

# ArthaPoint CUET 2020

## **PART-A**

1. Select the most suitable synonym for the word TACT  
(A) Cunningness (B) Diplomacy  
(C) Intelligence (D) Rudeness
2. Choose the pair which exhibits the same relationship as SUN : SUNLIGHT  
(A) MOON : MOONLIGHT  
(B) BEE-HIVE : HONEY  
(C) TAP : WATER  
(D) FLOWER : FRAGRANCE
3. Select the correct word for following sentence.  
It is very misleading to imagine that computers can \_\_\_\_\_ like people.  
(A) think (B) succeed  
(C) perorate (D) deal
4. Soap is related to Wash in the same way as Broom is related to \_\_\_\_\_.  
(A) Clean (B) Dust  
(C) Sweep (D) Floor
5. Identify the word which is opposite in meaning to CATALYST  
(A) Promoter (B) Assassin  
(C) Destroyer (D) Deterrent
6. Identify the part of the body with which the disease Cataract is associated  
(A) eyes (B) skin  
(C) nerves (D) brain
7. Select correct meaning of foreign expression *per se*  
(A) by itself (B) gossip  
(C) as of now (D) spontaneous
8. Identify the meaning of underlined word.  
The woman castigated herself for being unduly worried and angry.  
(A) Cut (B) Criticised  
(C) Chided (D) Appreciated
9. Identify the word which carries the meaning of following sentence.  
Connected with or relevant to something  
(A) Perspective (B) Invalid  
(C) Logical (D) Pertinent
10. Identify the word which carries the meaning of underlined idiom.  
As both the parties were equally responsible for the damage, they settled the bill fair and square.  
(A) Partially  
(B) Exactly or fairly  
(C) Certainly  
(D) Eagerly
11. Choose the correct alternative that will continue the same pattern 20, 19, 17, \_\_\_\_\_, 10, 5.  
(A) 12 (B) 13  
(C) 14 (D) 15
12. In a certain code, TRIPPLE is written as SQHOOKD. How is DISPOSE written in that code?  
(A) CHRONRD (B) DSOESPI  
(C) ESJTPTF (D) ESOPSID

13. In a certain code, 3456 is coded as ROPE, 15526 is coded as APPLE, then how is 54613 coded?  
(A) RPPEO (B) ROPEA  
(C) POEAR (D) PAREO
14. If eye is called hand, hand is called mouth, mouth is called ear, ear is called nose and nose is called tongue, with which of the following would a person hear?  
(A) Eye (B) Mouth  
(C) Nose (D) Ear
15. A man said to a lady, "Your mother's husband's sister is my aunt". How is the lady related to the man?  
(A) Daughter (B) Grand Daughter  
(C) Mother (D) Sister
16. A can do a piece of work in 16 days. A & B together can do the work in 8 days. B alone can do the work in \_\_\_ days.  
(A) 16 (B) 12  
(C) 10 (D) 14
17. The smallest number to be added to 1000 so that 45 divides the sum exactly is  
(A) 10 (B) 20  
(C) 35 (D) 80
18. The H.C.F. of 3556 and 3444 is  
(A) 23 (B) 25  
(C) 26 (D) 28
19.  $(3080 + 6160) \div 28 = ?$   
(A) 320 (B) 440  
(C) 3320 (D) None of these
20. What is the square root of 0.16?  
(A) 0.004 (B) 0.04  
(C) 0.4 (D) 4
21. Which of the following is the deepest lake in the world?  
(A) Lake Superior (B) Lake Baikal  
(C) Lake Ontario (D) Lake Victoria
22. Who invented the *World Wide Web*?  
(A) Charles Babbage (B) Tim Berners-Lee  
(C) Martin Cooper (D) Bill Gates
23. The Statue of Unity is dedicated to which leader of Indian freedom struggle?  
(A) Vallabhbhai Patel  
(B) Mahatma Gandhi  
(C) Jawahar Lal Nehru  
(D) Vinayak Damodar Savarkar
24. The *Siachen Glacier* is located in which mountain range?  
(A) The Purvanchal Range  
(B) The Satpura and Vindhya Range  
(C) The Himalayan Range  
(D) The Eastern Karakoram Range
25. Which mountain is called the *Great Escarpment of India*?  
(A) Great Himalayas (B) Satpura Ranges  
(C) Arawali Ranges (D) Western Ghats

**PART-B**

26. The supply function for a product is given by:  $Q_s = 3P - 4$ . A unit tax  $t$  is imposed on the supplier. The new supply function becomes:
- (A)  $Q'_s = 3P - 4 + t$
  - (B)  $Q'_s = 3(P - t) - 4$
  - (C)  $Q'_s = 3P - 5 - 3t$
  - (D)  $Q'_s = 3P - 4 - t$
27. For a firm whose total cost and total revenue functions are given by:  $TC = mQ + c$ ,  $TR = P.Q$  which of the following statements is true?
- (A) If variable costs per unit ( $m$ ) increase, the break-even point ( $Q$ ) will fall
  - (B) If price ( $P$ ) falls, the break-even point will rise
  - (C) If costs ( $c$ ) fall, the break-even point will fall
  - (D) If fixed costs ( $c$ ) rise, the break-even point will be unchanged
28. A main advantage of specialization results from
- (A) Economies of large-scale production
  - (B) The specializing country behaving as a monopoly
  - (C) Smaller production runs resulting in lower unit costs.
  - (D) High wages paid to foreign workers
29. The law of marginal utility states
- (A)  $MU_x.P_x = MU_y.P_y = MU_z.P_z$
  - (B)  $MU_x/P_x = MU_y/P_y = MU_z/P_z = MU_m$
  - (C)  $MU_x/P_x = MU_y/P_y = MU_z/P_z > MU_m$
  - (D)  $MU_x/P_x < MU_y/P_y = MU_z/P_z < MU_m$
30. Average product of labour is defined as
- (A)  $\Delta Q/\Delta L$
  - (B)  $Q/L$
  - (C)  $dQ/dL$
  - (D)  $L/Q$
31. Which of the following functions are homogeneous to degree 1 (i.e. linear homogeneous)?
- (A)  $Q = 100 K^{1/4} L^{3/4}$
  - (B)  $Q = 10 L^{1-n}$
  - (C)  $Q = K^2 + 2KL + L^2$
  - (D)  $Q = (K^2 + 2L + L^2)^{1/2}$
32. An isoquant for perfect substitute would be
- (A) Right angle shape
  - (B) Negative sloped straight line
  - (C) Straight line parallel to the x-axis
  - (D) Straight line parallel to the y-axis
33. The equilibrium prices of duopoly model are obtained at the intersections of their reaction curves. It is correct in the case of
- (A) Edge worth's model
  - (B) Chamberlin's model
  - (C) Bertrand's duopoly model
  - (D) None of the above
34. In stage third, which is also known as negative returns
- (A) AP becomes negative
  - (B) TP becomes negative
  - (C) MP becomes negative
  - (D) AP and TP both becomes negative

35. Which of the following functions have unit elasticity of price at  $P = 6$ ?
- (A) Demand:  $Q_d = 10$   
 (B) Demand:  $\log Q_d = 100 - 3 \log P$   
 (C) Demand:  $Q_d = 24 - 2$   
 (D) Supply:  $Q_s = 5P$
36. National product at current prices is higher, than national product at constant prices during a period of
- (A) Rising prices  
 (B) Falling prices  
 (C) Stable prices  
 (D) Changing costs
37. Which one of the following represent the saving in the private corporate sector?
- (A) Total profits of a company  
 (B) Undistributed profits  
 (C) Excess of income over expenditure  
 (D) Dividends paid to share holders
38. Investment multiplier can be obtained from (symbols have the usual meaning)
- (A)  $\frac{1}{1 - (\Delta c / \Delta s)}$  (B)  $\frac{1}{1 - (\Delta c / \Delta y)}$   
 (C)  $\frac{1}{1 + (\Delta c / \Delta s)}$  (D)  $\frac{1}{1 + (\Delta c / \Delta y)}$
39. Assuming that:  
 Change in investment  $\Delta I = 25$ ,  
 Marginal propensity to save (MPS) = 0.5  
 Marginal Propensity to investment (MPI) = 0  
 The change in income  $\Delta y$  will equal to
- (A) 25 (B) 50  
 (C) 200 (D) 100
40. When a linear consumption function undergoes a parallel shift downwards, the investment multiplier will-
- (A) Fall  
 (B) Rise marginally  
 (C) Remain as before  
 (D) Become double
41. Which of the following is not correct regarding IS-LM model?
- (A) Saving is the increasing function of income  
 (B) Investment is the function of both the rate of interest and the level of income  
 (C) IS curve and LM curve show the equilibrium in the money market and in the goods market respectively  
 (D) The interaction of IS and LM schedules shows the simultaneous equilibrium in the goods market and in the money market.
42.  $Y = C + I + G + (X - M)$  is
- (A) An equation (B) An identity  
 (C) A formula (D) A function
43. For the equation of  $PT = MV$  to explain short-run price behaviour, it is necessary that
- (A)  $P$  varies inversely with  $M$   
 (B)  $T$  remains unchanged  
 (C) Short-run change in  $V$  be predicted  
 (D) There is no change in interest rate

44. Assume, consumption function of an economy to be  $C = \text{Rs.}30 \text{ Crore} + 0.8Y$ . Investment is Rs. 40 Crore. Then, the equilibrium level of income is equal to
- Rs.150 Crore
  - Rs. 350 Crore
  - Rs.55 Crore
  - Rs.10 Crore
45. The Keynesian IS-LM model
- is an entirely demand oriented theory
  - is an entirely supply-oriented theory
  - Applies to the long run determination of output
  - Assumes perfectly inelastic supply of output function up to the full employment level
46. Redeemable debt is also called
- Perpetual loans
  - Terminable loans
  - Flexible loans
  - Rigid Loans
47. In the simple Keynesian model, a one rupee increase in the fiscal deficit, brought about through some combination of changes in government expenditure and taxes, leads to
- An increase in the GDP
  - A decrease in the GDP
  - An increase of exactly one rupee in the GDP
  - Cannot be specified based on given information
48. Neutrality of money implies that a given increase in the money supply will
- Increase all prices in the same proportion
  - Increase all prices in different proportion
  - Decrease all prices in the same direction
  - No change in price at all
49. High powered money is
- Bank's reserves at the Central bank
  - All loans and advances of banks
  - Money held by bank
  - Currency held by public and reserves with the Central Bank
50. A firm with total costs  $TC = 50 + 3Q$  for  $Q$  units of output, which sells its output at price  $P = 5$ , breaks even at the output level
- $Q = 50/8$
  - $Q = 50/2$
  - $Q = 45/3$
  - $Q = 50/3$
51. Okun's law postulates a
- Positive relationship between unemployment and gross domestic product
  - Negative relationship between unemployment and gross domestic product
  - Positive relationship between money supply and price level
  - Negative relationship between money supply and rate of interest
52. Which of the following saving functions corresponds to the investment multiplier of 5?
- $S = -28 + 0.25y$
  - $S = -40 + 0.75y$
  - $S = -5 + 0.2y$
  - $S = -75 + 0.5y$

53. The elasticity in respect of speculative demand for money under the liquidity trap condition is
- Zero
  - One
  - (-) One
  - Infinite
54. Economic growth is depicted by
- a shift in the production possibilities frontier outward
  - a movement along a production possibilities frontier toward consumer goods
  - a shift in the production possibilities frontier inward
  - a movement along a production possibilities frontier toward capital goods
55. "Capital widening" refers to that part of investment needed to
- Increase the capital per unit effective labour ratio.
  - Replace capital that has depreciated.
  - Equip new units of effective workers at the same capital per unit effective labour ratio.
  - More sophisticated technology
56. The production function  $Y = F(K, L)$  states that
- If  $K$  rises,  $L$  also needs to rise
  - If  $K$  rises,  $L$  needs to decrease
  - Only if  $K$  and  $L$  rises,  $Y$  rises as well
  - None of the statements is true.
57. When capital increases by  $DK$  units, output increases by
- $DL$  units.
  - $MPK \times DK$  units
  - $DK$  units.
  - $MPL \times DL$  units.
58. The labour measure ( $L$ ) is
- the average number of workers employed \* average hours worked
  - the average number of workers (employed + unemployed) \* average hours worked
  - the total number of workers employed \* average hours worked
  - the total number of workers (employed + unemployed) \* average hours worked
59. In the Solow growth model, the assumption of constant returns to scale means that
- the number of workers in an economy does not affect the relationship between output per worker and capital per worker.
  - all economies have the same amount of capital per worker.
  - the steady-state level of output is constant regardless of the number of workers.
  - the saving rate equals the constant rate of depreciation.
60. The intermediate solutions of constraints must be checked by substituting them back into
- Objective function
  - Constraint equations
  - Not required
  - None of these
61.  $(x + y)(x - y) =$
- |                       |                       |
|-----------------------|-----------------------|
| (A) $x^2 + 2xy - y^2$ | (B) $x^2 - 2xy + y^2$ |
| (C) $x^2 - y^2$       | (D) $x^2 + yx - y^2$  |
62. For each set  $A$ ,
- |                         |                             |
|-------------------------|-----------------------------|
| (A) $\{A\} \subset 2^A$ | (B) $\{A\} \not\subset 2^A$ |
| (C) $A \notin 2^A$      | (D) $A \not\subset 2^A$     |

63. Which of the following is true?  
 (A) is an irrational number  
 (B)  $-1/6$  is a rational number  
 (C) Under root  $(-4)$  is a real number  
 (D)  $5^{1/2}$
64. The function  $y = f(x)$  reaches a (relative) minimum where  
 (A)  $f'(x) = 0$  and  $f''(x) > 0$   
 (B)  $f'(x) = 0$  and  $f''(x) < 0$   
 (C)  $f(x) = 0$  and  $f'(x) > 0$   
 (D)  $f(x) = 0$  and  $f'(x) < 0$
65.  $x^2 - 4x + 4 =$   
 (A)  $(x - 2)^2$   
 (B)  $(x - 2)(x - 3)$   
 (C)  $(x - 2)(x + 2)$   
 (D)  $(x - 4)^2$
66.  $d(x^{1/2})/d(x) =$   
 (A)  $1/x^{1/2}$   
 (B)  $1/2x^{1/2}$   
 (C)  $x^{1/2}/2$   
 (D)  $x^{-1/2}$
67. Which of the following is/are true?  
 (A)  $x^b \cdot x = x^b$   
 (B)  $x^b / x^{b+1} = x$   
 (C)  $x / x = x^0$   
 (D)  $x^{b-1} / x^b = x$
68. Which of the following are true?  
 (A)  $f(x) = 6x^3 - 3x^2 + 5x + 7$  implies  $f'(x) = 18x^2 + 6x^3$   
 (B)  $f(x) = 3x^{2/3}$  implies  $f'(x) = 6x^{-1/3}$   
 (C)  $f(x) = ax^3 - bx + c$  implies  $f'(x) = 3ax^2 - b + c$   
 (D)  $f(x) = 4x + 3 / x^2$  implies  $f'(x) = 4 - 6/x^3$
69. The number of non-zero rows in an echelon form is called?  
 (A) reduced echelon form  
 (B) rank of a matrix  
 (C) conjugate of the matrix  
 (D) co-factor of the matrix
70. In a frequency distribution, the last cumulative frequency is 500. Q3 (Third Quartile) must lie in  
 (A) 300<sup>th</sup> item  
 (B) 375<sup>th</sup> item  
 (C) 325<sup>th</sup> item  
 (D) 310<sup>th</sup> item
71. In a Binomial Distribution, if  $p = q$ , then  $P(X = x)$  is given by?  
 (A)  ${}^n C_x p^{(n-x)}$   
 (B)  ${}^n C_x p^{(n-x)}$   
 (C)  ${}^n C_x (0.5)^n$   
 (D)  ${}^n C_n (0.5)^n$
72. The mean of a distribution is 23, the median is 24, and the mode is 25.5. The distribution is  
 (A) Positively Skewed  
 (B) Symmetrical  
 (C) Asymptotic  
 (D) Negatively Skewed

73. Sum of dots when two dice are rolled is  
(A) A discrete variable  
(B) A continuous variable  
(C) A constant  
(D) A qualitative variable
74. Core inflation is a measure of inflation  
(A) that is based only on food and energy prices  
(B) that excludes items that face volatile price movements, notably food and energy  
(C) that includes items that face volatile price movements, notably food and energy  
(D) None of the above
75. Multicollinearity exists when  
(A) Independent variables are correlated less than -0.70 or more than 0.70  
(B) An independent variable is strongly correlated with a dependent variable  
(C) There is only one independent variable  
(D) The relationship between the dependent and independent variable is non-linear
76. In multiple regression, when the global test of significance is rejected, we can conclude that  
(A) All of the net sample regression coefficients are equal to zero  
(B) All of the sample regression coefficients are not equal to zero  
(C) At least one sample regression coefficient is not equal to zero  
(D) The regression equation intersects the Y-axis at zero.
77. A residual is defined as  
(A) Actual (Y) – Estimated (Y)  
(B) Error Sum of Square  
(C) Regression Sum of Squares  
(D) Type I Error
78. If  $\bar{x}$  is 4 and the distribution is 2, 3, 4, 5, 6, the sum of squared deviations from the  $\bar{x}$  will be:  
(A) 8  
(B) 10  
(C) 6  
(D) 12
79. In a week, the prices of a bag of rice were 350, 280, 340, 290, 320, 310, 300. The range is  
(A) 60  
(B) 90  
(C) 70  
(D) 100
80. Find the median of the following data: 160, 180, 200, 280, 300, 320, 400  
(A) 140  
(B) 300  
(C) 200  
(D) 280
81. Which of the following is a union tax?  
(A) Corporation tax  
(B) Taxes on agricultural income  
(C) Capitation taxes  
(D) Land revenues
82. Which committee recommended abolition of tax rebate under section 88?  
(A) Chelliah Committee  
(B) Kelkar Committee  
(C) Shome Committee  
(D) Narsimhan Committee

83. The 'Principle of Maximum Social Advantage' was introduced by  
(A) Dalton (B) Smith  
(C) Modigliani (D) Lewis
84. Which of the following statement would describe the term "Public Finance"?  
(A) It is a study of economic efficiency, distribution of resources and government policies and its effects  
(B) It is a study of the public sector banking system in a country  
(C) It is a study of the finances of the general public and their pattern of spending  
(D) It is a study of the direct and indirect taxes in an economy
85. According to Prof. Seligman, Which of the following are the three main principles on the basis of which revenue sources (such as taxes) should be divided between the different layers of government?  
(A) Principles of Efficiency, Effectiveness and Economy  
(B) Principles of Economy, Decentralisation and Necessity  
(C) Principles of Autonomy, Necessity and Surplus  
(D) Principles of Efficiency, Suitability, and Adequacy
86. The horizontal fiscal imbalance that arises in a fiscal federation is also called  
(A) Problem of Equalisation  
(B) Problem of Efficiency  
(C) Problem of Effectiveness  
(D) Problem of Economy
87. Tax revenue sharing between the federal and sub-national governments is aimed at correcting which of the following type of imbalances?  
(A) Vertical imbalances  
(B) Horizontal imbalances  
(C) Diagonal imbalances  
(D) Criss-cross imbalances
88. Which of the following is an imprest placed at the disposal of the President of India to facilitate Government to meet urgent unforeseen expenditure pending authorization from Parliament?  
(A) Consolidated Fund  
(B) Public Funds  
(C) Prime Ministers Relief Fund  
(D) Contingency Fund
89. Taxes are levied to  
(A) Provide general benefits to the People  
(B) Discourage people from unnecessary spending  
(C) Accumulate funds for the government for future use  
(D) To assert authority of government over its citizens
90. The managed exchange rates since 1973  
(A) Supported some restriction on exchange rate fluctuations.  
(B) Supported a flexible exchange rate system.  
(C) Strongly supported a freely flexible exchange rate system.  
(D) Strongly supported a fixed exchange rate system.
91. Which one of the following tax is within the jurisdiction of the State Governments as enumerated in List-II of the Constitution of India?  
(A) Taxes other than stamp duties on transactions in stock exchange and future markets.  
(B) Taxes on Railway freights and fares.  
(C) Taxes on mineral rights subject to any limitations imposed by the Parliament.  
(D) Rate of stamp duty in respect of certain financial documents.

92. Fiscal deficit less interest payments is called
- (A) Primary deficit
  - (B) Monetised deficit
  - (C) Budgetary deficit
  - (D) Net fiscal deficit
93. Grants from the Centre to the States under the recommendations of Finance Commission are known as
- (A) Plan grants
  - (B) Statutory grants
  - (C) Development assistance
  - (D) Discretionary grants
94. Monetised deficit means
- (A) Fiscal deficit less interest payments
  - (B) Government expenditure which is financed through the sale of adhoc treasury bills.
  - (C) Increase in RBI credit to Central Government.
  - (D) Fiscal deficit less loans and advances.
95. NAFED is a
- (A) Cooperative Organisation
  - (B) Government Owned Company
  - (C) Non-Government Organisation
  - (D) Company
96. According to Mundell in an optimum currency area, the achievement of internal and external balance is possible through
- (A) Capital flows
  - (B) The mobility of factors
  - (C) Inflow of funds from abroad
  - (D) Official development assistance
97. Employment Guarantee Scheme was first introduced in
- (A) Maharashtra
  - (B) Gujarat
  - (C) Madhya Pradesh
  - (D) Tamil Nadu
98. For an inferior goods, income consumption curve and Engles curves are
- (A) Positively sloped
  - (B) Negatively sloped
  - (C) Are the same
  - (D) Income consumption curve positively sloped and the Engles curve is negatively sloped
99. Match 'labour force' with the appropriate item from amongst the following
- (A) Work force
  - (B) All educated
  - (C) Employed + Unemployed
  - (D) All rural workers
100. Growth process resulting into broad based benefits and providing equality of opportunity to all is referred to as
- (A) Inclusive growth
  - (B) Faster growth
  - (C) Exclusive growth
  - (D) Sustained growth