

No. of Pages. 20

Code No.

Y – 3015

Register Number :

Time : 2 Hours

Name :

Max.Marks : 100

**Entrance Examination for Admission to the P.G. Courses in the
Teaching Departments, 2026**

CSS

ECONOMICS/FINANCIAL ECONOMICS

GENERAL INSTRUCTIONS

1. The Question Paper is having 100 Objective Questions, each carrying one mark.
2. The answers are to be marked **only** in the “**OMR Sheet**” provided.
3. **Negative marking** : **0.25 marks** will be deducted for each wrong answer .

INSTRUCTIONS FOR FILLING THE OMR SHEET

- The OMR sheet should not be folded or crushed.
- Use only blue/black ball point pen to fill the circles.
- Use of pencil is strictly prohibited.
- Circles should be darkened completely and properly.
- Cutting and erasing on this sheet is not allowed.
- Do not leave any stray marks on the sheet.
- Do not use marker or white fluid to hide the mark.

- **WRONG METHODS**



CORRECT METHOD



DO NOT WRITE HERE

Choose appropriate answer from the options in the questions.

(100 × 1 = 100 marks)

1. Which of the following is NOT an assumption of Revealed Preference Theory?
 - A. Consistency of consumer choices
 - B. Rational behaviour of the consumer
 - C. Indifference curve
 - D. Consumer reveals his preference

2. The cross-elasticity of demand between two complementary goods X & Y is typically:
 - A. Between 0 and 1
 - B. Less than Zero
 - C. Greater than One
 - D. Always One

3. Statement 1: The Linear Expenditure System was developed by Richard Stone

Statement 2: The LES assumes no substitution between group of commodities.

- A. Both Statement 1 and Statement 2 are true
- B. Both Statement 1 and Statement 2 are false
- C. Statement 1 is true, but Statement 2 is false
- D. Statement 1 is false, but Statement 2 is true

4. The revenue raised by the printing of money is called?

- A. Fiscal deficit
- B. Seigniorage
- C. Public debt
- D. Budget surplus

5. For which of the following consumption functions is the value of the multiplier $K=5$?

- A. $C = 40 + 0.6 Y$
- B. $C = 20 + 0.8 Y$
- C. $C = 50 + 0.5 Y$
- D. $C = 60 + 0.7 Y$

6. In the Keynesian framework investment demand is primarily determined by which of the following factors?

- 1. Rate of interest
- 2. Investment Index
- 3. Marginal Efficiency of Capital (MEC)
- 4. MPC

Select the correct answer from the options below :

- A. 1 and 2
- B. 1 and 3
- C. 2 and 3
- D. 3 and 4

7. Which of the following will cause a rightward shift of the IS curve?

- 1. Increase in government expenditure
- 2. Reduction in taxes
- 3. Reduction in repo rate
- 4. Increase in the autonomous expenditure

Select the correct answer from the options below:

- A. Both 1 and 3
- B. Both 2 and 3
- C. 1, 2 and 4
- D. 2, 3 and 4

8. Which of the following correctly distinguishes GDP from GNP?
- GDP is always greater than GNP
 - GNP excludes depreciation
 - GDP includes foreign income, while GNP excludes it
 - GDP includes only domestic income, while GNP includes income earned by nationals from abroad
9. In the expectations-augmented Phillips Curve framework, suppose the actual unemployment rate is below the NAIRU. Which of the following is most likely to occur over time?
- Inflation will continuously accelerate
 - Inflation will continuously decelerate
 - Inflation will remain constant
 - Unemployment will permanently remain below NAIRU without affecting inflation
10. The demand function for a good A is given by $Q_A = 800 - 5P_A + 2P_B + 0.01Y$. Where Q_A is the quantity demanded of good A . P_A and P_B are the prices of goods A and B respectively, and Y represents the consumer income. It is given that $P_A = \text{Rs. } 60$, $P_B = \text{Rs. } 30$ and $Y = \text{Rs. } 50,000$. Calculate the price elasticity of demand for the good A .
- | | |
|-------------|------------|
| A. -3.5 | B. 0.057 |
| C. -0.057 | D. -0.28 |
11. Which of the following is included in National Income?
- Value of intermediate goods
 - Wages paid in cash
 - Commission on Second-hand goods sale
 - Imputed rent of owner-occupied houses
- Select the correct answer from the options below:
- 1, 2 and 3
 - 2, 3 and 4
 - 1, 3 and 4
 - 1, 2 and 4

17. The Ministry of Statistics and Programme Implementation revised the base year for calculating India's GDP from 2011-12 to?
- A. 2015-16
B. 2020-21
C. 2022-23
D. None of the above
18. Stagflation refers to a situation of
- A. High growth and low inflation
B. High growth and High inflation
C. High inflation and high unemployment
D. Low inflation and high employment
19. Statement 1: Classical economists support the strong government intervention to stabilize the economy.
Statement 2: Prices and wages are perfectly flexible in the Classical model.
- A. Both Statement 1 and Statement 2 are true
B. Both Statement 1 and Statement 2 are false
C. Statement 1 is true, but Statement 2 is false
D. Statement 1 is false, but Statement 2 is true
20. The Environmental Kuznets Curve (EKC) extends the original Kuznets hypothesis by linking:
- A. Income inequality with inflation
B. Economic growth with environmental degradation
C. Savings with investment
D. Trade with development
21. Which is the correct sequence of Rostow's stages of economic growth?
- A. Take-off → Traditional → Maturity → Preconditions → High Mass Consumption
B. Traditional → Take-off → Preconditions → Maturity → High Mass Consumption
C. Traditional → Preconditions → Take-off → Maturity → High Mass Consumption
D. Take-off → Preconditions → Traditional → Maturity → High Mass Consumption

22. Who proposed the Critical Minimum Effort Thesis?
- A. Harvey Leibenstein
 - B. Ragnar Nurkse
 - C. David Ricardo
 - D. John Maynard Keynes
23. Disguised unemployment refers to:
- A. Hidden unemployment with zero marginal productivity
 - B. Seasonal unemployment
 - C. Frictional unemployment
 - D. None of the Above
24. The Vicious Circle of Poverty refers to:
- A. A temporary decline in income
 - B. A self-reinforcing cycle of low income and low investment
 - C. High income leading to inequality
 - D. Circular flow of money
25. Economic Growth is primarily measured by:
- A. Literacy rate
 - B. Life expectancy
 - C. Real GDP or per capita income
 - D. HDI
26. Statement 1 : In the Heckscher-Ohlin model, A labour-abundant country will export labour-intensive goods.
- Statement 2 : The Leontief Paradox supports the predictions of the Heckscher-Ohlin theory.
- A. Both Statement 1 and Statement 2 are true
 - B. Both Statement 1 and Statement 2 are false
 - C. Statement 1 is true, but Statement 2 is false
 - D. Statement 1 is false, but Statement 2 is true

27. Consider a country where the export price index rises from 120 to 150, while the import price index rises from 100 to 140. Which of the following statements is correct regarding its terms of trade (ToT)?
- Terms of trade decreased
 - Terms of trade increased
 - No change in terms of trade
 - The value of terms of trade became 2
28. Which of the following is an example of a tariff barrier?
- Import duty
 - Licensing requirement
 - Voluntary export restraint
 - Import quota
29. Which of the following is included in the current account of BOP?
- Foreign direct investment
 - Portfolio investment
 - Export and import of goods and services
 - External borrowings
30. The primary objective of the IMF is to:
- Promote international trade tariffs
 - Ensure global monetary stability
 - Provide military assistance
 - Regulate stock markets
31. A firm faces the following functions:
Average Revenue (AR): $AR = 50 - Q$ & Average Cost (AC): $AC = 10 + Q$.
Find at what level of output (Q) will the firm maximize total profit?
- $Q = 5$
 - $Q = 10$
 - $Q = 15$
 - $Q = 20$
32. In the Classical Linear Regression Model (CLRM), Multicollinearity refers to:
- Correlation between dependent and independent variable
 - Correlation between error terms
 - Correlation between dependent variables
 - Correlation between independent variables

33. Statement 1 : In simple linear regression, R^2 measures the goodness of fit of the model
- Statement 2 : R^2 is the square of the correlation coefficient
- A. Both Statement 1 and Statement 2 are true
 - B. Both Statement 1 and Statement 2 are false
 - C. Statement 1 is false and Statement 2 is true
 - D. Statement 1 is true and Statement 2 is false
34. According to the Gauss-Markov theorem, “Best” OLS estimators are with
- A. Minimum bias
 - B. Maximum likelihood
 - C. Consistent estimators
 - D. Minimum variance among linear unbiased estimators
35. Which of the following is an example of panel data?
- A. GDP of India from 2000-2020
 - B. Salary of the CEO of Google in 2022
 - C. Budget deficit of the Major 10 Indian States/UTs from 2010-2015
 - D. None of the above
36. A multiple linear regression model includes:
- A. One dependent and one independent variable
 - B. Multiple dependent variables only
 - C. More than one independent variables
 - D. A maximum of 2 dependent variable
37. The level of significance (α) represents:
- A. Probability of rejecting a true null hypothesis
 - B. Probability of accepting a false null hypothesis
 - C. Probability of accepting a true null hypothesis
 - D. Probability of rejecting a false null hypothesis

38. The Chi-square test is mainly used for:
- A. Testing means
 - B. Testing proportions
 - C. Testing association between categorical variables
 - D. Testing regression coefficients
39. If two dice are thrown, what is the probability of getting a sum of 7?
- A. $1/6$
 - B. $2/6$
 - C. $6/7$
 - D. $7/10$
40. Total probability of all possible outcomes is:
- A. Between 0 and 1
 - B. One
 - C. Infinity
 - D. Greater than one
41. Which of the following is TRUE?
- A. Monopoly = one buyer
 - B. Monopsony = one seller
 - C. Monopoly = one seller, Monopsony = one buyer
 - D. Monopoly and Monopsony are always same
42. Statement 1: Both public goods and club goods are rival in consumption.
Statement 2: Both are non-excludable in nature.
- A. Both Statement 1 and Statement 2 are true
 - B. Both Statement 1 and Statement 2 are false
 - C. Statement 1 is true and Statement 2 is false
 - D. Statement 2 is true and Statement 1 is false
43. Statement 1 : The kinked demand curve explains price rigidity in oligopoly markets.
Statement 2 : Oligopoly markets always have many numbers of firms.
- A. Both Statement 1 and Statement 2 are true
 - B. Both Statement 1 and Statement 2 are false
 - C. Statement 1 is true and Statement 2 is false
 - D. Statement 2 is true and Statement 1 is false

44. The Life Cycle Hypothesis is associated with:
A. John Maynard Keynes B. Milton Friedman
C. Franco Modigliani D. Amartya Sen
45. The “demonstration effect” is associated with:
A. Relative Income Hypothesis B. Permanent Income Hypothesis
C. Life Cycle Hypothesis D. Absolute Income Hypothesis
46. A risk-averse investor prefers to:
A. Higher risk, lower return B. Lower risk for given return
C. Maximum risk D. No return
47. General Equilibrium is the condition of
A. Equilibrium in one market
B. Only goods market equilibrium
C. Equilibrium in all markets simultaneously
D. Only labor market equilibrium
48. NITI Aayog stands for
A. National Income and Trade Organization
B. National Innovation and Technology Institute
C. National Institute for Trade and Investment
D. National Institution for Transforming India
49. Which of the following best characterizes consumer behaviour under the snob effect?
A. People buy cheaper goods
B. Avoid goods that are rarely consumed
C. People ready to consume luxury good
D. Driven by the desire for exclusivity and rarity
50. An increase in Reverse Repo Rate generally leads to
A. Increase in money supply B. Decrease in money supply
C. No change in money supply D. Increase in inflation
51. A square matrix has
A. Equal number of rows and columns
B. Only one row
C. Only one column
D. Unequal rows and columns

59. Which of the following is an example of a positive externality?
- A. A factory emitting smoke into the atmosphere
 - B. Loud music disturbing neighbours
 - C. A car causing traffic congestion
 - D. A person getting vaccinated against flu
60. A progressive tax is one where:
- A. Tax rate decreases as income increases
 - B. Tax rate is constant regardless of income
 - C. Tax rate increases as income increases
 - D. Tax is levied only on property
61. If supply is perfectly inelastic, a per-unit tax is imposed, who bears the tax burden?
- A. Government
 - B. Shared equally between producer and buyer
 - C. Buyer
 - D. Producer
62. Benefit theory of taxation implies that:
- A. Tax should be levied based on income level
 - B. Tax should be proportional to expenditure
 - C. Tax should be equal to everyone
 - D. Tax should be levied according to benefits received from public services
63. The primary objective of the FRBM Act is to:
- A. Ensure fiscal discipline by reducing fiscal deficit and debt
 - B. Promote privatization of public sector units
 - C. Increase government borrowing
 - D. Minimise revenue surplus
64. Mundell-Fleming model is an extension of:
- A. Solow growth model
 - B. IS-LM model to an open economy
 - C. Phillip's curve
 - D. Comparative advantage theory
65. A floating (flexible) exchange rate system is characterized by:
- A. Central bank actively maintaining the exchange rate
 - B. Exchange rate determined by market demand and supply
 - C. Currency fixed to gold standard
 - D. All of the above

66. According to Real Business Cycle theory, economic fluctuations are primarily due to
- A. Nominal wage rigidity
 - B. Changes in consumer preferences
 - C. Productivity (technology) shocks
 - D. Central bank interventions
67. The Balance of Trade (BoT) measures:
- A. Capital account plus current account surplus
 - B. Total exports minus total imports including services
 - C. Only invisible trade
 - D. Total exports minus total imports of goods only
68. Which of the following is an example of nominal measurement?
- A. Ranking students by exam scores
 - B. Classifying people by religion
 - C. Rating satisfaction on a scale of 1-5
 - D. Measuring income in Rupees
69. According to the Union Budget 2024-25 largest share of rupee comes from?
- A. Borrowing and Other Liabilities
 - B. Income Tax
 - C. GST
 - D. Union Excise Duties
70. Which of the following is a key challenge to sustainable development?
- A. Resource depletion
 - B. Climate change
 - C. Inequality
 - D. All of the above
71. Which of the following statements is not true?
- A. $MPC + MPS = 1$
 - B. A higher MPC leads to a larger multiplier effect
 - C. The multiplier effect is independent of MPC
 - D. The size of the multiplier depends on the marginal propensity to save (MPS)
72. What are known as Brettonwoods twins?
- A. IMF and World Bank
 - B. United Nation and USA
 - C. IMF and WTO
 - D. WTO and World Bank

73. Statement 1 : Devaluation is a deliberate downward adjustment of a country's currency under a flexible exchange rate system.
Statement 2 : Depreciation is a fall in the currency's value due to market forces under a flexible exchange rate system.
- A. Both statements are true
B. Both statements are false
C. Statement 1 is false and statement 2 is true
D. Statement 2 is false and statement 1 is true
74. Which of the following is a flow variable?
- A. Wealth
B. Investment
C. Supply of money
D. National Income
75. NNP at factor cost is also termed as
- A. Personal Income
B. National Income
C. Net per capita income
D. Disposable income
76. In order to avoid the problem of double counting in national income estimation we use
- A. Income method
B. Distribution share method
C. Value added method
D. Expenditure method
77. At the minimum level of interest rate, the speculative demand curve for money is?
- A. Perfectly elastic
B. Less elastic
C. Perfectly inelastic
D. Highly inelastic
78. According to the law of variable proportion, Stage 3 is characterized by
- A. TP increases at increasing rate
B. AP increases at increasing rate
C. AP becomes negative
D. MP becomes negative
79. Which of the following statements is not correct about Cobb-Douglas production function?
- A. It is a linearly homogeneous production function
B. It assumes a constant returns to scale if $\alpha + \beta = 1$
C. It assumes an increasing returns to scale if $\alpha + \beta = 1$
D. It assumes a decreasing returns to scale if $\alpha + \beta < 1$

80. Find the correct statement about the relationship between AVC and MC
- When AVC falls, MC will be constant
 - AVC and MC are always falls
 - If $AVC=MC$, then AVC is at maximum point
 - When AVC rises, MC will be more than AVC
81. The demand and supply functions for a product are given as:
 $Q_D = 50 - 2P$ and $Q_S = 10 + 3P$
 What is the equilibrium price (P) and equilibrium quantity (Q)?
- $P = 8, Q = 34$
 - $P = 5, Q = 60$
 - $P = 2, Q = 50$
 - $P = 3, Q = 10$
82. A box contains 5 red balls, 3 blue balls, and 2 green balls. One ball is drawn at random. What is the probability that the ball drawn is either red or green?
- 0.5
 - 0.3
 - 0.2
 - 0.7
83. Which is not possible for the value of correlation coefficient (r)?
- 0.63
 - 0.8883
 - 1.2
 - 0.42
84. The total supply of money in an economy is $M_1 = \text{Rs.}4,500$ crore and cash deposit ratio (cdr) is 2. Find the supply of money held by the public.
- Rs.9,000 crore
 - Rs.2,250 crore
 - Rs.3,000 crore
 - Rs.3,500 crore
85. Standard deviation measures
- Central tendency
 - Dispersion
 - Correlation
 - Slope
86. If Mean = Median = Mode, the distribution is
- Positively skewed
 - Negatively skewed
 - Right skewed
 - Symmetrical
87. Balanced growth theory emphasizes on:
- Growth in one sector
 - Simultaneous investment in many sectors
 - No investment in industrial sector
 - Balancing export and import

95. Which policy implication follows from an endogenous growth theory?
- A. Government intervention is unnecessary
 - B. Education and R&D subsidies can enhance growth
 - C. Growth is determined market forces only
 - D. None of the above
96. Core inflation is best defined as
- A. Inflation excluding core taxes
 - B. Inflation excluding food and energy prices
 - C. Inflation adjusted for GDP growth
 - D. Inflation excluding imported goods
97. Under the Keynesian economics, the level of employment and output in an economy is primarily determined by:
- A. Supply of labour
 - B. Supply of money
 - C. Trade restrictions
 - D. Effective demand
98. The primary objective of the Securities and Exchange Board of India is to:
- A. Control inflation
 - B. Regulate stock markets
 - C. Manage fiscal deficit
 - D. All of the above
99. GST in India was implemented on:
- A. July 1,2017
 - B. April 1, 2017
 - C. March 31, 2015
 - D. July 1,2015
100. In India, the first five-year plan was primarily based on which model?
- A. Solow Growth Model
 - B. Mahalanobis Model
 - C. Harrod-Domar Model
 - D. Lewis Model
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ROUGH WORK

ROUGH WORK