

**INSTITUTE FOR SOCIAL AND ECONOMIC CHANGE**

PhD Entrance Examination  
Pattern of Question Paper – 2025-26

**Subject: Economics**

Answer **ALL** the 30 questions (Each question carries 1 mark)

1. The correlation coefficient,  $r$ , close to one implies,
  - a. There is a strong relationship between the two variables
  - b. There is a strong linear relationship between the two variables
  - c. It is impossible to tell if there is a relationship between the two variables
  - d. The slope of the regression line will be close to one
2. Tax expenditure is:
  - a. Expenditure incurred to collect taxes
  - b. Total expenditure of the Tax departments
  - c. Revenue losses on account of tax concessions
  - d. None of the above
3. The Gini coefficient is a technique frequently used to show
  - a. Differences in infant mortality
  - b. Income inequality
  - c. Variations in life expectancy
  - d. The education gap
4. The assumption of constant saving-income ratio is found in the
  - a. Joan Robinson model
  - b. Leontief model
  - c. Harrod-Domar model
  - d. Kaldor model
5. Consider two firms A and B in a Cournot setting. Firm A assumes that
  - a. If it changes its output the rival firm B will increase its output
  - b. If it changes its output the rival firm B will reduce its output
  - c. If it changes its output the rival firm B will not change its output
  - d. All of the above may happen

### **Part B (20 marks)**

**Answer ANY FOUR of the following questions**

**Each question carries equal 5 marks**

**(Note: All answers must be technical by using appropriate diagrams and/or equations)**

1. Suppose aggregate demand relation is  $AD = 5000 + 0.8Y - bi$ . What does 'b' represent? Suppose b reduces, how do the equilibrium (considering IS and LM both) outcomes change. Explain clearly using diagram.
2. According to modern Phillips curve analysis, what factors determine the rate of inflation? Explain in detail.

### **Part C (20 marks)**

**Answer ANY FOUR of the following questions**

**Each question carries equal 5 marks**

1. Explain with diagram Compensating and Equivalent variation and their application in income distribution.
2. Suppose person A's endowment of good 1 and 2 are given by  $W_A = (2, 3)$  and person B's endowments are given by  $W_B = (1, 2)$ . Draw the Edgeworth box diagram to depict preferences of these two agents. Explain the length and breadth of the box and show the initial endowment points. If prices are market clearing how would the optimal choices look like? If prices are not marketing clearing how would the optimal choices look like. Explain clearly through the diagram. 1+1+1+2

### **Part D (15 marks)**

**Answer ANY THREE of the following questions**

**Each question carries equal 5 marks**

1. Explain the procedure to find out the marginal contribution of adding new variable in the regression model.
2. State the basic assumptions made on the error term in the regression analysis and state Gauss markov theorem.

### **Part E (15 marks)**

**Answer ANY THREE of the following questions**

**Each question carries equal 5 marks**

1. J.M. Keynes suggests 'pump priming' and 'compensatory finance' as strategic government interventions – Explain them.
2. Write an analytical essay on crypto currency's impact on Indian Economy?