

CUET (UG)
Economics Sample Paper - 16
Solved

Time Allowed: 45 minutes

Maximum Marks: 200

General Instructions:

1. The test is of 45 Minutes duration.
2. The test contains 50 questions out of which 40 questions need to be attempted.
3. Marking Scheme of the test:
 - a. Correct answer or the most appropriate answer: Five marks (+5).
 - b. Any incorrectly marked option will be given minus one mark (-1).
 - c. Unanswered/Marked for Review will be given zero mark (0).

Attempt any 40 questions

1. Which one of the following is an intermediate expenditure? [5]
 - A. Expenditure on purchase of furniture by a firm for its own use
 - B. Expenditure on maintenance by a firm
 - C. Expenditure on purchase of tractor by a firm for its own use
 - D. Machine bought by a household

a) Only D	b) Only B
c) Only C	d) Only A
2. Capital goods are those goods: [5]
 - A. which are used in the production process for several years
 - B. which are used in the production process for a few years
 - C. which involve depreciation losses

a) Both B and C	b) Both A and B
c) Both A and C	d) All of these
3. If Reserve Deposit Ratio is 12.3%, the value of money multiplier will be: [5]

a) 2	b) 5
c) 10	d) 8
4. The primary function of Commercial Bank is: [5]

a) Credit Creation	b) All of these
c) Accepting Deposits	d) Advancing Loans

5. If the value of Average Propensity to Consume (APC) is 0.8 and National Income is ₹ 4,000 crore, the value of savings will be _____. [5]

a) ₹ 500 crores b) ₹ 800 crores

c) ₹ 100 crores d) ₹ 200 crores
6. When the saving curve crosses the X-axis and income is zero: [5]

a) autonomous consumption is zero b) autonomous consumption is not zero

c) autonomous consumption is negative d) autonomous consumption is positive
7. In $c = -a + by$ [5]

a) 'a' is called intercept b) 'a' is called intercept

c) 'a' is called interval d) 'a' is called ultracept
8. In a situation of Inflation, the government should adopt: [5]

a) Balanced budget b) Deficit budget

c) Surplus Budget d) Balanced Budget
9. If interest paid by the government is ₹ 30 crore, which is 25% of the Primary Deficit, then the fiscal deficit will be: [5]

a) ₹ 110 crore b) ₹ 120 crore

c) ₹ 150 crore d) ₹ 7.50 crore
10. During the second outbreak of covid-19 in the country, India received medical equipment from many countries. This is an example of [5]

a) Revenue receipt b) Neither capital receipt nor revenue receipt

c) Capital receipt d) Both capital receipt and revenue receipt
11. Two friends Priyanka and Renu were discussing the exchange rate systems. **Under this system, the exchange rates are determined by the market forces of demand and supply.** [5]
However, deliberate efforts are made by the competent authority to keep the exchange rates within a specific range.

The above mentioned statement was given by Laxmi, identify the type of exchange rate system was she talking about.

- a) Managed floating exchange rate b) Floating exchange rate
- c) Fixed exchange rate d) Managed fixed exchange rate

12. Scholarship is an example of [5]

- a) transfer payment b) grant
- c) capital formation d) subsidies

13. Second-hand goods are: [5]

- a) Included in depreciation b) Excluded from the GDP of a country
- c) Included in the GDP of a country d) Included in net income from abroad

14. **Income Method** is also known as: [5]

- a) Industrial Origin Method b) Distributive Share Method
- c) Both Industrial Origin Method and Income Disposal Method d) Income Disposal Method

15. Which type of currency is issued by Central Bank? [5]

- a) Currency b) All of these
- c) Coins d) Credit Money

16. _____ is not related with banking system. [5]

- a) Credit creation b) Bank rate
- c) Fiscal deficit d) Cash reserve ratio

17. If in an economy, the value of Investment Multiplier is 5 and dissavings are (-)100 crore, the relevant savings at income level of ₹ 1,400 crore would be ₹ _____ crore. (Choose the correct alternative to fill up the blank) [5]

- a) 180 b) 80
- c) 140 d) 240

18. Which of the following is not included in the capital account balance? [5]
- a) Flow of gold
 - b) Flow of banking capital
 - c) Loans
 - d) Gifts and donations
19. The study of jute industry is a macroeconomic study. This statement is [5]
- a) Conditional
 - b) Can't say
 - c) True
 - d) False
20. The basic assumption regarding resources while drawing a PPC is [5]
- a) Resources depend on the kind of goods produced
 - b) Resources are constant and given
 - c) Resources are unlimited
 - d) Resources can be put to a particular use
21. _____ is an act of abstinence from consumption [5]
- a) Distribution
 - b) Saving
 - c) Production
 - d) Investment
22. Which of the following statement is false? [5]
- i. A higher Indifference Curve represents higher level of satisfaction.
 - ii. Budget Line is the locus of points that show such combinations of two goods that the consumer can buy with his given income and at given prices.
 - iii. Marginal utility is the sum total of utility derived from the consumption of all units of a commodity.
- a) only ii
 - b) i and ii only
 - c) only i
 - d) only iii
23. Which of the following can be referred to **point of satiety**? [5]
- a) Total Utility is rising
 - b) Marginal Utility is zero
 - c) Total Utility is falling
 - d) Marginal Utility is negative
24. In case of contraction of demand, we move: [5]
- a) to left on the another demand curve
 - b) from lower point to upper point on the same demand curve

- c) from upper point to lower point on the same demand curve d) to right on the another demand curve

25. When slope of demand curve = 0, the elasticity of demand is: [5]
 a) ∞ b) 0
 c) 2 d) 1
26. When was TISCO incorporated in India? [5]
 a) 1921 b) 1907
 c) 1850 d) 1853
27. Which industry of India suffered the most due to British rules? [5]
 a) Handicraft b) Cement
 c) Paper d) Capital
28. Per capita income is calculated? [5]
 a) $\frac{\text{National income}}{\text{Population of state}} \times 1000$ b) $\frac{\text{National income}}{\text{Population of the country}} \times 100$
 c) $\frac{\text{National income}}{\text{Population of state}} \times 100$ d) $\frac{\text{National income}}{\text{Population of the country}} \times 1000$
29. Land ceiling refers to [5]
 a) Fixing the maximum size of land owned by the owner b) Portion of agricultural produce sold in the market
 c) Abolition of intermediaries d) Agriculture expansion
30. After Independence, in order to bring equity in agriculture, land reforms/policies were introduced by the government that includes _____. [5]
 i. Abolition of Zamindari System
 ii. Green Revolution
 iii. Land Ceiling
 a) (i), (ii) and (iii) b) Both (i) and (iii)
 c) Only (ii) d) Only (i)
31. International Bank for Reconstruction And Development (IRBD) is popularly known as: [5]

- a) HSBC bank
- b) American express
- c) World bank
- d) Bank of Tokyo

32. Industrial policy of 1991 was [5]

- a) Anti-public sector policy
- b) Pro-public sector policy
- c) Pro-private sector policy
- d) Anti-private sector policy

33. Some scholars question the usefulness of India being a member of the WTO because: [5]

- a. a major volume of international trade occurs among the developed nations.
- b. they are forced to open their markets for developed countries but are not allowed access to the markets of developed countries.
- c. both (a) and (b)
- d. India has not kept its commitments towards liberalisation of trade.

- a) Option (c)
- b) Option (a)
- c) Option (d)
- d) Option (b)

34. _____ organisation collects statistics on poverty in India. [5]

- a) Ministry of statistics
- b) Statistical office
- c) NSSO
- d) Planning commission

35. Which of the following state reduced its people below the poverty line to 17% during 1973-2010? [5]

- a) Bihar
- b) Uttar Pradesh
- c) Tamil Nadu
- d) West Bengal

36. The major reason for fixing higher calorie intake for rural people is/are [5]

- a. they are lethargic and thus require higher calorie intake
- b. they do more physical work than urban worker and thus require higher calorie intake
- c. Both (a) and (b)
- d. None of these

- a) Option (b)
- b) Option (c)
- c) Option (d)
- d) Option (a)

37. Which of the following cost is included in Migration? [5]

- a) Cost of transportation from one place to another
- b) All of these
- c) Psychic Cost
- d) Higher cost of living in the migrated places

38. _____ is major source of human capital. [5]

- i. Taxes
- ii. Subsidies
- iii. Health
- iv. All the above

- a) Option (iii)
- b) Option (i)
- c) Option (ii)
- d) Option (iv)

39. Surplus population engaged in agriculture can be employed in: [5]

- a) Horticulture
- b) Any of these
- c) Animal Husbandry
- d) Dairying

40. Which of the following is a non-farm area of employment? [5]

- a) Fisheries
- b) Horticulture
- c) All of these
- d) Animal husbandry

41. The major causes of unemployment in India can be classified as: [5]

- a) Under development
- b) Rapid population growth
- c) All of these
- d) Defective planning

42. Which of the following is an example of Self-Employment? [5]

- a) Trader
- b) All of these
- c) Business Woman
- d) Shopkeeper

43. Five members of family of Ravi Kumar work on a land of measuring one acre. What type of unemployment it is? [5]

- a) Seasonal unemployment
- b) Cyclic unemployment
- c) Voluntary unemployment
- d) Disguised unemployment

44. Conventional source of energy is also known as: [5]
- a) non renewable
 - b) renewable
 - c) non-commercial
 - d) commercial
45. Which of the following is an example of social infrastructure? [5]
- a) Housing
 - b) Communication
 - c) Energy
 - d) Transport
46. A decline in the overall quality of soil, water or vegetation condition, commonly caused by human activities is known as: [5]
- a) Land degradation
 - b) Land Upgradation
 - c) None of these
 - d) Land gradation
47. Which of the following is an important function of environment? [5]
- a) To provide aesthetic services
 - b) To provide resources for production
 - c) To assimilate waste
 - d) All of these
48. In PPP Parity means [5]
- a) Equality
 - b) Partiality
 - c) Partners
 - d) Any other
49. Which of the following country has highest HDI value? [5]
- a) India
 - b) None.
 - c) Pakistan
 - d) China
50. Pakistan is ahead of India in the case of _____. [5]
(Choose the correct alternative to fill up the blank)
- a) Per capita income
 - b) Access to sanitation facilities
 - c) HDI value
 - d) Life expectancy at birth

Solutions

1.

(b) Only B

Explanation: Expenditure on maintenance by a firm is an input in the production of the final good. So, this will be treated as an intermediate expenditure.

2.

(c) Both A and C

Explanation: Capital goods are those goods which are used in the process of production for several years and which are of high value. These goods are fixed assets involve depreciation losses.

3.

(d) 8

Explanation: 8

4.

(b) All of these

Explanation: All the options are the primary function of Commercial Bank.

5.

(b) ₹ 800 crores

Explanation: ₹ 800 crores

6.

(d) autonomous consumption is positive

Explanation: autonomous consumption is positive

7.

(b) 'a' is called intercept

Explanation: The given function is in slope intercept form as depicted below:

Slope-Intercept Form

$$y = mx + b$$

\uparrow \uparrow
slope y-intercept

8.

(c) Surplus Budget

Explanation: In a situation of Inflation, the government should adopt surplus Budget.

9.

(c) ₹ 150 crore

Explanation: ₹ 150 crore

10. **(a) Revenue receipt**

Explanation: Revenue receipt

11. **(a) Managed floating exchange rate**

Explanation: Managed floating exchange rate

12. **(a) transfer payment**

Explanation: transfer payment

13.
(b) Excluded from the GDP of a country
Explanation: Second-hand goods don't add to the current flow of goods in an economy. They have been calculated in the GDP of a previous year. Counting them in GDP would lead to double counting.
14.
(b) Distributive Share Method
Explanation: Distributive Share Method
15. (a) Currency
Explanation: Currency is a type of currency is issued by Central Bank.
16.
(c) Fiscal deficit
Explanation: Fiscal deficit
17. (a) 180
Explanation: 180
$$K = \frac{1}{MPS}$$
$$MPS = \frac{1}{5} = 0.2$$
$$S = -\bar{C} + MPS (Y)$$
$$S = -100 + 0.2 (1,400)$$
$$S = -100 + 280 = 180$$
18.
(d) Gifts and donations
Explanation: Gifts and donations are unilateral payments. These are recorded in the current account.
19.
(d) False
Explanation: Micro economics deals with determination of prices and quantities in individual markets and with the relationship among these markets.
20.
(b) Resources are constant and given
Explanation: Since human wants are unlimited and the means to satisfy them are limited, every society is faced with the fundamental problem of choosing and allocating its scarce resources among alternative uses. The production possibility curve or frontier is an analytical tool which is used to illustrate and explain this problem of choice.
21.
(b) Saving
Explanation: When we save ,we actually sacrifice consumption which results in savings.
22.
(d) only iii
Explanation: Total utility is the sum total of all the utility derived from the consumption of all units of a commodity.
23.
(b) Marginal Utility is zero
Explanation: Marginal Utility is zero

24.
(b) from lower point to upper point on the same demand curve
Explanation: Contraction is represented by the movement along the same demand curve. An upward movement demonstrates the contraction of demand.
25. **(a)** ∞
Explanation: Infinity. The slope of a horizontal straight line is zero. The horizontal straight-line demand curve is known as a perfectly elastic demand curve which shows $E_d = \text{Infinity}$.
26.
(b) 1907
Explanation: Tata Iron and Steel Company (TISCO) was incorporated in the year 1907.
27. **(a)** Handicraft
Explanation: Britishers followed the policy of systematic de-industrialisation to destroy Indian handicraft, which was popular all over the world. As a result India becomes importer of finished goods.
28.
(b) $\frac{\text{National income}}{\text{Population of the country}} \times 100$
Explanation: Per capita income, also known as income per person. It is calculated by national income and dividing it by the total population.
29. **(a)** Fixing the maximum size of land owned by the owner
Explanation: Fixing the maximum size of land owned by the owner
30.
(b) Both (i) and (iii)
Explanation: Both (i) and (iii)
31.
(c) World bank
Explanation: World bank
32.
(c) Pro-private sector policy
Explanation: The industrial policy of 1991 dereserved many of the industries which were previously reserved only for the public sector allowing the entry of the private sector. There are only 3 industries which are now reserved for the public sector.
33. **(a)** Option (c)
Explanation: both (a) and (b)
34.
(c) NSSO
Explanation: NSSO
35.
(c) Tamil Nadu
Explanation: Tamil Nadu
36. **(a)** Option (b)
Explanation: they do more physical work than urban worker and thus require higher calorie intake

37.

(b) All of these

Explanation: All of these

38. **(a)** Option (iii)

Explanation: Health

39.

(b) Any of these

Explanation: Any of these

40.

(c) All of these

Explanation: All of these are a non-farm area of employment.

41.

(c) All of these

Explanation: All of these

42.

(b) All of these

Explanation: All of these

43.

(d) Disguised unemployment

Explanation: Disguised unemployment is referred to here.

44. **(a)** non renewable

Explanation: These sources of energy are also called non renewable sources. These sources of energy are in limited quantity except hydro-electric power.

45. **(a)** Housing

Explanation: Housing is an example of social infrastructure.

46. **(a)** Land degradation

Explanation: Land degradation refers to a decline in overall quality of soil, water or vegetation condition, commonly caused by human activities.

47.

(d) All of these

Explanation: All of these

48. **(a)** Equality

Explanation: Purchasing power parity (PPP) is an economic theory that states that the exchange rate between two currencies is **equal** to the ratio of the currencies' respective purchasing power.

49.

(d) China

Explanation: China ranks highest among the given nations. China (90), India (131), Pakistan(147).

50.

(b) Access to sanitation facilities

Explanation: Access to sanitation facilities