

SAMPLE CONTENT

10 PRACTICE PAPER SET



IN ACCORDANCE WITH THE LATEST CUET (UG) PAPER CONDUCTED BY

CUET (UG)

Common University Entrance Test



ECONOMICS

Section - II
CODE: 309

Features:

- ▶ Created as per the syllabus prescribed by NTA
- ▶ Set of 10 full length Question Papers with Answers
- ▶ Includes solved CUET (UG) 2022 question paper
- ▶ Covers a variety of questions:
 - Passage / Case - Study Based Questions
 - Match the Columns
 - Statement Based Questions
 - Assertion and Reason

Target Publications® Pvt. Ltd.

10 PRACTICE PAPER SET

CUET (UG)

(Common University Entrance Test)

ECONOMICS / BUSINESS ECONOMICS

SALIENT FEATURES:

- ☞ Created as per the syllabus prescribed by NTA
- ☞ In accordance with the latest CUET (UG) Paper conducted by NTA
- ☞ Set of 10 full length Question Papers with Answers
- ☞ Exhaustive coverage of all types of questions based on the latest CUET (UG) question paper
- ☞ Detailed explanation provided in the form of hints wherever applicable
- ☞ Includes Question Paper of CUET (UG) 2022, 10th August (Shift - 2) along-with Answer Key

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PREFACE

The Common University Entrance Test, CUET (UG) is a crucial milestone for students as they progress towards their undergraduate education. It is the sole opportunity for them to gain admission into premier undergraduate institutions and courses after the completion of Class XII.

Target Publications, with more than a decade of experience and expertise in the domain of competitive examination, offers '**CUET (UG) 10 Practice Paper Set**' – Economics/Business Economics-for CUET (UG) aspirants, which is a meticulously designed book to assess the threshold of knowledge imbibed by students.

This book charts out a compilation of 10 Practice Papers aimed at students appearing for the CUET (UG) examination. Every question paper in this book has been created in line with syllabus prescribed by NTA for CUET (UG) Economics/Business Economics.

Each paper covers various question types (*Passage/Case-Study Based Questions, Match the Columns, Statement Based Questions, Assertion and Reasons*) based on CUET (UG) - 2022 question paper and touches upon all the conceptual nodes of Economics/Business Economics. The questions throughout this book are specifically curated by our expert authors with an astute attention to detail. The core objective of this book is to gauge the student's preparedness to appear for CUET (UG) examination.

To aid students, hints are provided for difficult questions. *Question paper of CUET (UG) 2022, 10th August (Shift - 2)* is provided along with hints to offer students a glimpse of the complexity of questions asked in entrance examination.

Apart from mastery on the subject content, we hope that this book will also help students to achieve objectives such as time-management and develop their ability to utilize the paper-pattern format (choice of questions to attempt) to their advantage in order to maximize their scores.

We hope that the book helps the learners as we have envisioned.

Publisher

Edition: First

The journey to create a complete book is strewn with triumphs, failures and near misses. If you think we've nearly missed something or want to applaud us for our triumphs, we'd love to hear from you.

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Disclaimer

This reference book is based on the CUET (UG) official syllabus prescribed by National Testing Agency (NTA). We the publishers are making this reference book which constitutes as fair use of textual contents which are transformed by adding and elaborating, with a view to simplify the same to enable the students to understand, memorize and reproduce the same in examinations.

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Syllabus for CUET (UG) - Economics/Business Economics

Unit I: Introduction to Microeconomics

- What is microeconomics?
- Central problems

Unit II: Consumer Behaviour and Demand

- **Consumer's Equilibrium:** meaning and attainment of equilibrium through Utility Approach: One and two commodity cases.
- **Demand:** market demand, determinants of demand, demand schedule, demand curve, movement along and shifts in the demand curve, price elasticity of demand, measurement of price elasticity of demand – percentage, total expenditure, and geometric methods

Introductory Macroeconomics

Unit III: National Income and Related Aggregates — Basic Concepts and Measurement

- Macroeconomics: meaning.
- Circular flow of income, concepts of GDP, GNP, NDP, NNP (at market price and factor cost).
- Measurement of National Income – Value Added method, Income method, and Expenditure method.

Unit IV: Determination of Income and Employment

- Aggregate demand, aggregate supply, and their components
- Propensity to consume and propensity to save (average and marginal)
- Meaning of involuntary unemployment and full employment
- Determination of income and employment: two-sector model
- Concept of investment multiplier and its working
- Problems of excess and deficient demand
- Measures to correct excess and deficient demand – availability of credit, change in government spending

Unit V: Money and Banking

- Money: meaning, evolution, and functions
- Central bank: meaning and functions
- Commercial banks: meaning and functions

Unit VI: Government Budget and the Economy

- Government budget – meaning and its components
- Objectives of government budget
- Classification of receipts – revenue and capital; classification of expenditure – revenue and capital, plan and non-plan, and developmental and non-developmental
- Balanced budget, surplus budget, and deficit budget: meaning and implications
- Revenue deficit, fiscal deficit, and primary deficit: meaning and implications; measures to contain different deficits.

Unit VII: Balance of Payments

- Foreign exchange rate – meaning (fixed and flexible), merits and demerits; determination through demand and supply
- Balance of payments accounts – meaning and components
- A brief analysis of recent exchange rate issues

INDIAN ECONOMIC DEVELOPMENT

Unit VIII: Development Experience (1947-90) and Economic Reforms since 1991

A brief introduction of the state of the Indian economy on the eve of independence. Indian economic system and common goals of Five year Plans.

Main features, problems and policies of agriculture (institutional aspects and new agricultural strategy), industry (IPR 1956; SSI – role & importance) and foreign trade.

Unit IX: Current challenges facing the Indian Economy

Poverty – absolute and relative; Main programmes for poverty alleviation: A critical assessment;
Human Capital Formation – How many people become resource; Role of human capital in economic development;

Rural development: Key issues – credit and marketing – role of cooperatives; agricultural diversification;

Employment: Growth and changes in work force participation rate in formal and informal sectors; problems and policies

Infrastructure: Meaning and Types: Cases Studies: Health: Problems and Policies – A critical assessment;

Sustainable Economic Development: Meaning, Effects of Economic Development on Resources and Environment, including global warming

Unit X: Development Experience of India

- A comparison with neighbours
- India and Pakistan
- India and China
- Issues: economic growth, population, sectoral development and other Human Development Indicators

Broad features of CUET (UG)

Mode of Examination: Computer Based Test (CBT) mode						
Sections	Subjects/ Tests	Questions to be Attempted	Marks per Question	Total Marks	Question Type	Duration
Section IA - Languages	There are 13 different languages. Any of these languages may be chosen.	40 questions out of 50 in each language	5	200	<ul style="list-style-type: none"> Language to be tested through Reading Comprehension based on different types of passages–Factual, Literary and Narrative, [Literary Aptitude and Vocabulary] MCQ Based Questions 	45 Minutes for each language
Section IB - Languages	There are 20 Languages. Any other language apart from those offered in Section I A may be chosen.					
Section II - Domain	There are 27 Domains specific Subjects being offered under this Section. A candidate may choose a maximum of Six Domains as desired by the applicable University/ Universities.	40 questions out of 50 in each subject	5	200	<ul style="list-style-type: none"> Input text can be used for MCQ Based Questions MCQs based on syllabus given on NTA website 	45 Minutes for each Domain Specific Subjects
Section III General Test	For any such undergraduate programme/ programmes being offered by Universities where a General Test is being used for admission.	60 questions out of 75	5	300	<ul style="list-style-type: none"> Input text can be used for MCQ Based Questions General Knowledge, Current Affairs, General Mental Ability, Numerical Ability, Quantitative Reasoning (Simple application of basic mathematical arithmetic/algebra geometry/mensuration /stat taught till Grade 8), Logical and Analytical Reasoning 	60 Minutes
Note: <ul style="list-style-type: none"> One mark will be deducted for a wrong answer. Unanswered/Marked for Review will be given no mark (0). 						

Candidates are advised to visit the NTA CUET (UG) official website <https://cuet.samarth.ac.in/> for the latest updates regarding the Examination.

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Time: 45 minutes

Total Marks: 200

Instructions:

- Each question carries 5 marks.
- No mark will be given to unanswered/marked for review questions.
- Negative marking of 1 mark for a wrong answer.

- The problem of 'How to Produce' is concerned with:
 - Distribution of goods and services among factors of production
 - Techniques to be used for producing different goods and services
 - Quantity of goods to be produced
 - All of the above
- If a 30% rise in the price of good X brings about a 60% fall in the quantity demanded, its elasticity of demand is:
 - Perfectly elastic
 - Elastic
 - Unitary elastic
 - Perfectly inelastic
- Private Final Consumption Expenditure (C) by households includes expenditure on:
 - Non-durable goods
 - Durable goods
 - Services
 - Taxes and subsidies
 - (i), (ii), (iii) and (iv)
 - (ii) and (iv)
 - (i), (ii) and (iii)
 - (iii) and (iv)
- From the following details, what will be the value of Gross Value Added at Market Price?

Sr. No.	Particulars	(₹ in lakhs)
i.	Depreciation	20
ii.	Domestic Sales	200
iii.	Change in Stocks	(-) 10
iv.	Exports	10
v.	Single use Producer Goods	120

- ₹ 200 lakh
 - ₹ 80 lakh
 - ₹ 320 lakh
 - ₹ 40 lakh
- Identify the incorrect pair.
 - National Income Committee – 1949
 - Financial year – 1st April to 31st March
 - Income method – National Income = Rent + Wages + Interest + Profit + Mixed income + Net Income from abroad
 - Expenditure method – National Income = Rent + Wages + Interest + Profit
 - (i)
 - (ii)
 - (iii)
 - (iv)

- Under the geometric method, as we move along a downward sloping linear line demand curve from left to right, the price elasticity of demand _____ .
 - Keeps on rising
 - Goes on falling
 - Remains unchanged
 - Becomes negative
- _____ is a kind of poverty in which a person lives in poverty, grows in poverty and dies in poverty.
 - Relative poverty
 - Chronic poverty
 - Churning poverty
 - Transient poverty
- Calculate sales from the following data:

Sr. No.	Contents	(₹ in lakhs)
i.	Subsidies	200
ii.	Opening Stock	100
iii.	Closing Stock	600
iv.	Intermediate Consumption	3,000
v.	Consumption of Fixed Capital	700
vi.	Profit	750
vii.	Net Value Added at Factor Cost	2,000

- ₹ 5,000 lakh
 - ₹ 5,500 lakh
 - ₹ 2,500 lakh
 - ₹ 3,000 lakh
- Which of the following is an example of a transfer payment?
 - Business Subsidies
 - Student Scholarship
 - Unemployment Allowance
 - All of the above
 - Calculate investment expenditure from the following data about an economy which is in equilibrium:

National Income = ₹ 1,000
 Marginal Propensity to Save = 0.25
 Autonomous consumption expenditure = ₹ 200

 - ₹ 2,000
 - ₹ 300
 - ₹ 250
 - ₹ 50



11. Calculate Marginal Propensity to Consume from the following data about an economy that is in equilibrium:

National Income = ₹ 1,500

Autonomous consumption expenditure = ₹ 300

Investment expenditure = ₹ 300

- (A) 0.6 (B) 0.4
(C) 0.8 (D) 0.5

12. Identify the correct sequence of alternatives given in Column II by matching them with the respective terms in Column I.

Column I		Column II	
(i)	Tariffs	(a)	Share of each sector in GDP.
(ii)	Quotas	(b)	Long-term plan for a period of 20 years.
(iii)	Sectoral Composition	(c)	Tax on imported goods.
(iv)	Perspective Plans	(d)	Restrictions on the quantity of goods imported.

- (A) (i) – (c), (ii) – (d), (iii) – (a), (iv) – (b)
(B) (i) – (c), (ii) – (d), (iii) – (b), (iv) – (a)
(C) (i) – (d), (ii) – (c), (iii) – (a), (iv) – (b)
(D) (i) – (a), (ii) – (d), (iii) – (c), (iv) – (b)

13. _____ + _____ = 1

- (A) Marginal propensity to consume, Marginal propensity to save
(B) Average propensity to save, Average propensity to consume
(C) Autonomous Investment, Average propensity to save
(D) Marginal propensity to consume, Autonomous Investment

14. Which of the following is or are features of capital goods?

- (A) Capital goods are tangible assets of the organisation.
(B) Capital goods are used in the manufacturing process for a long term.
(C) Capital goods increase the production capacity of goods and services.
(D) All of the above

15. Find the average propensity to consume, when national income is ₹ 30 crores and savings are ₹ 8 crores.

- (A) 3.75 (B) 0.2
(C) 0.7 (D) 0.5

16. Read the following statements and choose the correct alternative from the following:

Statement 1: Higher the value of MPS, lower the investment multiplier.

Statement 2: Lower the value of MPC, lower the investment multiplier.

- (A) Both the statements are true
(B) Both the statements are false
(C) Statement 1 is true and Statement 2 is false
(D) Statement 1 is false and Statement 2 is true

17. Which bank has the authority to print currency?

- (A) Central Bank
(B) Commercial Bank
(C) Cooperative Bank
(D) Scheduled Bank

18. Identify the correct sequence of alternatives given in Column II by matching them with respective terms in Column I.

Column I		Column II	
(i)	Accept deposits	(a)	Central Bank
(ii)	Lender of last resort	(b)	Qualitative instrument
(iii)	Margin requirements	(c)	Quantitative instrument
(iv)	Statutory Liquidity Ratio (SLR)	(d)	Commercial Bank

- (A) (d) → (a) → (b) → (c)
(B) (c) → (a) → (b) → (d)
(C) (d) → (b) → (a) → (c)
(D) (d) → (c) → (b) → (a)

19. **Assertion (A):** The reserve ratio and credit creation power of commercial banks are directly related.

Reason (R): Credit creation is the product of the reciprocal of Reserve Ratio (RR) and primary deposit.

- (A) Assertion (A) is true, but Reasoning (R) is false.
(B) Assertion (A) is false, but Reasoning (R) is true.
(C) Both Assertion (A) and Reasoning (R) are true and Reasoning (R) is the correct explanation of Assertion (A).
(D) Both Assertion (A) and Reasoning (R) are true and Reasoning (R) is not the correct explanation of Assertion (A).

20. The money backed by order or authority of the government that does not have intrinsic value like gold and silver coins is called:

- (A) Legal tender money
(B) Credit money
(C) High powered money
(D) Fiduciary money

21. Rajan's monthly income is ₹ 30,000 while Arvind's monthly income is ₹ 40,000. In this case Rajan is _____ poor to Arvind.

- (A) Relatively
(B) Absolutely
(C) Officially
(D) All of the above



22. Calculate National Income from the following:

Sr. No.	Contents	(₹ in arab)
i.	Net Current Transfers to Abroad (-)	15
ii.	Private Final Consumption Expenditure	600
iii.	Subsidies	20
iv.	Government Final Consumption Expenditure	100
v.	Indirect Tax	120
vi.	Net Imports	20
vii.	Consumption of Fixed Capital	35
viii.	Net Change in Stocks	10
ix.	Net Factor Income to Abroad	5
x.	Net Domestic Capital Formation	110

- (A) ₹ 960 arab (B) ₹ 840 arab
(C) ₹ 700 arab (D) ₹ 685 arab

23. Choose the appropriate alternative after reading the following statement.

Statement 1: Mahatma Gandhi National Rural Employment Guarantee Scheme Act was passed in October 2005.

Statement 2: Provision of at least 100 days of work that provides a guaranteed wage in a financial year.

- (A) Both are correct
(B) Both are incorrect
(C) Statement 1 is correct and statement 2 is incorrect
(D) Statement 1 is incorrect and statement 2 is correct

24. **Assertion (A):** There is an inverse relationship between the value of the investment multiplier and the marginal propensity to consume.

Reasoning (R): Saving is a leakage in the circular flow of income. The greater the savings, the greater the leakage, and the lower the value of the investment multiplier.

- (A) Assertion (A) is true, but Reasoning (R) is false.
(B) Assertion (A) is false, but Reasoning (R) is true.
(C) Both Assertion (A) and Reasoning (R) are true and Reasoning (R) is the correct explanation of Assertion (A).
(D) Both Assertion (A) and Reasoning (R) are true and Reasoning (R) is not the correct explanation of Assertion (A)

25. What is the desired amount of government spending on education, according to the Education Commission?

- (A) 4% of GDP (B) 6% of GDP
(C) 8% of GDP (D) 10% of GDP

Read the following text and answer the given questions from 26 to 30.

Budgetary deficits must be covered by taxes, borrowing, or printing money. Government debt is the result of governments' heavy reliance on borrowing. The debt will grow if the government borrows money each year because interest payments would rise. Also, when the government borrows money from the public, the private sector's savings are reduced. Growth and capital formation are slowed by this. Future generations will be burdened more by these loans because they must be repaid.

26. Budgetary deficits can be financed by:

- (A) Taxation (B) Borrowings
(C) Printing money (D) All of these

27. Which of the following is not a reason for the increase in the budget deficit in India?

- (A) Increased government subsidies
(B) Increase in tax rates
(C) Increased spending on programmes like social security, Medicare, or military spending
(D) Low gross domestic product

28. Interest paid on government borrowings is shown as _____ in the government budget.

- (A) Capital expenditure
(B) Revenue expenditure
(C) Capital receipt
(D) Revenue receipt

29. Out of the following, which is or are types of budget deficit?

- (A) Fiscal deficit (B) Revenue deficit
(C) Primary deficit (D) All of the above

30. **Assertion (A):** Growth and capital formation are reduced by the government's borrowing from the public.

Reason (R): When the government borrows money from the public, the private sector's savings are reduced.

- (A) Assertion (A) is true, but Reasoning (R) is false.
(B) Assertion (A) is false, but Reasoning (R) is true.
(C) Both Assertion (A) and Reasoning (R) are true and Reasoning (R) is the correct explanation of Assertion (A).
(D) Both Assertion (A) and Reasoning (R) are true and Reasoning (R) is not the correct explanation of Assertion (A).



31. Other things remaining the same, when in a country the market price of foreign currency falls, national income is likely _____.
- (A) To rise
(B) To fall
(C) To be negative
(D) To remain unaffected
32. _____ is a system in which the Central Bank allows the exchange rate to be determined by market forces but intervenes at times to influence the rate.
- (A) Fixed exchange rate
(B) Managed floating exchange rate
(C) Floating exchange rate
(D) Free exchange rate
33. Foreign exchange transactions dependent on other foreign exchange transactions are called:
- (A) Current account transactions
(B) Capital account transactions
(C) Autonomous transactions
(D) Accommodating transactions
34. **Assertion (A):** The government makes direct investments in public sector organisations to improve the rate of investment.
Reason (R): The government's investment encourages private sector investment.
- (A) Assertion (A) is true, but Reasoning (R) is false.
(B) Assertion (A) is false, but Reasoning (R) is true.
(C) Both Assertion (A) and Reasoning (R) are true and Reasoning (R) is the correct explanation of Assertion (A).
(D) Both Assertion (A) and Reasoning (R) are true and Reasoning (R) is not the correct explanation of Assertion (A).
35. The government's expenditures that result in the production of tangible and intangible assets as well as the reduction of liabilities are known as:
- (A) Capital budget
(B) Capital receipts
(C) Capital expenditure
(D) Revenue budget
36. Which of the following is true regarding globalization?
- I. It involves the creation of networks and activities transcending economic, social and geographical boundaries.
II. Outsourcing is one of the important outcomes of the globalisation process.
- (A) Both the statements are true
(B) Both the statements are false
(C) Statement I is true and Statement II is false
(D) Statement I is false and Statement II is true
37. Which of the following is known as "liberalisation" in the economy?
- (A) Removal of barriers or restrictions set by the government.
(B) Customs duty hike
(C) Raising the price of goods for consumers.
(D) Creating new opportunities for public sector companies so that they perform better than the private sector.
38. What were the reasons for introducing the economic reforms in 1991?
- (A) The Gulf War
(B) The negative balance of payments
(C) Increase in the fiscal deficit
(D) All of the above
39. To solve the balance of payment crisis in 1991, the Indian rupee was _____ against foreign currencies.
- (A) Appreciated
(B) Depreciated
(C) Revalued
(D) Devalued
40. Which of the following statement is correct about the NITI Aayog?
- (A) NITI Aayog was formed on January 25, 2016.
(B) NITI Aayog comes under the Ministry of Commerce and Industry.
(C) The full name of NITI Aayog is National Institute for Transforming India.
(D) The NITI Aayog is a policy think tank of the Government of India.
41. Read the following statement carefully and choose the correct alternative.
Statement I: Agricultural productivity was very low during British rule.
Statement II: In absolute terms, there was growth in the agricultural sector due to the expansion of the aggregate area under cultivation.
- (A) Both the statements are true.
(B) Both the statements are false.
(C) Statement I is true and Statement II is false.
(D) Statement I is false and Statement II is true
42. The name of the money issued by the government's authority is:
- (A) Full bodied money
(B) Credit Money
(C) Fiat Money
(D) Fiduciary Money



43. Which of the following statements is against globalisation?
- (A) It will improve allocative efficiency of resources
 - (B) It will redistribute economic power
 - (C) It will impose tariff barriers among nations
 - (D) It will provide updated technology

44. Match the following items in Column A to those in Column B and choose the correctly matched pair:

	Column A		Column B
(i)	First Five Year Plan - India	(a)	1953
(ii)	First Five Year Plan - China	(b)	1951
(iii)	First Five Year Plan - Pakistan	(c)	1956

- (A) (i) – (b), (ii) – (c) and (iii) – (a)
- (B) (i) – (b), (ii) – (a) and (iii) – (c)
- (C) (i) – (c), (ii) – (a) and (iii) – (b)
- (D) (i) – (a), (ii) – (b) and (iii) – (c)

45. Gini Index is related to:
- (A) Income inequality
 - (B) Infant mortality rate
 - (C) Health
 - (D) Education

Read the following text and answer the given questions from 46 to 50.

Education expenditure climbed from 7.92 to 15.7 percent of total government expenditure between 1952 and 2014, and from 0.64 to 4.13 percent of GDP. The increase in education spending over this time period has not been consistent, with unpredictable rises and falls. If we add in the private costs borne by people and charitable organisations, the total cost of education should be significantly greater. The majority of total education spending goes towards elementary education, whereas the least amount goes towards higher or tertiary education (colleges, universities, and polytechnic institutes). The public spending on basic education per person in the states varied greatly in 2014 – 15, ranging from ₹ 34,651 in Himachal Pradesh to ₹ 4,088 in Bihar.

46. How education expenditure as percentage of total government expenditure is related to the percentage of GDP?
- (A) Education expenditure as a percentage of total government expenditure is directly proportional to GDP.
 - (B) Education expenditure as a percentage of total government expenditure is inversely proportional to GDP.

- (C) There is no relation between education expenditure as a percentage of total government expenditure and GDP.
- (D) There is both a direct and inverse relation between education expenditure as a percentage of total government expenditure and GDP.

47. Which of the following is or are the institutes of elementary education?
- (A) College
 - (B) University
 - (C) Polytechnic Institute
 - (D) School

48. According to the new education policy 2020, what is the full form of ECCE?
- (A) Early childhood care and education
 - (B) Elementary childhood coaching and education
 - (C) Elementary classes coaching and education
 - (D) Education for core coaching in elementary school

49. As per the RTE Act of 2009, how many teachers will be provided in a school with classes ranging from 1 to 5 and a total of 62 students?

- (A) One
- (B) Two
- (C) Three
- (D) Four

50. Which of the following constitutes the major share of total education expenditure?

- (A) Elementary education
- (B) Advanced education
- (C) Tertiary education
- (D) Higher education

Page no. **6 to 49** are purposely left blank.

To see complete chapter buy **Target Notes**

Practice Paper – 01

1. (B) 2. (B)
3. (C)
4. (B)
 Gross Value Added at Market Price (GVA_{MP})
 = Domestic Sales + Exports + Change in Stock
 – Single Use Producer Goods
 = $200 + 10 + (-10) - 120$
 $\therefore GVA_{MP} = ₹ 80$ lakh
5. (D) 6. (B)
7. (B)
8. (A)
 Gross Value Added at Market Price (GVA_{MP})
 = Value of Output – Intermediate Consumption
 or
 $GVA_{MP} =$ Net Value Added at Factor Cost
 (NVA_{FC}) – Subsidies + Consumption of Fixed
 Capital
 $GVA_{MP} = 2,000 - 200 + 700 = ₹ 2,500$ lakh
 $GVA_{MP} =$ Sales + Change in Stock
 – Intermediate Consumption
 $2,500 =$ Sales + $(600 - 100) - 3,000$
 Sales = $2,500 + 3,000 - 500 = 5,500 - 500$
 = $5,000$
 \therefore Sales = ₹ $5,000$ lakh
9. (D)
10. (D)
 $Y = ₹ 1,000$, $MPS = 0.25$, $\bar{C} = 200$
 MPC or $b = 1 - MPS = 1 - 0.25 = 0.75$
 $C = \bar{C} + bY$, $C = 200 + 0.75 \times 1,000$, $C = 950$
 We know, $Y = C + I$, $1,000 = 950 + I$,
 $I = 1,000 - 950 = ₹ 50$
11. (A)
 $Y = ₹ 1,500$, $\bar{C} = 300$, $I = 300$
 $Y = C + I$ or $C = Y - I = 1,500 - 300 = 1,200$,
 $b = MPC$, $C = \bar{C} + bY$, $1,200 = 300 + 1,500b$
 MPC or $b = \frac{900}{1,500} = 0.6$
 \therefore $MPC = 0.6$
12. (A) 13. (A)
14. (D)
15. (C)
 $APC = C / DI$.
 Where,
 $APC =$ average propensity to consume
 $C =$ consumption expenditures
 $DI =$ disposable income

- Consumption = Income – Saving
 = ₹ $30 - 8$
 = ₹ 22 Crores.
 $APC = 22/30$
 = 0.733
 Therefore, $APC = 0.7$
16. (A)
17. (A)
 Central Bank is legally permitted to print money
 on behalf of the government.
18. (A) 19. (B)
20. (A) 21. (A)
22. (D)
 National Income (NNP_{FC}) = Private Final
 Consumption Expenditure + Government Final
 Consumption Expenditure + Net Domestic
 Capital Formation – Net Imports – Net Indirect
 Tax – Net Factor Income to Abroad
 = $600 + 100 + 110 - 20 - (120 - 20) - 5$
 = $810 - 125 = ₹ 685$ arab
23. (D) 24. (B)
25. (B) 26. (D)
27. (B) 28. (B)
29. (D) 30. (C)
31. (B) 32. (B)
33. (D) 34. (C)
35. (C) 36. (A)
37. (A) 38. (D)
39. (D) 40. (D)
41. (C) 42. (C)
43. (C) 44. (B)
45. (A) 46. (A)
47. (D) 48. (A)
49. (C)
 According to the RTE Act of 2009, every
 primary school has a pupil-teacher ratio of 30:1,
 meaning there is one teacher teaching to a total
 of 30 students. Whenever there are more than
 30 students admitted, the student-teacher ratio is
 60:2. For classes with more than 60 pupils, three
 teachers will be employed.
50. (A)

**Practice Paper – 02**

1. (B) 2. (C)
 3. (C) 4. (B)
 5. (B) 6. (B)
 7. (A)

Net Value Added at Factor Cost (NVA_{FC})
 = Sales + Unsold Stock – Single Use Producer
 Goods – Depreciation – Goods and Services
 Tax = 20 + 2 – 5 – 1 – 1

NVA_{FC} = ₹ 15 lakh

Here, Depreciation

$$= \frac{\text{Durable Producer Goods}}{\text{Life Span}} = \frac{10}{10} = 1$$

8. (C) 9. (C)
 10. (B) 11. (C)
 12. (A)

Given,

$I = 100$, $Y = ₹ 1,200$, $MPS = 0.20$

MPC or $b = 1 - MPS$

$$= 1 - 0.20$$

$$= 0.80$$

$Y = C + I$, or $C = Y - I = 1,200 - 100 = 1,100$

$C = \bar{C} + bY$

$$1,100 = \bar{C} + 0.80 \times 1,200$$

$$\bar{C} = 1,100 - 960 = ₹ 140$$

- ∴ Autonomous consumption expenditure
 (\bar{C}) = ₹ 140

13. (A)
 Here, $Y = ₹ 600$, $\bar{C} = ₹ 150$, MPC or $b = 0.70$
 We know that,
 $Y = C + S$ or $Y - C = S$ or $S = 600 - (\bar{C} + bY)$
 $= 600 - (150 + 0.7 \times 600) = 600 - (150 + 420)$
 $= 600 - 570$
 $= ₹ 30$
 As, $I = S = ₹ 30$ (Equilibrium level of income)
 Hence, Investment = ₹ 30

14. (B) 15. (A)
 16. (A) 17. (A)
 18. (A) 19. (D)
 20. (B) 21. (C)
 22. (C)
 23. (C)

Net Value Added at Factor Cost (NVA_{FC})
 = Sale of wheat by the farmer in the local
 market + Procurement of wheat by the
 government from the farmer + Consumption of
 wheat by the farming family during the year
 + Subsidy – Expenditure on the maintenance of
 existing capital stock
 $= 6,800 + 200 + 50 + 20 - 100 = ₹ 6,970$ crore

24. (D) 25. (A)

26. (B)
 Tax revenue = Corporation Tax + Income Tax +
 Customs + Union Excise Duties + Goods and
 Service Tax

27. (B) 28. (C)

29. (C)
 Primary Deficit = Fiscal Deficit – Interest
 Payments.
 ₹ 35,000 crores = Fiscal Deficit – ₹ 5,000 crores.
 Fiscal Deficit = ₹ 35,000 + 5,000 crores
 = ₹ 40,000 crores.

30. (A) 31. (A)

32. (B)
 Legal reserve requirement = 25% or 0.25
 Money multiplier = $1/0.25 = 4$
 Initial deposits = Total deposit/ Money multiplier
 $100 = \text{Total Deposit}/4$
 Total Deposit = 100×4
 Total Deposit = ₹ 400

33. (D) 34. (C)

35. (D) 36. (C)

37. (C) 38. (C)

39. (C)
 40. (A)
 Given, $Y = ₹ 1,000$,
 $MPS = 0.20$, $\bar{C} = ₹ 100$, $I = ?$
 b or $MPC = 1 - MPS = 1 - 0.20 = 0.80$
 $Y = C + I$
 or $Y = \bar{C} + bY + I$
 $1,000 = 100 + 0.80 \times 1,000 + I$
 $I = 1,000 - 900$, $I = ₹ 100$

41. (A) 42. (D)

43. (A) 44. (C)

45. (A) 46. (D)

47. (D) 48. (B)

49. (C) 50. (B)

Practice Paper – 03

1. (B) 2. (D)

3. (A) 4. (B)

5. (B)
 $Y = ₹ 300$ Crores
 $C = 40 + 0.3Y$
 $= 40 + 0.3 \times 300$
 $= 40 + 90$
 $C = ₹ 130$
 Saving = Income – Consumption
 $= 300 - 130$
 Saving = ₹ 170 crores.

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CUET UG - 2022 Question Paper

10th August 2022 (Shift - 2)

1. Economic variables such as 'National Income' and 'profits' can be classified under which of the following heads?

- (A) Stock concept (B) Flow concept
(C) Depreciation (D) Final goods

2. Elasticity of demand is constant and equal to 1 at every point on the demand curve. The shape of such a demand curve would be:

- (A) Horizontal straight line
(B) Vertical straight line
(C) Downward sloping curve
(D) Rectangular hyperbola

3. Name the architect of Indian Planning:

- (A) William Digby
(B) P.C. Mahalanobis
(C) V.K.R.V. Rao
(D) Dadabhai Naoroji

4. Which of the following is **not** included in Human Development Indicators?

- (A) Women Empowerment
(B) Infant Mortality rate
(C) Access to basic sanitation
(D) Gross National Income per capita

5. Which of the following statements are **incorrect**?

- (i) Circular flow of income does not take place in a closed economy.
(ii) Real flow consists of flow of factor services from households to firms.
(iii) In a two-sector economy, total production is always equal to total consumption.
(iv) Money flow consists of flow of factor payments from households to firms.

Choose the correct answer from the options given below:

- (A) (i) and (ii) only
(B) (i), (ii) and (iii) only
(C) (i) and (iv) only
(D) (iii) and (iv) only

6. Identify the correct statements regarding money supply

- (i) Money supply is a stock concept.
(ii) Money supply is a flow concept.
(iii) Money supply is the currency (cash and coins) with the public and demand deposit in banks.
(iv) Money supply is the currency held with banks.
(v) Money supply is the concept of real flow.

Choose the correct answer from the options given below:

- (A) (i) and (iii) only
(B) (i) and (iv) only
(C) (ii) and (v) only
(D) (iii) and (iv) only

7. Given the following set of data calculate equilibrium income.

$$C = 100 + 0.8 y.$$

$$\text{Investment} = ₹ 260 \text{ Cr.}$$

- (A) ₹ 1,500 Cr (B) ₹ 2,300 Cr
(C) ₹ 2,200 Cr (D) ₹ 1,800 Cr

8. Suppose a country only produces bread. In the year 2000 it had produced 100 units of bread, price was ₹ 10 per bread. In 2001, the same country produced 110 units of bread at price was ₹ 15 per bread. In 2001, the nominal and real GDP are: (base year is 2000)

- (A) ₹ 1,550 and ₹ 1,000
(B) ₹ 1,400 and ₹ 2,000
(C) ₹ 1,650 and ₹ 1,100
(D) ₹ 1,500 and ₹ 1,000

9. Identify the quantitative tools used by RBI to control money supply.

- (i) Moral Suasion
(ii) Bank Rate
(iii) Cash Reserve Ratio
(iv) Open Market Operations
(v) Margin requirement

Choose the correct answer from the options given below:

- (A) (i) only
(B) (ii), (iii) and (iv) only
(C) (ii) and (iii) only
(D) (i) (iv) and (v) only

10. Match List – I with List – II.

	List-I		List-II
	(Event)		(Year)
i.	Planning Commission	a.	1948
ii.	First Phase of Green Revolution	b.	1955
iii.	Karve Committee	c.	1950
iv.	First Industrial Policy Resolution	d.	Mid 1960 - 1970



Choose the correct answer from the options given below:

- (A) (i) – (c), (ii) – (d), (iii) – (b), (iv) – (a)
 (B) (i) – (c), (ii) – (a), (iii) – (b), (iv) – (d)
 (C) (i) – (a), (ii) – (d), (iii) – (c), (iv) – (b)
 (D) (i) – (c), (ii) – (b), (iii) – (d), (iv) – (a)

11. '₹ 48,000 cr is allotted for PM Awas Yojana in this years budget'.

Identify the government objective fulfilled from the statement above.

- (A) Economy stability
 (B) Redistribution of income
 (C) Reallocation of resources
 (D) Reducing regional disparities

12. If the reserve ratio is 10% and the initial deposit with the commercial banks are ₹ 450 cr, the total money creation by the banking system will be:

- (A) ₹ 4,000 Cr (B) ₹ 5,000 Cr
 (C) ₹ 3,500 Cr (D) ₹ 4,500 Cr

13. Which of the following is considered as an intermediate good?

- (A) Mobile purchased by a student
 (B) Car purchased by a household
 (C) Seeds and fertilizers purchased by a farmer
 (D) Vegetables purchased by households

14. Match List – I with List – II.

	List-I		List-II
	(Financial Terms)		(Examples)
i.	Monetary Base	a.	Loans extended by banks
ii.	Assets	b.	Reserve Bank of India
iii.	Liabilities	c.	Currency
iv.	Credit control	d.	Deposits accepted by the banks

Choose the **correct** answer from the options given below:

- (A) (i) – (a), (ii) – (b), (iii) – (c), (iv) – (d)
 (B) (i) – (c), (ii) – (a), (iii) – (d), (iv) – (b)
 (C) (i) – (b), (ii) – (d), (iii) – (a), (iv) – (c)
 (D) (i) – (d), (ii) – (c), (iii) – (b), (iv) – (a)

15. Which one of the following is the apex body to coordinate the activities of all institutions involved in the rural financing system?

- (A) NABARD (National Bank for Agriculture and Rural Development)
 (B) NSSO (National Sample Survey Organisation)
 (C) SEBI (Securities and Exchange Board of India)
 (D) RBI (Reserve Bank of India)

16. Infrastructure is divided into two categories:

- (A) Primary and Secondary
 (B) Commercial and Social
 (C) Service and Industry
 (D) Social and Economic

17. What would be the value of investment multiplier if MPC = MPS?

- (A) 4 (B) 3 (C) 2 (D) 1

18. Which of the following is a function of RBI?

- (A) Accepting deposits from general public
 (B) Giving loans to general public
 (C) Banker to the government
 (D) Credit creation

19. If MPC = 0.75, autonomous consumption = 100 crore, then find the level of consumption at income level = 8,000 crore:

- (A) 7,000 crores (B) 6,100 crores
 (C) 6,900 crores (D) 7,100 crores

20. Re-arrange the following in chronological order of their occurrence.

- (i) Establishment of People's Republic of China.
 (ii) Great Proletarian Cultural Revolution
 (iii) First Five Year Plan of Pakistan.
 (iv) First Five Year Plan of India.
 (v) Economic Reforms of Pakistan.

Choose the **correct** answer from the options given below:

- (A) (i), (ii), (iii), (iv), (v)
 (B) (i), (iii), (iv), (ii), (v)
 (C) (i), (ii), (iv), (iii), (v)
 (D) (i), (iv), (iii), (ii), (v)

21. Which of the following is **not** a function of the Central Bank?

- (A) Bank rate
 (B) Open market operation
 (C) Lender of last resort
 (D) Deficit financing

22. If tea and coffee can be used in place of one another, then which of the following statements hold true?

- (i) Increase in price of tea leads to decrease in demand for coffee.
 (ii) Increase in price of tea leads to increase in demand for coffee.
 (iii) Tea and coffee are substitute goods.
 (iv) Decrease in price of tea leads to increase in price of coffee.
 (v) Tea and Coffee are complimentary goods.

Choose the **correct** answer from the options given below:

- (A) (i) and (v) only
 (B) (ii) and (v) only
 (C) (iii) and (iv) only
 (D) (ii) and (iii) only

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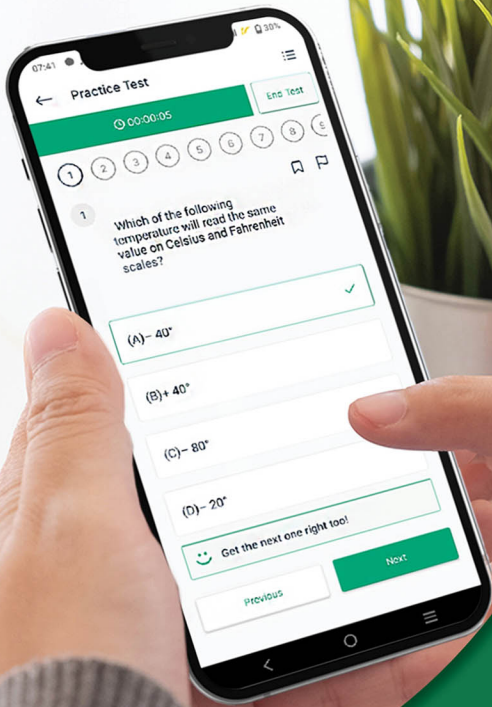
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CUET UG - 2022

10th August 2022 (Shift - 2)

Solution

1. (B) Flow concept
Stock is defined as a variable that is measured at a particular point in time whereas flow is defined as a variable which is measurable over a period of time.
2. (D) Rectangular hyperbola
3. (B) P.C. Mahalanobis
4. (A) Women Empowerment
5. (C) (i) and (iv) only
Circular flow of income takes place even in a closed economy.
Money flow consists of flow of factor payments from firms to households.
6. (A) (i) and (iii) only
7. (D) ₹ 1,800 Cr
 $AS = AD$
 $Y = C + I$
 $Y = 100 + 0.8 Y + 260$
 $Y - 0.8 Y = 100 + 260$
 $0.2 Y = 360$
 $Y = 360 / 0.2$
 $= ₹ 1,800$
8. (C) ₹ 1,650 and ₹ 1,100
Nominal gross domestic product is GDP that is evaluated at the present market prices. Real GDP is an inflation-adjusted calculation that analyses the rate of all commodities and services manufactured in a country for a fixed year.
9. (B) (ii), (iii) and (iv) only
10. (A) (i) – (c), (ii) – (d), (iii) – (b), (iv) – (a)
11. (B) Redistribution of income
12. (D) ₹ 4,500 Cr
Given: Cash reserve ratio = 10%
Primary deposit = ₹ 450 crores
Total deposit = $(1 / \text{cash reserve ratio}) \times \text{primary deposit}$
 $= (1/10\%) \times 450 \text{ crores}$
 $= (100/10) \times 450 \text{ crores}$
 $= 10 \times 450 \text{ crores}$
 $= ₹ 4,500 \text{ crores}$
13. (C) Seeds and fertilizers purchased by a farmer.
14. (B) (i) – (c), (ii) – (a), (iii) – (d), (iv) – (b)
15. (A) NABARD (National Bank for Agriculture and Rural Development)
16. (D) Social and Economic
17. (C) 2
18. (C) Banker to the government
19. (B) 6,100 crores
 $Y = ₹ 8,000 \text{ crore}, \bar{C} = 100 \text{ crore},$
 $b = \text{MPC}, C = \bar{C} + bY,$
 $b = \text{MPC}, C = 100 + 0.75 \times 8,000$
 $C = 100 + 6,000$
 $C = ₹ 6,100 \text{ crore}$
20. (B) (i), (iii), (iv), (ii), (v)
21. (D) Deficit financing
22. (D) (ii) and (iii) only
23. (B) 100 Cr, 70 Cr
The question has been modified by adding a question at the end of the statement:
What will be the value of ex-ante and ex-post goods?
24. (D) 2%
25. (A) (ii), (iv), (v) only
26. (B) Fall in propensity to consume
27. (C) Reverse Repo Rate
28. (C) (i) – (b), (ii) – (c), (iii) – (d), (iv) – (a)
29. (D) Agriculture
30. (B) (i) and (iii) only
31. (C) To increase taxation
32. (D) (i), (ii), (iv), (v) only
33. (A) Santu, who works on the farm of Sohan as he doesn't own land of his own.
34. (C) Revaluation
35. (B) (i) – (b), (ii) – (c), (iii) – (d), (iv) – (a)
36. (B) Consumption is positive when income is zero



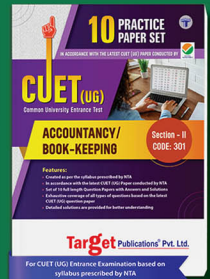
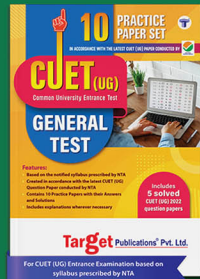
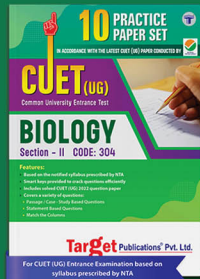
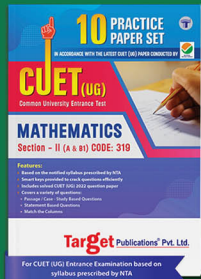
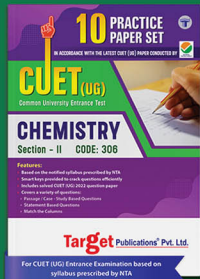
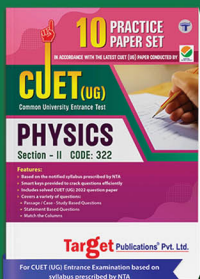
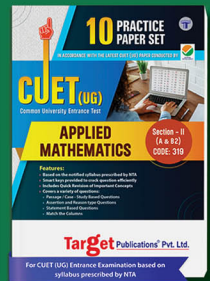
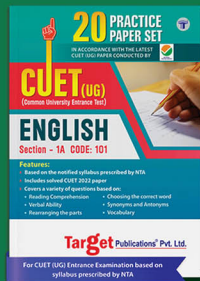
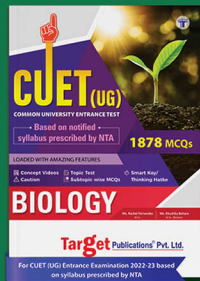
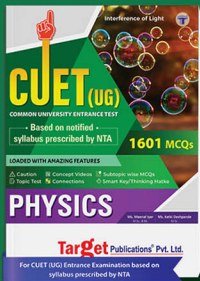
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