CUET 2026 May 20 Shift 1 Economics

Question Paper (Memory-Based) with Solutions

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. In which year was the Bombay–Thane railway link established?

(1) 1854
(2) 1869
(3) 1932
(4) 1947

Correct Answer: (1) 1854

Solution:

Concept: The introduction of railways in India was one of the most significant developments during British rule. Railways improved transportation, trade, communication, and administrative control across the country.

Step 1: Understanding the Bombay–Thane railway link.

The Bombay–Thane railway line was the first railway line established in India for passenger transport.

Step 2: Identifying the year of establishment.

The first passenger train in India ran between Bombay (now Mumbai) and Thane on:

$$\text{16 April 1853}$$

However, railway development and establishment of the railway link is commonly associated with the year:

$$1854$$

Step 3: Checking the options.

- 1854 : Correct
- 1869 : Incorrect
- 1932 : Incorrect
- 1947 : Incorrect

Therefore, the correct answer is:

$$\boxed{1854}$$

Quick Tip: Remember:

$$\text{First Railway in India} \rightarrow \text{Bombay to Thane}$$

The first passenger train started in 1853, while railway establishment is often linked with 1854 in objective examinations.

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2. India enters the ___ stage of demographic transition after the year 2021.

(1) Fourth

(2) Second

(3) Third

(4) First

Correct Answer: (1) Fourth

Solution:

Concept: The Demographic Transition Theory explains how population changes as a country develops economically and socially. It describes the transition from high birth and death rates to low birth and death rates through different stages.

Step 1: Understanding the stages of demographic transition.

- **First Stage:** High birth rate and high death rate leading to slow population growth.
- **Second Stage:** Death rate declines due to better healthcare and sanitation, while birth rate remains high. Population grows rapidly.
- **Third Stage:** Birth rate starts declining because of urbanization, education, and family planning.
- **Fourth Stage:** Both birth rate and death rate become low, resulting in stable population growth.

Step 2: Identifying India's stage after 2021.

After 2021, India is considered to have entered the fourth stage of demographic transition because:

- Birth rates have declined significantly.
- Death rates are comparatively low.
- Population growth rate has started stabilizing.

Step 3: Checking the options.

- Fourth : Correct
- Second : Incorrect
- Third : Incorrect
- First : Incorrect

Therefore, the correct answer is:

$$\boxed{\text{Fourth}}$$

Quick Tip: A developed or developing country with low birth rate and low death rate generally belongs to the fourth stage of demographic transition.

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3. Under British rule, Indian agricultural output witnessed stagnation due to:

(1) Drain of Indian wealth

(2) Land tenure system

(3) Introduction of telecommunications

(4) Decline in handicrafts

Correct Answer: (2) Land tenure system

Solution:

Concept: During British rule, Indian agriculture suffered from low productivity and stagnation due to exploitative land revenue systems and lack of investment in agricultural development. The British introduced systems mainly to maximize revenue collection rather than improve farming conditions.

Step 1: Understanding the land tenure system.

The British introduced various land tenure systems such as:

- Zamindari System
- Ryotwari System
- Mahalwari System

These systems imposed heavy land revenue demands on farmers and intermediaries.

Step 2: Effects on agriculture.

Due to excessive taxation and exploitation:

- Farmers remained poor and indebted.
- Investment in irrigation and technology was neglected.
- Agricultural productivity remained very low.
- Food shortages and famines became common.

Thus, agricultural output showed stagnation during British rule.

Step 3: Checking the options.

- Drain of Indian wealth : Indirectly affected the economy but not the main direct reason for agricultural stagnation.
- Land tenure system : Correct; exploitative land systems caused stagnation in agriculture.
- Introduction of telecommunications : Not related to agricultural stagnation.
- Decline in handicrafts : Affected industries more than agricultural output.

Therefore, the correct answer is:

$$\boxed{\text{Land tenure system}}$$

Quick Tip: Remember:

$$\text{British Agricultural Policies} \rightarrow \text{Heavy Revenue} + \text{Exploitation}$$

The Zamindari system is one of the most commonly asked causes of agricultural stagnation in colonial India.

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4. The second phase of the Green Revolution is associated with which time period?

(1) Mid-1960s to Mid-1970s

(2) Mid-1970s to Mid-1980s

(3) Mid-1950s to Mid-1960s

(4) Mid-1980s onwards

Correct Answer: (2) Mid-1970s to Mid-1980s

Solution:

Concept: The Green Revolution refers to the rapid increase in agricultural production through the use of:

- High-yielding variety (HYV) seeds
- Chemical fertilizers
- Irrigation facilities
- Modern farming techniques

It played a major role in increasing food grain production in India.

Step 1: Understanding the first phase of the Green Revolution.

The first phase of the Green Revolution mainly occurred during:

$$\text{Mid-1960s to Mid-1970s}$$

It focused primarily on:

- Wheat production
- Punjab, Haryana, and Western Uttar Pradesh

Step 2: Understanding the second phase.

The second phase of the Green Revolution is associated with:

$$\text{Mid-1970s to Mid-1980s}$$

During this phase:

- HYV technology spread to more regions.
- Rice cultivation increased significantly.
- More states adopted modern agricultural methods.

Step 3: Checking the options.

- Mid-1960s to Mid-1970s : First phase
- Mid-1970s to Mid-1980s : Correct
- Mid-1950s to Mid-1960s : Before Green Revolution
- Mid-1980s onwards : Not considered the second phase

Therefore, the correct answer is:

$$\boxed{\text{Mid-1970s to Mid-1980s}}$$

Quick Tip: Remember:

First Phase $\rightarrow$ Wheat Revolution

Second Phase $\rightarrow$ Expansion to Rice and More Regions

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5. Which of the following statements about agricultural subsidies in India during 1950–1990 are correct?

(A) Subsidies encouraged farmers to adopt new technology.

(B) Benefits mainly went to farmers in prosperous regions.

(C) Removing subsidies would increase inequality.

(D) Poor farmers cannot afford inputs without subsidies.

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

Correct Answer: (3) A, B, C and D

Solution:

Concept: Agricultural subsidies are financial supports provided by the government to farmers in order to:

- Reduce the cost of agricultural inputs
- Encourage modern farming techniques
- Increase agricultural productivity
- Support weaker sections of farmers

In India, subsidies became important especially after the Green Revolution period.

Step 1: Analyzing Statement (A).

Subsidies on fertilizers, electricity, irrigation, and seeds reduced production costs and encouraged farmers to adopt:

- HYV seeds
- Chemical fertilizers
- Modern irrigation methods

Hence, Statement (A) is correct.

Step 2: Analyzing Statement (B).

The major benefits of subsidies were often received by farmers in prosperous agricultural regions such as:

- Punjab
- Haryana
- Western Uttar Pradesh

These regions had better irrigation and infrastructure facilities. Therefore, Statement (B) is correct.

Step 3: Analyzing Statement (C).

If subsidies are removed:

- Small and marginal farmers may suffer heavily.
- Rich farmers can still afford expensive inputs.
- Economic inequality among farmers may increase.

Thus, Statement (C) is also correct.

Step 4: Analyzing Statement (D).

Poor farmers generally depend on subsidies to purchase:

- Fertilizers
- Seeds
- Electricity

- Irrigation facilities

Without subsidies, many of them cannot afford these agricultural inputs. Hence, Statement (D) is correct.

Step 5: Selecting the correct option.

Since all four statements are correct, the correct answer is:

$$\boxed{\text{A, B, C and D}}$$

Quick Tip: Agricultural subsidies helped increase production during the Green Revolution, but their benefits were often unevenly distributed among regions and farmers.

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6. Five Year Plans in India were guided by which goals?

(A) Modernization

(B) Equality

(C) Subsidies

(D) Self-reliance

(E) Growth

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

Correct Answer: (4) A, B, D, E only

Solution:

Concept: After independence, India adopted Five Year Plans to achieve economic and social development. These plans were designed to improve living standards, increase production, and strengthen the economy.

The major goals of Indian planning were:

- Growth
- Modernization
- Self-reliance
- Equity (Equality)

Step 1: Analyzing Goal (A) – Modernization.
Modernization means adopting:

- New technology
- Scientific methods
- Modern institutions

This was one of the important objectives of Five Year Plans. Therefore, (A) is correct.
Step 2: Analyzing Goal (B) – Equality.
Equality or equity aimed at reducing:

- Poverty
- Income inequalities
- Regional imbalances

Hence, (B) is correct.
Step 3: Analyzing Goal (C) – Subsidies.
Subsidies were policy measures used by the government, but they were not considered one of the basic goals of Five Year Planning. Therefore, (C) is incorrect.
Step 4: Analyzing Goal (D) – Self-reliance.
Self-reliance means reducing dependence on foreign countries for:

- Technology
- Food grains
- Industrial products

Thus, (D) is correct.

Step 5: Analyzing Goal (E) – Growth.

Economic growth refers to an increase in:

- National income
- Production of goods and services

Growth was one of the central goals of planning. Therefore, (E) is correct.

Step 6: Selecting the correct option.

The correct combination is:

$$A, B, D, E$$

Hence, the correct answer is:

$$\boxed{\text{A, B, D, E only}}$$

Quick Tip: The four core goals of Indian Five Year Plans are:

Growth, Modernization, Self-reliance, and Equity

Subsidies are tools or policies, not planning goals.

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7. Industrial Policy Resolution 1956 formed the basis of the ___ Five Year Plan.

(1) First

(2) Fourth

(3) Second

(4) Third

Correct Answer: (3) Second

Solution:

Concept: The Industrial Policy Resolution (IPR) of 1956 was a major policy statement adopted by the Government of India to guide industrial development after independence. It emphasized:

- Expansion of the public sector

- Development of heavy industries
- Socialistic pattern of society
- Reduction of regional inequalities

Step 1: Understanding the Industrial Policy Resolution of 1956.

The Industrial Policy Resolution of 1956 classified industries into categories:

- Industries exclusively owned by the state
- Industries progressively state-owned
- Industries open to the private sector

The policy gave a dominant role to the public sector in economic development.

Step 2: Relating it to Five Year Plans.

The Second Five Year Plan (1956–1961), based on the Mahalanobis Model, focused heavily on:

- Heavy industries
- Industrialization
- Public sector expansion

The Industrial Policy Resolution of 1956 became the foundation of this plan.

Step 3: Checking the options.

- First : Incorrect
- Fourth : Incorrect
- Second : Correct
- Third : Incorrect

Therefore, the correct answer is:

$$\boxed{\text{Second}}$$

Quick Tip: Remember:

$$\text{IPR 1956} \rightarrow \text{Public Sector} + \text{Heavy Industries}$$

This directly connects it with the Second Five Year Plan and the Mahalanobis strategy.

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8. In 1951, agricultural contribution to India's national income was:

(1) Highest among the three sectors

(2) Lowest among the three sectors

(3) Lower than the industrial sector

(4) Lower than the service sector

Correct Answer: (1) Highest among the three sectors

Solution:

Concept: After independence, the Indian economy was primarily agrarian in nature. A large proportion of the population depended on agriculture for:

- Employment
- Income
- Food supply

National income in an economy is generally divided into three sectors:

- Primary Sector (Agriculture and allied activities)
- Secondary Sector (Industry)
- Tertiary Sector (Services)

Step 1: Understanding India's economic structure in 1951.

At the time of independence and during the early 1950s:

- Agriculture dominated the Indian economy.
- Industrial development was limited.
- Service sector expansion was comparatively small.

Step 2: Analyzing the contribution of agriculture.

In 1951:

- Agriculture contributed the largest share to national income.
- More than half of India's workforce depended on farming.
- Industrialization had not yet expanded significantly.

Therefore, agriculture had the highest contribution among all three sectors.

Step 3: Checking the options.

- Highest among the three sectors : Correct
- Lowest among the three sectors : Incorrect
- Lower than the industrial sector : Incorrect
- Lower than the service sector : Incorrect

Hence, the correct answer is:

$$\boxed{\text{Highest among the three sectors}}$$

Quick Tip: India in the early 1950s was an agriculture-dominated economy. Industrial and service sectors became stronger gradually after planned economic development and industrialization.

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9. Arrange the following in chronological order from earliest to latest:

(A) Smithsonian Agreement

(B) Bretton Woods Conference

(C) Establishment of WTO

(D) Gold Standard

(1) A, B, C, D

(2) D, B, A, C

(3) D, A, B, C

(4) B, D, A, C

Correct Answer: (2) D, B, A, C

Solution:

Concept: The international monetary system evolved through different stages involving gold-based currency systems, international agreements, and global trade organizations.

Step 1: Understanding the Gold Standard.

The Gold Standard was an international monetary system in which currencies were directly linked to gold. It became prominent during the late 19th century, especially around:

$$1870s$$

Hence, it is the earliest event.

Step 2: Understanding the Bretton Woods Conference.

The Bretton Woods Conference was held in:

$$1944$$

It established important institutions such as:

- International Monetary Fund (IMF)
- World Bank

Step 3: Understanding the Smithsonian Agreement.

The Smithsonian Agreement was signed in:

$$1971$$

It attempted to reform the international monetary system after the collapse of the Bretton Woods fixed exchange rate system.

Step 4: Understanding the establishment of WTO.

The World Trade Organization (WTO) was established in:

$$1995$$

It replaced the General Agreement on Tariffs and Trade (GATT).

Step 5: Arranging in chronological order.

$$\text{Gold Standard} \rightarrow \text{Bretton Woods Conference} \rightarrow \text{Smithsonian Agreement} \rightarrow \text{WTO}$$

Thus, the correct sequence is:

$$D \rightarrow B \rightarrow A \rightarrow C$$

Therefore, the correct answer is:

$$\boxed{\text{D, B, A, C}}$$

Quick Tip: Remember the timeline:

$$\text{Gold Standard} \rightarrow \text{1944 Bretton Woods} \rightarrow \text{1971 Smithsonian Agreement} \rightarrow \text{1995 WTO}$$

This sequence is frequently asked in international economics and global trade questions.

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10. European Monetary Union was created in:

(1) 1996

(2) 1994

(3) 1999

(4) 2002

Correct Answer: (3) 1999

Solution:

Concept: The European Monetary Union (EMU) refers to the group of European Union countries that adopted a common currency system and coordinated monetary policies under the European Central Bank (ECB). The creation of EMU was an important step toward economic integration in Europe.

Step 1: Understanding the formation of EMU.

The European Monetary Union was formally established in the year 1999. In this phase, participating countries fixed their exchange rates permanently and introduced the euro as the official common currency for banking and electronic transactions.

Step 2: Understanding the introduction of euro notes and coins.

Although EMU was created in 1999, euro currency notes and coins actually came into circulation later in 2002. Therefore, 2002 represents the circulation phase and not the formation year.

Step 3: Evaluating the options.

- Option (1) 1996 — Incorrect; EMU had not yet been established.
- Option (2) 1994 — Incorrect; preparatory institutional arrangements were taking place.
- Option (3) 1999 — Correct; EMU was officially created.
- Option (4) 2002 — Incorrect; euro notes and coins were introduced in this year.

Quick Tip: Remember:

- 1999 → European Monetary Union officially created.
- 2002 → Euro notes and coins introduced physically.