CUET (UG)

Economics Sample Paper - 15

Solved

Time Allowed: 45 minutes

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 a	ny 40 questions	
1.	The goods which are ready to be used by	the producers, are called	[5]
	a) producer goods	b) final goods	
	c) consumer goods	d) Both final and producer goods	
2.	Which of the following constitute the rea Factor Cost?	son for difference between Market Prices and	[5]
	a) Subsidies	b) Indirect Taxes	
	c) Both Indirect Taxes and Subsidies	d) Direct Taxes	
3.	The narrow definition of money is not ba	sed on:	[5]
	a) Store of the value function	b) The liquid form of money	
	c) None of these	d) The medium of payment function	
4.	Money which is accepted as a medium of payer and the payee is called:	exchange because of the trust between the	[5]
	a) full-bodied money	b) fiduciary money	
	c) fiat money	d) credit money	
5.	If investment falls to zero, national incom	ne does not fall to zero because of:	[5]
	a) Autonomous Consumption	b) Multiplier	
	c) Autonomous investment	d) Induced investment	

Maximum Marks: 200

6.	6. Which of the following is not true about AD in a two-sector economy?		[5]
	a) AD curve has a positive slope	b) AD curve starts from some point above origin	
	c) AD = Consumption + Investment	d) AD = Consumption + Saving	
7.	Aggregate Demand is:		[5]
	a) not related to Income	b) negatively related to Income	
	c) always equal to Income	d) positively related to Income	
8.	Free distribution of LPG connection to Identify the Objective of Government H	b poor people is a sign of social justice . Budget from the above mentioned statement.	[5]
	a) Create equitable distribution of income	b) Promote Economic Growth	
	c) Management of public enterprises	d) Create fluctuation in revenue of the government	
9.	What objective Indian Government want Tax Policy?	ts to achieve through its Progressive Income	[5]
	a) Redistribution of Income	b) Reallocation of Resources	
	c) Economic Growth	d) Economic Stability	
10.	Tax is not a capital receipt as it does not	create liability for the government. It is:	[5]
	a) True	b) Can't say	
	c) Insufficient information	d) False	
11.	Point out the merit of the fixed exchange	e rate.	[5]
	a) Prevents capital outflow	b) None of these	
	c) Has no effect on capital outflow	d) Promotes capital outflow	
12.	Transfer payments are		[5]
	a) payments made to factors of production by an organiser	b) payments made for no return service	
	c) Paid for factor services from abroad		

	d) payments transferred from Central Government account to State Government account		
13.	Out of the following who are not residen	ts of India?	[5]
	A. Indians going abroad for medical treat	ment	
	B. Indians working permanently in the of York	ffice of the United Nations Organisation in New	
	C. Indians working in the Indian Embass	y in America	
	D. Indians working in a branch of an Am	erican Bank in India	
	a) Only A	b) Only C	
	c) Only D	d) Only B	
14.	is the change in stock of finish materials.	ned goods, semi-finished goods and raw	[5]
	a) Net Investment	b) Inventory Investment	
	c) Both Net Investment and Gross Investment	d) Gross Investment	
15.	If LRR is equal to 25%, what will be the	value of credit multiplier?	[5]
	a) 4	b) 6	
	c) 5	d) Can't be determined	
16.	The process of buying and selling of sect known as	urities by the Central Bank of a country is	[5]
	a) Open Market Operations	b) Cash Reserve Ratio	
	c) Margin Requirement	d) Statutory Liquidity Ratio	
17.	Increase in government expenditure wou	ld lead to an increase in	[5]
	a) AD	b) AS	
	c) CY	d) None of these	
18.	A component of capital account of balan	ce of payment is	[5]
	a) Change in Borrowings from abroad.	b) Change in foreign exchange reserves	

	c) Change in Borrowing and lending by the govt.	d) Change in lending to abroad.	
19.	Consumer behaviour is studied in:		[5]
	a) Micro Economics	b) Macro Economics	
	c) Income Theory	d) Employment theory	
20.	Which of the following is the cause of the	e economic problem?	[5]
	a) Unlimited wants	b) Frandiy of resources	
	c) All of these	d) Alternative uses	
21.	Any allocation of resources result in		[5]
	a) Production of goods and services	b) Wastage of resources	
	c) Inefficient utilization	d) Consumption of goods	
22.	The total utility divided by the number of	units consumed is known as?	[5]
	a) Average utility	b) Marginal utility	
	c) Total utility	d) None of above	
23.	Utility is measured in terms of?		[5]
	a) Gram	b) Centimeter	
	c) Seconds	d) Utils	
24.	Law of Demand is a:		[5]
	a) Both qualitative and quantitative statement	b) Quantitative Statement	
	c) Qualitative Statement	d) Numerical	
25.	What is the most likely effect of the devel and rental movies on the movie theater in	lopment of television, videocassette players, dustry?	[5]
	a) decreased costs of producing movies	b) increased demand for movie theater tickets	
	c) movie theater tickets become an inferior good	d) increased price elasticity of demand for movie theater tickets	

26.	Which one of the following was high dur	ing British rules in India?	[5]
	a) Life Expectancy	b) Infant Mortality Rate	
	c) Female literacy	d) Literacy Rate	
27.	During the British colonial rule, the vario quite encouraging. The overall literacy le	us social development indicators were not vel was	[5]
	a) About 7%	b) Less than 16%	
	c) About 1%	d) Less than 5%	
28.	refers to relative distribution of of economic activity	a country's workforce among various sectors	[5]
	a) Occupational structure	b) None of these	
	c) Demographic structure	d) Income structure	
29.	The Industrial policy resolution was adop	ted in	[5]
	a) 1956	b) 1957	
	c) 1954	d) 1955	
30.	Land reforms are concerned with		[5]
	a) To raise agriculture productivity	b) Related to ownership of land and land holdings	
	c) Both	d) None	
31.	Which of the following is not a feature of	privatisation?	[5]
	a) Denationalisation	b) Restrictions on the expansion of public sector	
	c) Disinvestment	d) Import liberalisation	
32.	Foreign exchange reforms was done by		[5]
	a) Both devaluating the rupee against foreign currency and determination of the exchange rate by the market forces	b) Devaluating the Rupee against foreign currency	

c) Introducing the	fixed exchange
rate system	

d) Determination of the exchange rate by the market forces

33.	The policy measure(s) taken to induce the period was/were a. Contraction in the role of public sector b. Policy of disinvestment was followed c. Both (a) and (b) d. None of these	spirit of privatisation during the reform	[5]
	a) Option (b)	b) Option (a)	
	c) Option (d)	d) Option (c)	
34.	When did the Planning Commission form poverty nationally?	a study group for the first time to estimate	[5]
	a) 1979	b) 1962	
	c) 2012	d) 1989	
35.	The scheme provides a healthy urban envi	ronment through community toilets:	[5]
	a) SGSY	b) VAMBAY	
	c) SJRY	d) AAY	
36.	According to Jail Cost of Living, poverty	line is estimated at:	[5]
	a) One third of adult jail cost of living	b) Two third of adult jail cost of living	
	c) One fourth of adult jail cost of living	d) Three fourth of adult jail cost of living	
37.	Which of the following is not the role of c	on-the-job training?	[5]
	a) Enhances productivity	b) Encourages innovation	
	c) Eradicates inequality	d) Promotes modern methods	
38.	What was the average youth literacy rate i	in 2015?	[5]
	a) 88%	b) 95.5%	
	c) 89.5%	d) 74%	

39.	revolution was the harbinger o diversification of the portfolio of rural cre (Choose the correct alternative to fill up t		[5]
	a) Blue	b) White	
	c) Silver	d) Green	
40.	The main objective for setting up a thrift a. enhance agricultural productivity by gr interest	and credit society in 1995 was to ranting loans to the farmers at a lower rate of	[5]
	b. act as a small savings bank for poor wec. act as a lender of last resort in terms ofd. All of these	omen with an objective to encourage savings providing loans to the farmers	
	a) Option (a)	b) Option (b)	
	c) Option (d)	d) Option (c)	
41.	Jobless growth leads to unemployment be (Choose the correct alternative to fill up t		[5]
	a) Growth rate is low	b) Labour refuses to migrate	
	c) Labour is very expensive	d) Growth is due to technological development	
42.	Who of the following is employed in info	ormal sector?	[5]
	a) A police constable	b) A private school teacher with 60 teachers	
	c) Driver of a Chartered Accountant	d) A private school teacher with 50 teachers	
43.	Seasonal unemployment occurs mainly in	1	[5]
	a) Banks	b) Agriculture	
	c) Private sector industry	d) Public sector industry	
44.	The type of structure which contributes in the system of production and distribution	ndirectly to the economic process from outside are known as:	[5]
	a) Social infrastructure	b) Technological infrastructure	
	c) Economic infrastructure	d) Political infrastructure	

45.	The state known as God's own country		[5]
	a) Kerala	b) Goa	
	c) Karnataka	d) Gujarat	
46.	Which of the following is a biotic element	ıt?	[5]
	a) Land	b) Air	
	c) Water	d) Forests	
47.	is not a cause for environmenta	al degradation.	[5]
	a) Deforestation	b) Waste management	
	c) Guarding green cover	d) Global warming	
48.	programme was started in Chin	na with the aim of industrialization.	[5]
	a) Great proletarian Cultural Revolution	b) One child policy	
	c) Great leap Forward	d) Commune farming	
49.	Proportion of people below poverty line i	s more in:	[5]
	a) India	b) Pakistan	
	c) USA	d) China	

50. Identify the correctly matched pair in Column A and Column B from the following:

[5]

Column A	Column B
(a) Population growth rate of India	(i) 3.9%
(b) Population growth rate of Pakistan	(ii) 2.5%
(c) Economic Reforms in India	(iii) 1995
(d) Economic Reforms in China	(iv) 1974

a) (d) - (iv) b) (a) - (i)

c) (b) - (ii) d) (c) - (iii)

Solutions

1. (d) Both final and producer goods **Explanation:** Both final and producer goods 2. (c) Both Indirect Taxes and Subsidies **Explanation:** Both Indirect Taxes and Subsidies 3. (a) Store of the value function Explanation: Narrow money is most liquid. So, is not stored. 4. (b) fiduciary money **Explanation:** fiduciary money 5. (a) Autonomous Consumption **Explanation:** Autonomous Consumption 6. (d) AD = Consumption + Saving**Explanation:** AD = Consumption + Saving 7. (d) positively related to Income Explanation: positively related to Income 8. (a) Create equitable distribution of income **Explanation:** Free distribution of LPG connection to poor people is a sign of social justice. Create equitable distribution of income is an Objective of Government Budget from the above mentioned statement. 9. (a) Redistribution of Income **Explanation:** Redistribution of Income

10. **(a)** True

Explanation: Tax is a revenue receipt as it neither creates a liability nor causes a reduction in assets of the government.

11. (a) Prevents capital outflow

Explanation: When foreign exchange rate is constant, the domestic investors cannot invest in foreign banks under speculative motive. So, capital would not move out of the domestic country.

12.

(b) payments made for no return service Explanation: payments made for no return service

13.

(d) Only B

Explanation: Indians working permanently in the office of the United Nations Organisation in New York because he exceeds the time period of 360 days in a year.

14.

(b) Inventory Investment

Explanation: Inventory Investment

15. **(a)** 4

Explanation: Money or credit multiplier = $\frac{1}{LRR}$

So, $\frac{1}{0.25} = 4$

- 16. (a) Open Market Operations Explanation: Open Market Operations
- 17. **(a)** AD

Explanation: Because of AD = C + I + G + (X - M). So, clearly AD is a function of G. 18.

(b) Change in foreign exchange reserves

Explanation: The foreign exchange reserves are the financial assets of the government held in the central bank. A change in reserves as the financing item in India's BOP. So, any withdrawal from the reserves is recorded on the positive (credit) side and any addition to these reserves is recorded on the negative (debit) side. It must be noted that 'change in reserves' is recorded in the BOP account and not 'reserves'.

19. (a) Micro Economics

Explanation: Consumer behaviour is studied in microeconomics.

20.

(c) All of these

Explanation: Frandity of resources, unlimited wants, and alternative uses are the causes of the economic problem.

21. (a) Production of goods and services

Explanation: Resource allocation arises as an issue because the resources of a society are in limited supply, whereas human wants are usually unlimited, and because any given resource can have many alternative uses.

22. (a) Average utility

Explanation: Average utility is nothing but utility derived by per unit of consumption.

23.

(d) Utils

Explanation: Measurement unit for utility is known as utils.

24.

(c) Qualitative Statement

Explanation: Law of Demand is a qualitative statement.

25.

(d) increased price elasticity of demand for movie theater tickets

Explanation: increased price elasticity of demand for movie theater tickets

26.

(b) Infant Mortality Rate

Explanation: Infant Mortality Rate

27.

(b) Less than 16%

Explanation: Less than 16%

28. (a) Occupational structure **Explanation:** This refers to the aggregate distribution of occupations in society, classified

according to skill level, economic function, or social status.

29. **(a)** 1956

Explanation: 1956

30.

(c) Both

Explanation: Land reforms refers to the statutory division of agricultural land and its reallocation to landless people. It focusses on increasing the agricultural productivity.

31.

(d) Import liberalisation

Explanation: Import liberalisation is not a feature of privatisation.

32. (a) Both devaluating the rupee against foreign currency and determination of the exchange rate by the market forces

Explanation: Both devaluating the rupee against foreign currency and determination of the exchange rate by the market forces

33.

(d) Option (c)

Explanation: Both contraction in the role of public sector and policy of disinvestment was followed

34.

(b) 1962

Explanation: In 1962, the Planning Commission constituted a study group to estimate poverty nationally, and it formulated separate poverty lines for rural and urban areas. The 1962 study group recommended that the national minimum for each household of five persons should be not less than Rs 100 per month for rural and Rs. 125 for urban at 1960-61 prices.

35.

(b) VAMBAY

Explanation: VAMBAY stands for "Valmiki Ambedkar Aawas Yojna". It is a central govt. sponsored programme for the slum dwellers living in different towns and cities all over the country. Also, it attempts to provide a healthy urban environment through community toilets under Nirmal Bharat Abhiyan, a component of the scheme.

36.

(d) Three fourth of adult jail cost of living

Explanation: Dadabhai Naroji was the first to discuss the concept of a poverty line. He used the menu for a prisoner and used appropriate prevailing prices to arrive at what may be called jail cost of living. However only adults stay in jail whereas in every society there are children too. He therefore adjusted this cost of living to arrive at a poverty line. For this adjustment he assumed that one third population consisted of children and half of them consumed very little while the other half consumed half of the adult diet. This is how he arrived at the factor of three fourths ; (1/6)nil + (1/6)half + (2/3)full = (3/4) full. The weighted average consumption of three segments gives the average poverty line which comes out to be three fourth of adult jail cost of living.

37. (a) Enhances productivity

Explanation: Enhances productivity is not the role of on-the-job training.

38.

(c) 89.5%

Explanation: 89.5% was the average youth literacy rate in 2015.

39.

(d) Green

Explanation: Green

40.

(b) Option (b)

Explanation: act as a small savings bank for poor women with an objective to encourage savings

41.

(d) Growth is due to technological development

Explanation: Growth is due to technological development

42.

(c) Driver of a Chartered Accountant

Explanation: Any worker outside public sector and private sector establishment is an informal worker like driver of chartered accountant.

43.

(b) Agriculture

Explanation: Agriculture

44. (a) Social infrastructure

Explanation: Social Infrastructure indirectly contributes to the economic development of a country both by increasing the productivity of the factors of production and improving the quality of life of its people.

45. **(a)** Kerala

Explanation: Kerala

46.

(d) Forests

Explanation: Living elements of the environment are biotic elements.

47.

(c) Guarding green cover

Explanation: Guarding green cover

48.

(c) Great leap Forward

Explanation: Great leap Forward

49. **(a)** India

Explanation: India

50.

(c) (b) - (ii)

Explanation: Population growth rate of Pakistan: 2.5%