

# CUET (UG) Examination Paper 2024

National Testing Agency

ECONOMICS

Section II

**SOLVED**

Time Allowed: 45 Minutes

Maximum Marks : 200

## General Instructions:

- (i) This paper consists of 50 MCQs, attempt any 40 out of 50.
- (ii) Correct answer or the most appropriate answer: Five marks (+5).
- (iii) Any incorrect option marked will be given minus one mark (-1).
- (iv) Unanswered/Marked for Review will be given no mark (0).
- (v) If more than one option is found to be correct then Five marks (+5) will be awarded to only those who have marked any of the correct options.
- (vi) If all options are found to be correct then Five marks (+5) will be awarded to all those who have attempted the question.
- (vii) If none of the options is found correct or a Question is found to be wrong or a Question is dropped then all candidates who have appeared will be given five marks (+5).
- (viii) Calculator / any electronic gadgets are not permitted.

1. During festive season, the currency deposit ratio \_\_\_\_\_.

- (1) decreases
- (2) increases
- (3) has no impact on it
- (4) first decreases then increases

Ans. Option (2) is correct.

**Explanation:** The currency deposit ratio (CDR) can be referred to as the ratio of money kept by the public in the form of currency divided by money held in bank deposits. There is inverse relationship between the currency deposit ratio and the money supply. During the festive season, CDR increases because people keep more cash with themselves and convert it from deposits for meeting extra expenditure during such periods.

2. Match List-I with List-II

List-I	List-II
(A) Great Leap Forward	(I) Protecting the future generation
(B) Mao Zedong	(II) Aimed at industrialising the country on a massive scale
(C) Brundtland Commission	(III) Introduced the Great Proletarian Cultural Revolution
(D) Our Common Future	(IV) Seminal Report that explained sustainable development as meeting the basic needs of all for a better life

Choose the correct answer from the options given below:

- (1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
- (2) (A)-(II), (B)-(III), (C)-(I), D-IV
- (3) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)
- (4) (A)-(III), (B)-(IV), (C)-(I), D-II

Ans. Option (2) is correct.

**Explanation:** The Great Leap Forward campaign was started by Mao in 1958 so as to convert agricultural based economy into the industrialised economy. Mao Zedong in the year 1965 introduced the great proletarian cultural revolution wherein students and professionals were allowed to work and start learning from the countryside. Our common future is also called as the Brundtland report and it was published in October 1987 by the United Nations. Also, our common future focused on the seminal report that explained the sustainable development as meeting the basic necessities of life for all the people to enjoy a better life. The main purpose of sustainable development is to not only provide for future generation but also for present generation without compromising on the needs of future generations.

3. Second phase of Green Revolution is termed from :

- (1) mid 1960s to mid 1970s
- (2) mid 1970s to mid 1980s
- (3) mid 1950s to mid 1960s
- (4) mid 1980s to mid 1990s

Ans. Option (2) is correct.

**Explanation:** Green revolution can be referred to as when the food grains production increased to a large extent. Green revolution in India occurred in two phases. The first phase started from mid 60s till mid 70s. And the second phase started from mid 70s till mid 80s where in the benefit of HYV technology was spread to a very large number of States and it reached to benefit more different type of crops.

4. During 1980s, the growth rate in Pakistan improved on account of which of the following reasons?
- (1) Institutionalised process of technical change
  - (2) A good harvest
  - (3) Sustainable export of manufactured goods
  - (4) High amount of foreign direct investment inflow

Ans. Option (4) is correct.

**Explanation:** During the 1980s there was an invasion of Afghanistan by the USSR, due to which the foreign aid and investment increased drastically in Pakistan, which helped in the increase in the growth rate of Pakistan.

5. When there is unexpected rise in the sales \_\_\_\_.
- (1) Aggregate demand would decline.
  - (2) There will be unplanned accumulation of inventories.
  - (3) There will be unplanned decumulation of inventories.
  - (4) Normal profit would be lower.

Ans. Option (4) is correct.

**Explanation:** Due to unexpected rise in the sales or output, the sales will be met with the inventories that are stocked in the economy, resulting in decumulation of inventories.

6. European Monetary Union was created in \_\_\_\_.
- (1) 1996
  - (2) 1994
  - (3) 1999
  - (4) 2002

Ans. Option (3) is correct.

**Explanation:** The European monetary union (EMU) was created in the year 1999. The main objective was to coordinate monetary policies and to strengthen the economic convergence of the countries. Their main focus was the Economic Cooperation of the member countries of the European Union.

7. Identify the correct statement in the context of Circular Flow of Income in a two sector economy:
- (1) Household receives factor services from firms.
  - (2) Household invests while firm saves.
  - (3) Firms produce goods and services.
  - (4) Household supplies factor services to Government.

Ans. Option (3) is correct.

**Explanation:** In a two-sector economy in which households and firms are the two sectors and there is no government and foreign sector. In this, households provide factor services to firms and in return firms provide goods and services to the households. This is called real flow. Households receive factor income in the form of rent, wages, interest and profit by providing factor services and firms, on the other hand, receive consumption expenditure made by households on the goods and services produced by firms.

8. Identify the correct set of statements.
- (A) Ex Ante Saving represents what is actually planned to save.

- (B) Ex Post Saving represents what is actually planned to save.
- (C) Ex Post Saving depicts what has actually happened.
- (D) Ex Ante Post Saving represents what is actually saved.

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

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

Ans. Option (2) is correct.

**Explanation:** Saving is that fraction of income which is not spent on consumption of goods and services. Ex Ante Saving or Planned Saving can be referred to as total amount of saving which is saved at various levels of income by the households. Ex-post Saving or Actual saving can be referred to as the actual amount of saving made during a year in an economy.

9. Match List-I with List-II:

List-I (Elements)	List-II (Features)
(A) Annual Financial Statement	(I) Create liabilities or reduce financial assets
(B) Capital Receipts	(II) Trade surplus
(C) Capital Payment	(III) Main budget document
(D) Export > Import	(IV) Create financial assets or reduce liabilities

Choose the correct answer from the options given below:

- (1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
- (2) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)
- (3) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)
- (4) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

Ans. Option (2) is correct.

**Explanation:** Budget is the document which shows the financial statement of the economy for a year. Capital receipts either cause increase in liability or a reduction in assets and are not incurred in regular intervals. Capital payments or capital expenditure can be referred to as expenditure which either leads to creation of assets or reduction in liability. When exports are more than imports then it creates trade surplus because foreign exchange received from exports is greater than foreign exchange paid for imports.

**Read the following passage and answer the next five questions:**

In our quest to increase agricultural production during last five decades or so, we almost totally neglected the use of compost and completely switched over to chemical fertilisers. The result

is that large tracts of productive land have been adversely affected, water bodies including ground water system have suffered due to chemical contamination, and demand for irrigation has been going up years after year. Farmers, in large numbers all over the country, have again started using compost made from organic wastes of different types. In certain parts of the country, cattle are maintained only because they produce dung which is an important fertiliser and soil conditioner.

Earthworms can convert organic matter into compost faster than the normal composting process. This process is now being widely used. Indirectly, the civic authorities are benefitted too as they have to dispose reduced quantity of waste.

**10.** How is civic authority getting benefitted due to biocomposting?

- (1) They have to dispose increased quantity of waste.
- (2) They don't have to dispose any waste.
- (3) Because civic authority has no role in waste management.
- (4) They have to dispose reduced quantity of waste.

**Ans. Option (4) is correct.**

**Explanation:** As per the passage civic authorities are benefitted due to biocomposting as they have to dispose reduced quantity of wastes, as the wastes are mostly used as compost by the farmers.

**11.** Choose the correct statement concerned with the passage:

- (1) Earthworm takes equal time to convert organic matter into compost with respect to normal composting process.
- (2) Earthworm takes more time to convert organic matter into compost with respect to normal composting process.
- (3) Earthworm takes less time to convert organic matter into compost with respect to normal composting process.
- (4) Comparison between earthworm based composting and normal composting cannot be made

**Ans. Option (3) is correct.**

**Explanation:** As per the passage, the earthworms compost the organic matter faster than the normal composting process.

**12.** Water bodies including ground water system have suffered due to:

- (1) Biocomposting
- (2) Chemical contamination and increased demand for irrigation
- (3) Organic farming
- (4) Increased fertility of land

**Ans. Option (2) is correct.**

**Explanation:** Due to the use of harmful chemicals in the chemical pesticides and fertilisers and excessive use of ground water for irrigation, the ground water system has depleted.

**13.** In certain parts of the country, cattle are maintained only because they \_\_\_\_.

- (1) Produce milk to increase income of farmers
- (2) Produce dung which is an important fertiliser and soil conditioner
- (3) Work as insect repellents
- (4) Are a symbol of traditional ethics and values

**Ans. Option (2) is correct.**

**Explanation:** In certain parts of the country, cattle are maintained only because they produce dung which is very useful and important fertiliser and soil conditioner as it increases the richness of soil and improves the quality of soil for growing crops.

**14.** What should be the suitable title for the above passage ?

- (1) Biocomposting
- (2) Biopest Control
- (3) Traditional Knowledge and Practice
- (4) Uses of Chemical Fertilisers

**Ans. Option (1) is correct.**

**Explanation:** The above passage talks about the benefits of biocomposting and its increasing use in India instead of using chemical fertilisers which are depleting the land. Thus, 'Biocomposting' will be the best title for the above passage.

**Read the following passage and answer the next five questions:**

India had an independent economy before the advent of the British rule. Though agriculture was the main source of livelihood for most people, yet, the country's economy was characterised by various kinds of manufacturing activities. India was particularly well known for its handicraft industries in the fields of cotton and silk textiles, metal and precious stone works, etc. These products enjoyed a worldwide market based on the reputation of the fine quality of material used and the high standards of craftsmanship seen in all imports from India. The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of the Indian economy. Such policies brought about a fundamental change in the structure of the Indian economy — transforming the country into a supplier of raw materials and consumer of finished industrial products from Britain. Obviously, the colonial government never made any sincere attempt to estimate India's national and per capita income. Some individual attempts

which were made to measure such incomes yielded conflicting and inconsistent results. Among the notable estimators — Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai — it was Rao, whose estimates during the colonial period were considered very significant. However, most studies did find that the country's growth of aggregate real output during the first half of the twentieth century was less than two per cent coupled with a meagre half per cent growth in per capita output per year.

**15.** Before the British rule, India was well known for which manufacturing industries' products ?

- (1) Cotton and Silk or Khadi textiles
- (2) Cotton and Engineering products
- (3) Cotton and Silk textiles, metal and precious stones, etc.
- (4) Engineering goods and precious metals

**Ans. Option (3) is correct.**

*Explanation:* Before the British rule came to India, India was an independent economy. Although, the major source of livelihood for most people was agriculture, still manufacturing activities also dominated the Indian economy and these manufacturing activities products include cotton and silk textiles, metal and precious stones, etc.

**16.** What kind of interests was the colonial government concerned with in the economic policy for Indian industries?

- (1) To promote the handicraft industries of India
- (2) Promote and protect small scale industries of India
- (3) Protect and promote the economic interests of Indian along with their home country.
- (4) Provide protection and promotion of the economic interests of their home country.

**Ans. Option (4) is correct.**

*Explanation:* The colonial government was never interested in the development of India, rather they systematically destroyed the Indian industries making India a raw material hub for the industries in Britain and selling the finished goods in the Indian markets at a higher price.

**17.** Choose the economists who estimated India's National Income and Per Capita Income.

- (1) Dadabhai Naoroji, William Digby, Bernier, V.K.R.V Rao and R.C. Desai
- (2) Dadabhai Naoroji, William Digby, Findlay Shhiras, V.K.R V. Rao and R.C. Desai
- (3) Dadabhai Naoroji, Jagdish Bhagwati, V.K.R.V Rao and R.C. Desai
- (4) Dadabhai Naoroji, Findlay Shrirras and V.K.R.V Rao

**Ans. Option (2) is correct.**

*Explanation:* As per the passage, Dadabhai Naoroji, William Digby, Findlay Shriras, V.K.R.V. Rao and R.C. Desai made estimates of national income, and among them Rao's estimates were considered very significant.

**18.** What was the country's growth of aggregate real output during the first half of the 20<sup>th</sup> century?

- (1) The country's growth of aggregate real output was less than two percent coupled with a meagre one percent growth in per capita output per year.
- (2) The country's growth of aggregate real output was less than two percent coupled with a meagre one and a half percent growth in per capita output per year.
- (3) The country's growth of aggregate real output was less than two and a half per cent coupled with a meagre half percent growth in per capita output per year.
- (4) The country's growth of aggregate real output was less than two per cent coupled with a meagre half per cent growth in per capita output per year.

**Ans. Option (4) is correct.**

*Explanation:* As per the article, many studies estimate that the country's growth of aggregate real output during the first half of the 20th century which was less than 2% along with 0.5% growth in per capita output per year.

**19.** According to the passage, which of the following statements was true about Indian industries' products?

- (1) Indian products were of inferior quality and cheap in the worldwide market.
- (2) Indian products were promoted by the colonial government and competed with other countries' markets also.
- (3) Indian products enjoyed a worldwide market based on quality of material used and the high standard of craftsmanship.
- (4) Indian products' raw material for primary goods was imported from the other countries and it helped to increase export.

**Ans. Option (3) is correct.**

*Explanation:* As per the passage, the products made by Indian people enjoyed the worldwide market due to the quality of raw materials used and higher standard of craftsmanship involved in it.

**20.** \_\_\_\_ is a market where economic agents can freely exchange their endowments with each other.

- (1) Market economy
- (2) Centrally planned economy
- (3) Aggregate demand based economy
- (4) Aggregate supply based economy

**Ans. Option (1) is correct.**





- (2) (A), (B) and (C) only  
 (3) (A), (B), (C) and (D)  
 (4) (B), (C) and (D) only

**Ans. Option (4) is correct.**

**Explanation:** Statement (D) is incorrect as store of value is the secondary function of money. The medium of exchange and measure of value are the primary functions of money.

**26.** Rearrange the given statements in proper chronological sequence in an ascending order (earliest to latest):

- (A) General theory of Employment, Interest and Money by Keynes.  
 (B) Mahalanobis was made a fellow of Britain's Royal Society.  
 (C) An Inquiry into the Nature and Cause of the Wealth of Nations by Adam Smith.  
 (D) The Economic Consequences of the Peace by Keynes.

Choose the correct answer from the options given below:

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

**Ans. Option (1) is correct.**

**Explanation:** Adam Smith's text "The Wealth of Nations" having the full title, "An Inquiry into the Nature and Causes of Wealth of Nations." The economic consequences of the peace, a book written by John Maynard Keynes, was published in 1919. 'The General Theory of Employment, Interest and Money', by Keynes was published in 1936. Mahalanobis was elected the Fellow of the Royal Society of London in 1945.

**27.** If there is no government and no foreign trade, then:

- (1)  $G = T = M = X > 1$   
 (2)  $G = T = M = X = 1$   
 (3)  $G = T = M = X = 0$   
 (4)  $G = T = M = X < 1$

**Ans. Option (3) is correct.**

**Explanation:** When there is no government and no foreign trade, government expenditure (G), taxes (T), imports (M) and exports (X) all are equal to zero.

**28.** The value of Nominal GDP is \$ 1100 and the value of Real GDP is \$ 1000. Find the value of GDP deflator.

- (1) 0.9                              (2) 1.1  
 (3) 1                                (4) 0.8

**Ans. Option (2) is correct.**

**Explanation:**

$$\begin{aligned} \text{GDP deflator} &= \frac{\text{Nominal GDP}}{\text{Real GDP}} \\ &= \frac{1100}{1000} \\ \text{GDP deflator} &= 1.1 \end{aligned}$$

**29.** Identify the correct statements:

- (A) Stocks are defined over a period of time.  
 (B) Flows are defined over a period of time.  
 (C) Flows are defined at a particular point of time.  
 (D) Stocks are defined at a particular point of time.  
 (E)  $\text{GVA at factor costs} + \text{Indirect Taxes} - \text{Subsidies} = \text{GVA at market prices}.$

Choose the correct answer from the options given below:

- (1) (A), (C) and (E) only  
 (2) (B), (C) and (D) only  
 (3) (B), (D) and (E) only  
 (4) (C), (D) and (E) only

**Ans. Option (3) is correct.**

**Explanation:** Stock: Stock is a quantity measurable at a particular "point of time", e.g., wealth, assets, money, inventory, etc. A stock variable is nothing but an accumulated sum of flows.

Flow: Flow is a quantity that can be measured over a specific "period of time", e.g., national income, change in stock, etc.

GVA at MP is a gross market value of all final goods and services measured at market price and includes taxes net of subsidies whereas GVA at FC can be referred to as value of all final goods and services measure at factor cost or at the price of factors of production.

$\text{GVA at MP} = \text{GVA at FC} + \text{Indirect taxes} - \text{Subsidies}$

**30.** If the supply of final goods is assumed to be infinitely elastic at constant price over a short period of time, Aggregate output is determined solely by the value of Aggregate demand. This is called \_\_\_\_ Principle.

- (1) Aggregate supply  
 (2) Aggregate demand  
 (3) Effective demand  
 (4) Perfectly inelastic demand

**Ans. Option (3) is correct.**

**Explanation:** In the short-run, if the prices of final goods are fixed and we want to derive aggregate demand, then elasticity of supply is assumed to be infinite, i.e., sellers supply the amount demanded by the consumers at the given constant price. Hence, if aggregate supply (or AS) is constant, then only aggregate demand decides the equilibrium. This is called as effective demand principle.

**31.** Nominal Interest Rate = \_\_\_\_.

- (1) Real Interest Rate  $\times$  Inflation Rate  
 (2) Real Interest Rate  $-$  Inflation rate  
 (3) Real Interest Rate / Inflation rate  
 (4) Real Interest Rate  $+$  Inflation rate

**Ans. Option (4) is correct.**

**Explanation:** Unlike the nominal rate, the real interest rate takes the inflation rate into account. The equation that links nominal and real interest rates can be approximated as nominal rate = real interest rate + inflation rate, or nominal rate – inflation rate = real interest rate.

32. Value of MPS (Marginal Propensity to Save) is increased from 0.4 to 0.5. What would be the impact on Multiplier?

- (1) The size of the multiplier would be increased.
- (2) The size of the multiplier would remain same.
- (3) Value of multiplier is undetermined with the given information.
- (4) The size of the multiplier would be decreased.

Ans. Option (4) is correct.

**Explanation:** The investment multiplier and marginal propensity to save are inversely proportional to each other. As in the question the MPS increases, the multiplier will decrease.

33. Paradox of Thrift means:

- (1) If all people of the economy increase the proportion of income they save, the total value of investment in the economy will not increase, it will either decline or remain unchanged.
- (2) If all the people of the economy increase the proportion of income they spend, the total value of savings in the economy will not increase, it will either decline or remain unchanged.
- (3) If all the people of the economy decrease the proportion of income they save, the total value of savings in the economy will not increase, it will either decline or remain unchanged.
- (4) If all the people of the economy increase the proportion of income they save, the total value of savings in the economy will not increase, it will either decline or remain unchanged.

Ans. Option (1) is correct.

**Explanation:** The paradox of thrift states that if all people in the economy increase the savings, the total savings in the economy will increase. This leads to the fall in the consumption expenditure in the economy. As a result, the producers will lose the incentives to produce more, reducing the investment expenditure in the economy or it remains the same.

34. \_\_\_\_\_ depicts what has actually happened.

- (1) Ex-Ante
- (2) Ex-Post
- (3) Constant
- (4) Variable

Ans. Option (2) is correct.

**Explanation:** Ex-post can be referred to as actual and not planned. For example, ex-post saving, ex-post investment, etc.

35. If the Value of Investment Multiplier is 5 and the increased income is ₹ 800 crore in an economy, then find the value of change in the investment in the economy.

- (1) ₹ 4000 crore
- (2) ₹ 120 crore
- (3) ₹ 400 crore
- (4) ₹ 160 crore

Ans. Option (4) is correct.

**Explanation:**

$$K = \frac{\Delta Y}{\Delta I}$$

$$K = 5, \Delta Y = ₹ 800 \text{ crore}, \Delta I = ?$$

$$\text{Hence, } 5 = \frac{800}{\Delta I}$$

$$\Delta I = \frac{800}{5}$$

$$\Delta I = ₹ 160 \text{ crore}$$

Hence, change in the investment in the economy is ₹ 160 crore.

36. Which of the following statements are true ?

- (A) Quantitative tools control the extent of money supply by changing the CRR.
- (B) There are two types of open market operations outright and upright.
- (C) A fall in the bank rate can decrease the money supply.
- (D) Selling of a bond by RBI leads to reduction in quantity of reserves.
- (E) The RBI can influence money supply by changing the rate at which it gives loan to the commercial banks.

Choose the correct answer from the options given below:

- (1) (A), (C) and (D) only
- (2) (A), (B) and (D) only
- (3) (B), (D) and (E) only
- (4) (A), (D) and (E) only

Ans. Option (4) is correct.

**Explanation:** Statement A is correct because when the CRR is increased, the money supply decreases, and when the CRR is decreased, the money supply increases. Statement B is false because the two types of open market operations are Outright and Repurchase. Statement C is false because when the central bank reduces the bank rate, the money supply increases. Statement D is correct as when the RBI sells the government bonds the reserves with the general public decreases that is the money supply decreases. Statement E is correct because when RBI increases the Repo rate, that is the rate at which the RBI gives loans to the commercial banks, the money supply decreases as the commercial banks will not take much loan from the RBI, and vice versa.

37. Match List-I with List-II

List-I	List-II
(A) Bank Rate	(I) Securities are pledged in order to repurchase
(B) Marginal Standing Facility	(II) Minimum rate at which funds are provided for long term

(C) Repo Rate	(III) Also known as Penal Interest Rate
(D) Reverse Repo Rate	(IV) Central Bank borrows funds from commercial banks

Choose the correct answer from the options given below:

- (1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
- (2) (A)-(II), (B)-(III), (C)-(I), (D)-(IV)
- (3) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)
- (4) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

Ans. Option (2) is correct.

**Explanation:** Bank rate is the rate at which the central bank provides loan to the commercial bank as a lender of last resort. Thus, it is provided at a minimum rate of interest for a long period of time. Marginal Standing Facility is a scheme of penal rate, where the commercial bank can take loans from the RBI in case of emergency when the inter-bank liquidity dries up, that is the funds are completely exhausted. Repo rate is the rate at which the commercial banks take loans from the central bank. Reverse repo rate is the rate at which the commercial bank either deposits its fund or gives loan to the central bank.

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

- (1) It controls the money supply in the economy through different rates.
- (2) It acts as a banker to the government.
- (3) It accepts deposits and gives loans to people.
- (4) It issues the currency of the country.

Ans. Option (3) is correct.

**Explanation:** The commercial bank, not the central bank, accepts deposits from the general public or gives loans to them.

39. Article 112 deals with:

- (1) Consolidated Fund of India
- (2) Public Account
- (3) Union Budget
- (4) Contingency Fund

Ans. Option (3) is correct.

**Explanation:** A budget is a financial statement showing the expected receipts and expenditures of government for the coming fiscal or financial year. It is a constitutional requirement in India (Article 112).

40. All those elements which create liability and decrease the assets of government are known as:

- (1) Capital Receipts      (2) Capital Payments
- (3) Revenue Receipts      (4) Revenue Payments

Ans. Option (1) is correct.

**Explanation:** Capital receipts lead to either rise in liability of the government or fall in assets of the government. Capital receipts are not regular in nature and are also not recurring by nature.

41. Arrange the following elements in correct chronological sequence (earliest to latest):

- (A) Smithsonian Agreement
- (B) Bretton Woods Conference
- (C) Establishment of WTO
- (D) Gold Standard

Choose the correct answer from the options given below:

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

Ans. Option (2) is correct.

**Explanation:** Gold Standards is the old form of monetary exchange by governments which was stopped worldwide in 1973 due to the Bretten Woods Conference and was conducted during the first world war. Bretten Woods Conference took place between 1<sup>st</sup> July 1944 and 22<sup>nd</sup> July 1944. Smithsonian Agreement was announced in December 1971. The World Trade Organisation, WTO, was established on 1<sup>st</sup> January 1995.

42. Under flexible exchange rate, when the price of domestic currency in terms of foreign currency increases, it is called \_\_\_\_.

- (1) Depreciation of domestic currency
- (2) Appreciation of domestic currency
- (3) Devaluation of domestic currency
- (4) Revaluation of domestic currency

Ans. Option (2) is correct.

**Explanation:** In currency appreciation, there is a rise in the value of domestic currency in terms of foreign currency due to change in demand and supply of the currency under flexible exchange rate system.

43. Match List-I with List-II.

List-I	List-II
(A) Pegged exchange rate system	(I) Setting up of IMF and World Bank
(B) Managed floating	(II) Fixed exchange rate system
(C) Bretton Woods Conference	(III) Dirty floating
(D) Third element in BOP	(IV) Error and Omission Account

Choose the correct answer from the options given below:

- (1) (A)-(II), (B)-(I), (C)-(III), (D)-(IV)
- (2) (A)-(II), (B)-(III), (C)-(I), (D)-(IV)
- (3) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)
- (4) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

Ans. Option (2) is correct.



**Explanation:** Fixed exchange rate can be referred to as system in which government fixes the exchange rate for a currency. It is also called as pegged exchange rate system because, in this system, the value of one currency is fixed to the value of another currency.

**Managed floating exchange rate system** can be referred to as when the market forces decide the foreign exchange rate, and the exchange rate is influenced by central bank in the foreign exchange market. It is also called as **dirty floating**.

**Bretton Woods Conference** was started in 1944 and it established IMF (International Monetary Fund) and International Bank for Reconstruction and Development (IBRD) also known as World Bank.

The third element in **BOP (Balance of Payment Account)** is the error and omission account and it is calculated as the difference between the sum of the current and capital account in a given period.

44. Casualisation of workforce would result in :

- (1) Decrease in the vulnerability of the workforce.
- (2) Increase in the vulnerability of the workforce.
- (3) Increase in the number of regular workers.
- (4) Income and employment stability.

Ans. Option (2) is the correct.

**Explanation:** Casualisation of workforce refers to the process of movement of workforce from self-employed and regular salaried employment to casual wage workforce. Casualisation of workforce increases the vulnerability of the workforce in terms of social security of the workers.

45. Choose the correct chronological sequence in ascending order (earliest to latest):

- (1) Establishment of NABARD
- (2) FRBMA (Fiscal Responsibility and Budget Management Act)
- (3) Third Five Year Plan
- (4) Nationalisation of RBI

Choose the correct answer from the options given below :

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

Ans. Option (4) is correct.

**Explanation:** NABARD (National Bank For Agriculture and Rural Development) is India's apex development bank which was established in 1982 for the betterment of sustainable and equitable agriculture and rural development.

**FRBMA** is an Act which reduced India's fiscal deficit, improved macroeconomic management and institutionalised financial discipline.

The **Third Five Year Plan** focussed on the improvement in the wheat production in the agriculture sector.

The **Nationalisation of RBI** took place in 1949 in which ownership was given to the central government.

46. \_\_\_\_ implies that resource extraction is not above the rate of regeneration of resources and the wastes generated are within the assimilating capacity of the environment.

- (1) Absorptive capacity
- (2) Carrying capacity
- (3) Subsistence capacity
- (4) Exhaustive capacity

Ans. Option (2) is correct.

**Explanation:** Carrying capacity of the environment refers to the condition where the extraction of resources from the environment should remain below the rate of regeneration of resources. Also, waste generated or accumulated in the economy should remain below the absorptive capacity of the environment.

47. Government of India enacted the Right to Education Act in 2009 to make free education a Fundamental Right of all children in the age group of \_\_\_\_ years.

- (1) 4–10
- (2) 6–12
- (3) 6–14
- (4) 8–15

Ans. Option (3) is correct.

**Explanation:** The Government of India in the year 2009 enacted the **Right to Education Act** and made free and compulsory education of children a fundamental right of all children in the age group of 6–14 years.

48. Following are the sources of electricity generation in India. Arrange them in correct sequence on the basis of total power generation capacity (higher to lower) :

- (A) Nuclear
- (B) Thermal
- (C) New and renewable energy
- (D) Hydro

Choose the correct answer from the options given below :

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

Ans. Option (3) is correct.

**Explanation:** Thermal power refers to the generation of power from coal oil and natural gas. It contributes 67% of total power generation capacity. Renewable resources of energy can be referred to as energy derived from unlimited and replenished resources such as sun, wind, etc. It contributes about 17.30% of total power generation capacity in India. Hydroelectric power can be referred to as when generation of power takes place from waters of fast flowing rivers. It accounts for 13.60% of power generation. Nuclear source of energy can be referred to as generation of power from radioactive elements like uranium, thorium and plutonium. It accounts for 2.10% of power generation in India.

49. Arrange the following items in correct sequence :

- (A) Competition Act      (B) FEMA  
(C) FERA                      (D) MRTP

Choose the correct answer from the options given below:

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

Ans. Option (3) is correct.

**Explanation:** The **Monopolies and Restrictive Trade Practices (MRTPs) Act** was passed in the year **1969** to take into account so that economic power does not remain in the hands of a few wealthy individuals. To prevent monopolistic and restrictive business practices, this Act was passed and it covered whole of India except Jammu and Kashmir. **Foreign Exchange Regulation Act (FERA)** was enacted in the year **1974**. It came into effect so that when financial transactions can be governed which involve the foreign exchange and securities. **Foreign Exchange Management Act** came into effect in the year **1999**. Its main focus was to promote external trade and to develop and maintain the Indian foreign exchange market. The **Competition Act** was enacted by the Parliament of India in the year **2002** and its main purpose was to protect the market from adverse effects of malfunctioning.

50. The Great Leap Forward (GLF) campaign was initiated in \_\_\_\_\_ .

- (1) 1948                      (2) 1938  
(3) 1958                      (4) 1942

Ans. Option (3) is correct.

**Explanation:** The Great Leap Forward (GLP) campaign was started in 1958 by Mao for the modernisation of the economy of China. Mao made an effort to modernise its economy by following the process of rapid industrialisation. Earlier it was agriculture based economy and during this programme, industries were allowed to be opened up in the peoples backyards. Also, people were asked to set up communes in the rural areas.

OSWAAL

