

CUET 2026 May 12 Shift 1 Economics

Question Paper (Memory-Based) PDF

Conducted by National Testing Agency (NTA)



General Instructions

- (i) The examination will be conducted in Computer-Based Test (CBT) mode.
- (ii) Each question carries +5 marks for correct answer and -1 mark for wrong answer.
- (iii) The total number of questions are 50.
- (iv) Duration of the exam is 1 hour (60 minutes).

1. Consider the following steps taken by the Reserve Bank of India with respect to money supply and arrange them in the correct sequence:

- A. Increase in lending rates by commercial banks
- B. Contraction in credit
- C. Increase in bank rate by the Reserve Bank of India
- D. Increase in cost of borrowings for commercial banks

- (A) A, B, C, D
- (B) A, C, B, D
- (C) C, D, A, B
- (D) C, B, D, A

2. Arrange the following statements in the correct chronological sequence regarding the impact of government intervention in the form of price control in the market:

- A. There will be excess demand for sugar at that price
- B. Government imposes an upper limit on the price of sugar
- C. Sugar is distributed to everyone through a system of rationing
- D. This may lead to a shortage of sugar in the market

- (A) A, B, C, D
 - (B) A, C, B, D
 - (C) B, A, D, C
 - (D) C, B, D, A
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3. It may be incorrect to treat GDP as an index of a country's welfare for the following reasons:

- A. Externalities
- B. Distribution of GDP is not uniform
- C. Monetary exchanges
- D. Non-monetary exchanges

- (A) A, B and D only
 - (B) A, C and D only
 - (C) A, B, C and D
 - (D) B, C and D only
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4. The ratio of the total increase in equilibrium value of final goods output to the initial increase in autonomous investment expenditure is known as:

- (A) Investment Multiplier
 - (B) Autonomous Multiplier
 - (C) Credit Multiplier
 - (D) Induced Multiplier
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5. In the Balance of Payments, transactions involving bonds and equity shares are recorded under which of the following accounts?

- (A) Trading Account
- (B) Financial Account
- (C) Current Account
- (D) Errors and Omissions

6. Consider the following statements about Adam Smith and his economic philosophy:

- A. Adam Smith's concept of the "invisible hand" implies that individuals pursuing their self-interest contribute to societal well-being.
- B. Smith argued that government intervention is essential in regulating markets for economic efficiency.
- C. The wealth of a nation is determined by the productivity and efficiency of its labour force.
- D. Modern economists have built upon Smith's ideas but have also recognized the need for macroeconomic policies.

Choose the correct answer from the options given below:

- (A) A, C, D only
 - (B) B, C, D only
 - (C) A, B, D only
 - (D) A, B, C, D
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7. Which of the following is an example of a consumer good?

- (A) A machine used in a factory
 - (B) A taxi purchased by a company for commercial use
 - (C) A refrigerator bought for home use
 - (D) A building purchased by a firm for office space
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8. The flow of goods and services along with factors of production across different sectors in a barter economy is known as:

- (A) Circular Flow
 - (B) Real Flow
 - (C) Monetary Flow
 - (D) Capital Flow
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9. When demand shifts rightward and supply shifts leftward, which of the following outcomes is certain?

- A. Equilibrium quantity will increase
- B. Equilibrium price will increase
- C. Equilibrium quantity may increase, decrease, or remain unchanged
- D. Equilibrium price may increase, decrease, or remain unchanged

- (A) A and B only
 - (B) B and C only
 - (C) A and D only
 - (D) B only
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10. Which of the following are characteristics of a perfectly competitive market?

- A. There is perfect information in the market.
- B. The market price is determined by the collective interaction of supply and demand.
- C. Each firm has significant market power to influence prices.
- D. Firms in a perfectly competitive market earn normal profit in the long run.

Choose the correct answer:

- (A) A, B, and D only
 - (B) B, C, and D only
 - (C) A, C, and D only
 - (D) A, B, C, and D
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