

CUET (UG)
Economics Sample Paper - 14
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. Final goods are those [5]
 - a) Which are in between the boundary line of production
 - b) Which have to reach the boundary line of production
 - c) Which have crossed the boundary line of production
 - d) Which have not crossed the boundary line of production
2. Depreciation of fixed capital assets refers to: [5]
 - a) Foreseen obsolescence
 - b) Normal wear and tear
 - c) Normal wear & tear & foreseen obsolescence
 - d) Unforeseen obsolescence
3. In India, money creating sector are: [5]
 - a) Banking System
 - b) Both Banking System and Government of the country
 - c) State Bank
 - d) Government of the country
4. One of the primary functions of money is: [5]
 - a) Medium of exchange
 - b) Standard of deferred payments
 - c) Store of value
 - d) Store of wealth
5. In $C = a + b(Y)$, Y denotes [5]
 - a) NDP
 - b) Disposable income

c) NNP

d) GNP

6. Which of the following is true about AD in a two sector economy? [5]
- a) AD curve has a positive slope b) AD curve starts from some point above the origin
- c) $AD = \text{Consumption} + \text{Investment}$ d) All of these
7. Can the value of APS be negative? [5]
- a) False. b) Can't say
- c) Insufficient information d) True.
8. Which of the following is a characteristics feature of tax? [5]
- a) Compulsory or legal payment b) Direct payment for purchase of goods
- c) Payment for special payment d) Penalty for breaking traffic rules
9. Identify revenue receipt of the government. [5]
- a) Receipt from sale of shares of public undertaking b) Recovery of loans
- c) Borrowings from public d) Profit of a public sector undertaking
10. What is included in revenue receipts? [5]
- a) Taxes b) Interest
- c) Profit d) All of these
11. What is the likely impact of foreign exchange speculation on the exchange rate? [5]
- a) Effective Exchange rate b) Exchange rate is likely to fall
- c) Exchange rate is likely to rise d) Exchange rate remains unchanged
12. National income (NNP_{FC}) is equal to: [5]
- a) $GNP_{FC} - \text{Depreciation}$ b) Both $GNP_{FC} - \text{Depreciation}$ and $NNP_{MP} - \text{Net indirect taxes}$

c) $GNP_{FC} + \text{Depreciation}$

d) NNP_{MP} - Net indirect taxes

13. Which of the following is not a transfer payment? [5]
- a) Interest on national debt
 - b) Retirement pensions
 - c) Old-age pensions
 - d) Donations
14. With a rise in real national income, welfare of the people: [5]
- a) Rises
 - b) Falls continuously
 - c) Falls
 - d) Remains unchanged
15. To fight deflation, the government should [5]
- a) increase income tax rate
 - b) increase bank rate
 - c) stimulate investment by giving monetary and fiscal incentives
 - d) cut back its own expenditure
16. What is meant by cash reserve ratio? [5]
- a) Fraction of total deposits kept with banks
 - b) Fraction of time deposits kept with banks
 - c) Fraction of demand deposits kept with banks
 - d) Fraction of Recurring deposits kept with banks
17. If investment increases from 200 to 400 and income increases from 800 to 14,000, the value of Investment Multiplier would be: [5]
- a) 3 times
 - b) 1 times
 - c) 2 times
 - d) 4 times
18. Which of the following is/are component (s) of capital account of BoP? [5]
- a) Foreign direct investment
 - b) Foreign exchange reserve
 - c) All of these
 - d) Borrowing from IMF by the government
19. When is there a rightward shift in the PPC? [5]
- a) Both when there is improvement in technology and growth of resources.
 - b) When there is inefficiency in technology.

- c) When there is growth of resources. d) When there is improvement in technology.
20. Can a PPC rotate along the X axis also [5]
- a) No b) Yes
- c) Can't say d) Never
21. The perspective of positive economic analysis to study the economic mechanisms is [5]
- a) What is the mechanism b) Where are the mechanisms
- c) How the mechanisms function d) None of these
22. Which of these is not a property of the indifference curve? [5]
- a) Indifference curve is concave to origin. b) Indifference curve slopes downwards.
- c) Two indifference curves cannot intersect each other. d) Higher indifference curve represents higher level of satisfaction.
23. Consuming two goods, a consumer attains equilibrium when: [5]
- a) $\frac{MU_1}{P_1} = \frac{MU_2}{P_2}$ b) $\frac{MU_2}{P_2} > \frac{MU_1}{P_1}$
- c) $\frac{MU_1}{P_1} > \frac{MU_2}{P_2}$ d) $\frac{TU_1}{P_1} > \frac{TU_2}{P_2}$
24. There is a sudden change in climatic conditions resulting in hot weather. Assuming no change in the price of the cold drinks, it will lead to: [5]
- a) rightward shift in the market demand curve. b) downward movement along the same market demand curve.
- c) upward movement along the same market demand curve. d) leftward shift in the market demand curve.
25. In case of $E_d = \infty$, demand curve is: [5]
- a) downward sloping curve b) a horizontal straight line
- c) a vertical straight line d) upward sloping curve
26. The economic policies pursued by the colonial government in India were concerned with [5]

- | | |
|-------------------------------------------------|-------------------------------------------------------|
| a) Protection and promotion of Britain | b) Both Protection and promotion of India and Britain |
| c) Protection of India and promotion of Britain | d) Protection and promotion of India |

27. _____ refers to the annual percentage increase in real national income during that period. **[5]**

- | | |
|----------------------------|------------------------|
| a) Rate of national income | b) Rate of growth |
| c) None of these | d) Rate of development |

28. What was India's growth of real output during the first half of the 20th century? **[5]**

- | | |
|------------|------------|
| a) $> 2\%$ | b) $< 4\%$ |
| c) $< 3\%$ | d) $< 1\%$ |

29. Infant mortality rate fall due to **[5]**

- | | |
|-----------------------------|-----------------------------------|
| a) Poor health facilities | b) No change in health facilities |
| c) Better health facilities | d) All of these |

30. Effect of industrial policy 1956 on industries was **[5]**

- | | |
|---------------------------------------------|-----------------------------------------------------------------------------------------------|
| a) Industries share fall in GDP during 1991 | b) Industries started to get diversified and India become self-sufficient in industrial goods |
| c) Industries started to get diversified | d) India become self-sufficient in industrial goods |

31. _____ refers to the transfer of assets or service functions form public to private ownership. **[5]**

- | | |
|-------------------|------------------|
| a) All of these | b) Privatisation |
| c) Liberalisation | d) Globalisation |

32. Quantitative restrictions on imports of manufactured consumer goods and agricultural products were also fully removed from **[5]**

- | | |
|---------|---------|
| a) 1980 | b) 1991 |
| c) 2001 | d) 1995 |

33. India has become a preferred outsourcing destination because of _____. [5]
i. Availability of unskilled labour
ii. Quality of IT services
iii. Availability of skilled labour
a) Only (i) b) Only (ii)
c) (ii) and (iii) d) (i) and (ii)
34. Having an insufficient income to provide a minimum standard of living is: [5]
a) Absolute poverty b) Relative poverty
c) Both absolute and relative poverty d) None of these
35. SISKY stands for: [5]
a) Swarna Jeewan Sudhar Rashtriya Yojana b) Sampoorana Jeewan Shahari Rozgar Yajana
c) Swarna Jayanti Shari Razgar Yajana d) Sampoorana Jeewan Shashakt Rozgar Yojana
36. Who advocated that India would be truly independent only when the poorest of its people become free of human suffering? [5]
a) Mahatma Gandhi b) Jawahar Lal Nehru
c) Subhash Chandra Bose d) Indira Gandhi
37. Source of human capital formation is: [5]
a) Expenditure on Industries b) Expenditure on Building
c) Expenditure on Textiles d) Expenditure on Health
38. The 86th Amendment to the Constitution of India deals with free and compulsory education for age groups: [5]
a) 6-14 b) 0-11
c) 14-17 d) 0-14
39. Production of diverse varieties of crops rather than one specialized crop is called _____. [5]
(Choose the correct alternative to fill up the blank)

- a) diversification in sectors b) diversification of agricultural production
- c) diversification of crops d) diversification of employment
40. Which are the main horticulture produce [5]
- a) Fruits and vegetables b) Vegetables and flowers
- c) Fruits and flowers d) Fruits, vegetable and flowers
41. Informal workers: [5]
- a) work in government department. b) form trade unions
- c) do not get social security benefits. d) work in factories.
42. Lesser women are found in regular salaried employment because: [5]
- a) Are not entitled to social security benefits b) Lack of mobility among women in India due to social constraints
- c) Jobs generally require skills and a higher level of literacy d) Both Jobs generally require skills and a higher level of literacy and Lack of mobility among women in India due to social constraints.
43. Due to the recent efforts of which international body the Indian government, initiated the modernization of the informal sector? [5]
- a) International Labour Organisation b) WTO
- c) World Bank d) G-20
44. Which infrastructure helps the economic system from outside? [5]
- a) Social b) Both Social and Economic
- c) Economic d) None of these
45. Which of the following is an example of economic infrastructure? [5]
- a) Communication b) Housing
- c) Health d) Education
46. The board which investigate, collect and disseminate information relating to water, air and land pollution, lays down standards of sewage/trade effluent and emissions is [5]

_____.

a) CPCT

b) CPEB

c) CBEP

d) CPCB

47. The government set up the Central Pollution Control Board (CPCB) in [5]

a) 1975

b) 1984

c) 1985

d) 1974

48. Which of the following country has highest IMR per 1000 live births? [5]

a) USAI

b) Pakistan

c) China

d) India

49. India is not a member of which of the following regional/global economic grouping? [5]

a) G-20

b) BRICS

c) SAARC

d) European Union

50. The largest democratic economy of the world is: [5]

a) Russia

b) Pakistan

c) China

d) India

Solutions

1.
(c) Which have crossed the boundary line of production
Explanation: Final goods need no further production.
2.
(c) Normal wear & tear & foreseen obsolescence
Explanation: Normal wear & tear & foreseen obsolescence
3.
(b) Both Banking System and Government of the country
Explanation: Both Banking System and Government of the country
4. (a) Medium of exchange
Explanation: 'Medium of exchange' function of money facilitates the transactions of goods and services and ensure double coincidence of wants both for present and future.
5.
(b) Disposable income
Explanation: 'Y' denotes induced consumption where 'Y' denotes disposable income as consumption is not determined by taxes.
6.
(d) All of these
Explanation: All of these
7.
(d) True.
Explanation: Value of APS is negative when consumption expenditure is greater than income. For example, if income = Rs.1000, consumption = 1200.
Then, saving = - 200. (negative saving)
 $APS = - 200/1000 = - 0.2$
8. (a) Compulsory or legal payment
Explanation: Compulsory or legal payment
9.
(d) Profit of a public sector undertaking
Explanation: Profit of a public sector undertaking is a revenue receipt because it does not create any corresponding liability for the government and does not cause any reduction in assets of the Government.
10.
(d) All of these
Explanation: All of these are revenue receipts because these are those money receipts which do not create a liability for the government and as well do not lead to a reduction in assets of the government.
11.
(c) Exchange rate is likely to rise
Explanation: Exchange rate is likely to rise

12.

(b) Both GNP_{FC} - Depreciation and NNP_{MP} - Net indirect taxes

Explanation: Both GNP_{FC} - Depreciation and NNP_{MP} - Net indirect taxes. NNP at FC can be calculated from GNP at FC as well as NNP at MP . For Gross to Net conversion, Depreciation is required and For MP to FC conversion, Net indirect taxes are required.

13.

(b) Retirement pensions

Explanation: Retirement pensions are like a deferred wage. These are related to factor services rendered by the recipients prior to their retirement.

14. **(a)** Rises

Explanation: Rises

15.

(c) stimulate investment by giving monetary and fiscal incentives

Explanation: stimulate investment by giving monetary and fiscal incentives

16. **(a)** Fraction of total deposits kept with banks

Explanation: CRR is the amount of total reserve that each commercial bank must reserve with the central bank.

17. **(a)** 3 times

Explanation: 3 times

18.

(c) All of these

Explanation: Capital account of BoP records all such transactions which impact either assets or liabilities of the country. All of the given components have either an impact on assets or liabilities of the country.

19. **(a)** Both when there is improvement in technology and growth of resources.

Explanation: There is a rightward shift in the PPC both when there is improvement in technology and growth of resources.

20.

(b) Yes

Explanation: When there is improve in technology of X commodity it will rotate to right and if there is degradation in technology of X it will rotate left, here we assume that techonolgy of Y remains constant.

21.

(c) How the mechanisms function

Explanation: Positive economics is the study of economics based on objective analysis. Most economists today focus on positive economic analysis, which uses what is and what has been occurring in an economy as the basis for any statement about the future.

22. **(a)** Indifference curve is concave to origin.

Explanation: Indifference curve is convex to origin.

23. **(a)** $\frac{MU_1}{P_1} = \frac{MU_2}{P_2}$

Explanation: $\frac{MU_1}{P_1} = \frac{MU_2}{P_2}$

The consumer strikes his equilibrium when he is in a state of equi marginal utility. This occurs when the last rupee spent by him yields equal marginal utility whether he spends it on good X or good Y.

24. (a) rightward shift in the market demand curve.

Explanation: There is a sudden change in climatic conditions resulting in hot weather. Assuming no change in the price of the cold drinks, it will lead to rightward shift in the market demand curve.

25.

- (b) a horizontal straight line

Explanation: A horizontal straight-line demand curve is known as a perfectly elastic demand curve. It shows that E_d is infinity.

26. (a) Protection and promotion of Britain

Explanation: Protection and promotion of Britain

27.

- (b) Rate of growth

Explanation: The real economic growth rate is expressed as a percentage that shows the rate of change for a country's GDP from one period to another, typically from one year to the next.

28. (a) $> 2\%$

Explanation: $> 2\%$ was India's growth of real output during the first half of the 20th century.

29.

- (c) Better health facilities

Explanation: Infant mortality refers to deaths of young children, typically those less than one year of age. Governments can reduce the mortality rates by addressing the combined need for education, nutrition, and access to basic maternal and infant health services.

30.

- (c) Industries started to get diversified

Explanation: Industries started to get diversified

31.

- (b) Privatisation

Explanation: Privatisation

32.

- (c) 2001

Explanation: 2001

33.

- (c) (ii) and (iii)

Explanation: (ii) and (iii)

34. (a) Absolute poverty

Explanation: Absolute poverty was defined as a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services.

35.

(c) Swarna Jayanti Shari Razgar Yajana

Explanation: Swarna Jayanti Shari Razgar Yajana

36. **(a)** Mahatma Gandhi

Explanation: Poverty, according to Mahatma Gandhi, is suffering which thousands of people are undergoing. Only a few sections of people in Indian society are free from this suffering. They in turn dominate the poorer section. So, unless and until the majority gets free from this cycle of poverty, India cannot be considered an independent country in the true sense.

37.

(d) Expenditure on Health

Explanation: Health and education are two integral aspects of human capital formation. It is only a healthy person who can contribute to society and the nation. Therefore expenditure on health is important to build and sustain a healthy nation.

38. **(a)** 6-14

Explanation: The Constitution of India was amended to provide free education to all children between the age groups of 6-14.

39.

(c) diversification of crops

Explanation: diversification of crops

40.

(d) Fruits, vegetable and flowers

Explanation: Horticulture crops include fruits, vegetables and flowers besides several others.

41.

(c) do not get social security benefits.

Explanation: do not get social security benefits.

42.

(d) Both Jobs generally require skills and a higher level of literacy and Lack of mobility among women in India due to social constraints.

Explanation: Both Jobs generally require skills and a higher level of literacy and Lack of mobility among women in India due to social constraints.

43. **(a)** International Labour Organisation

Explanation: International Labour Organisation

44. **(a)** Social

Explanation: It refers to the core elements of social change which serve as a foundation for the process of social development of a country. It contributes to the economic processes indirectly and from outside the system of production and distribution, e.g. educational institutions, hospitals, sanitary conditions and housing facilities, etc.

45. **(a)** Communication

Explanation: Communication is an example of economic infrastructure.

46.

(d) CPCB

Explanation: CPCB (Central pollution control board) investigates, collects and

disseminate information relating to water, air and land pollution, lays down standards of sewage/trade effluent and emissions.

47.

(d) 1974

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.

(b) Pakistan

Explanation: Pakistan has highest IMR among the given nations. Pakistan(65.1), India(30.1), China(20.2).

49.

(d) European Union

Explanation: India is not a member of the European Union. When European countries started to cooperate economically in 1951, only Belgium, Germany, France, Italy, Luxembourg and the Netherlands participated. Over time, more and more countries decided to join. The Union currently counts 27 EU countries. The United Kingdom withdrew from the European Union on 31 January 2020.

50.

(d) India

Explanation: With a population of more than 1.2 billion, India is the world's largest democracy.