

# CUET 2023 Economics Question Paper June 1

## Shift 2 (Memory-based)

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**Question 1. TISCO was established in which year?**

**Answer.** 1907

**Question 2. Why was suez canal opened?**

**Answer.** In 1869, the Suez Canal was opened, greatly reducing the distance between Britain and India by some 4,500 miles **as ships no longer needed to travel round southern Africa**. The Suez Canal was opened primarily to provide a direct shipping route between the Mediterranean Sea and the Red Sea, connecting Europe and Asia. Here are the key reasons for the opening of the Suez Canal:

1. **Shorter Trade Route:** Before the construction of the Suez Canal, ships traveling between Europe and Asia had to navigate around the southern tip of Africa, known as the Cape of Good Hope. This route was much longer and time-consuming. The Suez Canal provided a significantly shorter route, saving time, fuel, and costs for shipping goods and passengers.
2. **Trade Facilitation:** The opening of the Suez Canal in 1869 facilitated international trade and boosted maritime commerce between Europe, Asia, and the Middle East. It allowed for more efficient movement of goods, reducing transportation time and expenses.
3. **Strategic Importance:** The Suez Canal has significant strategic importance due to its location and the geopolitical advantages it offers. It provides a direct maritime link between the Mediterranean Sea and the Indian Ocean, allowing for easy access to vital trade routes and regions.

4. **Economic Development:** The construction and operation of the Suez Canal brought economic benefits to the countries involved. It generated employment opportunities, stimulated local economies, and promoted industrial development in the region.

5. **Global Connectivity:** The Suez Canal played a crucial role in fostering global connectivity and facilitating cultural exchange. It enabled the movement of people, ideas, and goods between different continents, contributing to globalization and intercontinental trade.

6. **Political and Colonial Interests:** The opening of the Suez Canal was also influenced by political and colonial interests of the time. European powers, particularly Britain and France, had strategic and economic interests in the region and sought to control and profit from the canal.

In summary, the Suez Canal was opened to provide a more direct and efficient shipping route, boost international trade, facilitate global connectivity, and serve the economic and strategic interests of various countries. It continues to be a vital waterway for global maritime trade and transportation to this day.

**Question 3. Which bank does not deal with the general public and doesn't give loans?**

**Answer.** Central Bank

**Question 4. NSAP was launched in which year?**

**Answer.** 1995

**Question 5. What does budget constraint depend on?**

**Answer.** The relative price of the choices

### **Question 6. What does the consumption function depend on?**

**Answer.** The classic consumption function suggests consumer spending is wholly determined by income and the changes in income. If true, aggregate savings should increase proportionally as gross domestic product (GDP) grows over time.

- 1.) Disposable Income
- 2.) Wealth
- 3.) Interest Rates
- 4.) Consumer Confidence
- 5.) Expectations of Future Income
- 6.) Availability of Credit
- 7.) Demographic Factors
- 8.) Cultural and Social Factors

### **Question 7. What is devaluation?**

**Answer.** Devaluation is the deliberate downward adjustment of the value of a country's money relative to another currency, group of currencies, or currency standard. Countries that have a fixed exchange rate or semi-fixed exchange rate use this monetary policy tool. It is often confused with depreciation and is the opposite of revaluation, which refers to the readjustment of a currency's exchange rate.

### **Question 8. In Spite of the rise of GDP, what was the major problem of the Indian economy?**

**Answer.**

- 1) Income Inequality
- 2) Poverty and Unemployment
- 3) Informal Sector and Lack of Formal Jobs
- 4) Agricultural Distress
- 5) Infrastructure Gaps

- 6) Education and Healthcare
- 7) Governance and Corruption
- 8) Environmental Sustainability

**Question 9. Indian economy reform was characterized by?**

**Answer.**

- 1) Liberalization of Trade and Foreign Investment
- 2) Deregulation and Privatization
- 3) Financial Sector Reforms
- 4) Fiscal Reforms
- 5) Infrastructure Development
- 6) Focus on Social Sector Reforms
- 7) Global Integration