

Round 1

Section 1: MICROECONOMICS

1) A popular coffee chain estimates its demand function as $Q = 1200 - 30P$, where, Q is the number of cups sold per day and P is the price (in INR). If the chain reduces the price of a cup from INR 25 to INR 20, the price elasticity of demand at $P = 25$ is approximately:

- (a) -0.3
- (b) -0.6
- (c) -1
- (d) -1.67

2) The production function for a firm is given by $Q = L^{0.6}K^{0.6}$, where,
 Q is the total output,
 L is the quantity of labor,
 K is the quantity of capital.

Based on this, we can conclude that the production function exhibits:

- (a) Increasing returns to scale
- (b) Constant returns to scale
- (c) Decreasing returns to scale
- (d) Not enough information to infer returns to scale

3) A consumer derives satisfaction from consuming two goods — apples (X) and oranges (Y). Her utility function is given by:

$$U = 2X + Y$$

This suggests that 1 apple provides the same satisfaction as 2 oranges. Her indifference curves will therefore be:

- (a) Convex
- (b) Concave
- (c) Straight lines
- (d) L-shaped

4) A firm produces output using only labor (L) according to the production function:

$$Q = L^{1/3}$$

The firm sells its output at a market price P and pays a wage rate w per unit of labor. Hence, the profit function is:

$$\pi = PQ - wL$$

If the firm aims to maximize profit, what is the optimal amount of labor (L^*) that it should employ?

- (a) $L = (P/3w)^{3/2}$
- (b) $L = (P/3w)^{2/3}$
- (c) $L = (w/2P)^3$

(d) $L = P/w$

5) In the electricity market, a new government subsidy for renewable energy increases supply, while a spell of extremely hot weather increases demand for air conditioning.

What will be the likely effect on the equilibrium price and quantity of electricity?

- (a) Quantity will definitely increase, but the direction of price change is uncertain.
- (b) Price will definitely increase, and quantity will definitely decrease.
- (c) Both price and quantity will definitely increase.
- (d) Price will definitely decrease, but quantity will remain unchanged.

6) In a perfectly competitive market, firms produce where the market price (P) equals their marginal cost (MC). This condition reflects an important outcome of perfect competition — it ensures that resources are used in the most efficient way possible, and consumers pay a price equal to the value of the last unit produced. What does the condition $P = MC$ imply for the market outcome?

- (a) Zero Profit
- (b) Allocative Efficiency
- (c) Pareto Optimality
- (d) All

7) Which of the following describes adverse selection?

- (a) One party has more information before transaction
- (b) Moral hazard occurs after the contract is signed
- (c) Both parties have symmetric information
- (d) No transaction is possible in the market.

8) A lighthouse provides light that helps all ships in the nearby sea navigate safely. Which economic property of goods is violated in this case?

- (a) Rivalry
- (b) Excludability
- (c) Efficiency
- (d) Diminishing returns

9) Suppose the government imposes a per-unit tax on the sale of an essential good, such as insulin for diabetics. Because insulin is a necessity, consumers will buy the same quantity regardless of price, meaning demand is perfectly inelastic. In this case, who bears the burden of the tax?

- (a) Consumers entirely
- (b) Both consumers and producers equally
- (c) Producers entirely
- (d) The government

10) Consider the payoff matrix below. The first number in each pair is Player A's payoff, the second is Player B's.

	B: LEFT	B: RIGHT
A: UP	2,2	0,3
A: DOWN	3,0	1,1

The Nash equilibrium is:

- (a) (Up, Left)
- (b) (Down, Right)
- (c) (Down, Left)
- (d) (Up, Right)

Section 2: MACROECONOMICS

11) Consider a closed economy with no government sector. If the marginal propensity to consume is 0.8 and autonomous expenditure ($C_0 + I_0$) is Rs. 200, what is equilibrium output?

- (a) 800
- (b) 900
- (c) 1000
- (d) 1200

12) When households receive an additional ₹100 in disposable income and spend ₹80, their marginal propensity to consume is:

- (a) 0.2
- (b) 0.8
- (c) 1.2
- (d) 1.0

13) A central bank is an institution that

- (a) pays for government expenditures.
- (b) controls a nation's monetary policy.
- (c) runs a country's stock market.
- (d) determines a nation's fiscal policy.

14) Which of the following statements about the labour force is true?

- (a) It includes part-time workers
- (b) It includes retired and discouraged workers

- (c) It excludes people that are too old to work
- (d) It includes only full-time employed workers

15) If the marginal propensity to consume is 0.75, the simple spending multiplier, i.e. the increase in output and income produced by a rupee increase in initial spending, is:

- (a) 2.5
- (b) 4
- (c) 3
- (d) 5

16) Suppose the economy is operating on the LM curve but not on the IS curve. Given this information, we know that

- (a) the goods market is in equilibrium and the money market is not in equilibrium.
- (b) the money market and bond markets are in equilibrium and the goods market is not in equilibrium.
- (c) the money market and goods market are in equilibrium and the bond market is not in equilibrium.
- (d) the money, bond and goods markets are all in equilibrium.

17) Which of the following statements about inflation is true?

- (a) It always reduces the real purchasing power of money
- (b) It always benefits lenders
- (c) It always occurs with full employment
- (d) It increases the real value of money

18) Which of the following is **not** included in National Income?

- (a) Salaries of government employees
- (b) Rent from land
- (c) Purchase of second-hand goods
- (d) Profits of private firms

19) Which of the following is likely to cause a trade deficit?

- (a) Strong domestic production with low imports
- (b) Increase in exports exceeding imports
- (c) High consumer demand for foreign goods
- (d) Reduction in government spending

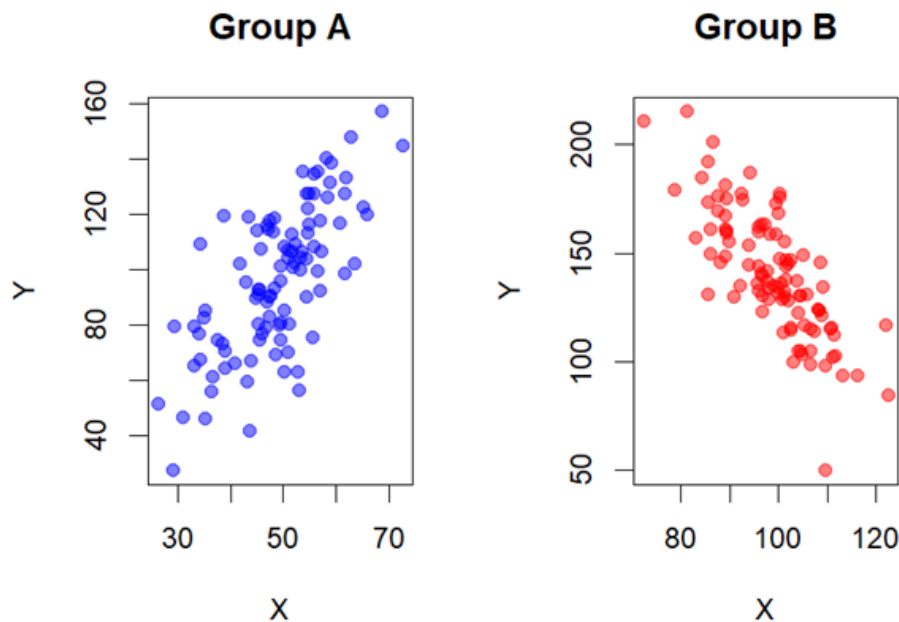
20) The multiplier effect in the Keynesian model primarily amplifies the impact of:

- (a) Fiscal policy through changes in government spending
- (b) Monetary policy through changes in exchange rates

- (c) Supply-side shocks only
- (d) Inflation targeting

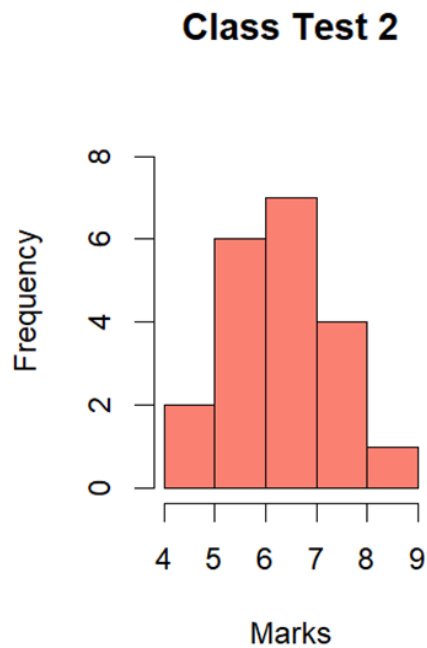
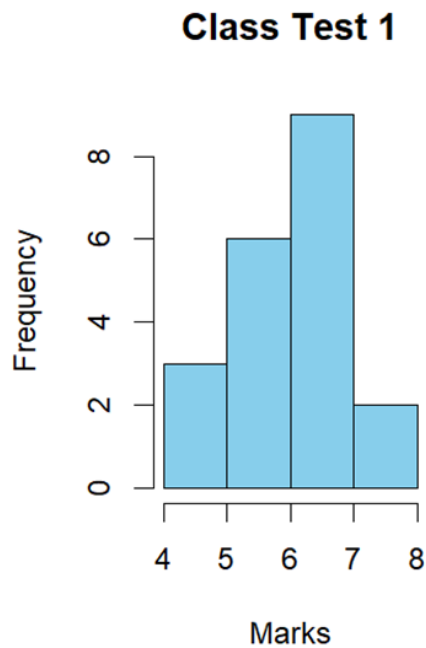
Section 3: QUANTITATIVE REASONING

21) The figure shows a scatter plot of X against Y for Group A and Group B. Which of the following best describes the correlation between X and Y (approximately) in each case?



- a) +1 ; -1
- b) Too many outliers, relationships unclear
- c) -1 ; +1
- d) -0.55 ; + 0.54

22) A teacher has given you these histograms and says that all the information required is here. You are also told that the test scores did have decimal values (for instance, one student got 5.25 marks in a test). The size-class bins in the histogram have an interval of 1 mark. What is the class average (approximately rounded to the nearest whole number) in Class Test 1 and Class Test 2?

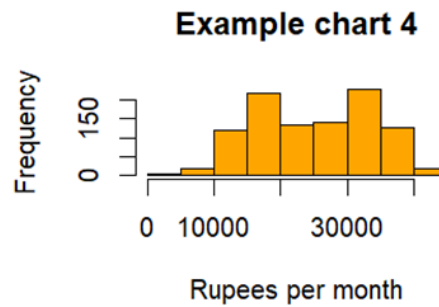
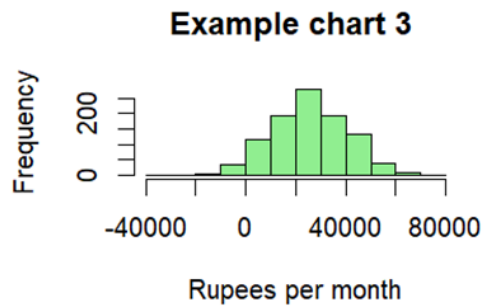
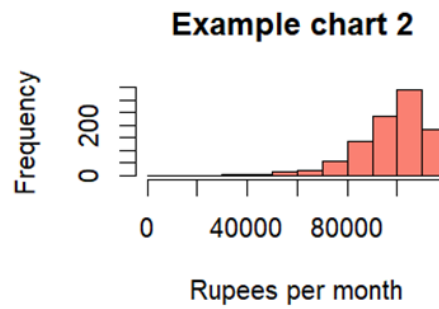
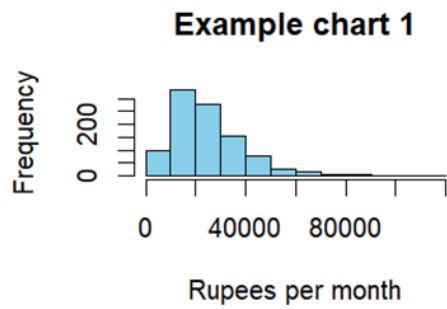


- (a) 7,8
- (b) 8,9
- (c) 6,6
- (d) 5,7

23) You are about to present the results of a survey of 1,000 households. One of the key findings is that the average household size (rounded to 1 decimal) was 4.5 members per household. You receive a call from the statistician in your team, who says: "One observation in our data was mistakenly recorded twice, this household had 10 members. Just wanted to alert you, please modify the mean in your presentation." You have just enough time to change the number in your presentation. Which of the following is the most appropriate?

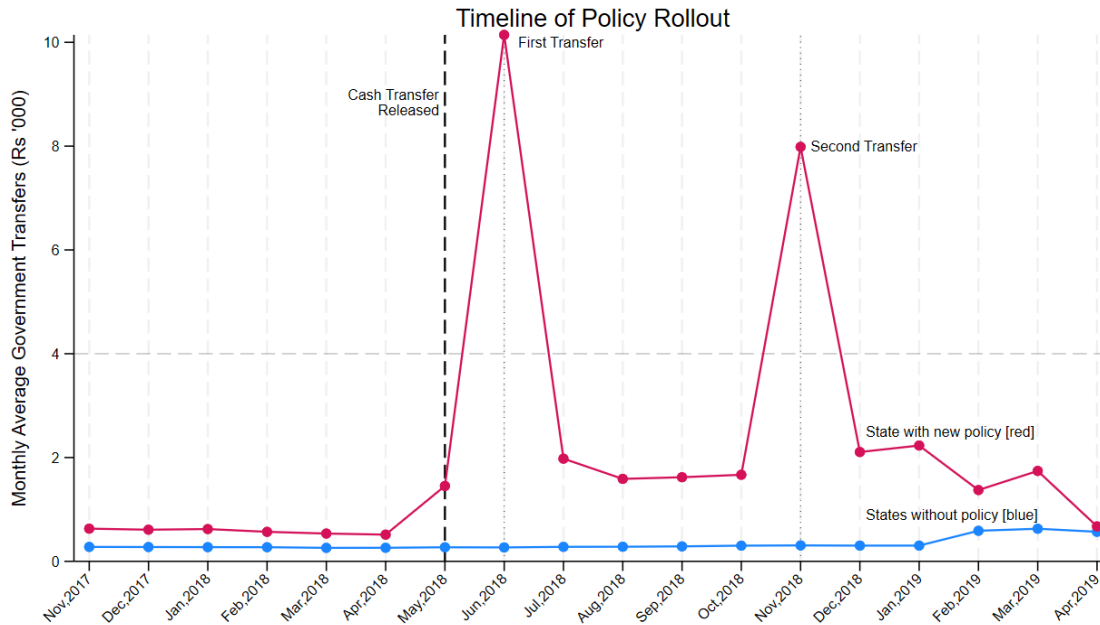
- (a) 4.5 (no change)
- (b) 4
- (c) 5
- (d) 3.9

24) You have been studying income distributions in the Indian context and one feature of this is that the median income in India tends to be below the mean income. Which of these charts do you think best approximates such a distribution?



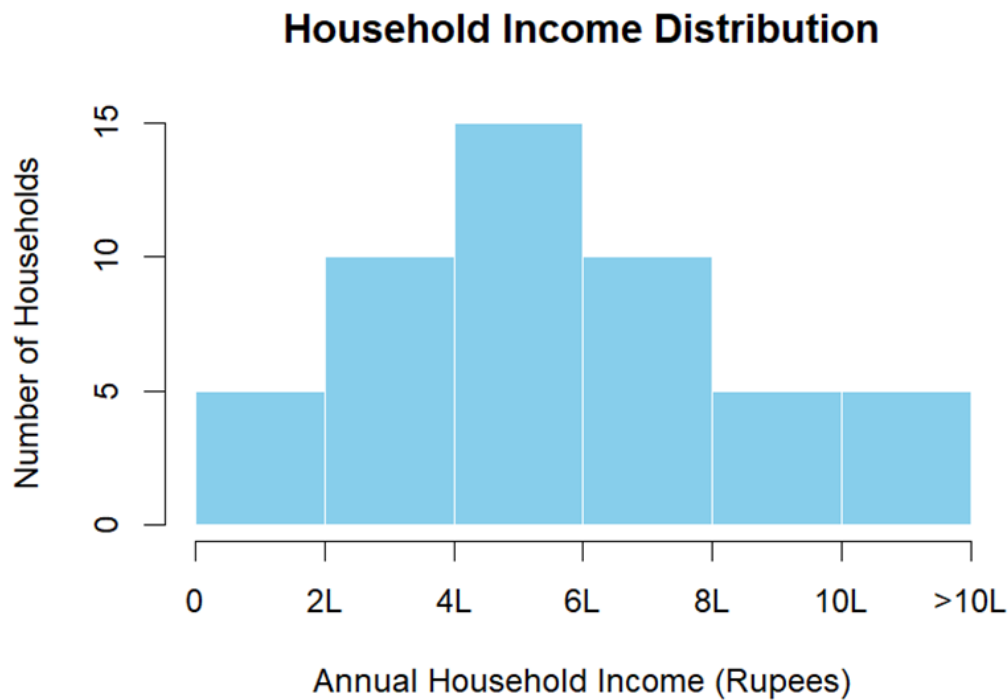
- (a) Example chart 1
- (b) Example chart 2
- (c) Example chart 3
- (d) Example chart 4

25) The chart shows government transfers at a monthly level for “state with policy” and “states without policy.” Which of the following statements is a reasonable conclusion based on the chart?



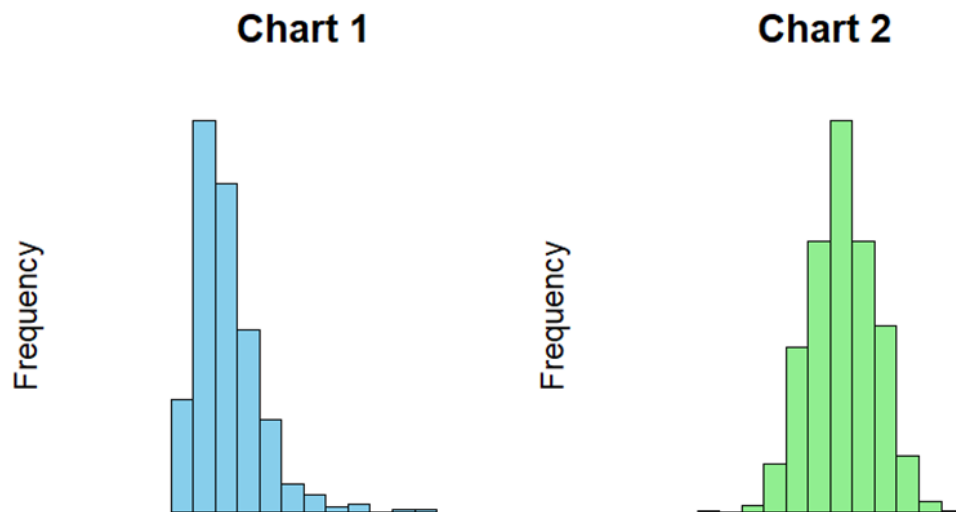
- (a) The average amount of government transfers went up from May 2018 onwards in the state where the policy was implemented.
- (b) The government transfers were consistently increasing from May 2018 onwards.
- (c) The government transfers show an increasing trend from November 2017 onwards.
- (d) The first transfer was larger in the “States without policy”.

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



- (a) Most households earn more than ₹6 lakh annually.
- (b) The income distribution is skewed towards higher incomes.
- (c) The largest number of households are in the ₹4 L-₹6 L range.
- (d) About 1/3rd of households have an income below ₹2 lakh.

27) One of the charts below presents the distribution of household income in India, and the other presents the distribution of the heights of Indian people. Identify which of the charts, 1 and 2, represent A - Household income in India, and B - Height of people in India.



- a) 1 - A; 2- B
- b) 1 - A; 2- A
- c) 1 - B; 2- B
- d) 1 - B; 2- A

28)The table shows India’s GDP for the last two years. What is the growth rate of nominal GDP?

Fiscal Year	GDP (current prices, lakh crore)	GDP (constant prices, lakh crore)
2023-24	Rs. 295	Rs. 175
2024-25	Rs. 325	Rs. 185

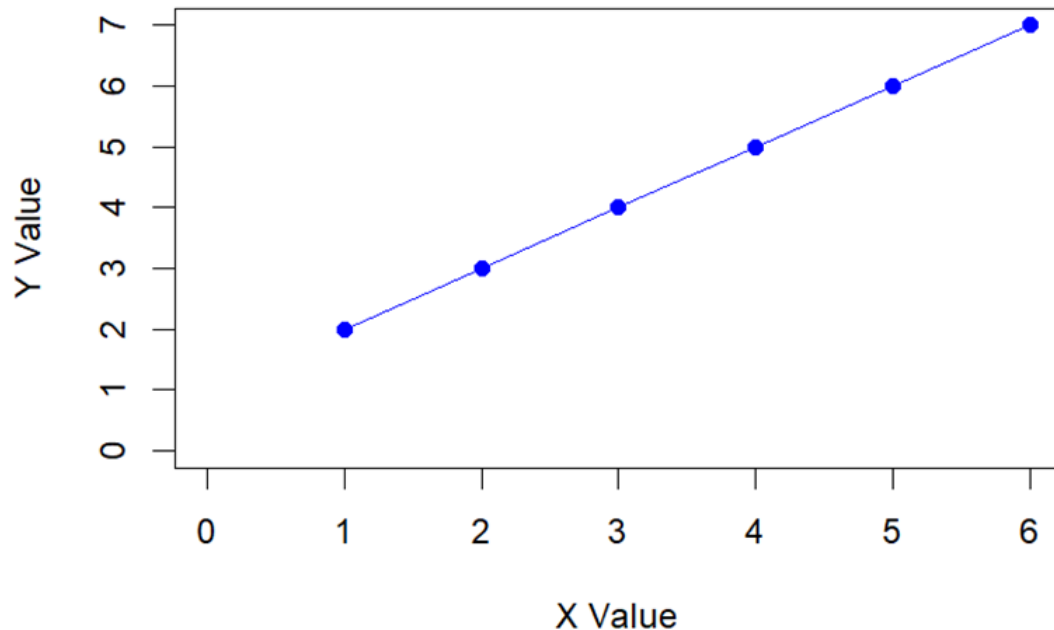
- (a) 9.5%
- (b) 15.0%
- (c) 10.2%
- (d) 5.7%

29)Your wages increased from ₹20,000 to ₹22,000 per month since last year. Over the same year, the Consumer Price Index (CPI) rose from 200 to 210. What is your real wage growth?

- (a) 5%
- (b) 7.5%
- (c) 10%
- (d) 0%

30)Look carefully at the graph and the values of at least two points on the line and indicate

which of the following appropriately describes the line.



- (a) $y = x + 1$
- (b) $y = 2x + 1$
- (c) $y = 1.5x + 1$
- (d) $y = x + 1.5$

Section 4: ANALYTICAL

Read the passage below and answer the question that follows.

While most scholarship on women's employment in the United States recognizes that the Second World War (1939–1945) dramatically changed the role of women in the workforce, these studies also acknowledge that few women remained in manufacturing jobs once men returned from the war. But in agriculture, unlike other industries where women were viewed as temporary workers, women's employment did not end with the war. Instead, the expansion of agriculture and a steady decrease in the number of male farmworkers combined to cause the industry to hire more women in the postwar years. Consequently, the 1950s saw a growing number of women engaged in farm labor, even though rhetoric in the popular media called for the return of women to domestic life.

31) Which of the following statements about women's employment in the United States during and after the Second World War is most clearly supported by the passage?

- A) Most women who joined the workforce during the Second World War wanted to return to domestic life when the war ended
- B) The great majority of women who joined the workforce during the Second World War were employed in manufacturing jobs
- C) The end of the Second World War was followed by a large-scale transfer of women workers from manufacturing to agriculture
- D) The increase in women's employment that accompanied the Second World War was longer lasting in agriculture than it was in manufacturing

32) Choose the word that best fits into the sentence.

"The legislator's _____ behavior has impacted many around him. He is prone to changing his opinions rather quickly."

- A) Consistent
- B) Volatile
- C) Honest
- D) Wise

33) Read the given information carefully and answer the questions that follow.

Eleven friends M, N, O, P, Q, R, S, T, U, V and W are sitting in the first row of the stadium watching a cricket match.

- i. T is to the immediate left of P and third to the right of U.
- ii. V is the immediate neighbour of M and N and third to the left of S.
- iii. M is the second to the right of Q, who is at one of the ends.
- iv. R is sitting next to the right of P and P is second to the right of O.

Who is sitting in the center of the row?

- A) N
- B) U
- C) S
- D) P

34) Two political parties contested an election in a state. There are two communities in this state: alpha and beta. Among the alpha community, ABC got 45% votes and XYZ got 55% votes. Among the beta community, ABC got 51% votes and XYZ won 49% votes. Despite trailing by a significant margin among alpha voters, party ABC won. What might explain this result?

- A) The total number of beta voters was much higher than the total number of alpha voters
- B) The alpha community had more powerful leaders
- C) A large section of the beta community was not happy with ABC
- D) The total number of alpha voters was the same as the total number of beta voters

35) Which of the following conclusions can be drawn from the following statements?

Statement 1: All test cricketers are good at T20 cricket

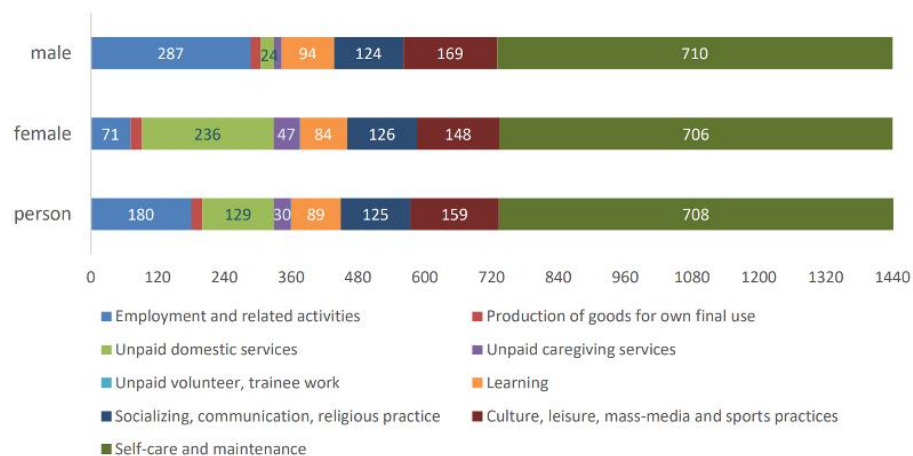
Statement 2: Some T20 cricketers are good players of 50-over cricket

- A) It is certain that at least some players are good at both T20 and 50-over cricket
- B) It is certain that none of the players are good at all 3 formats of cricket
- C) It is possible that none of the players who are good in 50-over cricket is good at any other format
- D) At least some players who are good in test cricket are not good in T20 cricket

Section 5: SHORT ESSAY

Here is a graph that shows time use patterns of men and women in India based on the Time Use Survey 2024.

Figure 3: Average time (in minutes) spent in a day per person in different activities



36a) From the graph, what can you conclude about gender differences in time allocation across paid work, learning, unpaid work, and leisure?

b) Using economic theory, what factors might explain the pattern of gender differences described above?

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) guarantees up to 100 days of employment per household each year at a daily wage rate notified by the government.

37a) Suppose the scheme is implemented in a district where agriculture is the main source of livelihood, and the prevailing daily wage rate for agricultural labour is lower than the MGNREGS wage. Discuss the likely effects of this policy on agricultural labourers and on landlords.

b) Now assume that in the same district, the agricultural wage rate for women is ₹200 per day and for men ₹300 per day, while MGNREGS pays ₹300 per day to all workers regardless of gender. Analyse how this policy is likely to affect men's and women's agricultural wage rates over time.

38) An Indian university runs an undergraduate programme that is fully residential, i.e. all students are required to live in the university hostel. Instead of letting students choose their roommate, the university allots rooms to pairs of students at random. What are the advantages of this policy for student learning and personal development? What are the possible disadvantages?

Round 2

Section 1: MICROECONOMICS

1) A popular coffee chain estimates its demand function as $Q=1200-30P$, where Q is the number of cups sold per day and P is the price (in INR).

If the chain reduces the price of a cup from **INR 30 to INR 25**, the price elasticity of demand at **P=30** is approximately:

- (a) -0.34
- (b) -1
- (c) -3
- (d) -1.67

2) The production function for a firm is given by $Q = L^{0.5}K^{0.5}$ where,

-Q is the total output,

-L is the quantity of labor,

-K is the quantity of capital.

Based on this, we can conclude that the production function exhibits:

- (a) Increasing returns to scale
- (b) Constant returns to scale
- (c) Decreasing returns to scale
- (d) Not enough information to infer returns to scale

- 3) A consumer derives satisfaction from consuming two goods — coffee (X) and snacks (Y).

Her utility function is given by:

$$U = \ln(X) + Y$$

The marginal rate of substitution (MRS) represents how many units of Y the consumer is willing to give up for one additional unit of X, while keeping utility constant. What is the MRS between coffee (X) and snacks (Y)?

- (a) $1/X$
- (b) X
- (c) Y/X
- (d) $1/Y$

- 4) A firm produces output using only labor (L) according to the production function:

$$Q = L^{1/4}$$

The firm sells its output at a market price P and pays a wage rate w per unit of labor. Hence, the profit function is:

$$\pi = PQ - wL$$

If the firm aims to maximize profit, what is the optimal amount of labor (L^*) that it should employ?

- (a) $L = (P/4w)^{4/3}$
- (b) $L = (P/3w)^{4/3}$
- (c) $L = (w/3P)^4$
- (d) $L = P/w$

- 5) In the market for smartphones, both demand and supply decrease simultaneously.

Demand falls because of an economic slowdown, while supply falls due to a shortage of semiconductor chips.

What will happen to the equilibrium quantity and price of smartphones?

- (a) Equilibrium quantity will definitely decrease, but the direction of price change is uncertain.
- (b) Equilibrium price will definitely decrease, and equilibrium quantity will definitely increase.
- (c) Both price and quantity will definitely decrease.
- (d) Price will definitely increase, but equilibrium quantity will remain unchanged.

- 6) When the government imposes a tax on a good, it raises revenue but also causes a deadweight loss (DWL), the loss of total surplus due to reduced market activity. The size of this deadweight loss depends on how responsive buyers and sellers are to price changes (i.e., the elasticities of demand and supply).

Which of the following statements is correct?

- (a) Deadweight loss increases when demand and supply are more elastic
- (b) Deadweight loss increases when demand and supply are less elastic
- (c) A lump-sum tax creates a larger deadweight loss
- (d) None of the above

7) Compared to perfect competition, a monopoly produces:

- (a) More output and lower price
- (b) Less output and higher price
- (c) Same output and higher price
- (d) Less output and lower price

8) Consider public goods such as parks and street lights. Everyone can enjoy these benefits whether or not they contribute to their cost. Because it's difficult or impossible to prevent people from enjoying the good without paying, some individuals choose not to pay, expecting others to cover the cost. This behavior is known as free riding. Free riding arises because public goods are:

- (a) Excludable
- (b) Non-rival
- (c) Non-excludable
- (d) Rival

9) A factory releases pollutants into a river while producing goods. Although the factory considers only its own production costs, the pollution imposes additional costs on nearby residents and fishermen. This situation illustrates a negative production externality, where:

- (a) Social cost < private cost
- (b) Social cost > private cost
- (c) Social benefit > private benefit
- (d) None

10) Consider the payoff matrix below. The first number in each pair is Player A's payoff, the second is Player B's.

	B: LEFT	B: RIGHT
A: UP	4,4	3,1
A: DOWN	1,3	2,2

The Nash equilibrium is:

- (a) (Up, Left)
- (b) (Down, Right)

- (c) (Down, Left)
- (d) (Up, Right)

Section 2: MACROECONOMICS

- 11) Consider a closed economy with no government sector. If consumption (C) depends on income (Y) such as $C = 100 + 0.8Y$ and investment or $I = 50$, what is the equilibrium level of output?
- (a) 400
 - (b) 500
 - (c) 600
 - (d) 750
- 12) If the marginal propensity to save or $MPS = 0.2$ and autonomous spending increases by ₹50, the change in equilibrium income is:
- (a) ₹100
 - (b) ₹200
 - (c) ₹250
 - (d) ₹400
- 13) In the Keynesian model, the difference between using monetary and fiscal policy to eliminate a recession is that
- a) monetary policy will eliminate a recession quicker than fiscal policy will.
 - b) fiscal policy will eliminate a recession quicker than monetary policy will.
 - c) an expansionary monetary policy will leave the economy with a lower real interest rate than an expansionary fiscal policy.
 - (d) an expansionary fiscal policy will leave the economy with a lower real interest rate than an expansionary monetary policy.
- 14) Which of the following individuals is **not** counted as unemployed?
- (a) A person who lost their job and is actively applying for new ones
 - (b) A recent graduate sending out job applications
 - (c) A retired person not seeking work
 - (d) A factory worker laid off and searching for another job
- 15) If marginal propensity to consume or $MPC = 0.6$ and government spending or G increases by ₹80 billion, the change in aggregate output or Y is:
- (a) ₹100 billion
 - (b) ₹150 billion
 - (c) ₹200 billion

(d) ₹300 billion

16) Suppose policy makers decide to reduce taxes. This fiscal policy action will cause which of the following to occur?

- a) The IS curve shifts and the economy moves along the LM curve.
- b) The LM curve shifts and the economy moves along the IS curve.
- c) Both the IS and LM curves shift.
- d) Neither the IS nor the LM curve shifts.

17) Which of the following situations would most likely cause stagflation?

- (a) A fall in oil prices
- (b) A major supply shock raising production costs
- (c) A rapid rise in exports
- (d) A large increase in consumer confidence

18) The expenditure approach to GDP is calculated as:

- (a) Wages + Rent + Interest + Profit
- (b) Consumption + Investment + Government Spending + (Exports – Imports)
- (c) GDP – Depreciation
- (d) Value of final goods produced

19) A prolonged trade deficit may lead to:

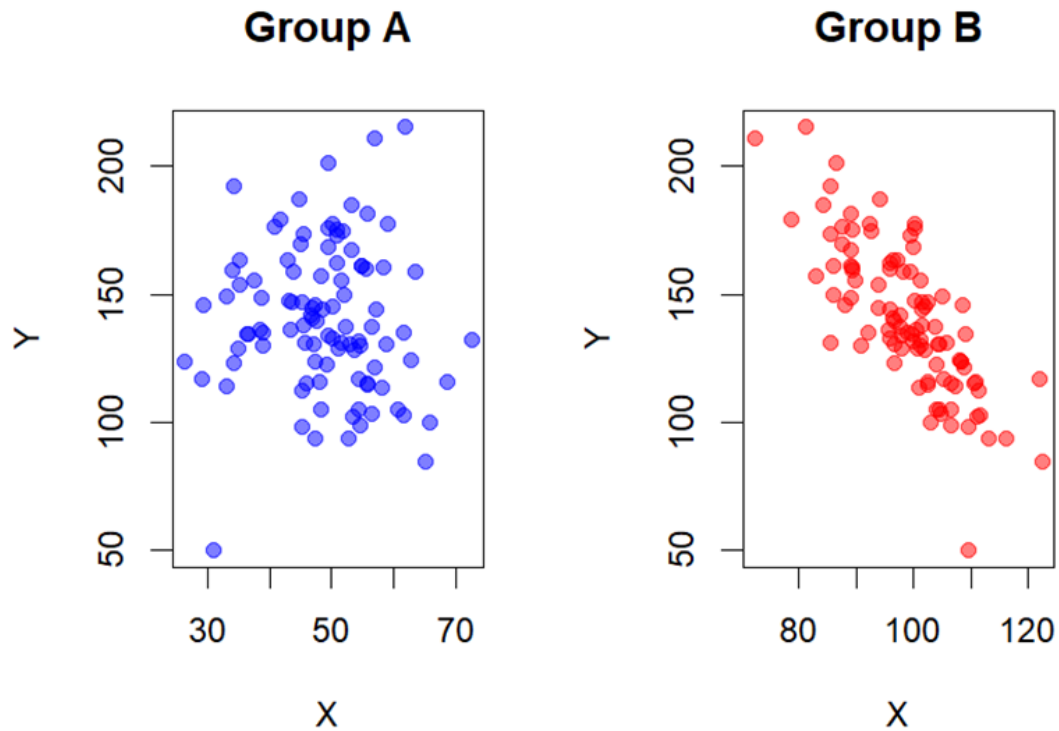
- (a) Increase in foreign reserves
- (b) Depreciation of the national currency
- (c) Reduction in foreign debt
- (d) An automatic increase in domestic employment

20) Which of the following is an illustration of monetary policy?

- (a) Government expenditure on infrastructure
- (b) Tax cuts for households
- (c) Changes in interest rates to influence investment
- (d) Public debt issuance

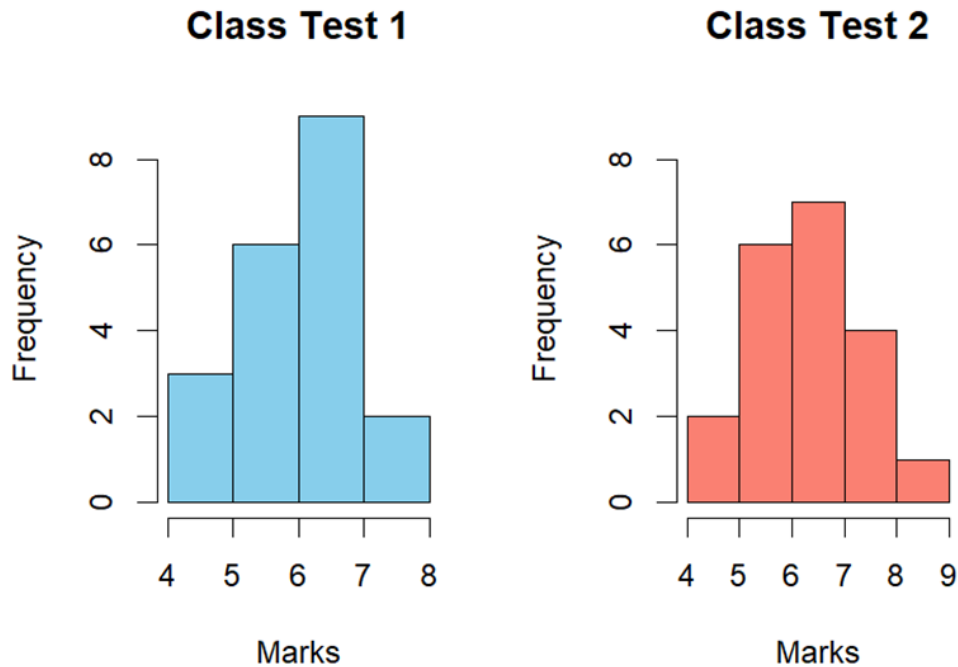
Section 3: QUANTITATIVE REASONING

21) The figure shows a scatter plot of X against Y for Group A and Group B. Which of the following best describes the correlation between X and Y (approximately) in each case?



- a) +1 ; -1
- b) Too noisy, relationships unclear
- c) -1 ; +1
- d) 0; - 1

22) A teacher has given you the following histograms and says that all the information required is here. You are also told that the test scores did have decimal values (for instance, one student got 5.25 marks in a test). The size-class bins in the histogram have an interval of 1 mark.



The following statements are about the histograms for the two class tests shown here.

Statement 1: The mode of the distribution in both tests is in the 6-7 mark interval.

Statement 2: Comparing the two graphs, looks like the mean marks in Test 1 were higher than in Test 2.

- (a) Both statements are true
- (b) Only statement 2 is true
- (c) Only statement 1 is true
- (d) Both statements are false

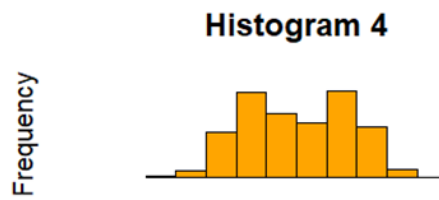
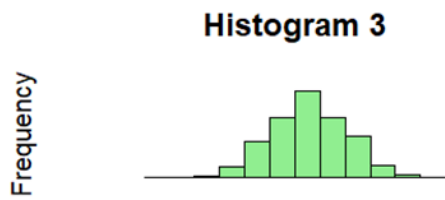
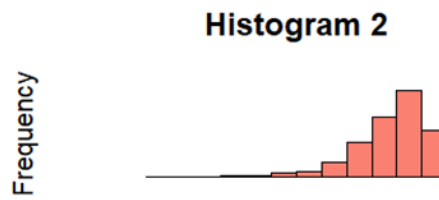
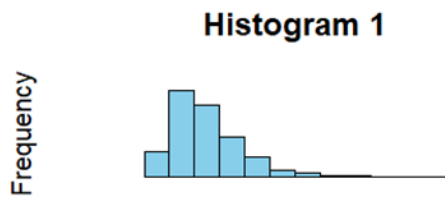
23) You are checking the stock records of a rice godown with 1,000 bags in storage. The official report states that the average weight per bag was 50 kg. While cross-checking, you discover that one bag's weight (100 kg) had been entered twice in the records. You have to correct the figure before reporting to the local panchayat committee. Round the average to the nearest kilogram.

Which of the following is the most appropriate average to report?

- (a) 50 kg (no change)
- (b) 49 kg
- (c) 51 kg
- (d) 45 kg

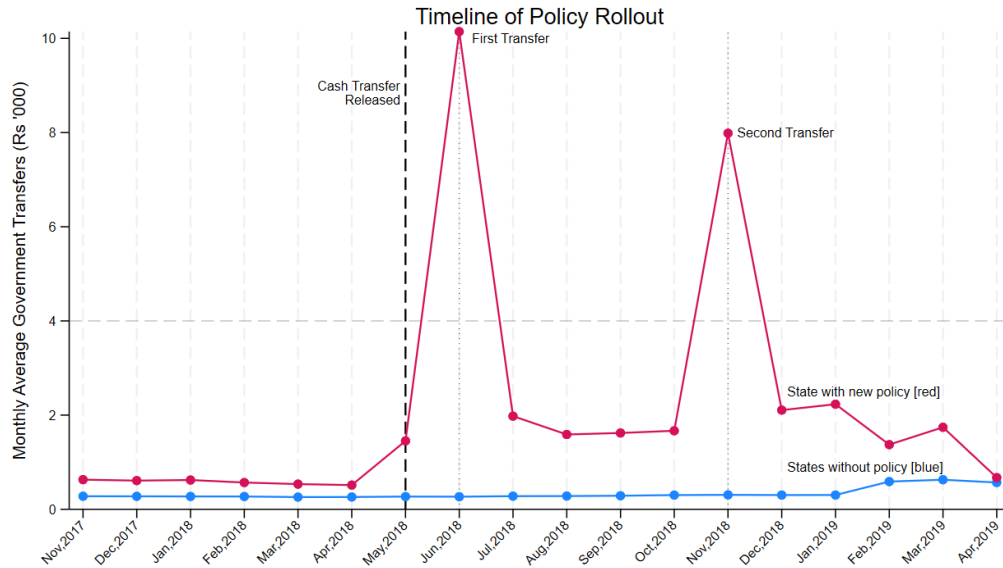
24) You are studying the distribution of the age of retirement among salaried employees in India's formal sector. One feature of this is that the mean age of retirement tends to be below the median age of retirement. Which of these histograms best approximates such a

distribution?



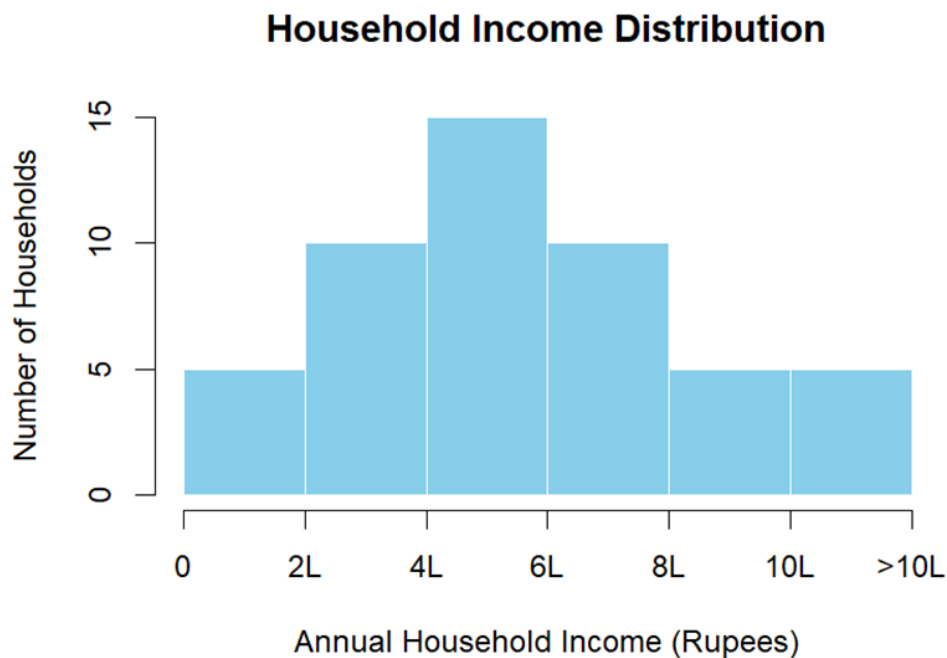
- (a) Histogram 1
- (b) Histogram 2
- (c) Histogram 3
- (d) Histogram 4

25) The chart shows government transfers at a monthly level for “state with policy” and “states without policy.” Which of the following statements is a reasonable conclusion based on the chart?



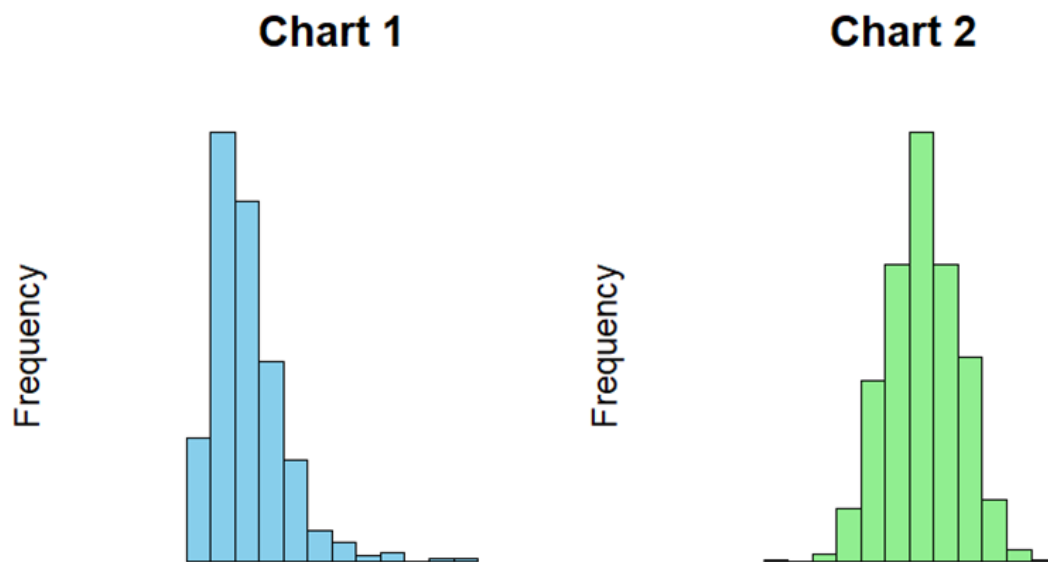
- (a) There are two transfers shown in this chart for “state with policy”, and the first one is larger on average than the second one.
- (b) The cash transfer release in May 2018 had no visible effect on government transfers.
- (c) The government transfers were consistently increasing from May 2018 onwards.
- (d) The government transfers show an increasing trend from November 2017 onwards.

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



- a) Fifty per cent of households earn between ₹2 and ₹6 lakh annually.
- b) The income distribution is skewed towards higher incomes.
- c) A majority of households earn more than ₹6 lakh annually.
- d) About 1/3rd of households have an income below ₹2 lakh.

27) One of the charts below presents the distribution of household income in India, and the other presents the distribution of the heights of Indian people. Identify which of the charts, 1 and 2, represent A - Household wealth in India, and B - Birth weight of children.



- a) 1 - A; 2- B
- b) 1 - A; 2- A
- c) 1 - B; 2- B
- d) 1 - B; 2- A

28) The table shows India's GDP for the last two years. What is the growth rate of real GDP?

Fiscal Year	GDP (current prices, lakh crore)	GDP (constant prices, lakh crore)
2023-24	Rs. 295	Rs. 175
2024-25	Rs. 325	Rs. 185

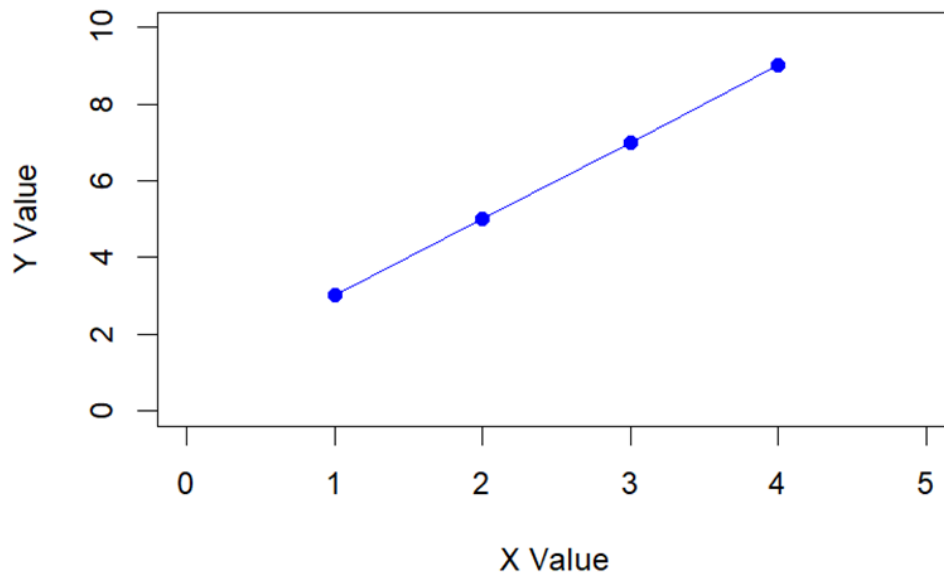
- (a) 10.2%

- (b) 7.5%
- (c) 5.7%
- (d) 6.5%

29) Your scholarship stipend rose from ₹10,000 to ₹11,000 per month this year. Over the same year, the Consumer Price Index (CPI) increased from 120 to 126. What is the approximate real increase in the stipend?

- (a) 5%
- (b) 7.5%
- (c) 10%
- (d) 0%

30) Look carefully at the graph and the values of at least two points on the line and indicate which of the following appropriately describes the line.



- (a) $y = x + 1$
- (b) $y = 2x + 1$
- (c) $y = 1.5x + 1$
- (d) $y = x + 1.5$

Section 4: ANALYTICAL

Read the passage below and answer the question that follows.

While most scholarship on women's employment in the United States recognizes that the Second World War (1939–1945) dramatically changed the role of women in the workforce, these studies also acknowledge that few women remained in manufacturing jobs once men returned from the war. But in agriculture, unlike other industries where women were viewed as temporary workers, women's employment did not end with the war. Instead, the expansion of agriculture and a steady decrease in the number of male farmworkers combined to cause the industry to hire more women in the postwar years. Consequently, the 1950s saw a growing number of women engaged in farm labor, even though rhetoric in the popular media called for the return of women to domestic life.

31) It can be inferred from the passage that the manufacturing and agricultural sectors in the United States following the Second World War differed in which of the following respects?

- A) The rate of expansion in each sector
- B) The percentage of employees in each sector who were men
- C) The trend in the wages of men employed in each sector
- D) The attitude of the popular media toward the employment of women in each sector

32) Choose the word that best fits into the sentence.

“Just as the authors’ book on fishes is often a key text for courses in marine zoology, their ideas on animal development and phylogeny _____ teaching in this area.”

- A) Prevent
- B) Defy
- C) Replicate
- D) Inform

33) Read the given information carefully and answer the questions that follow.

Eleven friends M, N, O, P, Q, R, S, T, U, V and W are sitting in the first row of the stadium watching a cricket match.

- i. T is to the immediate left of P and third to the right of U.
- ii. V is the immediate neighbour of M and N and third to the left of S.
- iii. M is the second to the right of Q, who is at one of the ends.
- iv. R is sitting next to the right of P and P is second to the right of O.

Who are the immediate neighbours of T?

- A) O, P
- B) V, U

- C) O, R
- D) N, U

34) Under the MGNREGA, the Government offers a wage rate of Rs. 150 per day to those who wish to engage in manual labor. However, in the nearby city, which is 50 km away, men get work in brick kilns for Rs. 400 per day. What does this imply about the objective of the scheme?

- A) The government does not want to provide employment to men
- B) The government wishes to provide work to only those people who cannot earn Rs. 150 per day in the outside market
- C) The government wants men to come back from the brick kilns and work for lower wages
- D) None of the above

35) Which of the following conclusions can be drawn from the following statements?

Statement 1: All test cricketers are good at T20 cricket

Statement 2: Some T20 cricketers are good players of 50-over cricket

- A) It is certain that at least some players are good at all 3 formats of cricket
- B) It is impossible to find a player who is only good at test cricket
- C) It is possible that none of the players who are good in 50-over cricket is good at any other format
- D) At least some players who are good in test cricket are not good in T20 cricket

Section 5: SHORT ESSAY

The graph below shows the share of females in professions that require advanced degrees based on Census data from the United States. The blue bars show the shares of females amongst all workers, while the orange bars show the share of females amongst the top 25% of earners in that profession. These shares are plotted for workers aged 30 and 40 respectively.

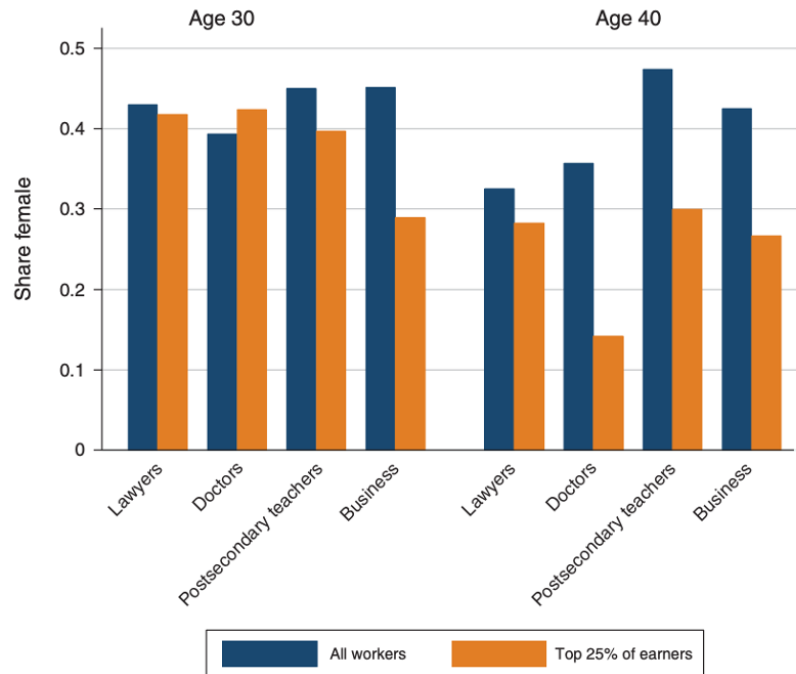


FIGURE 1. SHARE FEMALE AMONG FULL-TIME WORKERS WITH ADVANCED DEGREES IN SELECTED HIGH SKILL OCCUPATIONS

- 1a) What do you notice about the share of females across the two age groups?
- 1b) What economic reasons may explain the patterns above?

As per current law, Indian firms are mandated to provide 26 weeks of paid maternity leave to women. Individuals can voluntarily choose to return to work 6 weeks after the delivery. Suppose the government is reviewing overall childcare policy and considers doubling the duration of paid maternity leave for women.

- 2a) Discuss how this policy revision is likely to affect firms, and female employees and male employees respectively.
- 2b) Suppose instead that the government proposes to introduce 26 weeks of paid paternity leave for men in addition to the 26 weeks for women. How will firms, female employees and male employees be affected?

- 3) In a classroom, a professor assigns seats to her students such that students from the same state are not seated next to each other. What are the advantages of this seating policy for student learning and personal development? What are the possible disadvantages?

Round 3

Section 1: MICROECONOMICS

- 1) A popular coffee chain estimates its demand function as $Q=1200-30P$, where, Q is the number of cups sold per day and P is the price (in INR).

If the chain reduces the price of a cup from INR 30 to INR 20, the price elasticity of demand at $P=30$ is approximately:

- (a) -0.34
- (b) -1
- (c) -3
- (d) -1.67

- 2) The production function for a firm is given by

$$Q = L^{0.4}K^{0.4}, \text{ where,}$$

-Q is the total output,

-L is the quantity of labor,

-K is the quantity of capital.

Based on this, we can conclude that the production function exhibits:

- (a) Increasing returns to scale
- (b) Constant returns to scale
- (c) Decreasing returns to scale
- (d) Not enough information to infer returns to scale

- 3) A consumer derives satisfaction from consuming coffee (X) and milk (Y) together in fixed proportions.

Her preferences are represented by the utility function: $U = \min(X, 2Y)$

The marginal rate of substitution (MRS) represents how many units of Y the consumer is willing to give up for one additional unit of X, while keeping utility constant. What can we say about her marginal rate of substitution (MRS) between coffee and milk?

- (a) Infinite always
- (b) Zero always
- (c) Undefined at the kink
- (d) Constant

- 4) A firm produces output using only labor (L) according to the production function:

$$Q = L^{1/2}$$

The firm sells its output at a market price P and pays a wage rate w per unit of labor. Hence, the profit function is:

$$\pi = PQ - wL$$

If the firm aims to maximize profit, what is the optimal amount of labor (L^*) that it should employ?

- (a) $L = (P/2w)^2$
- (b) $L = (P/w)^2$
- (c) $L = (w/2P)^2$
- (d) $L = P/w$

- 5) Suppose in the market for electric cars, both demand and supply increase at the same time: demand rises because of government subsidies, and supply increases due to advances in battery technology.

Economists observe that while the quantity of cars sold definitely rises, the direction of change in the equilibrium price is uncertain.

What does the direction of the price change depend on?:

- (a) The magnitude of the shifts in demand and supply
- (b) The slope of the demand curve only
- (c) The slope of the supply curve only
- (d) Cannot be determined

- 6) Economists often use the concept of Pareto efficiency (or Pareto optimality) to describe a situation where resources in an economy are allocated as efficiently as possible. A situation is said to be Pareto efficient when:

- (a) No one can be made better off without making someone else worse off
- (b) The overall welfare of society is maximized in some sense
- (c) Everyone in the economy has equal income and wealth
- (d) All

- 7) Consider markets that generate negative externalities, such as pollution from factories, traffic congestion, or industrial waste. Markets with negative externalities fail because:

- (a) Social cost is greater than private cost
- (b) Producers ignore the extra cost to society
- (c) Output is higher than socially efficient
- (d) All of the above

- 8) Suppose a factory's pollution harms nearby residents. According to economist Ronald Coase, such externalities can sometimes be resolved without government intervention, if the affected parties can bargain directly. The Coase Theorem states that externalities can be efficiently internalized provided that:

- (a) Property rights well-defined and transaction costs low
- (b) The government imposes Pigouvian taxes on the polluter
- (c) The markets are perfectly competitive
- (d) Property rights are well-defined but information is asymmetric

- 9) Consider a market where consumers are extremely price-sensitive, for example, apparel

of different types of fabric.

Buyers can easily switch to other fabrics if the price rises even slightly for one of the fabrics. This implies demand is perfectly elastic. If the government imposes a per-unit tax on this good, who will bear the burden of the tax?

- (a) Consumers entirely
- (b) Both consumers and producers equally
- (c) Producers entirely
- (d) The government

10) Consider the payoff matrix below. The first number in each pair is Player A's payoff, the second is Player B's.

	B: LEFT	B: RIGHT
A: UP	3,2	0,4
A: DOWN	4,0	2,1

The Nash equilibrium is:

- (a) (Up, Left)
- (b) (Down, Right)
- (c) (Down, Left)
- (d) (Up, Right)

Section 2: MACROECONOMICS

11) Consider a closed economy with no government sector. Suppose consumption (C) is related to income (Y) such that $C = 60 + 0.6Y$ and investment or $I = 120$. Find equilibrium output.

- (a) 350
- (b) 400
- (c) 450
- (d) 500

12) If the government cuts taxes by ₹100 and the marginal propensity to consume or $MPC = 0.8$, by how much does equilibrium income rise?

- (a) ₹100
- (b) ₹300
- (c) ₹400
- (d) ₹500

- 13) Easy monetary policy and tight fiscal policy lead to:
- (a) high real interest rates.
 - (b) low real interest rates.
 - (c) roughly unchanged real interest rates.
 - (d) roughly unchanged real interest rates only when Ricardian equivalence holds; otherwise, low real interest rates.

- 14) If the Labour Force Participation Rate rises, it means that:
- (a) More people are leaving jobs
 - (b) A larger share of the working-age population is working or seeking work
 - (c) Unemployment has increased
 - (d) Population has fallen

- 15) If the marginal propensity to consume or MPC is 0.5 and investment spending increases by ₹20 billion, the change in aggregate output or Y is:
- (a) ₹20 billion
 - (b) ₹40 billion
 - (c) ₹100 billion
 - (d) ₹10 billion

- 16) Suppose the demand for money is *not* very sensitive to the interest rate. Given this information, we know that:
- a) the IS curve should be relatively flat.
 - b) the IS curve should be relatively steep.
 - c) the LM curve should be relatively flat.
 - (d) the LM curve should be relatively steep.

- 17) Which of the following can result in deflation?
- (a) Increase in consumer spending
 - (b) Rapid population growth
 - (c) Decrease in aggregate demand
 - (d) Expansionary monetary policy

- 18) Which of the following statements is true about the Gross National Product (GNP)?
- (a) GNP includes income earned by residents abroad
 - (b) GNP only includes domestic production
 - (c) GNP excludes income from abroad
 - (d) GNP is always equal to GDP

- 19) Which of the following is a possible way to reduce a trade deficit?

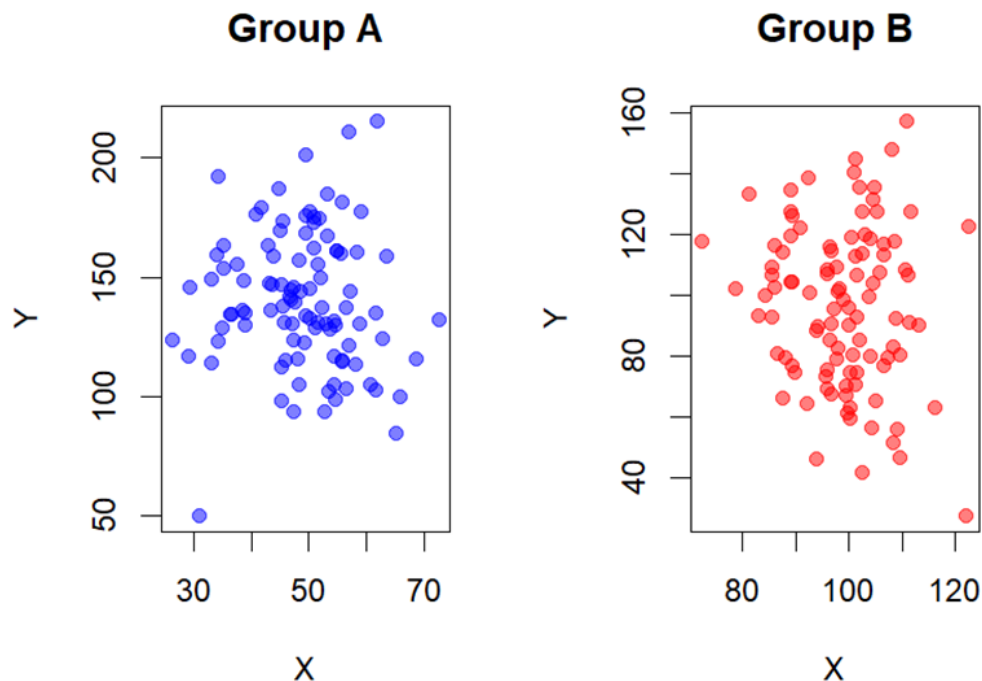
- (a) Increase domestic production and promote exports
- (b) Decrease exports and increase imports
- (c) Increase consumer demand for imported goods
- (d) Reduce tariffs on imported goods

20) In a situation of underemployment equilibrium, Keynesian theory suggests

- (a) Only monetary policy can restore full employment
- (b) Expansionary fiscal policy can increase employment and output
- (c) Reducing government spending will increase output
- (d) Interest rate adjustments have no effect on aggregate demand

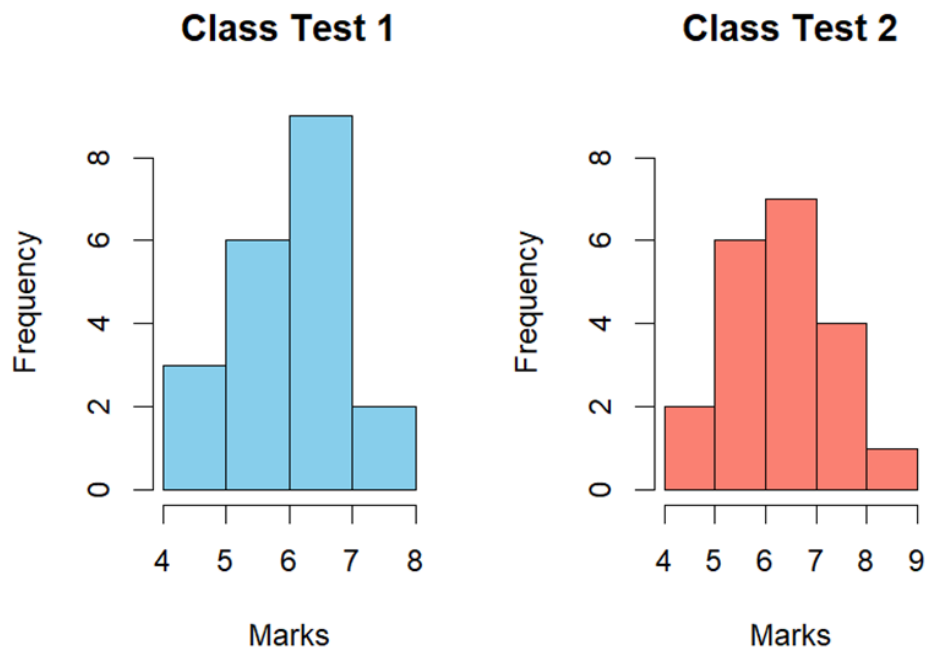
Section 3: QUANTITATIVE REASONING

21) The figure shows a scatter plot of X against Y for Group A and Group B. Which of the following best describes the correlation between X and Y (approximately) in each case?



- a) +0.8 ; -0.9
- b) Relationships unclear
- c) -0.8 ; +0.9
- d) 0; + 1

- 22) A teacher has given you these histograms and says that all the information required is here. You are also told that the test scores did have decimal values (for instance, one student got 5.25 marks in a test). The size-class bins in the histogram have an interval of 1 mark.



The following statements are about the histograms for the two class tests shown here.

Statement 1: Both tests were taken by 20 students.

Statement 2: Comparing the two graphs, it appears the mean marks in Test 1 and Test 2 were approximately 6.

- (a) Both statements are true.
- (b) Only statement 2 is true.
- (c) Only statement 1 is true.
- (d) Both statements are false.

- 23) You are auditing 25 rural development projects funded by the state government. The published report states that the average grant per project was ₹20 crore. While auditing the records, you find that one centrally funded scheme (amount ₹60 crore) was incorrectly included and should be removed.

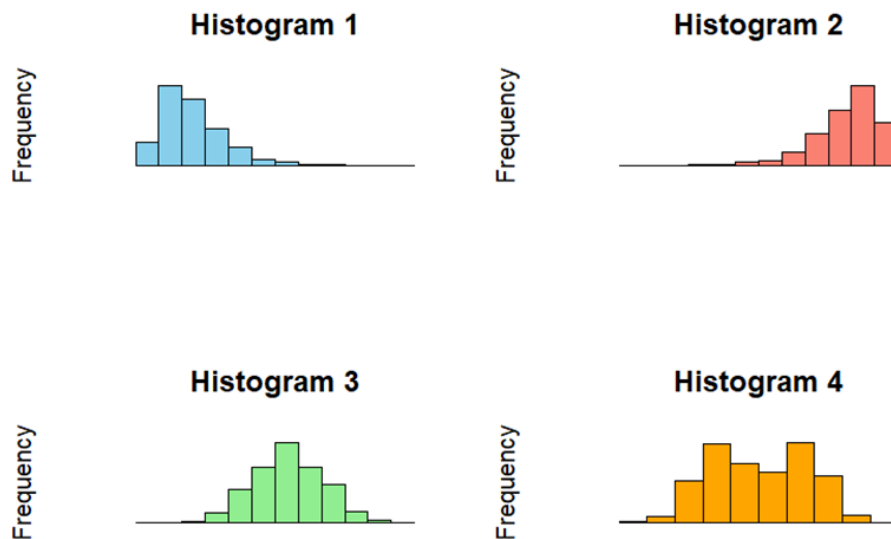
You have to adjust the average before sending your audit report to the state legislature. Round your corrected average to the nearest ₹1 crore.

Which of the following is the most appropriate average to report?

- (a) ₹20 crore (no change)

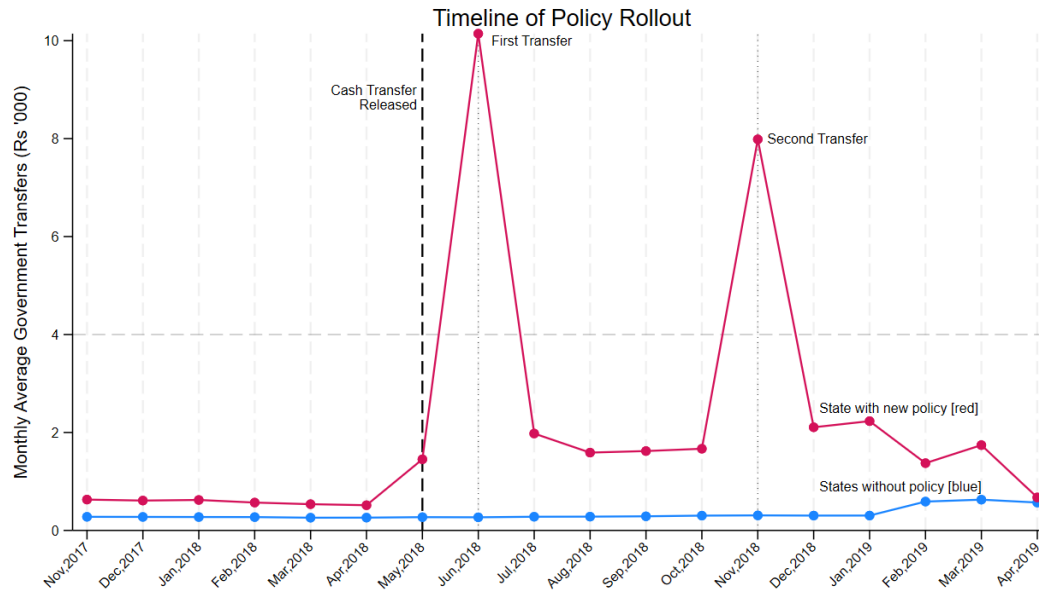
- (b) ₹19 crore
- (c) ₹18 crore
- (d) ₹20.5 crore

24) The UGC-NET Economics paper this year turned out to be surprisingly easy. This resulted in a lot of students doing well. The scores had a skewed distribution with the mean being below the median. Which of these histograms best approximates such a distribution?



- (a) Histogram 1
- (b) Histogram 2
- (c) Histogram 3
- (d) Histogram 4

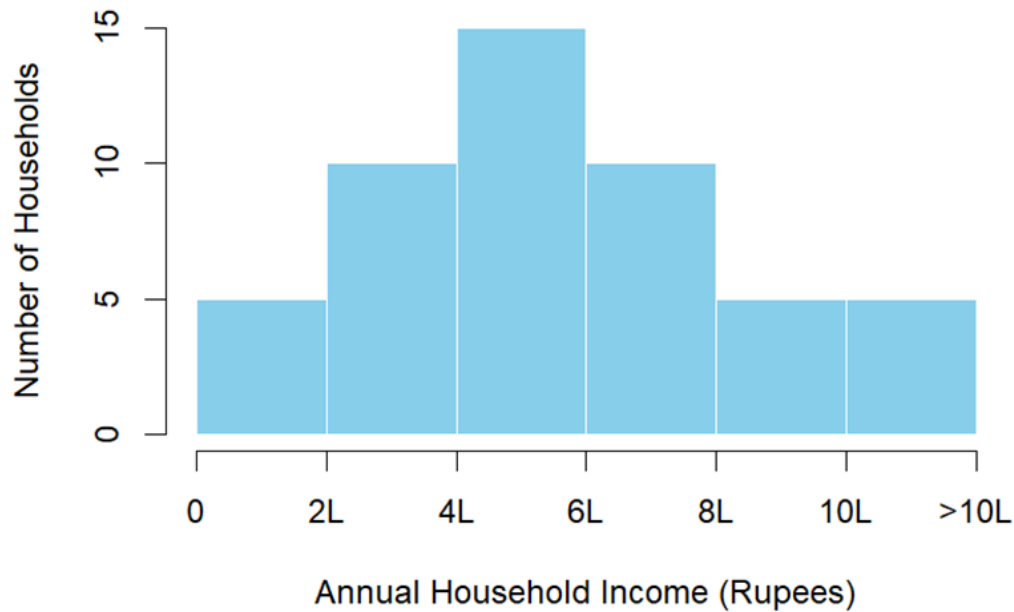
25) The chart shows government transfers at a monthly level for “state with policy” and “states without policy.” Which of the following statements is a reasonable conclusion based on the chart?



- (a) The government transfers were consistently increasing from May 2018 onwards.
- (b) The cash transfer release in May 2018 had no visible effect on government transfers.
- (c) The government transfers show an increasing trend from November 2017 onwards.
- (d) Government transfers were concentrated around June 2018 and November 2018, when the bulk of transfers were received in the “state with policy”.

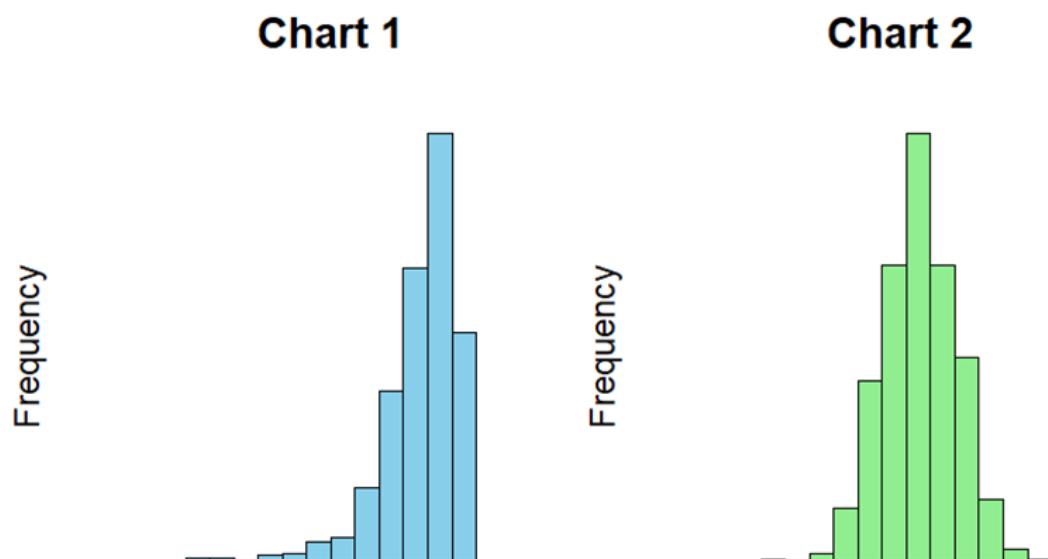
26) Based on this histogram, which of the following conclusions is most accurate?

Household Income Distribution



- a) Fifty per cent of households earn between ₹4 and ₹8 lakh annually.
- b) The income distribution is skewed towards higher incomes.
- c) A majority of households earn more than ₹6 lakh annually.
- d) About 1/3rd of households have an income below ₹2 lakh.

27) One of the charts below presents the distribution of household income in India, and the other presents the distribution of the heights of Indian people. Identify which of the charts, 1 and 2, represent A - Age at which employees retire from formal sector jobs, and B - Length of the thigh bone of persons in India.



- a) 1- A; 2- B
- b) 1 - A; 2- A
- c) 1 - B; 2- B
- d) 1 - B; 2- A

28) The table below shows India's GDP for the last two years. What is the growth rate of real GDP?

Fiscal Year	GDP (current prices, lakh crore)	GDP (constant prices, lakh crore)
2023-24	Rs. 300	Rs. 200
2024-25	Rs. 330	Rs. 212

- (a) 12.0%
- (b) 6.0%
- (c) 10.0%
- (d) 15.0%

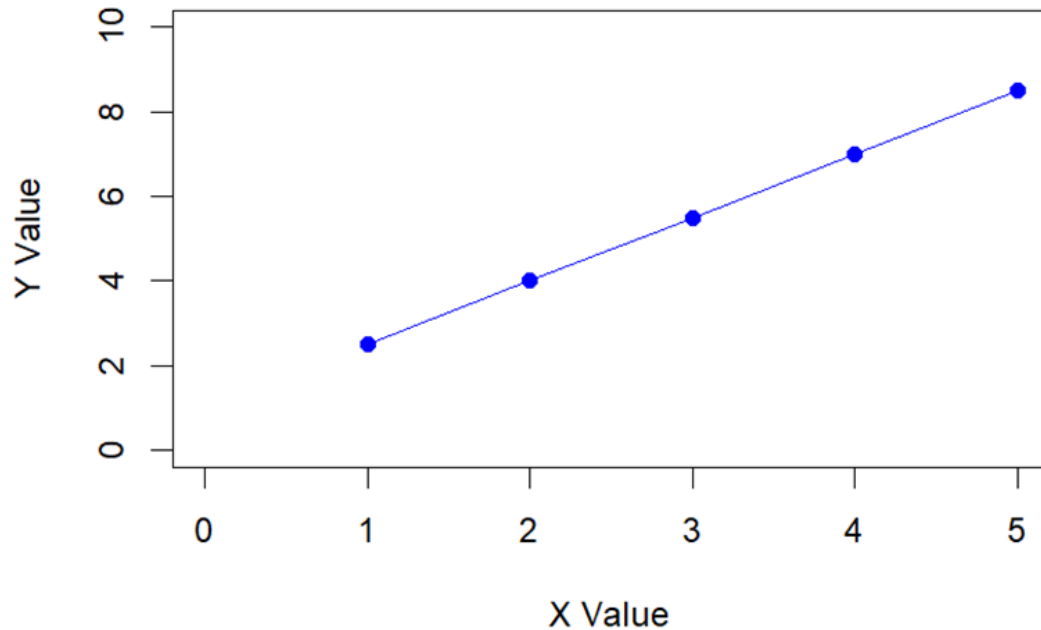
29) Last year, a state allocated ₹10,000 crore to a Direct Cash Transfer scheme. This year, the budgeted allocation is ₹11,400 crore. Over the same period, the Consumer Price Index (CPI) rose from 100 to 120.

What is the real growth of the cash transfer allocation?

- (a) 14%
- (b) 7.5%
- (c) -5%

(d) -7.5%

30) Look carefully at the graph and the values of at least two points on the line and indicate which of the following appropriately describes the line.



- (a) $y = x + 1$
- (b) $y = 2x + 1$
- (c) $y = 1.5x + 1$
- (d) $y = x + 1.5$

Section 4: ANALYTICAL

31) Read the passage below and answer the question that follows.

While most scholarship on women's employment in the United States recognizes that the Second World War (1939–1945) dramatically changed the role of women in the workforce, these studies also acknowledge that few women remained in manufacturing jobs once men returned from the war. But in agriculture, unlike other industries where women were viewed as temporary workers, women's employment did not end with the war. Instead, the expansion of agriculture and a steady decrease in the number of male farmworkers combined to cause the industry to hire more

women in the postwar years. Consequently, the 1950s saw a growing number of women engaged in farm labor, even though rhetoric in the popular media called for the return of women to domestic life.

Which of the following is a possible conclusion from the article?

- a) During the 1950s, media misinterpreted female employment on farms as similar to domestic work
- b) The great majority of women who joined the workforce during the Second World War were employed in manufacturing jobs
- c) The end of the Second World War was followed by a large-scale transfer of women workers from manufacturing to agriculture
- d) Manufacturing sector helped the US succeed in the Second World War

32) Choose the word that best fits into the sentence

“While the moderator attempted to keep the debate constructive, the candidates often _____ into direct attacks on their opponents’ past records.

- a) Lapsed
- b) Rise
- c) Took
- d) Grabbed

33) Read the given information carefully and answer the questions that follow.

Eleven friends M, N, O, P, Q, R, S, T, U, V and W are sitting in the first row of the stadium watching a cricket match.

- i. T is to the immediate left of P and third to the right of U.
- ii. V is the immediate neighbour of M and N and third to the left of S.
- iii. M is the second to the right of Q, who is at one of the ends.
- iv. R is sitting next to the right of P and P is second to the right of O.

Which of the following people are sitting to the right of S?

- a) UOTPR
- b) MVNW
- c) OTPR
- d) OTPQ

34) Just before the election in a state, the state government waives off all pending electricity bills. Which of the following behaviors is not a likely outcome of this scheme?

- a) Citizens will have more money, and will spend on other things
- b) At least some citizens might lean towards the government in the upcoming election

- c) In future, at least citizens might stop paying electricity bills before the elections, in the hope of a similar policy announcement
- d) The government's financial situation is bound to improve after this policy

35) Which of the following conclusions can be drawn from the following statements?

Statement 1: All test cricketers are good at T20 cricket

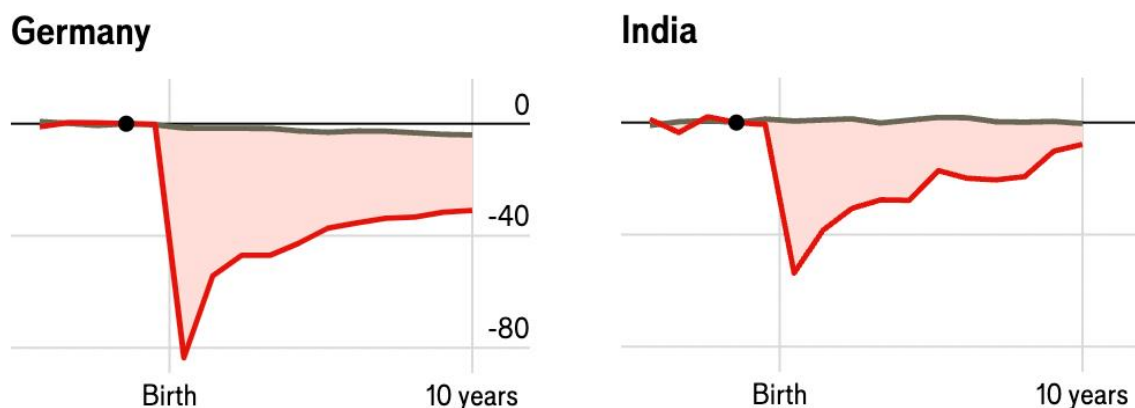
Statement 2: Some T20 cricketers are good players of 50-over cricket

- a) It is certain that at least some players are good at all 3 formats of cricket
- b) It is possible that none of the players who are good in 50-over cricket is good at any other format
- c) At least some players who are good in test cricket are not good in T20 cricket
- d) It is possible that at least some players are good at all 3 formats of cricket

Section 5: SHORT ESSAY

1) Gender gaps in employment rates favour males over females in most countries of the world, including India. In this context, researchers note that compared to men, women are more likely to withdraw from the labour force after the birth of their first child. This temporary or long-term withdrawal is called the “motherhood penalty”. Recent research tracks the nature of this penalty across countries and reveals some interesting findings.

The figures below show changes in female employment rate (%) following the first birth (compared to two years before birth) for Germany, a High Income country and India, a low-middle income country.



- 1a) What is the nature of change in female employment immediately after childbirth and 10 years later in the two countries?
- 1b) What economic reasons may explain these differences?

2) In many countries, girls and boys perform similarly in math and science at the middle school level. Yet, far fewer women than men go on to pursue higher education or careers in these fields. This is called the STEM (Science, technology, Engineering and Mathematics) gap.

2a) Suppose a government wants to reduce the STEM gap and offers high performing girls a scholarship to study these subjects in high school. Is this likely to affect girls' academic performance and stream choices? Explain why or why not.

2b) If more women were to enter STEM careers, how might this affect wages and employment opportunities in STEM fields in the long run?

3) For a group assignment, a professor forms student groups in such a way that students who usually sit together in class are not placed in the same group. What are the advantages of this policy for student learning and personal development? What are the possible disadvantages?

Round 4

MA Applied Economics

SECTION 1: MICROECONOMICS

Q1. A firm selling handcrafted pottery estimates its demand function as $Q = 800 - 20P$, where Q is the number of pots sold per week and P is the price. If the firm reduces the price from ₹25 to ₹20, the price elasticity of demand at $P = 25$ is approximately:

- (a) -0.50
- (b) -1.00
- (c) -1.67
- (d) -2.00

Q2. A consumer has the utility function $U(X, Y) = X^{0.4}Y^{0.6}$. If the price of X is ₹5, the price of Y is ₹10, and the consumer's income is ₹500, how much of good X does the consumer demand?

- (a) 40 units
- (b) 30 units
- (c) 20 units

(d) 50 units

Q3. In the market for electric scooters, the government imposes a price ceiling below the equilibrium price. Which of the following outcomes is most likely?

- (a) A surplus of electric scooters
- (b) A shortage of electric scooters
- (c) No change in quantity demanded or supplied
- (d) An increase in the equilibrium price

Q4. A perfectly price-discriminating monopolist charges each consumer their maximum willingness to pay. Compared to a single-price monopoly, first-degree price discrimination results in:

- (a) Higher deadweight loss and lower consumer surplus
- (b) Zero deadweight loss and zero consumer surplus
- (c) The same output as perfect competition but zero producer surplus
- (d) Lower total output and higher total profit

Q5. Which of the following characteristics distinguishes a common-pool resource from a pure public good?

- (a) Common-pool resources are non-excludable and rival; public goods are non-excludable and non-rival
- (b) Common-pool resources are excludable and non-rival; public goods are excludable and rival
- (c) Both are excludable but differ in rivalry
- (d) Both are rival but differ in excludability

Q6. Two economists are debating the organisation of broadband internet infrastructure in a mid-sized Indian city. Economist A argues that the government should license multiple private firms to compete in building and operating broadband networks. Economist B argues that only one firm should be licensed, regulated by the government, to operate the network. The following data is available:

Number of Firms	Average Cost per Connection (₹/month)	Market Price (₹/month)	Coverage (% of city)
1 firm	150	200	95%

Number of Firms	Average Cost per Connection (₹/month)	Market Price (₹/month)	Coverage (% of city)
2 firms	210	230	80%
3 firms	290	260	65%

Based on this data, which of the following conclusions is most defensible?

- (a) Economist A is correct: more firms always increase competition and drive prices closer to marginal cost, maximising consumer welfare
- (b) Economist B is correct: a regulated single firm produces at lower average cost and achieves wider coverage.
- (c) Economist A is correct: even though average costs rise with more firms, competition ensures prices fall below average cost, which benefits consumers
- (d) Economist B is correct: a single firm has the lowest market price, which proves it is operating most efficiently, and no further regulation of pricing is needed.

Q7. In an insurance market, assume individuals know their own risk level, but the insurer does not. The insurer therefore offers a single premium reflecting average risk. High-risk individuals are more likely to buy insurance while low-risk individuals opt out, worsening the pool. This phenomenon is best described as:

- (a) Moral hazard
- (b) Adverse selection
- (c) Signalling failure
- (d) The principal–agent problem

Q8. A consumer derives utility from tea (T) and sugar (S); $U(T, S) = \min(2T, S)$:

The price of tea is ₹10 per cup, the price of sugar is ₹2 per spoon, and the consumer's income is ₹120. The government imposes a sugar tax, raising the price of sugar to ₹10 per spoon. Which of the following correctly describes the consumer's optimal bundle before and after the tax?

- (a) Before: (8, 16); After: (6, 12)
- (b) Before: (6, 12); After: (3, 6)
- (c) Before: (8, 16); After: (4, 8)
- (d) Before: (12, 24); After: (6, 12)

Q9. In an infinitely repeated Prisoner's Dilemma, cooperation can be sustained as a Nash equilibrium using a grim-trigger strategy (a player cooperates today but switches to permanent defection the moment the other player defects) when:

- (a) Players are sufficiently impatient
- (b) Players are sufficiently patient
- (c) Players cannot observe each other's past actions
- (d) The one-shot game has multiple Nash equilibria

Q10. A small island economy has two individuals, Asha and Biru, and two goods, rice and fish. The current allocation gives Asha more rice than she can consume and leaves Biru with insufficient rice but surplus fish. A benevolent planner proposes a reallocation where Asha gives some rice to Biru in exchange for some fish, and both agree that they are better off after the exchange. Which of the following best describes the initial allocation and the reallocation?

- (a) The initial allocation was Pareto optimal; the reallocation moves the economy to a new Pareto optimal point
- (b) The initial allocation was Pareto optimal; the reallocation is a Pareto improvement
- (c) The initial allocation was not Pareto optimal; the reallocation is a Pareto improvement and may lead to a Pareto optimal allocation
- (d) The initial allocation was not Pareto optimal; the reallocation is only possible with government intervention

SECTION 2: MACROECONOMICS

Q11. In a closed economy, consumption is given by $C = 80 + 0.75Y_d$, investment $I = 100$, government expenditure $G = 140$, and tax $T = 0.2Y$. Y_d is the disposable income. What is the equilibrium level of national income?

- (a) ₹1,280
- (b) ₹1,200
- (c) ₹1,000
- (d) ₹800

Q12. If the Marginal Propensity to Consume is 0.8 and autonomous government spending increases by ₹200 crore, the change in equilibrium national income is:

- (a) ₹200 crore
- (b) ₹500 crore
- (c) ₹800 crore
- (d) ₹1,000 crore

Q13. A simultaneous increase in government spending and a reduction in money supply will most likely result in:

- (a) Higher output and lower interest rates
- (b) Higher interest rates with an ambiguous effect on output
- (c) Lower interest rates and higher output
- (d) No change in either output or interest rates

Q14. Which of the following individuals would NOT be classified as unemployed in official labour statistics?

- (a) A software engineer who was laid off and is actively applying for new positions
- (b) A recent MBA graduate who is searching for her first job
- (c) A homemaker who has never sought paid employment and does not wish to do so
- (d) A daily-wage worker whose contract just ended and who is looking for the next assignment

Q15. A sharp and unexpected rise in global crude oil prices is most likely a phenomena of :

- (a) Demand-pull inflation and higher output
- (b) Cost-push inflation and lower output
- (c) Deflation and unchanged output
- (d) A rightward shift in the aggregate demand curve

Q16. Your monthly salary rose from ₹30,000 to ₹33,000 this year. Over the same period, the CPI increased from 150 to 165. The approximate change in your real wage is:

- (a) +2%
- (b) +10%
- (c) 0%
- (d) -2%

Q17. India's Balance of Payments data for a given year shows the following:

Item	Value (INR billion)
Merchandise trade deficit	-180
Services surplus (IT, remittances)	+120

Item	Value (INR billion)
Foreign Direct Investment inflows	+50
Portfolio investment inflows	+30
External Commercial Borrowings	+20
Change in Foreign Exchange Reserves	−40

A student makes the following two statements after analysing this data:

Statement 1: *"India's current account is in deficit, which means the capital and financial account must be recording a net inflow to keep the overall BOP in balance."*

Statement 2: *"The depletion of foreign exchange reserves by INR 40 billion means India's BOP is in surplus, as the RBI is accumulating assets abroad."*

Which of the following is correct?

- (a) Both statements are correct
- (b) Statement 1 is correct; Statement 2 is incorrect
- (c) Statement 1 is incorrect; Statement 2 is correct
- (d) Both statements are incorrect

Q18. Just before a state election, the ruling government announces the following package:

- Free electricity up to 200 units per month for all households
- Waiver of all pending agricultural loans
- ₹2,000 cash transfer to every adult woman in the state

The state's Finance Secretary privately warns the Chief Minister (CM) that the fiscal deficit will widen significantly. The CM responds: *"It doesn't matter; higher spending means higher growth, and growth will generate the tax revenues to pay for it."*

An economist advising the opposition analyses the same data and makes a different argument: *"This spending will stimulate the economy in the short run, but the long run consequences depend entirely on how it is financed."*

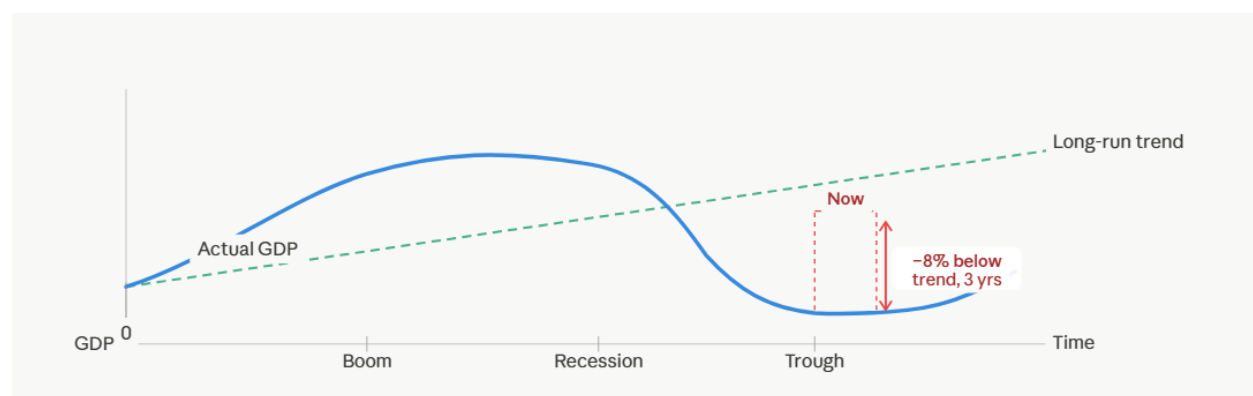
Which of the following best evaluates both arguments?

- (a) CM is correct; the multiplier automatically generates enough tax revenue to fully cover the spending, so no deficit arises
- (b) Economist is correct; since the package is consumption-based rather than investment-based, any short-run stimulus will be too weak to justify the long-run fiscal cost
- (c) Both are partially correct; a short-run multiplier effect exists, but self-financing is unlikely given the consumption-heavy nature of the package
- (d) Economist is wrong; long-run consequences are irrelevant since elections are won in the short run

Q19. Arjun is 30 years old, expects to retire at 60, and will live until 80. He currently earns ₹12 lakh per year. Today he receives an unexpected one-time bonus of ₹6 lakh. According to the Permanent Income Hypothesis, how much will Arjun increase his annual consumption due to this bonus?

- (a) ₹6,00,000
- (b) ₹20,000
- (c) ₹30,000
- (d) ₹12,000

Q20. The following graph depicts the long-term GDP and its trends of a country



What is the core disagreement between New Classical and New Keynesian economists about trough?

- (a) New Classical: the gap reflects a temporary misperception: higher inflation expectations will restore output. New Keynesian: the gap is permanent unless the central bank targets a higher nominal GDP level.
- (b) New Classical: sticky wages caused the gap and fiscal policy can speed recovery. New Keynesian: rational expectations make fiscal policy ineffective, only supply-side reforms work.
- (c) Both schools agree the gap is real, but New Classical favours monetary policy while New Keynesians favour fiscal policy to close it.
- (d) New Classical: the gap doesn't exist, rational agents have already adjusted wages and prices, so the economy is at its natural rate. New Keynesian: nominal rigidities prevent adjustment, so the gap is real and persistent, justifying policy intervention.

SECTION 3: QUANTITATIVE AND ANALYTICAL REASONING

Q21. Read the passage and answer the question.

A study tracked 500 school-going children across rural and urban India from Class 6 to Class 10. Children in urban areas attended private schools with better infrastructure, while rural children largely attended government schools. By Class 10, urban children scored on average 25 percentile points higher in standardised tests than rural children, even after controlling for household income. Researchers concluded that the school environment, not parental income, was the primary driver of the gap.

Which of the following best evaluates the researchers' conclusion?

- (a) The conclusion is valid because the study controls for income
- (b) The conclusion may be flawed: urban families may differ from rural families in other unobserved ways beyond income (e.g., parental education, aspirations)
- (c) The conclusion is invalid because only 500 children were studied
- (d) The conclusion would be stronger if it did not control for household income

Q22. Which of the following conclusions can be correctly drawn from the statements below?

Statement 1: All economists who work in central banks are macroeconomists.

Statement 2: Some macroeconomists have published research on monetary policy.

- (a) All central bank economists have published on monetary policy
- (b) It is possible that some central bank economists have published on monetary policy
- (c) No central bank economist has published on any topic other than monetary policy
- (d) Some macroeconomists do not work in central banks and have not published on any topic

Q23. A news headline says: "Districts with more hospitals have higher death rates." A student concludes: "Hospitals cause deaths; we should shut them down." What is wrong with this reasoning?

- (a) The data in the headline is likely fabricated
- (b) Death rates cannot be measured accurately.
- (c) Correlation is being mistaken for causation.
- (d) The student should have used a different statistical test.

Q24. A survey of 200 students shows: 120 study Economics, 80 study Mathematics, and 40 study both. How many students study neither?

- (a) 0
- (b) 20
- (c) 40

(d) 60

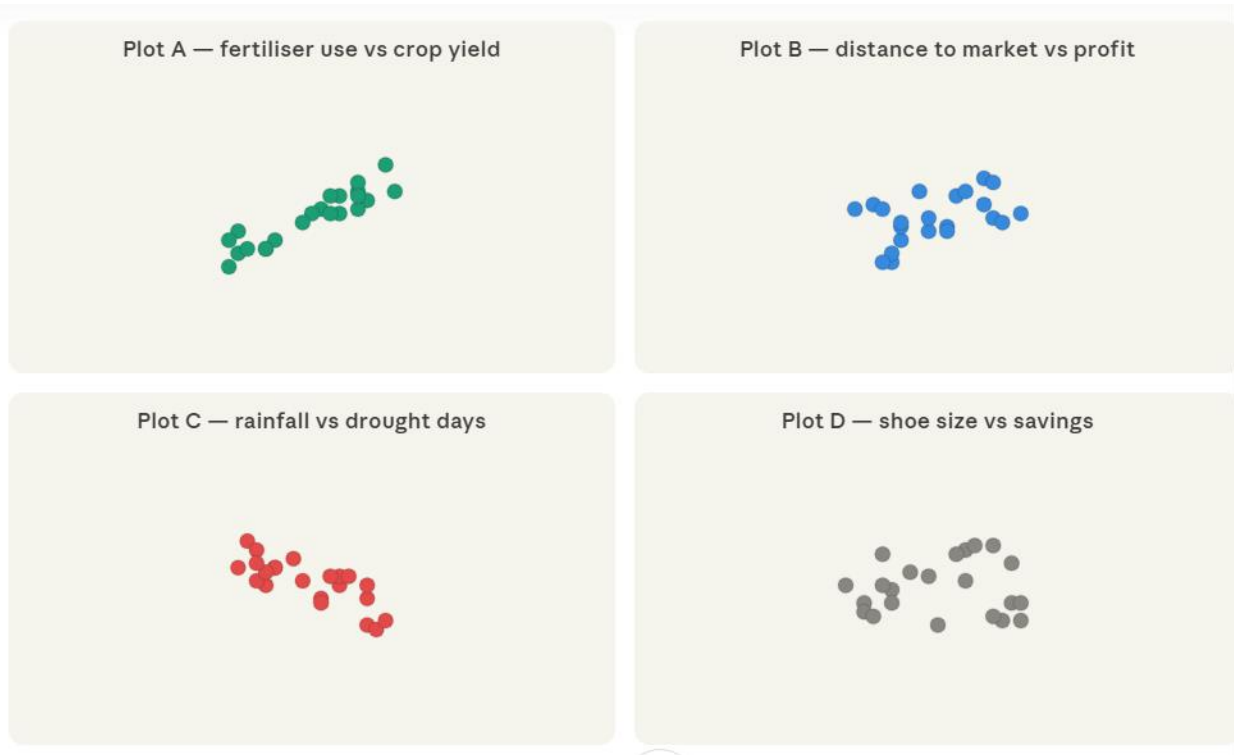
Q25. The chart shows how three households divide their monthly earnings into food, rent and other spendings.



A fourth household earns ₹1,20,000/month. Without any other information, which spending pattern most likely belongs to them?

- (a) Food 40%, Rent 35%, Other 25%
- (b) Food 25%, Rent 28%, Other 47%
- (c) Food 15%, Rent 25%, Other 60%
- (d) Food 50%, Rent 20%, Other 30%

Q26. Four researchers each study a different pair of variables across 20 villages. Their scatter plots are shown below.



(A) The four correlation coefficients calculated from the following plots are: **i. -0.85 , ii. -0.12 , iii. $+0.60$, iv. $+0.92$** . Match each plot to its value.

(B) A policy analyst says: "Plot B tells us that villages farther from markets earn less profit; so building roads will definitely raise profits." Which of the following arguments offer a more complete criticism of this statement ?

- (a) Plot B shows a negative correlation, so the analyst has read the graph the wrong way around.
- (b) The correlation in Plot B is too weak to draw any conclusion at all.
- (c) Even if the correlation is correct, roads may help but cannot be guaranteed to raise profits.
- (d) The analyst should have used Plot A instead, since it has a stronger correlation and is therefore more reliable for policy.

Q27. A dataset has the following measures of central tendency: Mean = 60, Median = 55, Mode = 50.

Based on this information, what can you conclude about the distribution?

- (a) The distribution is symmetric
- (b) The distribution is positively skewed
- (c) The distribution is negatively skewed
- (d) The given information is insufficient for conclusive answer.

Q28. A researcher collects data on daily wages (in ₹) of workers across four different sectors in India and plots four histograms. Each histogram has the same number of workers ($n = 1000$)



A policy analyst makes the following statements:

- Statement 1: "Sector B has the highest wage inequality among all four sectors"
- Statement 2: "Sector C's wage distribution suggests it could be a government sector with fixed pay scales"
- Statement 3: "The mean wage in Sector A is likely lower than its median wage"
- Statement 4: "Sector D's distribution is most consistent with a competitive labour market with a natural wage rate"

Which combination of statements is correct?

- (a) Statements 1, 2 and 4 only
- (b) Statements 2, 3 and 4 only
- (c) Statements 2 and 4 only
- (d) Statements 1, 2, 3 and 4

Q29. A group of 6 friends wants to take a photo. But two of them, Narendra and Rahul, refuse to stand next to each other. In how many ways can the 6 friends be arranged in a straight line?

- (a) 480
- (b) 600
- (c) 720
- (d) 240

SECTION 4: SHORT ESSAY

Q30. A university department decides that each year, it will only admit the top 20% of applicants based on an entrance test score. A student advocacy group argues that this cut-off is 'arbitrary' and that the department should instead use a holistic review process that considers socio-economic background, state of origin, and extra-curricular achievements alongside the test score.

From an economic perspective, discuss the arguments for and against using a single standardised test score as the primary selection criterion. In your answer, consider efficiency, equity, and incentive effects.

Q31. Read the following hypothetical newspaper article and answer the following questions.

More women at work: but is India's data telling the full story?

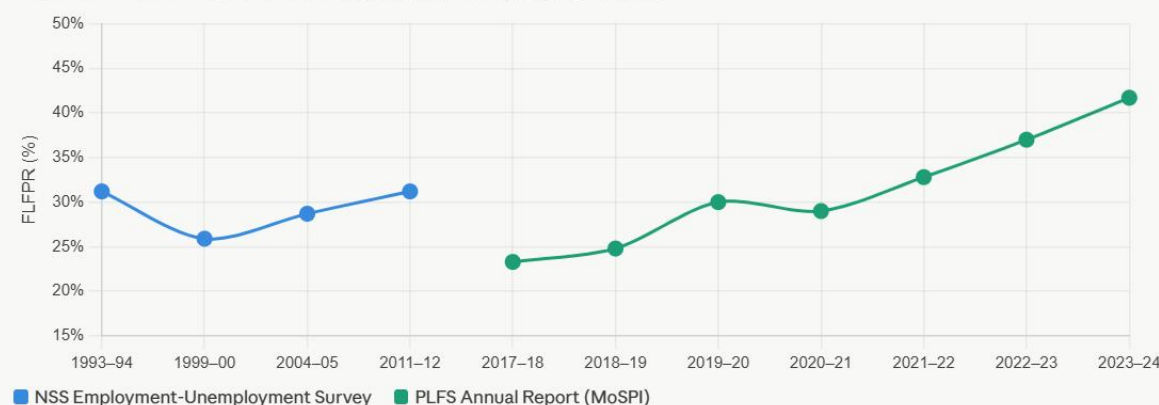
India's female labour force participation rate (FLFPR), the share of women aged 15 and above who are employed or actively seeking work, has recorded a dramatic turnaround in recent years, climbing from a historic low of 23.3% in 2017–18 to 41.7% in 2023–24. The numbers have been welcomed by policymakers as evidence of women's growing role in the economy. Economists, however, are less certain.

The long-run pattern

The graph below tells two distinct stories. Through the 2000s, a decade of above-7% GDP growth, participation actually fell, touching a trough around 2017–18. Researchers attribute this partly to the feminisation U-curve: as household incomes rise, families can withdraw women from paid work, a shift that carries social status in many Indian communities. Then, from 2019 onwards, the curve reverses sharply.

Figure 1 — India FLFPR, 1993–2024 (all-India, usual status)

FIGURE 1 — INDIA FLFPR, 1993–2024 (ALL-INDIA, USUAL STATUS)



Sources: NSS EUS rounds 50th, 61st, 68th; PLFS Annual Reports 2017–18 to 2023–24. The ILO noted limited comparability between PLFS 2017–18 and earlier NSS rounds.

Rural vs. urban

The reversal is almost entirely a rural phenomenon. As Table 1 below shows, the rural FLFPR nearly doubled between 2017–18 and 2023–24, from 24.6% to 47.6%, while urban participation crept up modestly. Rural women have re-entered the labour force but largely into agriculture, self-employment, and unpaid roles in family enterprises. Researchers at Ashoka University’s Centre for Economic Data and Analysis (CEDA) found that this rise was not accompanied by gains in earnings or regular salaried work, pointing instead to post-COVID household distress and rural inflation as the likely drivers.

Measurement and quality

A further complication is measurement. The International Labour Organisation defines work as activity for “pay or profit.” In India, women who grow vegetables for home use or rear poultry for family consumption were historically excluded from the labour force. Recent survey rounds have reclassified some of these activities as self-employment, raising the measured rate without any change in what women are actually doing. This “reclassification effect” means the headline FLFPR figure must be read with caution.

Table 1 — FLFPR by area, selected years

Year	All-India (%)	Rural (%)	Urban (%)
1993–94	31.2	49.1	15.5
2004–05	28.7	49.7	17.8

2011–12	31.2	35.8	20.5
2017–18	23.3	24.6	20.4
2022–23	37.0	41.5	24.5
2023–24	41.7	47.6	25.4

FLFPR on usual principal and subsidiary status basis, women aged 15+. Urban figure for 2023–24 is estimated from PLFS quarterly data.

- (a) Describe the trend in India’s FLFPR between 1993 and 2024, as shown in the graph. Identify one period where the direction changes and suggest a reason for that reversal.
- (b) India’s GDP grew at over 7% annually through the 2000s, yet FLFPR fell during the same period. Using the concept of the feminisation U-curve from the article, explain this apparent contradiction.
- (c) Using Table 1, calculate the rural–urban gap in FLFPR for 2017–18 and 2023–24. What does the change in this gap tell you about who is driving the recent rise in participation, and why?
- (d) The article describes a “reclassification effect.” Explain how a change in how work is defined and recorded can cause measured FLFPR to rise, even if women’s actual activity has not changed.
- (e) Using evidence from both the article and the table, assess whether the rise in FLFPR since 2017–18 represents a genuine improvement in women’s economic position in India.

Q32. The price of a commercial LPG cylinder (19 kg) in India jumped by ₹1,303 over three months (March–May 2026), with a record single-day hike of ₹993 on 1 May 2026. Three main reasons drove this: the US–Iran conflict, which disrupted global oil supply and nearly shut the Strait of Hormuz (a key shipping route for about 20% of the world’s oil and most of India’s imported LPG); US tariffs and sanctions on Iranian oil that added to global market instability; and domestic politics, where prices were kept artificially low before the 2024 elections and then corrected sharply afterward. India imports around 60% of its LPG, producing far less than it consumes.

- (a) Using the information above, explain how a disruption in a single global waterway can translate into a price shock for a street-side tea stall in Karnataka.
- (b) Reflect on whether the timing of the price hike, after elections, tells us anything about how governments manage the relationship between energy prices and political cycles.