

# CUET 2026 May 21 Economics Shift 1

## Question Paper (Memory-Based)

Conducted by National Testing Agency (NTA)



### General Instructions

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

**1. Arrange the following major milestones of Indian and global economic development in the correct ascending chronological sequence:**

1. Implementation of the Goods and Services Tax (GST) in India
2. Launch of the New Economic Policy (NEP) in India
3. Establishment of the World Trade Organization (WTO)
4. Enforcement of the General Agreement on Tariffs and Trade (GATT)

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

**2. Which of the following mathematical equations correctly represents the transformation route to derive Gross National Product at Factor Cost ( $GNP_{fc}$ ) from Gross Domestic Product at Market Prices ( $GDP_{mp}$ )?**

- (A)  $GNP_{fc} = GDP_{mp} + \text{Net Factor Income from Abroad (NFIA)} - \text{Net Indirect Taxes (NIT)}$
- (B)  $GNP_{fc} = GDP_{mp} - \text{Net Factor Income from Abroad (NFIA)} + \text{Net Indirect Taxes (NIT)}$

(C)  $GNP_{fc} = GDP_{mp} + \text{Net Factor Income from Abroad (NFIA)} - \text{Depreciation}$

(D)  $GNP_{fc} = GDP_{mp} - \text{Net Indirect Taxes (NIT)} - \text{Depreciation}$

---

**3. In the measurement of money supply aggregates, which of the following components is explicitly included in the definition of the  $M_1$  money aggregate?**

(A) Currency held by the public + Demand deposits with commercial banks + 'Other' deposits with the RBI

(B) Currency held by the public + Total post office savings bank deposits

(C) Demand deposits with commercial banks + Net time deposits with the banking system

(D) Total deposits held by all non-banking financial companies (NBFCs)

---

**4. If the value of the Marginal Propensity to Save (MPS) in an economy is exactly 0.2, what is the magnitude of the investment multiplier ( $K$ )?**

(A) 5

(B) 2

(C) 4

(D) 0.8

---

**5. Under perfect competition, the short-run supply curve of an individual profit-maximizing firm corresponds to which of the following segments?**

(A) The rising portion of the Short-run Marginal Cost (SMC) curve at and above the minimum point of the Average Variable Cost (AVC) curve.

(B) The entire upward-sloping region of the Short-run Average Cost (SAC) curve.

(C) The downward-sloping portion of the Short-run Marginal Cost (SMC) curve.

(D) The rising portion of the SMC curve above the minimum point of the Average Fixed Cost (AFC) curve.

---

**6. Which of the following options correctly defines the geometric relationship between the Short-run Marginal Cost (SMC) curve and the Average Variable Cost (AVC) curve?**

(A) The SMC curve intersects the AVC curve from below at its lowest (minimum) point.

(B) The SMC curve remains completely parallel and sits strictly above the AVC curve at all output levels.

(C) The SMC curve cuts the AVC curve at its highest maximum point during early production phases.

(D) The SMC curve always intersects the AVC curve at the exact same output level where Average Fixed Cost

---

---

**7. In macroeconomic analysis, how does an economy behave when it enters a state known as a 'Liquidity Trap'?**

- (A) The interest rate drops to an extremely low level, making the speculative demand for money infinitely elastic as people prefer to hoard cash.
- (B) The transactional demand for money drops to zero because economic activity stops completely.
- (C) Commercial banks experience an acute shortage of liquid cash reserves, causing lending to drop sharply.
- (D) The central bank loses its legal authority to issue new currency notes into circulation.

---

**8. During the first phase of the Green Revolution in India (spanning the mid-1960s to mid-1970s), the introduction of High Yielding Variety (HYV) seeds was largely concentrated in which specific regions?**

- (A) Punjab, Haryana, and western Uttar Pradesh
- (B) The arid regions of Rajasthan and Gujarat
- (C) The eastern states of Bihar, Odisha, and West Bengal
- (D) The rain-dependent semi-arid areas of the Deccan Plateau

---

**9. If the real Gross Domestic Product (GDP) of an economy is \$500 billion and the nominal GDP stands at \$600 billion, what is the value of the GDP Deflator?**

- (A) 120
- (B) 83.33
- (C) 110
- (D) 200

---

**10. The pre-independence agrarian economy of India under British colonial rule was characterized by stagnation, largely due to the introduction of which land tenure system in Eastern India?**

- (A) The Zamindari (Permanent Settlement) System
- (B) The Mahalwari System
- (C) The Ryotwari System
- (D) The Cooperative Farming Directive

