

CUET (UG)
Economics Sample Paper - 15
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. 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 reason for difference between Market Prices and Factor Cost? **[5]**
 - a) Subsidies
 - b) Indirect Taxes
 - c) Both Indirect Taxes and Subsidies
 - d) Direct Taxes

3. The narrow definition of money is not based 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 exchange because of the trust between the payer and the payee is called: **[5]**
 - a) full-bodied money
 - b) fiduciary money
 - c) fiat money
 - d) credit money

5. If investment falls to zero, national income does not fall to zero because of: **[5]**
 - a) Autonomous Consumption
 - b) Multiplier
 - c) Autonomous investment
 - d) Induced investment

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) $AD = \text{Consumption} + \text{Investment}$ d) $AD = \text{Consumption} + \text{Saving}$
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 poor people is a sign of social justice.** Identify the **Objective of Government 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 wants to achieve through its Progressive Income Tax Policy? [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 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

- 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 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 development of television, videocassette players, and rental movies on the movie theater industry? [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

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) $AD = \text{Consumption} + \text{Saving}$
Explanation: $AD = \text{Consumption} + \text{Saving}$
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 serves 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: Scarcity 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 ; $(1/6)\text{nil} + (1/6)\text{half} + (2/3)\text{full} = (3/4)\text{full}$. 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%