

CUET (UG)
Economics Sample Paper - 18
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. Wealth is a [5]
 - a) Stock concept
 - b) Flow concept
 - c) Non economic concept
 - d) Hypothetical concept
2. Net capital formation causes: [5]
 - a) increase in cost
 - b) increase in depreciation
 - c) increase in profits
 - d) increase in production capacity
3. Plastic money includes [5]
 - a) debit cards
 - b) All of these
 - c) credit cards
 - d) prepaid cash cards
4. What is the other name of money whose intrinsic value is much lower than its face value? [5]
 - a) Full-bodied money
 - b) Credit money
 - c) Legal tender money
 - d) Representative money
5. In $C = a + b(Y)$, b denotes: [5]
 - a) MPC
 - b) MPS
 - c) $1 + MPC$
 - d) $1 - MPC$
6. At the break-even point: [5]

- a) Consumption curve lies below the 45° line
- b) Consumption curve intersects 45° line
- c) Consumption curve lies above the 45° line
- d) Consumption curve intersects 30° line

7. What is the value of MPC when MPS is zero? [5]

- a) 1
- b) > 1
- c) 0
- d) < 1

8. Public expenditure can be Development and Non-development [5]

- a) Insufficient information
- b) Can't say
- c) True
- d) False

9. The govt borrows from RBI to [5]

- a) finance the primary. deficit
- b) finance the fiscal deficit
- c) Finance the budget deficit
- d) finance the revenue. deficit

10. A government expenditure budget shows primary deficit of ₹ 4400 crore. The government expenditure on the interest payment is ₹ 400 crore. How much is the fiscal deficit? [5]

- a) ₹ 4600
- b) ₹ 4800
- c) ₹ 4500
- d) ₹ 4000

11. _____ exchange rates system automatically takes care of the surplus and deficits in the BoP. [5]

- a) Fixed
- b) Managed Floating
- c) Floating
- d) Pegged

12. Out of the following, who are residents of India? [5]

- a. Indians working permanently in the office of the United Nations Organisation in New York.
- b. Indians working in Indian Embassy in America.
- c. Indians working in a branch of an American Bank in India.
- d. Americans working in India embassy in America.

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

13. Which of the following will be included in Gross Domestic Product (GDP) of India? [5]

- a. Rent received by an Indian resident from his property in Singapore.
- b. Salaries received by Indian residents working in Russian embassy in India.
- c. Profits earned by a branch of State Bank of India in Japan.
- d. Profits earned by standard Chartered Bank in India.

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

14. Gross domestic capital formation is equal to: [5]

- | | |
|--|---|
| a) Gross fixed capital formation plus opening stock | b) Net fixed capital formation plus consumption of fixed capital plus change in stock |
| c) Net fixed capital formation plus consumption of fixed capital | d) Gross fixed capital formation plus closing stock |

15. Raising SLR by the central bank in India during excess demand will be [5]

- | | |
|--------------------|------------------|
| a) Destabilisation | b) Stabilisation |
| c) Inflationary | d) Deflationary |

16. This function of Central Bank involves buying and selling of government securities from or to the public and commercial banks. [5]

- | | |
|---------------------------|-------------------------------|
| a) Margin Requirements | b) Selective Credit Controls |
| c) Open Market operations | d) Legal Reserve Requirements |

17. What will be the level of ex-ante aggregate demand when autonomous investment and consumption expenditure is ₹ 100 Crore and MPS is 0.4 and level of income is ₹ 4,000 crore. [5]

- | | |
|------------------|------------------|
| a) ₹ 2,500 Crore | b) ₹ 3,500 Crore |
| c) ₹ 3,250 Crore | d) ₹ 1,700 Crore |

18. Balance of trade is measured as: [5]

- a) difference between all exports and all imports b) difference between import and export of goods
- c) difference between import and export of services d) difference between import and export of capital
19. What do we study in the microeconomics branch of economics? **[5]**
- a) Economy as a whole b) Individual economic unit or agent
- c) Mixed economies d) Individual economy
20. Do you agree that the PPC indicates maximum production capacity of an economy **[5]**
- a) No b) Never
- c) Sometimes d) Yes
21. Normative economics analyses **[5]**
- a) Central problems of an economy b) Distribution of national product
- c) The problem of What to produce d) Ethical aspects of economic decisions
22. A consumer reaches equilibrium when? **[5]**
- a) $\frac{MU_{yx}}{P_x} = \frac{MU_y}{P_y}$ b) $\frac{MU_{xy}}{P_y} = \frac{MU_y}{P_y}$
- c) $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$ d) $\frac{MU_x}{P_y} = \frac{MU_y}{P_y}$
23. Marginal rate of substitution indicates: **[5]**
- a) slope of budget line b) slope of indifference curve
- c) slope of income line d) slope of production possibility curve
24. Normally a demand curve will have the shape: **[5]**
- a) Downward sloping b) Horizontal
- c) Upward sloping d) Vertical
25. The demand for goods like sugar and tea is usually: **[5]**
- a) elastic b) perfectly inelastic

c) perfectly elastic

d) inelastic

26. Before the advent of the British rule, India was well-known for its handicraft industries in the fields of cotton and silk textiles, metal and precious works etc. These products enjoyed a worldwide market due to: [5]

- a. reputation of the fine quality of material used.
- b. high standards of craftsmanship seen in all imports from India
- c. Both (a) and (b)
- d. wide exports market.

a) Option (d)

b) Option (a)

c) Option (b)

d) Option (c)

27. What was India's growth rate of aggregate real output and per capita output during first half of the twentieth century? [5]

- a) Less than 2 percent and 0.5 percent respectively
- b) Less than 3 percent and 0.2 percent respectively
- c) Less than 3 percent and 0.5 percent respectively
- d) Less than 1 percent and 0.2 percent respectively

28. The main objective of the zamindars during the land settlement system was to [5]

- a. Improve the economic condition of the cultivators
- b. Improve the crop yield by making significant contributions in technology and fertilisers usage
- c. Collection of rent with no interest in the economic condition of the cultivators
- d. Cooperating with colonial government to improve the condition of agriculture

a) Option (c)

b) Option (a)

c) Option (b)

d) Option (d)

29. Which was not the strategy of economic planning during Five Year Plans? [5]

- a) Self-reliance
- b) Liberalisation
- c) Import substitution
- d) Balanced growth

30. Who was formulating five year plans in India? [5]

- a) Reserve Bank of India
- b) Parliament
- c) Supreme Court
- d) Planning Commission

31. WTO stands for: [5]
- a) Women Teachers Organisation b) World Trade Organisation
c) World Tariff Organisation d) World Transport Organisation
32. Cheaper imported goods was one of the reasons behind: [5]
- a) Growing unemployment b) Spread of consumerism
c) Low level of industrial growth d) Unbalanced Growth
33. Under the financial sector reforms, there was a substantial shift in role of the RBI from _____ of financial sector. [5]
- a) Controller to a facilitator b) Facilitator to a regulator
c) Regulator to a facilitator d) Regulator to a controller
34. Which of the following is not an instrument for estimation of poverty? [5]
- a) Sen Index b) Poverty Gap Index
c) Squared Poverty Gap Index d) Kuznets Curve
35. Which of the following programme encourages people to form Self Help Groups (SHGs)? [5]
- a. Swarnajayanti Gram Swarozgar Yojana (SGSY)
b. National Rural Livelihoods Mission (NRLM)
c. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)
d. Swarnajayanti Shahri Rozgar Yojana (SJSRY)
- a) Option (c) b) Option (d)
c) Option (a) d) Option (b)
36. The churning poor, who regularly move in and out of poverty, and the occasionally poor who are rich most of the time but may sometimes have a patch of bad luck, are called the _____. [5]
- a) Occasionally poor b) Transient poor
c) Churning poor d) Chronic poor
37. Human Development refers to: [5]

- a) Development of the individuals by acquiring a good education
- b) All of these
- c) Consists of skills as used in the process of production
- d) Increase in human population

38. Who amongst the following, has received the greatest investment in human capital formation? [5]

- a) A 12-year-old girl who helps her mother with construction work
- b) A 10th-pass girl who works as a store manager in a mall
- c) A computer science graduate who works at a call centre
- d) A nurse in a clinic who is frequently absent because of his ill health

39. Name the state where TANWA was started. [5]

- a) Uttar Pradesh
- b) Tamil Nadu
- c) Assam
- d) Kerala

40. Father of **Green Revolution** In India: [5]

- a) M.S. Swaminathan
- b) Chidambaram Subramaniam
- c) Norman Borlong
- d) S.P. Swaminathan

41. Workers who are on the permanent pay-roll of their employer are called: [5]

- a) Casual workers
- b) Self-employed workers
- c) Regular workers
- d) None of these

42. The number of persons employed per hundred persons is termed as: [5]

- a) Worker population ratio
- b) Legal reserve ratio
- c) Head count ratio
- d) Capital gain ratio

43. Work force refers to that part of [5]

- a) Population which is unemployed
- b) Labour force which is when employed
- c) Labour force which is employed
- d) Population which is forced to work

44. Major source of energy generation in India is [5]
- a) solar power
 - b) thermal power
 - c) hydropower
 - d) nuclear power
45. Some states in India are performing much better than others in certain areas due to [5]
- a) Better transportation facilities
 - b) Better irrigation facilities
 - c) Better health care and sanitation faculties
 - d) All of these
46. When the rate of pollution is greater than the rate of purification it is called: [5]
- a) Economic crisis
 - b) Social crisis
 - c) None of these
 - d) Environmental crisis
47. CPCB stands for [5]
- a) Central Pollution Contact Board
 - b) Country Pollution Control Bureau
 - c) Country Pollution Contact Board
 - d) Central Pollution Control Board
48. What have been the common failure of India and Pakistan [5]
- a) Poor performance in HDI
 - b) Political survival a dominating issue
 - c) All of these
 - d) Dismal Fiscal management
49. Which of the following may be called **Liberty Indicator**? [5]
- a. The extent of democratic participation in social and political decision-making
 - b. The extent of Constitutional protection given to rights of citizens
 - c. The extent of constitutional protection of the Independence of the Judiciary and the Rule of Law
 - d. All of these
- a) Option (a)
 - b) Option (d)
 - c) Option (b)
 - d) Option (c)
50. Which of the following country has highest HDI rank? [5]
- a) China
 - b) Pakistan
 - c) India
 - d) None.

Solutions

1. (a) Stock concept

Explanation: Wealth is accumulated at a point of time.

2.

- (d) increase in production capacity

Explanation: Net capital formation raises the stock of capital in the economy. It is the net rise in the production capacity of the economy. Accordingly, GDP growth is accelerated.

3.

- (b) All of these

Explanation: Plastic money is a form of non-cash, which includes debit, credit, prepaid cash, plastic cards, etc. These cards are used for ATM cash withdrawals and shopping, etc.

4.

- (b) Credit money

Explanation: Credit money is the other name of money whose intrinsic value is much lower than its face value.

5. (a) MPC

Explanation: 'Y' denotes induced consumption where 'b' denotes marginal propensity to consume.

6.

- (b) Consumption curve intersects 45° line

Explanation: Consumption curve intersects 45° line

7. (a) 1

Explanation: $MPC + MPS = 1$

8.

- (c)

True

Explanation: Yes. Public expenditure can be both Plan and Non plan expenditure. The expenditure relating to specific plans and programmes of development is plan expenditure and non plan expenditure is not related to any specific plan or programme. Expenditure on defence and subsidies, salaries and pensions are example of non plan expenditure.

9.

- (c) Finance the budget deficit

Explanation: Budgetary deficit may be financed by deficit financing. Deficit financing is the level of support extended by the RBI to the government's borrowing programmes. The government borrows from the RBI which in turn issues new currency money.

10.

- (b) ₹ 4800

Explanation: ₹ 4800

11.

- (c) Floating

Explanation: Floating

12. **(a)** Option (c)
Explanation: Indians working in a branch of an American Bank in India.
13.
(b) Option (d)
Explanation: Profits earned by standard Chartered Bank in India.
14.
(b) Net fixed capital formation plus consumption of fixed capital plus change in stock
Explanation: Net fixed capital formation plus consumption of fixed capital plus change in stock
15.
(d) Deflationary
Explanation: Investors wouldn't be able to borrow much. Thus, leads to deficient aggregate demand via the multiplier process.
16.
(c) Open Market operations
Explanation: Open Market operations
17. **(a)** ₹ 2,500 Crore
Explanation: ₹ 2,500 Crore
18.
(b) difference between import and export of goods
Explanation: difference between import and export of goods
19.
(b) Individual economic unit or agent
Explanation: The subject matter of economics has been studied under two broad branches: **Microeconomics and Macroeconomics**. In **microeconomics**, we study the behaviour of **individual economic agents** in the markets for different goods and services and try to figure out how prices and quantities of goods and services are determined through the interaction of individuals in these markets.
20.
(d) Yes
Explanation: The production possibility curve shows the maximum output combination of two goods and services that an economy can produce with all resources fully employed.
21.
(d) Ethical aspects of economic decisions
Explanation: Normative economics is a part of economics that expresses value or normative judgments about economic fairness or what the outcome of the economy or goals of public policy ought to be.
22.
(c) $\frac{MU_x}{P_x} = \frac{MU_y}{P_y}$
Explanation: Equilibrium condition for double commodity approach is ratio of MU and price of one good must be equal to the ratio of MU and price of the other good.
23.
(b) slope of indifference curve
Explanation: The marginal rate of substitution is the amount of a good that a consumer is

willing to consume in relation to another good, as long as the new good is equally satisfying. It is the slope of the IC.

24. **(a)** Downward sloping

Explanation: The shape of the demand curve is downward sloping because of the inverse relationship between price and quantity demanded.

25.

(d) inelastic

Explanation: Inelastic, necessities have inelastic demand.

26.

(d) Option (c)

Explanation: Both (a) and (b)

27. **(a)** Less than 2 percent and 0.5 percent respectively

Explanation: Less than 2 percent and 0.5 percent respectively

28. **(a)** Option (c)

Explanation: Zamindars did nothing to improve the condition of agriculture and focused on the collection of rent which caused immense misery and social tension for the cultivators.

29.

(b) Liberalisation

Explanation: Liberalisation not the strategy of economic planning during Five Year Plans.

30.

(d) Planning Commission

Explanation: In 1950, the Planning Commission was set up with the Prime Minister as its Chairperson. The era of five year plans had begun

31.

(b) World Trade Organisation

Explanation: World Trade Organisation

32.

(c) Low level of industrial growth

Explanation: Low level of industrial growth

33.

(c) Regulator to a facilitator

Explanation: Regulator to a facilitator

34.

(d) Kuznets Curve

Explanation: Kuznets curve depict relationship between the extent of inequality and the level of development.

35.

(c) Option (a)

Explanation: SGRY aims at providing self-employment to villagers through establishment of self-help groups.

36.

(b) Transient poor

Explanation: Transient poor

37. **(a)** Development of the individuals by acquiring a good education
Explanation: A good education is one of the major factors of human development.
38.
(c) A computer science graduate who works at a call centre
Explanation: A computer science graduate who works at a call centre
39.
(b) Tamil Nadu
Explanation: TANWA (Tamil Nadu Women in Agriculture) is a project initiated in Tamil Nadu to train women in the latest agricultural techniques.
40. **(a)** M.S. Swaminathan
Explanation: M.S. Swaminathan
41.
(c) Regular workers
Explanation: Regular workers
42. **(a)** Worker population ratio
Explanation: Worker population ratio
43.
(c) Labour force which is employed
Explanation: Labour force which is employed
44.
(b) thermal power
Explanation: Thermal power plants are the mainstay of India's power sector.
45.
(d) All of these
Explanation: All of these
46.
(d) Environmental crisis
Explanation: When the rate of pollution is greater than the rate of purification, it becomes very difficult to save the environment.
47.
(d) Central Pollution Control Board
Explanation: In order to address two major environmental concerns in India, viz., water and air pollution, the government set up the Central Pollution Control Board (CPCB) in 1974.
48.
(c) All of these
Explanation: India and Pakistan are completing five decades of their independence. Since the partition, the relationship between the two countries has been uneasy and characterized by a set of paradoxes. Both countries face a set of common problems -- the inherited legacy of a control mind-set among the government and rent-seeking private sector, widespread corruption, poor fiscal management, weak financial system and congested and overcrowded urban services.
49.
(b) Option (d)

Explanation: All of these

50. **(a)** China

Explanation: As per 2016 estimates, China has 90th rank, India has 131th and Pakistan has 147th rank in HDI list.