	MCQ
5: Short Essay	3	Short Answer

Section 1: Microeconomics

1. Consider a consumer who spends a fixed share of their income on food. Which of the following statements about the magnitude of price elasticity and income elasticity of demand for food is true?

- (A) Price elasticity of demand is 1, but income elasticity of demand can be any number between 0 and 1.
- (B) Income elasticity of demand is 1, but price elasticity of demand can be any number between 0 and 1.
- (C) Both Price elasticity and income elasticity of demand are 1.
- (D) Both Price elasticity and income elasticity of demand can be any number between 0 and 1.

2. A Cobb-Douglas production function is given by:

$$Q = AL^{\beta} K^{\alpha}$$

where:

- Q is the total output,
- L is the quantity of labor,
- K is the quantity of capital,
- A is a constant (total factor productivity),
- α and β are the output elasticities of capital and labor, respectively.

If the production function exhibits decreasing returns to scale, which of the following statements is correct?

- (A) $\alpha + \beta = 1$
- (B) $\alpha + \beta < 1$
- (C) $\alpha + \beta > 1$
- (D) $\alpha = \beta = 0.5$

3. Consider two consumers Akbar and Salma in a two-good economy (x and y). Their respective utility functions are given by:

$$U^A = x^3y$$

$$U^S = x^{0.75}y^{0.25}$$

What can we say about Akbar and Salma's relative preferences for goods x and y?

- (A) Akbar has a stronger preference for good x over y compared to Salma.
- (B) Salma has a stronger preference for good x over y compared to Akbar.
- (C) We cannot compare the relative preferences of the two consumers.
- (D) Akbar and Salma's relative preferences for goods x and y are the same.

4. The table represents market demand Q for a good, at different prices P.

Q	100	200	300	400	500	600	700	800	900
P	270	240	210	180	150	120	90	60	30

The firm's unit cost of production is ₹60. Based on this information, which of the following is correct?

- (A) The profit-maximizing output is $Q = 400$.
- (B) The maximum profit that can be attained is ₹50,000.
- (C) The firm will make a loss at all outputs of 800 and above.
- (D) At $Q = 100$, the firm's profit is ₹20,000.

5. Due to an early monsoon and unexpected bad weather in India, the supply of mangoes decreased. What effect will this situation most likely have on the demand curve for mangoes in the Indian market?

- (A) The demand curve will shift to the right.
- (B) The demand curve will shift to the left.
- (C) The demand curve will remain unchanged, but the equilibrium price will increase.
- (D) The demand curve will remain unchanged, but the equilibrium quantity will decrease.

6. Consider an economy where a government is concerned with income inequality. The government is considering two policy options:

Policy 1: No intervention, allowing the market to operate freely.

Policy 2: The government takes over all private wealth in the economy and then redistributes it equally among each household, while allowing the market to function competitively. Which of the following statements is most accurate?

- (A) The final allocation will always be the same across Policy 1 and 2.
- (B) In general, both policies will give different allocations but they will be equitable.
- (C) Policy 1 will ensure both efficiency and equity.
- (D) In general, both policies will give different allocations but they will be efficient.

7. Which of the following statements best describes the characteristics of a monopoly market structure?

- (A) There are many firms competing, and each has no control over the market price.
- (B) Firms sell identical products, and entry into the market is easy.
- (C) There is a single seller that controls the entire market supply and can set prices.
- (D) Many firms sell differentiated products, and there are few barriers to entry.

8. Which of the following is a characteristic of a public good?

- (A) It is excludable and rivalrous.
- (B) It is non-excludable and non-rivalrous.
- (C) It is provided only by the private sector.
- (D) It leads to market failure due to excessive competition.

9. Positive externalities are associated with which of the following?

- (A) Consuming a dosa for oneself
- (B) Providing caring/reproductive labour for children
- (C) Listening to music wearing headphones
- (D) Walking in a public park

10. In game theory, a situation in which one firm can gain only what another firm loses is called a

- (A) non zero-sum game.
- (B) prisoners' dilemma.

- (C) zero-sum game.
- (D) cartel temptation.

Section 2: Macroeconomics

1. Which of the following items is NOT included in the calculation of Gross Domestic Product (GDP)?

- (A) The value of goods and services produced by a country's residents
- (B) The value of used cars sold in a market transaction
- (C) Government spending on infrastructure
- (D) The value of unpaid household work

2. Which of the following statements best describes the effect of currency depreciation on a country's economy?

- (A) It makes imports cheaper and exports more expensive.
- (B) It increases the purchasing power of consumers for foreign goods.
- (C) It leads to a decrease in inflation rates.
- (D) It makes exports cheaper and imports more expensive.

3. Consider a closed economy without government, where output (Y) is the sum of consumption (C) and autonomous investment (I). The consumption function is given by $C = A + bY(1-t)$, where

- Autonomous consumption (A) = 200
- Marginal propensity to consume (b) = 0.5
- Tax rate (t) = 0.2
- Autonomous investment (I) = 40

What is the equilibrium output (Y) in this economy?

- (A) 240
- (B) 300
- (C) 400
- (D) 440

4. Consider a closed economy within a simple Keynesian model. The interest rate is exogenously given and there is no government sector. The marginal consumption propensity (MPC) is 0.6. If investment expenditure rises by 1 unit, output rises by

- (A) 1 unit
- (B) 2.5 units
- (C) 3 units
- (D) 4 units

5. The government increases expenditure by increasing lump-sum tax by the same amount. The value of this balanced budget multiplier is

- (A) 1
- (B) less than 1
- (C) greater than 1
- (D) 0

6. Which of the following are correct about changes in tax rates, changes in the level of government expenditures and changes in the money supply?

- (A) They are all controlled by the central bank
- (B) They are tools of discretionary fiscal policy
- (C) They are automatic stabilizers
- (D) They have different lag times between implementation of a policy and its effect on aggregate demand.

7. The central bank of a country sets the interest rate for inflation targeting. If the central bank wants to reduce the inflation rate, then it will

- (A) increase interest rate
- (B) reduce interest rate
- (C) Devalue nominal exchange rate
- (D) keep interest rate unchanged

8. Which of the following would cause the aggregate demand curve to shift to the left?

- (A) An increase in the population
- (B) An increase in net exports
- (C) An increase in taxes
- (D) An increase in net exports

9. Which of the following statements is true about a trade surplus country?

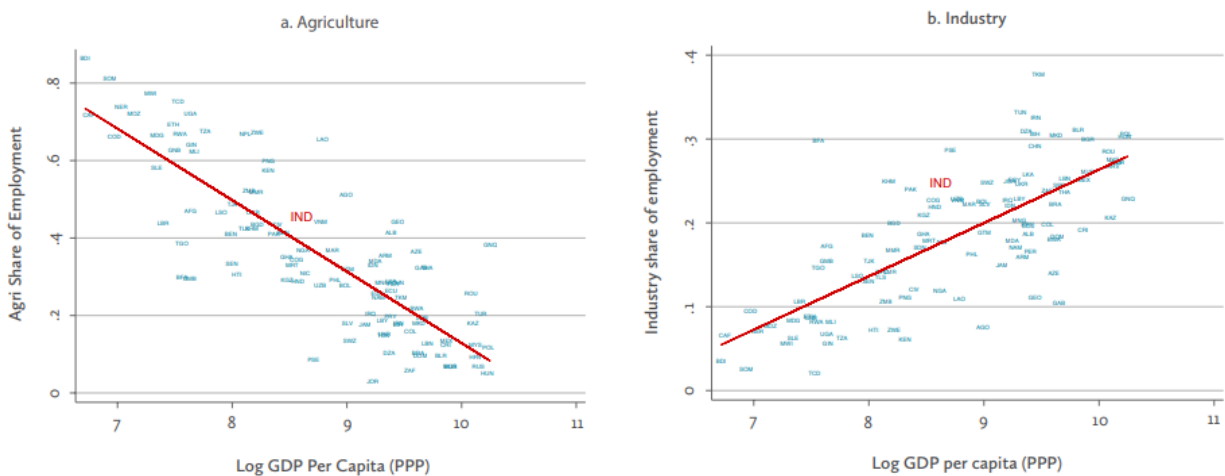
- (A) Net Exports are positive
- (B) Net Capital Outflow Must be Negative
- (C) Imports exceed exports
- (D) Change in foreign exchange reserves is negative

10. A decrease in inflation and unemployment at the same time could be explained by which of the following?

- (A) Contractionary Monetary Policy: Higher interest rates
- (B) Contractionary Fiscal Policy: Reduced government spending on infrastructure or social programs.
- (C) Global Economic Conditions: Favorable global economic conditions, such as lower commodity prices or increased exports, accompanied by strong demand for labor.
- (D) Supply-Side Factors: Decline in productivity or decline in the supply of goods

Section 3: Quantitative Reasoning

1.

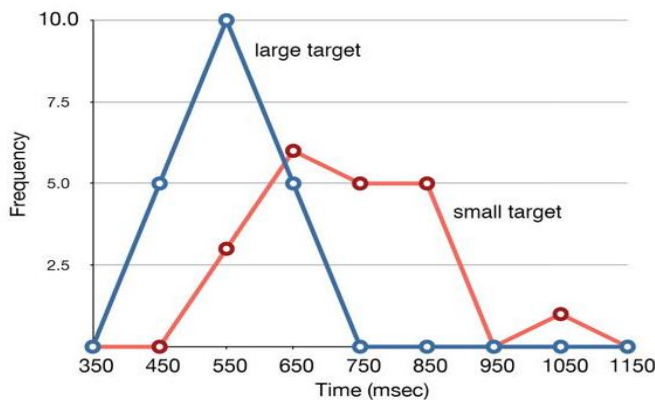


The figure shows a scatter plot of shares of employment in (a) Agriculture and (b) Industry against the country's Log GDP per capita.

Which of the following best describes the correlation between share of employment and Log GDP per capita for Agriculture and Industry respectively.

- (A) +1 ; -1
- (B) +0.6; - 0.5
- (C) -1 ; +1
- (D) -0.6 ; + 0.5

2.



An experiment was conducted in which the participants were given a task to move a computer cursor to a target area on the screen. On 20 of the trials, the target area was a large rectangle; and on the other 20 trials, the target area was a small rectangle. Time (in milli-seconds) to reach the target was recorded on each trial. The two distributions (one for each target) are plotted together in the figure.

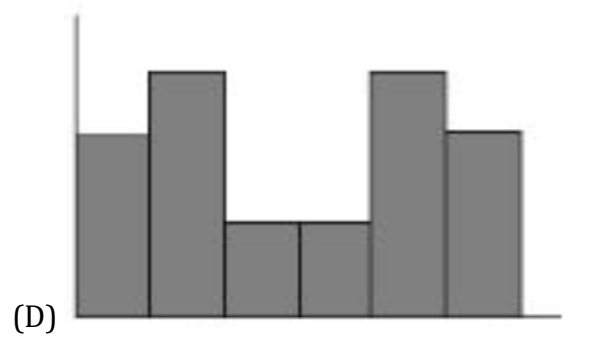
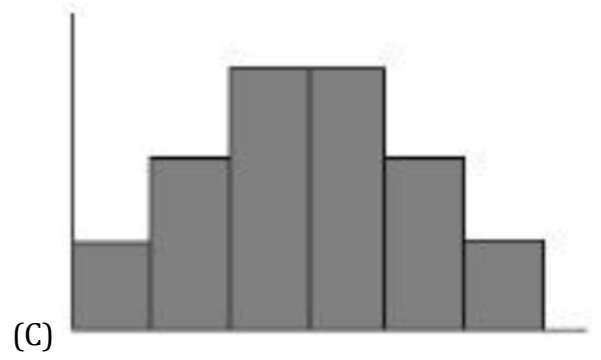
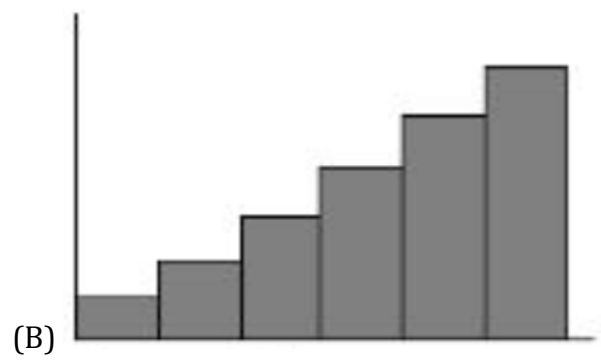
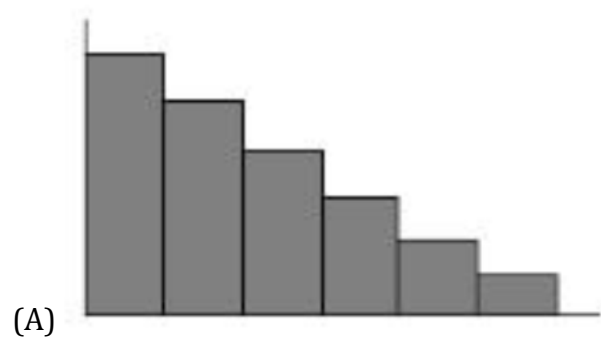
What is the average time taken to complete the task in large target and small target respectively?

- (A) 550 msec and 730 msec
- (B) 550 msec and 650 msec
- (C) 500 msec and 750 msec
- (D) 500 msec and 730 msec

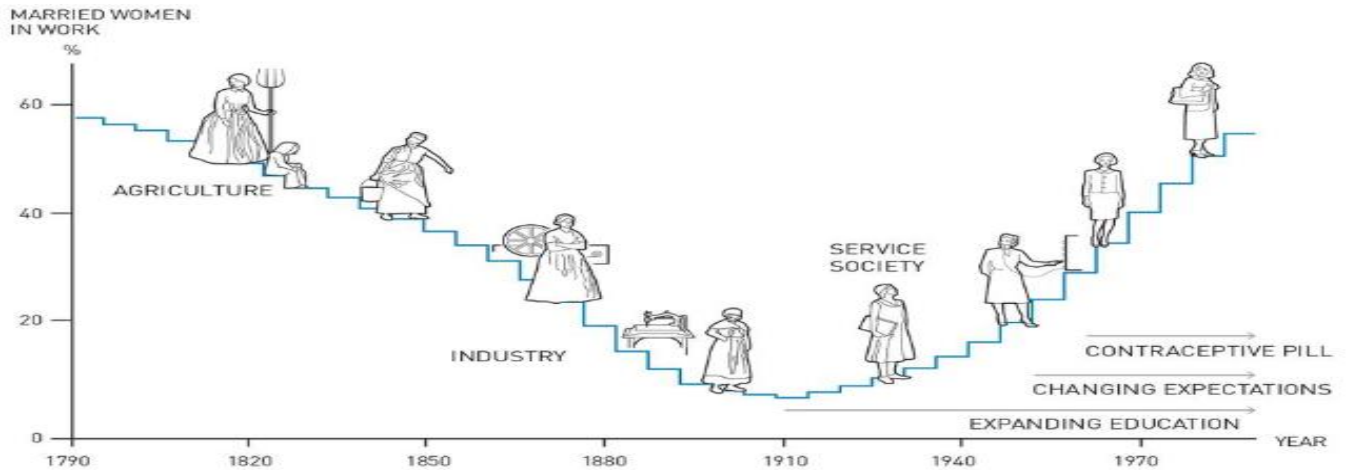
3. In a class of 20 students, the average age of the students is 15 years. The age of the teacher is 36 years. What would be the average age of the class if we include all students and the teacher as part of the class?

- (A) 15 years
- (B) 16 years
- (C) 25.5 years
- (D) 36 years

4. In which of the following distributions, the mean value of observations is greater than the median value?



5. The following graph shows the type of work married women have engaged in over time, with some specific historical events.



Based on the above figure, which of the following statements is true?

- (A) Growth of the agriculture sector led to the decline of married women working.
- (B) The industrial revolution increased women's participation in employment.
- (C) The expansion of education is positively correlated with the rise in married women's participation in work.
- (D) The growth of the service sector is associated with the decline of married women in work.

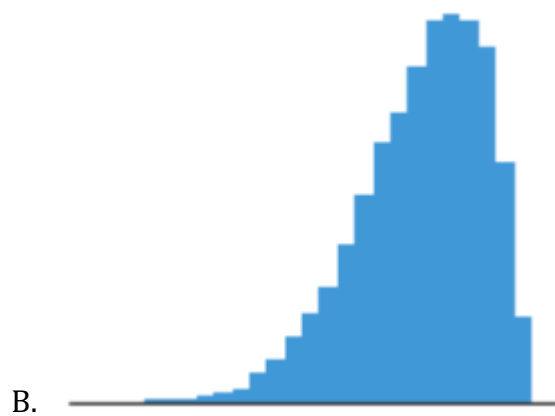
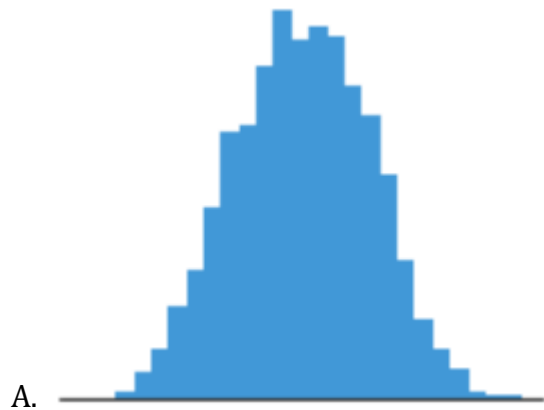
6. A histogram illustrates the distribution of annual incomes for a sample of 50 households in a city. The income ranges and their corresponding frequencies are as follows:

- ₹0 - ₹2,00,000: 5 households
- ₹2,00,001 - ₹4,00,000: 10 households
- ₹4,00,001 - ₹6,00,000: 15 households
- ₹6,00,001 - ₹8,00,000: 10 households
- ₹8,00,001 - ₹10,00,000: 5 households
- Over ₹10,00,000: 5 households

Based on this histogram, which of the following conclusions is most accurate?

- (A) Most households earn more than ₹6,00,000 annually.
- (B) The income distribution is skewed towards higher incomes.
- (C) The largest group of households falls within the ₹4,00,001 - ₹6,00,000 range.
- (D) There are no households with an income below ₹2,00,000.

7.



Choose the appropriate match of the data and histograms given:

I. Height of individuals in a country

II. Age of Individuals who died of a natural cause

(A) I - A; II- B

(B) I - A; II- A

(C) I - B; II- B

(D) I - B; II- A

8. In the previous year, the Consumer Price Index (CPI) in India was reported as follows:

CPI at the beginning of the year: 150

CPI at the end of the year: 165

What is the inflation rate for the last year?

- (A) 10%
- (B) 12%
- (C) 15%
- (D) 20%

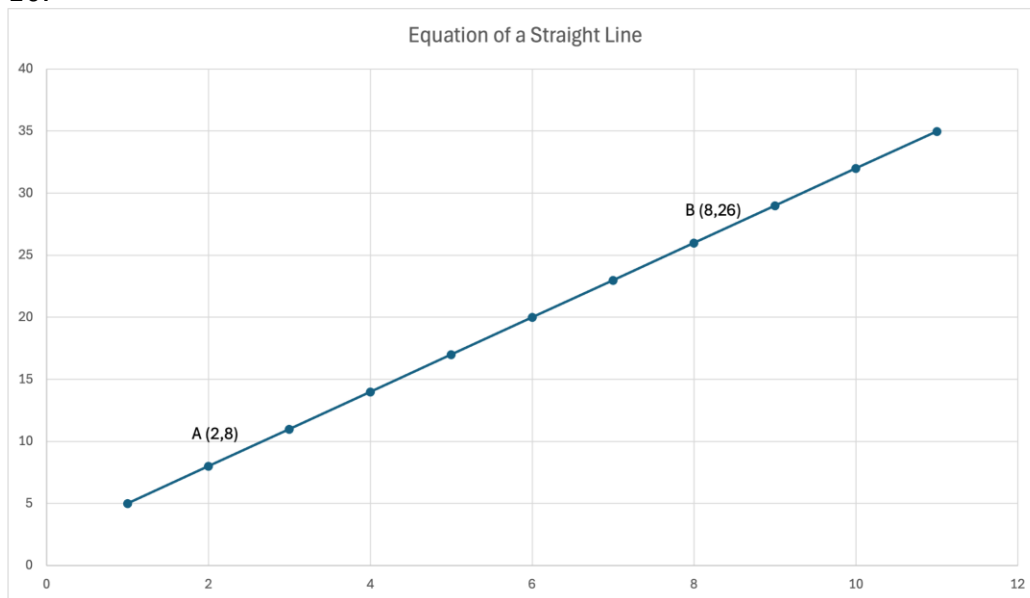
9. The table displays the data on Nominal GDP and Population for a country, for the year 2010 and 2020.

Year	Nominal GDP	GDP Deflator	Population
2010	5000	125	11
2020	6600	150	12

What is the real GDP per capita in 2020?

- (A) 360
- (B) 364
- (C) 367
- (D) 550

10.



Given points A and B on a straight line in the figure, determine the equation of the line passing through these points. Use the coordinates of points A and B to find the slope and intercept.

- (A) $y = x + 3$
- (B) $y = 3x + 5$

- (C) $y = 3x + 2$
- (D) $y = 3x$

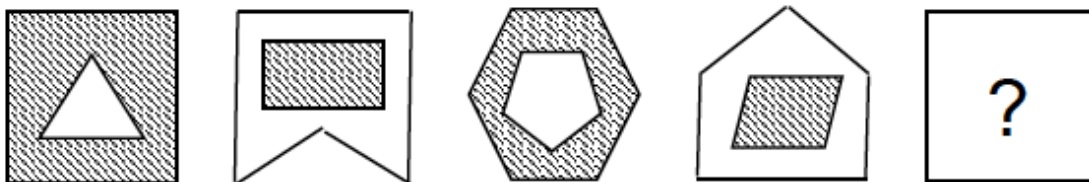
Section 4: Analytical

1. “Much attention has been focused on the exit of women from the workforce during the high growth period post-2004. However, alongside this exit, the same period also saw a rapid increase in the proportion of salaried workers among those women who continued to remain in the workforce. Simultaneously, education levels have risen rapidly for both men and women. In this paper, we examine the long-run changes in the gender earnings gap among salaried workers in India. We draw on five rounds of the National Sample Survey Office quinquennial Employment–Unemployment Surveys and two rounds of the Periodic Labour Force Survey to show that the raw gender earnings gap has narrowed in this period. But most of this is due to a convergence between male and female earnings in the top two deciles of the earnings distribution. At the bottom, where the proportion of women workers has increased most rapidly, the gap remains high and has grown.” (Source: Abraham, Rosa, et al. . *Economic and Political Weekly*: Vol. 59(10), 09 Mar, 2024)

According to the paragraph given above, what key trends have been observed in the workforce regarding women in India post-2004?

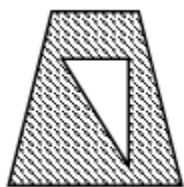
- (A) There has been a significant decrease in both salaried and non-salaried women workers.
 - (B) The gender earnings gap has widened significantly at all levels of the earnings distribution.
 - (C) At the lower end of the earnings distribution the gender earnings gap remains high and has increased; while at the same time the overall raw gender earnings gap has declined.
 - (D) Education levels for men have declined, leading to a decrease in female participation in the workforce.
2. If the government increases funding for high quality early childhood education in low-income areas, what can be reasonably inferred about the potential long-term effects on those communities?
- (A) Access to quality education may improve future job prospects and earning potential for children, potentially reducing poverty in the long term.
 - (B) The immediate poverty rates will decrease overnight.
 - (C) Families in low-income areas will become reliant on government funding for education.
 - (D) This funding will not affect the overall economic conditions of the community.

3.

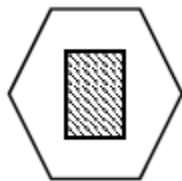


Which of the images below is the next in the sequence?

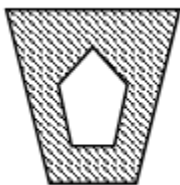
(A)



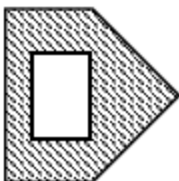
(B)



(C)



(D)



4. Jyoti's three cousins, Rithu, Mallika and Azad live in different cities in India; Chennai, Mumbai and Udaipur. They all have different jobs; one is a teacher, one is a doctor and one is a farmer.

- Mallika doesn't live in Chennai.
- Azad doesn't live in Mumbai.
- The cousin in Chennai is not a farmer.
- The cousin in Mumbai is a doctor.
- Azad is not a teacher.

Given this information, where does Rithu live and what is her occupation?

- (A) Chennai, Teacher
- (B) Mumbai, Doctor
- (C) Udaipur, Farmer
- (D) Udaipur, Teacher

5. This question is a statement and conclusion type question where you are given a statement followed by a set of conclusions for the same. Candidates need to choose the most appropriate conclusion regarding the statement given.

Statement: The adoption of renewable energy sources, such as solar and wind power, has been increasing globally due to their environmental benefits and decreasing costs. Governments are also implementing policies to promote clean energy technologies, aiming to reduce greenhouse gas emissions and dependence on fossil fuels.

Conclusions:

1. The transition to renewable energy is driven by economic factors as well as environmental concerns.
2. Renewable energy sources will completely eliminate the need for fossil fuels in the near future.
3. Government policies play a significant role in facilitating the growth of renewable energy.

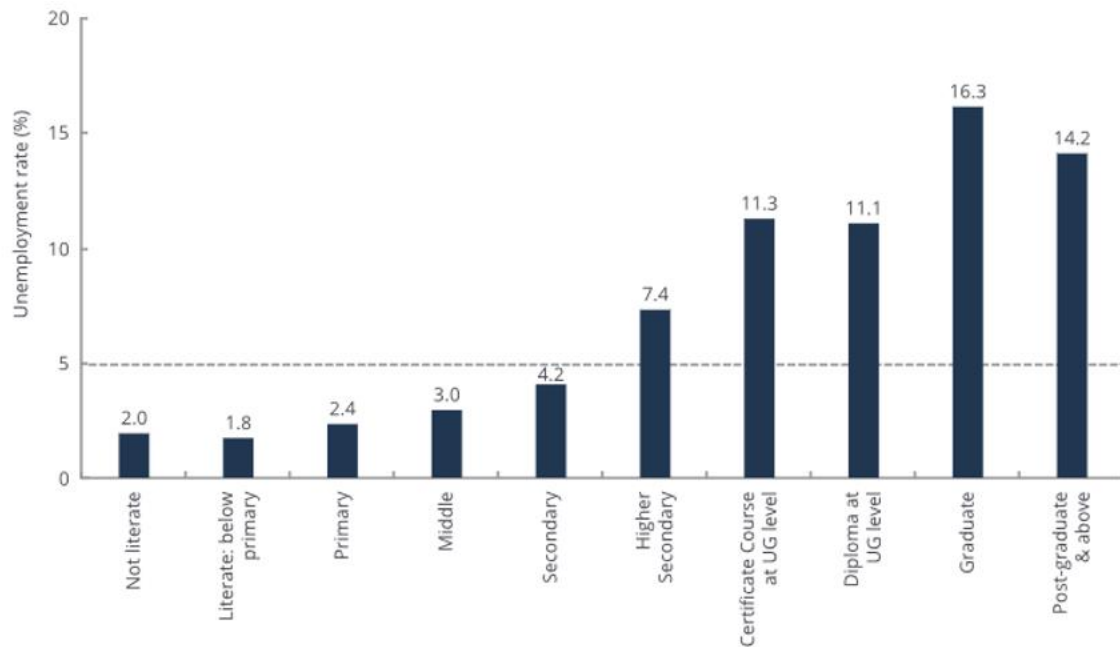
Which of the following conclusions logically follows from the statement?

- A) Only conclusion 1 is valid.
- B) Only conclusion 3 is valid.
- C) Both conclusions 1 and 3 are valid.

D) All conclusions (1, 2, and 3) are valid.

Section 5: Short Essay

1.



Sources and notes: LB-EUS 2015. Reference line indicates average.

The graph above shows the unemployment rate (vertical axis) for people with different levels of education (horizontal axis).

1a. What do you think is the main point that this graph is trying to make?

1b. What could be the reasons behind the pattern that you are observing in the graph?

2. Consider two countries A and B, that both manufacture mobile phones. It is observed that there is almost no difference in the price of mobile phones (after correcting for currency exchange rates) between these two countries, but the price of getting a haircut is vastly different.

2a. What could be the reason for the wide difference in the price of a haircut between both countries?

2b. Suppose workers in the mobile phone factory, and in similar industries, are more productive in country A than in country B? In which country do you think the price of haircuts will be higher, and why?

3. Economists often write for the 'general audience'. You may have read op-eds by some well-known economists in newspapers. This general audience could be of two types - bureaucrats and politicians, who make policy, and other citizens who do not directly make policy. The reason for writing for the first set is clear, as they can change policy. Why should economists write for the second set - general citizens who do not make policy?

Round 2

Section 1: Microeconomics

1. Consider a consumer who spends a half of their income on food. Which of the following statements about the magnitude of price elasticity and income elasticity of demand for food is true?

(A) Price elasticity of demand is 1, but income elasticity of demand can be any number between 0 and 1.

(B) Income elasticity of demand is 1, but price elasticity of demand can be any number between 0 and 1.

(C) Both Price elasticity and income elasticity of demand are 1.

(D) Both Price elasticity and income elasticity of demand can be any number between 0 and 1.

2. A Cobb-Douglas production function is given by::

$$Q = AL^\beta K^\alpha$$

where:

-Q is the total output,

-L is the quantity of labor,

- K is the quantity of capital,
- A is a constant (total factor productivity),
- α and β are the output elasticities of capital and labor, respectively.

If the production function exhibits increasing returns to scale, which of the following statements is correct?

- (A) $\alpha = 1 - \beta$
- (B) $\alpha > 1 - \beta$
- (C) $\alpha < 1 - \beta$
- (D) $\alpha = \beta = 0.5$

3. Consider two consumers Akbar and Salma in a two-good economy (x and y). Their respective utility functions are given by:

$$U^A = x^4y$$

$$U^S = xy^{0.25}$$

What can we say about Akbar and Salma's relative preferences for goods x and y?

- (A) Akbar has a stronger preference for good x over y compared to Salma.
- (B) Salma has a stronger preference for good x over y compared to Akbar.
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- (D) Akbar and Salma's relative preferences for goods x and y are the same.

4. The table represents market demand Q for a good, at different prices P.

Q	100	200	300	400	500	600	700	800	900
P	270	240	210	180	150	120	90	60	30

The firm's unit cost of production is ₹60. Based on this information, which of the following is correct?

- (A) The profit-maximizing output is $Q = 500$.
- (B) The maximum profit that can be attained is ₹50,000.
- (C) The firm will make a loss at all outputs of 800 and above.
- (D) None of the above

5. Due to a drought, the supply of wheat decreased. What effect will this situation most likely have on the demand curve for wheat in the market?

- (A) The demand curve will shift to the right.
- (B) The demand curve will shift to the left.

- (C) The demand curve will remain unchanged, but the equilibrium price will increase.
- (D) The demand curve will shift such that the equilibrium quantity remain same.

6. Consider an economy where a government is concerned with income inequality. The government is considering two policy options:

- Policy 1: No intervention, allowing the market to operate freely.
- Policy 2: The government imposes a progressive tax system and redistributes the revenue equally among all households.

Which of the following statements is most accurate?

- (A) The final allocation will always be the same across Policy 1 and 2.
- (B) In general, both policies will give different allocations but they will be equitable.
- (C) Policy 1 will ensure both efficiency and equity.
- (D) In general, both policies will give different allocations but they will be efficient.

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9. Negative externalities are associated with which of the following?

- (A) Consuming a pizza for oneself
- (B) Smoking in a public area
- (C) Listening to music wearing headphones
- (D) Walking in a public park

10. In game theory, a situation in which both firms can gain without any loss to the other is called a

- (A) non zero-sum game.
- (B) prisoners' dilemma.
- (C) zero-sum game.
- (D) cartel temptation.

Section 2: Macroeconomics

1. Which of the following items is included in the calculation of Gross Domestic Product (GDP)?
 - (A) The value of goods and services produced by a country's residents
 - (B) The value of used cars sold in a market transaction
 - (C) Government spending on infrastructure
 - (D) The value of unpaid household work
2. Which of the following statements best describes the effect of currency appreciation on a country's economy?
 - (A) It makes imports cheaper and exports more expensive.
 - (B) It increases the purchasing power of consumers for foreign goods.
 - (C) It leads to a decrease in inflation rates.
 - (D) It makes exports cheaper and imports more expensive.
3. Consider a closed economy without government, where output (Y) is the sum of consumption (C) and autonomous investment (I). The consumption function is given by $C = A + bY(1-t)$ where:
 - Autonomous consumption (A) = 300
 - Marginal propensity to consume (b) = 0.6
 - Tax rate (t) = 0.3
 - Autonomous investment (I) = 50

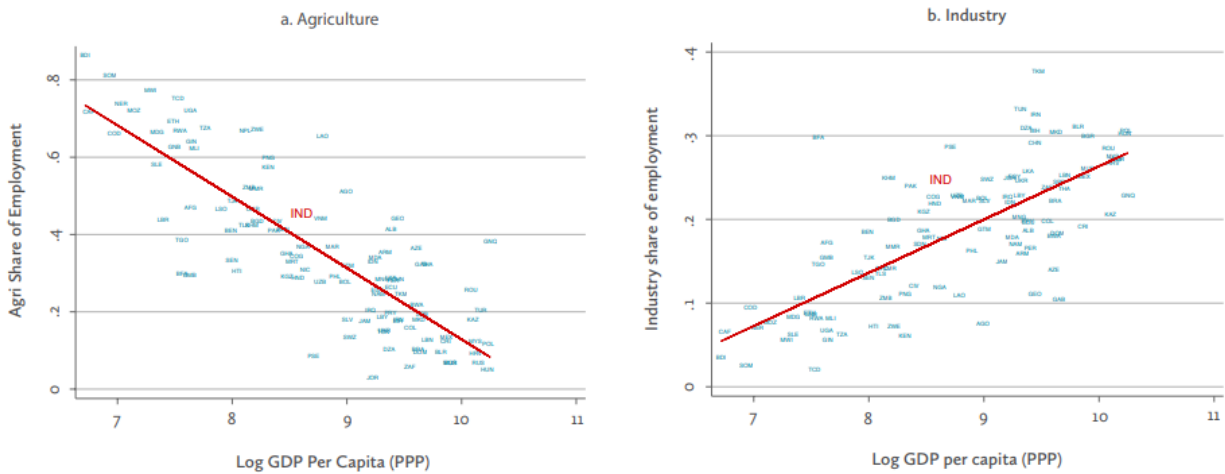
What is the equilibrium output (Y) in this economy?

- (A) 500
 - (B) 600
 - (C) 700
 - (D) 800
-
4. Consider a closed economy within a simple Keynesian model. The interest rate is exogenously given, and there is no government sector. The marginal consumption propensity (MPC) is 0.8. If investment expenditure rises by 1 unit, output rises by
 - (A) 1 unit
 - (B) 2 units
 - (C) 3 units
 - (D) 5 units
 5. The government increases expenditure by increasing lump-sum tax by the same amount. The value of this balanced budget multiplier is
 - (A) 1
 - (B) less than 1
 - (C) greater than 1
 - (D) 0

6. Which of the following are correct about changes in tax rates, changes in the level of government expenditures, and changes in the money supply?
- (A) They are all controlled by the central bank
 - (B) They are tools of discretionary fiscal policy
 - (C) They are automatic stabilizers
 - (D) They have different lag times between the implementation of a policy and its effect on aggregate demand
7. The central bank of a country sets the interest rate for inflation targeting. If the central bank wants to increase the inflation rate, then it will
- (A) increase interest rate
 - (B) reduce interest rate
 - (C) Devalue nominal exchange rate
 - (D) keep interest rate unchanged
8. Which of the following would cause the aggregate demand curve to shift to the right?
- (A) An increase in the population
 - (B) An increase in net exports
 - (C) An increase in taxes
 - (D) An increase in government spending
9. Which of the following statements is true about a trade deficit country?
- (A) Net Exports are negative
 - (B) Net Capital Outflow Must be Positive
 - (C) Exports exceed imports
 - (D) Change in foreign exchange reserves is positive
10. An increase in inflation and unemployment at the same time could be explained by which of the following?
- (A) Expansionary Monetary Policy: Lower interest rates
 - (B) Expansionary Fiscal Policy: Increased government spending on infrastructure or social programs.
 - (C) Global Economic Conditions: Unfavorable global economic conditions, such as higher commodity prices or decreased exports, accompanied by weak demand for labor.
 - (D) Supply-Side Factors: Decline in productivity or decline in the supply of goods

Section 3: Quantitative Reasoning

1.

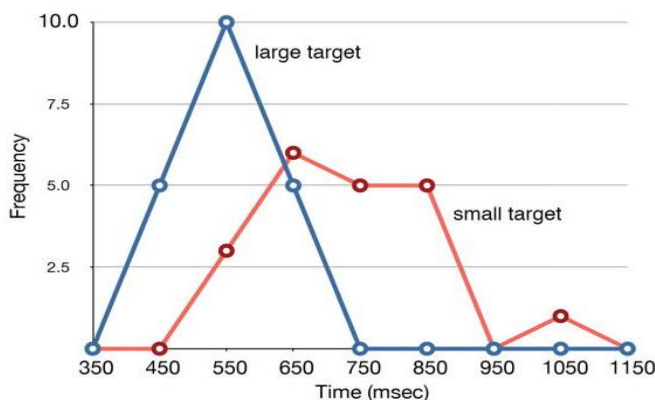


The figure shows a scatter plot of shares of employment in (a) Agriculture and (b) Industry against the country's Log GDP per capita.

Which of the following best describes the correlation between share of employment and Log GDP per capita for Agriculture and Industry respectively.

- (A) +1 ; -1
- (B) +0.6; - 0.5
- (C) -1 ; +1
- (D) -0.55 ; + 0.54

2.



An experiment was conducted in which the participants were given a task to move a computer cursor to a target area on the screen. On 20 of the trials, the target area was a large rectangle; and on the other 20 trials, the target area was a small rectangle. Time (in milli-seconds) to reach the target was recorded on each trial. The two distributions (one for

each target) are plotted together in the figure.

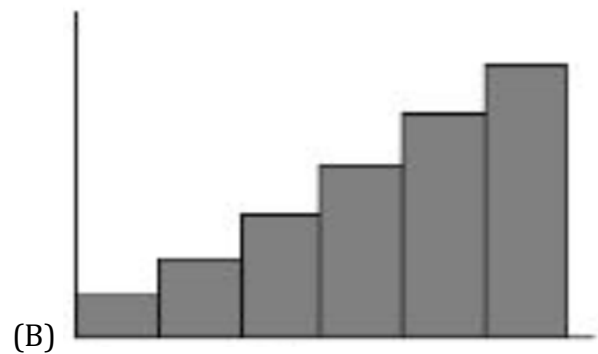
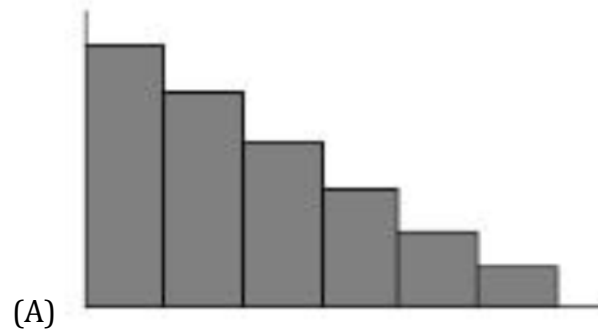
What is the average time taken to complete the task in large target and small target respectively?

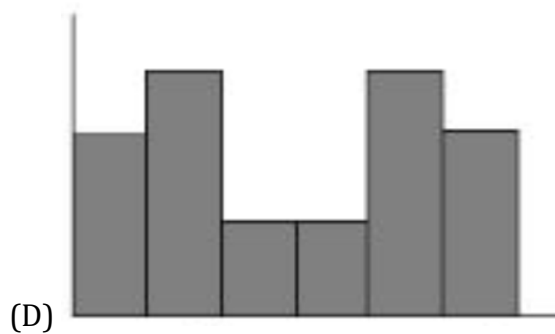
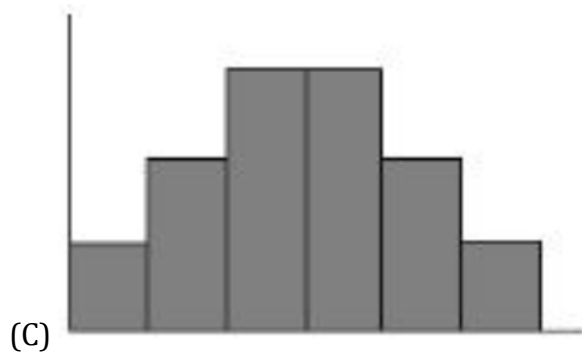
- (A) 550 msec and 550 msec
- (B) 550 msec and 650 msec
- (C) 500 msec and 750 msec
- (D) None of the above

3. In a class of 25 students, the average age of the students is 16 years. The age of the teacher is 40 years. What would be the average age of the class if we include all students and the teacher as part of the class?

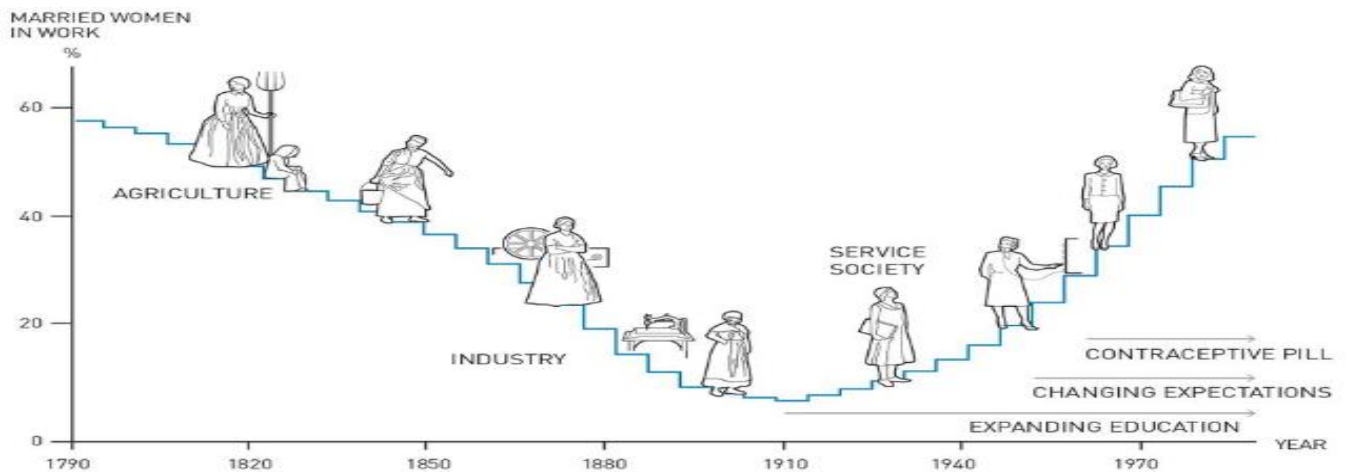
- (A) 16 years
- (B) 17 years
- (C) 18 years
- (D) 40 years

4. In which of the following distributions, the mean value of observations is less than the median value?





5. The following graph shows the type of work married women have engaged in over time, with some specific historical events.



Based on the above figure, which of the following statements is true?

- (A) Growth of the agriculture sector led to the decline of married women working.
- (B) The industrial revolution increased women's participation in employment.
- (C) The expansion of education is positively correlated with the rise in married women's participation in work.

(D) The growth of the service sector is associated with the decline of married women in work.

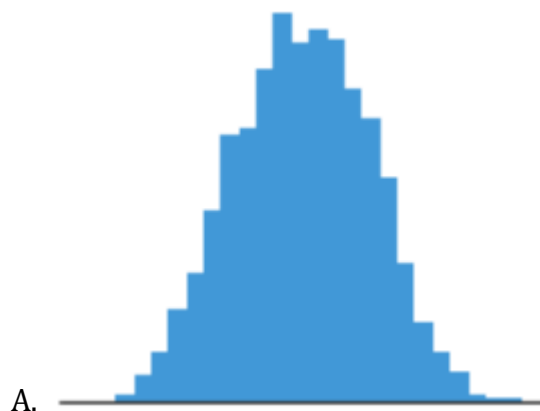
6. A histogram illustrates the distribution of annual incomes for a sample of 50 households in a city. The income ranges and their corresponding frequencies are as follows:

- ₹0 - ₹2,00,000: 5 households
- ₹2,00,001 - ₹4,00,000: 10 households
- ₹4,00,001 - ₹6,00,000: 15 households
- ₹6,00,001 - ₹8,00,000: 10 households
- ₹8,00,001 - ₹10,00,000: 5 households
- Over ₹10,00,000: 5 households

Based on this histogram, which of the following conclusions is most accurate?

- (A) Most households earn more than ₹6,00,000 annually.
- (B) The income distribution is skewed towards higher incomes.
- (C) The largest group of households falls within the ₹4,00,001 - ₹6,00,000 range.
- (D) There are no households with an income below ₹2,00,000.

7.



B. 

Choose the appropriate match of the data and histograms given:

I. Height of individuals in a country

II. Age of Individuals who died of a natural cause

(A) I - A; II- B

(B) I - A; II- A

(C) I - B; II- B

(D) I - B; II- A

8. In the previous year, the Consumer Price Index (CPI) in India was reported as follows:

CPI at the beginning of the year: 160

CPI at the end of the year: 176

What is the inflation rate for the last year?

(A) 10%

(B) 12%

(C) 15%

(D) 20%

9. The table displays the data on Nominal GDP and Population for a country, for the year 2010 and 2020.

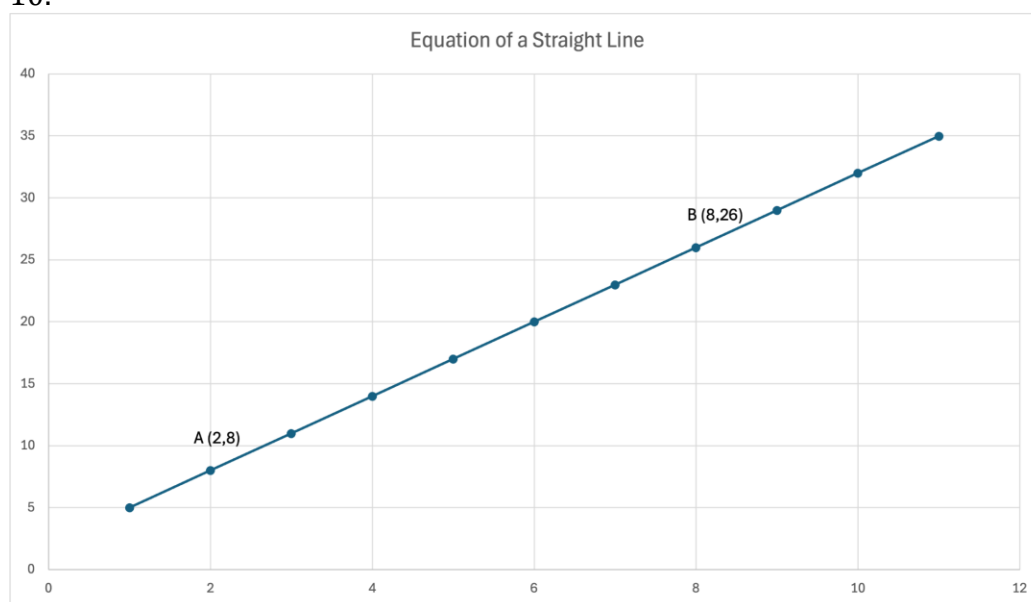
Year	Nominal GDP	GDP Deflator	Population
2010	6000	120	12

2020	7200	150	12
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What is the real GDP per capita in 2020?

- (A) 400
- (B) 420
- (C) 440
- (D) 460

10.



Given points A and B on a straight line in the figure, determine the equation of the line passing through these points. Use the coordinates of points A and B to find the slope and intercept.

- (A) $y = 3x + 3$
- (B) $y = 3x + 5$
- (C) $y = 3x + 2$
- (D) $y = 3x$

Section 4: Analytical

1. "Much attention has been focused on the exit of women from the workforce during the high growth period post-2004. However, alongside this exit, the same period also saw a rapid increase in the proportion of salaried workers among those women who continued to remain in the workforce. Simultaneously, education levels have risen rapidly for both men and women. In this paper, we examine the long-run changes in the gender earnings gap

among salaried workers in India. We draw on five rounds of the National Sample Survey Office quinquennial Employment–Unemployment Surveys and two rounds of the Periodic Labour Force Survey to show that the raw gender earnings gap has narrowed in this period. But most of this is due to a convergence between male and female earnings in the top two deciles of the earnings distribution. At the bottom, where the proportion of women workers has increased most rapidly, the gap remains high and has grown.” (Source: Abraham, Rosa, et al. . *Economic and Political Weekly*: Vol. 59(10), 09 Mar, 2024)

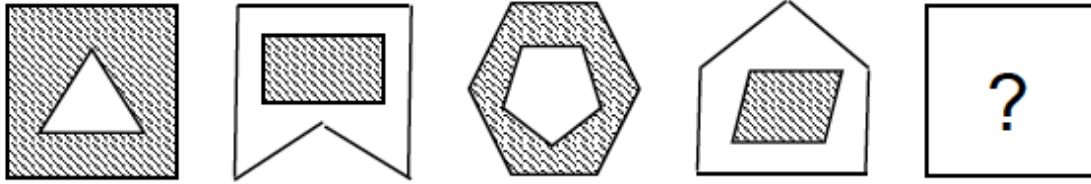
According to the paragraph given above, what key trends have been observed in the workforce regarding women in India post-2004?

- (A) There has been a significant decrease in both salaried and non-salaried women workers.
- (B) The gender earnings gap has widened significantly at all levels of the earnings distribution.
- (C) At the lower end of the earnings distribution the gender earnings gap remains high and has increased; while at the same time the overall raw gender earnings gap has declined.
- (D) Education levels for men have declined, leading to a decrease in female participation in the workforce.

2. If the government increases funding for high-quality education in low-income areas, what can be reasonably inferred about the potential long-term effects on those communities?

- (A) Access to quality education may improve future job prospects and earning potential for children, potentially reducing poverty in the long term.
- (B) The immediate poverty rates will decrease overnight.
- (C) Families in low-income areas will become reliant on government funding for education.
- (D) This funding will not affect the overall economic conditions of the community.

3.

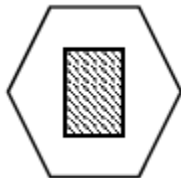


Which of the images below is the next in the sequence?

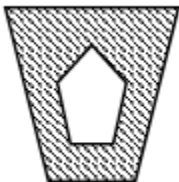
(A)



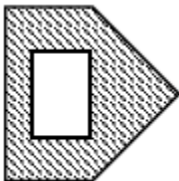
(B)



(C)



(D)



4. Ravi's three cousins, Priya, Anil, and Deepa, live in different cities in India; Delhi, Bangalore, and Hyderabad. They all have different jobs; one is a teacher, one is a doctor, and one is an engineer.

- Priya doesn't live in Delhi.

- Anil doesn't live in Bangalore.
- The cousin in Delhi is not an engineer.
- The cousin in Bangalore is a doctor.
- Anil is not a teacher.

Given this information, where does Deepa live and what is her occupation?

- (A) Delhi, Teacher
- (B) Bangalore, Doctor
- (C) Hyderabad, Engineer
- (D) Hyderabad, Teacher

5. This is a statement and conclusion type question where you are given a statement followed by a set of conclusions for the same. Choose the most appropriate conclusion regarding the statement given.

Statement: The adoption of renewable energy sources, such as solar and wind power, has been increasing globally due to their environmental benefits and decreasing costs. Governments are also implementing policies to promote clean energy technologies, aiming to reduce greenhouse gas emissions and dependence on fossil fuels.

Conclusions:

1. The transition to renewable energy is driven by economic factors as well as environmental concerns.
2. Renewable energy sources will completely eliminate the need for fossil fuels in the near future.
3. Government policies play a significant role in facilitating the growth of renewable energy.

Which of the following conclusions logically follows from the statement?

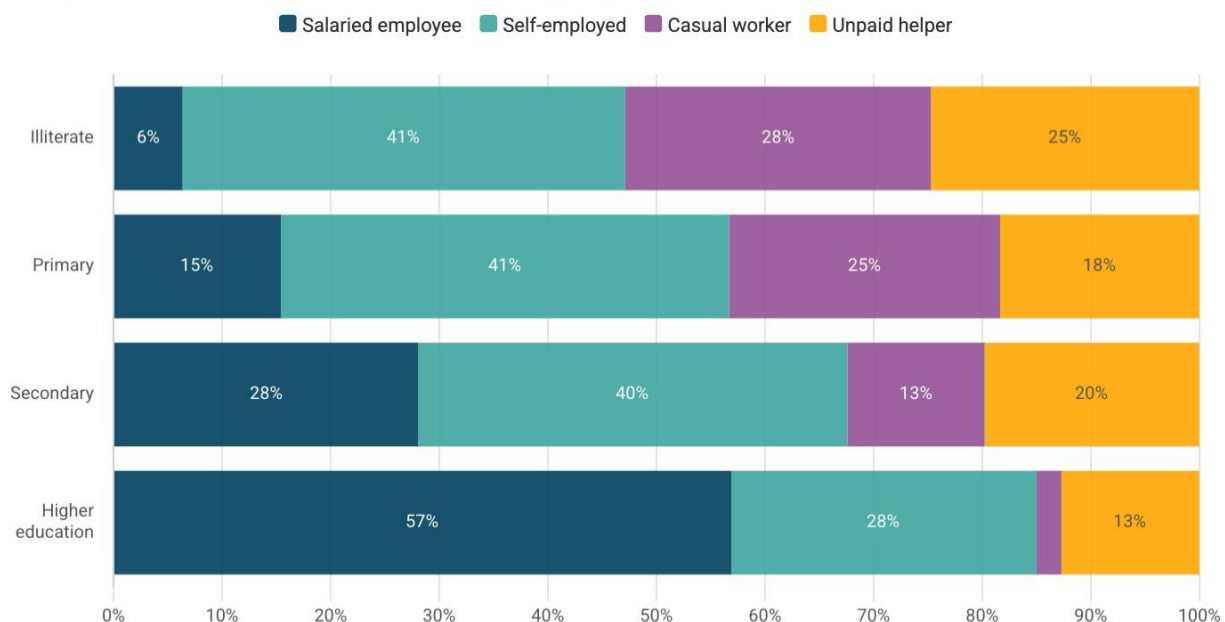
- (A) Only conclusion 1 is valid.
- (B) Only conclusion 3 is valid.
- (C) Both conclusions 1 and 3 are valid.
- (D) All conclusions (1, 2, and 3) are valid.

Section 5: Short Essay

1.

Type of employment by education (2024)

Indians with a higher education are more likely to have a salaried job



Higher education includes diploma/certificate courses, graduate and post-graduate degrees

Source: Periodic Labour Force Survey 2023-2024, National Sample Survey Office



1a. From the graph, what can you conclude about the relationship between education and type of employment?

1b. What might explain the rates of self-employment across the four educational levels shown in the graph?

2. Consider two countries A and B, that both manufacture motorbikes. It is observed that there is almost no difference in the price of motorbikes (after correcting for currency exchange rates) between these two countries, but the price of getting a haircut is vastly different.

2a. What could be the reason for the wide difference in the price of a haircut between both countries?

2b. Suppose workers in the motorbike factory, and in similar industries, are more productive in country B than in country A? In which country do you think the price of haircuts will be higher, and why?

3. Economists often write for the 'general audience'. You may have read op-eds by some well-known economists in newspapers. This general audience could be of two types - bureaucrats and politicians, who make policy, and other citizens who do not directly make policy. The reason for writing for the first set is clear, as they can change policy. Why should economists write for the second set - general citizens who do not make policy?