

CUET (UG)
Economics Sample Paper - 20
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. Unforeseen obsolescence of fixed capital assets during production is: (choose the correct alternative) [5]
 - a) Income loss
 - b) Consumption of fixed capita
 - c) None of these
 - d) Capital loss
2. What is the main cause of all economic problems? [5]
 - a) Usage
 - b) Abundance
 - c) Convenience
 - d) Scarcity
3. By supply of money we mean: [5]
 - a) Money available with the public
 - b) All of these
 - c) Deposits with post office savings bank
 - d) Money deposited in the bank
4. The main aim of monetary policy is _____. [5]
 - a) to bring price stability in the economy
 - b) employment generation in the country
 - c) to generate greater tax revenue
 - d) to increase trade surplus
5. In $S = -a + (1 - b)Y$ 'Y' denotes [5]
 - a) Disposable income.
 - b) NDP
 - c) NNP
 - d) GNP

6. The impact of **Excess Demand** under Keynesian theory of income and employment, in an economy are: [5]
- | | |
|--|---|
| a) no change in output/employment but increase in general price level. | b) increase in income, output, employment and general price level |
| c) decrease in nominal income, but no change in real output | d) decrease in income, output, employment and general price level |
7. If $C = 100 + 0.75 Y$, then the corresponding Savings Function will be expressed as [5]
- | | |
|-----------------------|-----------------------|
| a) $S = 100 + 0.25Y$ | b) $S = 75 + 0.25Y$ |
| c) $S = -100 + 0.75Y$ | d) $S = -100 + 0.25Y$ |
8. Fiscal Deficit can be calculated as: [5]
- | | |
|--|---|
| a) Total Expenditure - Total Receipts excluding borrowings | b) Revenue Deficit + Capital Expenditure - Non-debt Creating Capital Receipts |
| c) Primary Deficit + Interest Payments | d) All of these |
9. Public expenditure can be Non-development only [5]
- | | |
|-----------------------------|--------------|
| a) True | b) Can't say |
| c) Insufficient information | d) False |
10. Budget is used as an important policy instrument to combat fluctuations in an economy. In the light of above lines, identify the related objective of government budget. [5]
- | | |
|----------------------------|-----------------------------|
| a) Stabilisation of price | b) Growth of the economy |
| c) Allocation of resources | d) Redistribution of income |
11. Which of the following item is included in capital account of balance of payments of a country? [5]
- | | |
|--|---------------------------------|
| a) Interest and rent received from assets abroad | b) Income from banking services |
| c) Remittances from abroad | d) Foreign direct investment |
12. Which of the following can be categorized as stock? [5]

- | | |
|------------|------------|
| a) Saving | b) Wealth |
| c) Profits | d) Exports |

13. Can the net indirect taxes be negative? [5]

- | | |
|--------------|----------|
| a) No | b) Never |
| c) Can't say | d) Yes |

14. Which of the following will be included in national income? [5]

- a. Money receipt from sale of old car
- b. Scholarships received by students
- c. Remittances from abroad
- d. Free services of owner occupied building

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

15. Which of the following agency is responsible for issuing ₹ 1 currency note in India? [5]

- | | |
|---------------|--------------------------|
| a) Investors | b) Reserve Bank of India |
| c) Niti aayog | d) Government of India |

16. What is the value of money multiplier when initial deposits are ₹ 500 crores and LRR is 10%? [5]

- | | |
|--------|--------|
| a) 10 | b) 20 |
| c) 0.1 | d) 0.2 |

17. As per Keynesian Economics, The equilibrium level of income is determined at a level where: [5]

- i. Aggregate Demand is more than 45° line
- ii. Aggregate Demand is less than 45° line
- iii. Aggregate Demand-curve intersects 45° line
- iv. All of these

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

18. An account indicating a systematic record of all economic transactions between residents of a country and residents of foreign countries during a period of account is [5]

called _____ Account.

- a) Balance of Payment
- b) Government budget
- c) Balance of Trade
- d) Capital account

19. Consumer is sovereign under: [5]

- a) controlled economy
- b) free economy and mixed economy
- c) free economy
- d) mixed economy

20. Micros, which means **small** belongs to: [5]

- a) Greek word
- b) German word
- c) Arabian word
- d) English word

21. The marginal opportunity cost of producing Good X is [5]

- a) The quantity of the Good Y sacrificed
- b) The money spent on producing Good X
- c) The marginal cost of Good X produced
- d) The total cost of production

22. Which of the following law states that the more a consumer consumes of a product the less is the utility he derives from the additional consumption? [5]

- a) Law of equi-marginal utility
- b) Law of cardinal utility
- c) Law of ordinal utility
- d) Law of diminishing marginal utility

23. Given the money income and the price, the line which shows all different combinations of two goods that a consumer can buy by spending all his income is called: [5]

- a) Isoquant line
- b) iso-cost line
- c) production line
- d) budget line

24. The slope of the demand curve of a normal good is: [5]

- a) Negative
- b) Positive
- c) Zero
- d) Undefined

25. Which factor generally keeps the price-elasticity of demand for a good low: [5]

- a) High proportion of the consumer's income spent on it b) Close substitutes for that good
- c) Its low price d) Variety of uses for that good

26. The main reason for food shortage in India after partition was [5]

- a) Food surplus areas of West Punjab and Sindh went to Pakistan b) Low productivity in Indian agriculture
- c) Considerable use of fertilisers d) All of these

27. On the eve of independence, Indian Economy was: [5]

- a) Backward Economy b) All of these
- c) Depleted Economy d) Stagnant Economy

28. Which of the following is the cause of India's agricultural stagnation and low productivity? [5]

- i. Various systems or terms of revenue settlement.
- ii. Low levels of technology and lack of irrigation facilities.
- iii. Lack of resources to investing terracing flood control, drainage and desalinisation of soil.
- iv. All of these

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

29. _____ is not a type of land reforms introduced by Government of India after Independence. [5]

- a) Land ceiling b) Change in ownership of land holding
- c) Abolition of intermediaries d) Use of High Yielding Variety (HYV) seeds

30. An economy in which social welfare is maximised is called _____. [5]

- a) capitalist economy b) mixed economy
- c) fixed economy d) socialist economy

31. Which of the following is not a merit of privatisation? [5]

- a) Social welfare
c) Lesser budgetary deficit

b) Better efficiency
d) Increase in investment

32. At present the number of industries requiring company licensing is: [5]
a) 5 b) 8
c) 4 d) 6

33. Predecessor of WTO is [5]
a) None of these b) General Agreement on Taxes and Trials
c) General Announcement on Trade and Tax d) General Agreement on Trade and Tariff

34. When was National Food For Work Programme launched? [5]
a) 2005 b) 1992
c) 2012 d) 2004

35. From 2014, a scheme called _____ is available in which people in India are encouraged to open bank accounts. [5]
a) National Rural Livelihoods Mission b) National Social Assistance Programme
c) Public Distribution System d) Pradhan Mantri Jan-Dhan Yojana

36. Identify which of the following is not a cause of poverty in India. [5]
a) High level of indebtedness b) Rapid growth of population
c) Inequalities of income and wealth d) Increase in capital formation

37. Which of the following is an indicator of education attainments? [5]
a) Gross enrollment ratio b) All of these
c) Literacy rate d) Drop-out ratio

38. UNDP stands for: [5]
a) United Nations Development Policy b) United Nations Developing Plan

c) United National Development Programme

d) United Nations Duration Programme

39. Why it was considered to replace the private money lender by the institutional source of credit? [5]

a) Money lender took advantages of ignorance of the cultivator

b) The rate of interest was invariably high

c) The supply of credit was irregular

d) None of these

40. White Revolution was started by National Dairy Development Board (NDDB) in the year _____. [5]

a) 1971

b) 1972

c) 1970

d) 1973

41. After the workers lost their jobs in 1980's, which city experienced an economy recession and communal riots? [5]

a) Bangalore

b) Bombay

c) Allahabad

d) Ahmedabad

42. All those who are able to do work and are also willing to work but are not able to get proper work [5]

a) Open unemployment

b) Disguised unemployment

c) Cyclic unemployment

d) Rural unemployment

43. Why did the government shift its strategy from long term to short term programmes to remove unemployment? [5]

a) Large Scale Corruption

b) Long term programmes takes a long time to implement

c) Lack of funds.

d) Lukewarm response from the state governments

44. _____ is an indicator which measures the number of people dying prematurely due to a particular disease. [5]

a) Global burden of depression

b) Global break down disease

c) Global burden of disease

d) Golden burden of disease

45. India is largest producer of wind energy. [5]

- a) 6th b) 2nd
c) 4th d) 5th

46. GHGs refer to: **[5]**

- a) Green Home Guards b) Green Home Gases
- c) Green Hurricane Gases d) Greenhouse Gases

47. Brundtland Commission in 1987 defined sustainable development as: [5]

- i. A type to development that put the interests of developing countries ahead of the interests of the rich nations
- ii. Development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs
- iii. Development that protects the future generation even at the expense of the present generation
- iv. None of the above

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

48. Which of the following country has lowest sex ratio? [5]

- a) None.
- b) China
- c) India
- d) Pakistan

49. Which of the following country has highest density of population per square km? [5]

- a) None.
- b) Pakistan
- c) India
- d) China

50. When was the first five year plan started in China [5]

- a) 1952 b) 1951
c) 1953 d) 1954

Solutions

1.
(d) Capital loss
Explanation: Capital loss
2.
(d) Scarcity
Explanation: Scarcity is the main cause of all economic problems.
3.
(b) All of these
Explanation: All the options are means of supply of money.
4. **(a)** to bring price stability in the economy
Explanation: to bring price stability in the economy
5. **(a)** Disposable income.
Explanation: Because savings are started when first taxes are deducted from income.
6. **(a)** no change in output/employment but increase in general price level.
Explanation: no change in output/employment but increase in general price level.
7.
(d) $S = -100 + 0.25Y$
Explanation: $S = -100 + 0.25Y$
8.
(d) All of these
Explanation: All of these
9.
(d) False
Explanation: Public expenditure can be development as well as non developmntal expenditure. Development expenditure refers to the expenditure which is directly related to the economic and social development of the country. whereas non developmental expenditure refers to the expenditure which is not directly related to economic and social developemnt of the country but related to essential general services of the government.
10. **(a)** Stabilisation of price
Explanation: Stabilisation of price
11.
(d) Foreign direct investment
Explanation: Foreign direct investment
12.
(b) Wealth
Explanation: Wealth
13.
(d) Yes
Explanation: When subsidies greater than indirect taxes.
14.
(c) Option (d)

Explanation: Free services of owner occupied building will be included in national income.

15.

(d) Government of India

Explanation: RBI has the sole right to issue currency notes of various denominations except one rupee currency. The one rupee currency is issued by the Ministry of Finance and it bears the signature of the finance secretary while the other currency notes bear the signature of the governor of RBI.

16. **(a)** 10

Explanation: 10

17.

(c) Option (iii)

Explanation: Aggregate Demand-curve intersects 45° line

18. **(a)** Balance of Payment

Explanation: Balance of Payment

19.

(b) free economy and mixed economy

Explanation: The consumer buys goods according to his choice in a market economy and mixed economy. However, in a mixed economy, public distribution system ensures the supply of essential goods to the consumers.

20. **(a)** Greek word

Explanation: Micros, which means small which is a Greek word.

21. **(a)** The quantity of the Good Y sacrificed

Explanation: Marginal opportunity cost is an economic term that analyses the effect of producing additional units of a product on the costs of a business, as well as the opportunities the companies give up to produce more of a product. If we want to have more of one of the goods, we will have less of the other good. Thus, there is always a cost of having a little more of one good in terms of the amount of the other good that has to be forgone. This is known as the **opportunity cost of an additional unit of the goods**. Every economy has to choose one of the many possibilities that it has. In other words, one of the central problems of the economy is to choose from one of the many production possibilities.

22.

(d) Law of diminishing marginal utility

Explanation: Other things remaining the same when a person takes successive units of a commodity, the marginal utility diminishes constantly

23.

(d) budget line

Explanation: The budget line is a line that separates attainable combinations from the non-attainable combinations.

24. **(a)** Negative

Explanation: The slope of the demand curve of a normal good is negative.

25.

(c) Its low price

Explanation: The elasticity of demand depends upon the level of price of the concerned commodity. The elasticity of demand will be high at a higher level of the price and low at the lower level of the price.

26. (a) Food surplus areas of West Punjab and Sindh went to Pakistan

Explanation: Food surplus areas of West Punjab and Sindh went to Pakistan

27.

(b) All of these

Explanation: All of these

28. (a) Option (d)

Explanation: All of these

29.

(d) Use of High Yielding Variety (HYV) seeds

Explanation: Use of High Yielding Variety (HYV) seeds

30.

(d) socialist economy

Explanation: Socialist economy is an economy in which social welfare is maximised.

31. (a) Social welfare

Explanation: Social welfare is not a merit of privatisation.

32. (a) 5

Explanation: At present, the 5 industries requiring company licensing are: Distillation and brewing of alcoholic drinks. Cigars and cigarettes of tobacco and manufactured tobacco substitutes.

33.

(d) General Agreement on Trade and Tariff

Explanation: GATT, was established after World War II in the wake of other new multilateral institutions dedicated to international economic cooperation.

34.

(d) 2004

Explanation: National Food for Work programme was launched on November 14, 2004, in 150 most backward districts of the country identified by the Planning Commission in consultation with the Ministry of Rural Development and State Governments.

35.

(d) Pradhan Mantri Jan-Dhan Yojana

Explanation: Pradhan Mantri Jan-Dhan Yojana

36.

(d) Increase in capital formation

Explanation: Increase in capital formation

37.

(b) All of these

Explanation: All three are indicators of educational attainments. A higher value of Gross Enrollment ratio and Literacy rate, and lower value for Drop-out ratio is desired for a country.

38.

(c) United National Development Programme

Explanation: United National Development Programme

39. (a) Money lender took advantages of ignorance of the cultivator

Explanation: Non-institutional credit was dominated by money lenders, traders and commission agents who charged exorbitantly high-interest rates and manipulated the accounts to exploit the illiterate farmers.

40.

(c) 1970

Explanation: 1970

41.

(d) Ahmedabad

Explanation: Ahmedabad

42. (a) Open unemployment

Explanation: Open unemployment is a situation where in a large section of the labour force does not get a job that may yield them regular income. This type of unemployment can be seen and counted in terms of the number of unemployed persons. The labour force expands at a faster rate than the growth rate of economy.

43.

(b) Long term programmes takes a long time to implement

Explanation: Long term programmes takes a long time to implement and results are also affected. So in order to reduce unemployment at a faster rate short term programmes are better as they will take a short time to implement.

44.

(c) Global burden of disease

Explanation: Global burden of disease

45.

(d) 5th

Explanation: India is the world's fifth largest producer of wind power, with more than 95 percent investments coming from the private sector.

46.

(d) Greenhouse Gases

Explanation: Greenhouse Gases

47.

(b) Option (ii)

Explanation: Development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

48.

(d) Pakistan

Explanation: As per 2000-01, report, India has 93.3%, china has 93.7% and Pakistan has 92.2% sex ratios respectively.

49.

(c) India

Explanation: As per 2000-01 estimates.

Country	Population Density(per sq.km)
India	358

Pakistan	138
China	193

50.

(c) 1953

Explanation: The period 1953–57, corresponding to the First Five-Year Plan, was the beginning of China's rapid industrialization, and it is still regarded as having been enormously successful. A strong central governmental apparatus proved able to channel scarce resources into the rapid development of heavy industry.