

CUET 2026 May 21 Shift 2 Economics

Question Paper (Memory-Based)

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. If the price elasticity of demand for a commodity is greater than 1, then a fall in price will lead to:

- (A) Fall in total expenditure
- (B) No change in total expenditure
- (C) Rise in total expenditure
- (D) Zero expenditure

2. Which of the following situations indicates “excess demand” in an economy?

- (A) Aggregate demand equals aggregate supply
- (B) Aggregate demand is less than aggregate supply
- (C) Aggregate demand exceeds aggregate supply at full employment
- (D) Aggregate supply exceeds planned expenditure

3. In national income accounting, depreciation is deducted from gross domestic product to obtain:

- (A) Net Domestic Product
- (B) Gross National Product

- (C) Personal Income
 - (D) National Disposable Income
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4. The central problem of an economy arises mainly because:

- (A) Human wants are limited
 - (B) Resources are unlimited
 - (C) Resources are scarce relative to wants
 - (D) Government controls all resources
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5. If Marginal Propensity to Consume (MPC) is 0.8, the value of investment multiplier will be:

- (A) 2
 - (B) 4
 - (C) 5
 - (D) 10
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6. Which of the following is a direct tax?

- (A) GST
 - (B) Customs Duty
 - (C) Income Tax
 - (D) Excise Duty
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7. When average revenue equals marginal revenue at all levels of output, the market structure is:

- (A) Monopoly
 - (B) Oligopoly
 - (C) Perfect Competition
 - (D) Monopolistic Competition
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8. Which of the following causes a rightward shift in the demand curve of a normal good?

- (A) Fall in consumer income
 - (B) Rise in price of substitute good
 - (C) Rise in price of complementary good
 - (D) Increase in production cost
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9. If an economy is operating below full employment equilibrium, the government should:

- (A) Increase taxes and reduce expenditure
 - (B) Reduce money supply
 - (C) Increase government expenditure
 - (D) Increase repo rate
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10. Which of the following correctly explains “opportunity cost”?

- (A) Monetary cost of production
 - (B) Cost incurred on raw materials
 - (C) Value of next best alternative foregone
 - (D) Cost of fixed capital
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