

CUET Economics Set-1

Year 2025

Time Allowed: **60** minutes

Maximum Marks: **250**

Total Questions: **50**

Number of questions to be answered : **50**

Kindly read the Instructions given on this Page and Back Page carefully before attempting this Question Paper.

Important Instructions for the Candidates :

1. This Test contains 50 questions printed in English. Out of these, the candidate is required to answer all 50 questions.
2. Each question has four answer options. Out of these four options choose the MOST APPROPRIATE OPTION.
3. Five (5) marks will be given for each correct answer. One (1) mark will be deducted for each incorrect answer. Unanswered questions will be given no mark.

Q1. The law of demand states that:

- a) Price and demand are directly related
- b) Price and demand are inversely related
- c) Income and demand are directly related
- d) None of these

Q2. Which of the following is a characteristic of a monopoly?

- a) Many sellers
- b) No barriers to entry
- c) Single seller
- d) Homogeneous product

Q3. If the price elasticity of demand is greater than 1, the demand is:

- a) Elastic
- b) Inelastic
- c) Unitary elastic
- d) Perfectly elastic

Q4. The indifference curve is convex to the origin due to:

- a) Diminishing MRS
- b) Increasing MRS
- c) Constant MRS
- d) None of these

Q5 GDP at market prices includes:

- a) Only final goods
- b) Only intermediate goods
- c) Both final and intermediate goods
- d) None of these

Q6. The fiscal policy in India is formulated by:

- a) RBI
- b) SEBI
- c) Ministry of Finance
- d) NITI Aayog

Q7. Inflation caused by an increase in demand is called:

- a) Cost-push inflation
- b) Demand-pull inflation
- c) Stagflation
- d) Hyperinflation

Q8. Match the following concepts with their corresponding descriptions:

List I (Concept)

- A. Law of Diminishing Returns
- B. Monopoly
- C. Marginal Utility
- D. Fiscal Policy

List II (Description)

- 1. Market structure with a single seller
- 2. Additional satisfaction from consuming one more unit
- 3. Output increases at a decreasing rate with added input
- 4. Government's use of spending and taxation to influence the economy

Options:

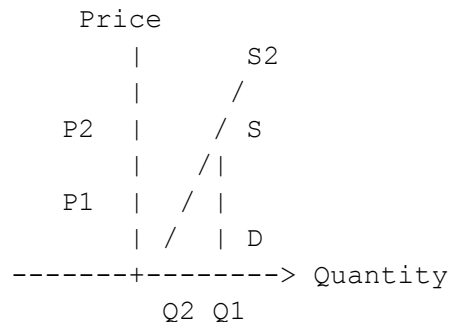
- a) A-3, B-1, C-2, D-4
- b) A-1, B-3, C-4, D-2
- c) A-2, B-4, C-1, D-3
- d) A-4, B-2, C-3, D-1

Q9. The Green Revolution was mainly associated with:

- a) Industrial growth
- b) Agricultural growth
- c) Service sector growth
- d) None of these

Q10. The diagram shows a market with a supply curve (S) and a demand curve (D). The equilibrium price and quantity are P1 and Q1.

If the government imposes a tax on the sellers, the supply curve will shift to S2. The new equilibrium price and quantity will be:



- a) Price will increase to P2, and quantity will increase.
- b) Price will increase to P2, and quantity will decrease to Q2.
- c) Price will decrease, and quantity will increase.
- d) Price will decrease, and quantity will decrease.

Q11. NITI Aayog replaced which of the following?

- a) Planning Commission
- b) Finance Commission
- c) SEBI
- d) RBI

Q12. The main objective of demonetization in 2016 was:

- a) To reduce black money
- b) To increase digital transactions
- c) Both (a) and (b)
- d) None of these

Q13. The lender of last resort is:

- a) Commercial Bank
- b) Central Bank
- c) Government
- d) None of these

Q14. Which of the following is not a function of money?

- a) Medium of exchange
- b) Store of value
- c) Measure of utility
- d) Standard of deferred payment

Q15. CRR is maintained by banks with:

- a) Themselves
- b) RBI
- c) Government
- d) None of these

Q16. The WTO was established in:

- a) 1947
- b) 1995

- c) 2001
- d) 1991

Q17. Balance of Payments includes:

- a) Current Account
- b) Capital Account
- c) Both (a) and (b)
- d) None of these

Q 18. Match the following concepts related to international trade with their meanings:

List I (Concept)	List II (Meaning)
A. Tariff	1. Selling goods below cost in a foreign market
B. Quota	2. Tax imposed on imported goods
C. Dumping	3. Limit on the quantity of goods that can be imported
D. Balance of Trade	4. Difference between a country's exports and imports of goods

Options:

- a) A-2, B-3, C-1, D-4
- b) A-3, B-2, C-4, D-1
- c) A-1, B-4, C-3, D-2
- d) A-4, B-1, C-2, D-3

Q19. The mean of 5, 10, 15, 20 is:

- a) 10
- b) 12.5
- c) 15
- d) 20

Q20. The correlation coefficient ranges between:

- a) 0 to 1
- b) -1 to 1
- c) $-\infty$ to $+\infty$
- d) None of these

Q21. A budget deficit occurs when:

- a) Revenue > Expenditure
- b) Expenditure > Revenue
- c) Revenue = Expenditure
- d) None of these

Q22. Direct tax includes:

- a) GST
- b) Income Tax
- c) Excise Duty
- d) None of these

Q23. Which unemployment is found in rural areas?

- a) Structural
- b) Disguised
- c) Cyclical
- d) None of these

Q24. Poverty line in India is determined by:

- a) Income level
- b) Consumption level
- c) Both (a) and (b)
- d) None of these

Q25. LPG stands for:

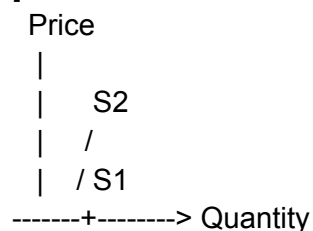
- a) Liberalization, Privatization, Globalization
- b) Land, Power, Growth
- c) Loans, Profits, Gains
- d) None of these

Q26. SEZ stands for:

- a) Special Economic Zone
- b) Social Economic Zone
- c) Special Export Zone
- d) None of these

Q27. The diagram below illustrates a shift in the supply curve from S1 to S2.

[This shift could be caused by:



- a) An increase in consumer income.
- b) A decrease in the price of a complementary good.
- c) An improvement in technology used in production.
- d) An increase in the price of the good itself.

Q28. The base year for GDP calculation in India (recently) is:

- a) 2011-12
- b) 2004-05
- c) 1999-00
- d) None of these

Q29. Which of the following is a non-tax revenue?

- a) Income Tax
- b) GST
- c) Profits from PSUs
- d) None of these

Q30. The concept of 'Make in India' is related to:

- a) Industrial growth
- b) Agricultural growth
- c) Service sector growth
- d) None of these

Q31. If the cross elasticity of demand between tea and coffee is positive, they are:

- a) Complementary goods
- b) Substitute goods
- c) Inferior goods
- d) Giffen goods

Q32. The short-run supply curve of a firm under perfect competition is:

- a) The rising portion of MC curve above AVC
- b) The rising portion of MC curve above AC
- c) The entire MC curve
- d) None of these

Q33. If TR (Total Revenue) is maximum, then Marginal Revenue (MR) is:

- a) Positive
- b) Negative
- c) Zero
- d) Equal to price

Q34. Repo Rate is the rate at which:

- a) RBI lends to commercial banks
- b) Commercial banks lend to the public
- c) Government borrows from RBI
- d) None of these

Q35. Stagflation refers to:

- a) High inflation + High growth
- b) High inflation + Low growth
- c) Low inflation + High growth
- d) Low inflation + Low growth

Q36. Which of the following is not a component of M1 money supply?

- a) Currency with the public
- b) Demand deposits
- c) Time deposits
- d) None of these

Q37. The "Twin Balance Sheet Problem" in India refers to:

- a) Fiscal deficit + Trade deficit
- b) NPAs of banks + Overleveraged corporates
- c) Inflation + Unemployment
- d) None of these

Q38. PM-KISAN is a scheme related to:

- a) Free education for farmers
- b) Direct income support to farmers
- c) Crop insurance
- d) None of these

Q39. "Vocal for Local" initiative aims to promote:

- a) Exports
- b) Domestic manufacturing
- c) Foreign investment
- d) None of these

Q40. Open Market Operations (OMO) are conducted by:

- a) SEBI
- b) RBI
- c) Ministry of Finance
- d) None of these

Q41. If the price elasticity of demand is less than 1, the demand is:

- a) Elastic
- b) Inelastic
- c) Unitary elastic
- d) Perfectly elastic

Q42. Which Five-Year Plan introduced the "Integrated Rural Development Programme (IRDP)"?

- a) Second Plan
- b) Fourth Plan
- c) Sixth Plan
- d) None of these

Q43. "Primary Sector" mainly deals with:

- a) Agriculture and allied activities
- b) Manufacturing and construction
- c) IT and telecommunications
- d) None of these

Q44. Which of the following is a qualitative credit control measure used by the RBI?

- a) CRR
- b) SLR
- c) Moral Suasion
- d) Bank Rate

Q45. The primary function of the RBI is:

- a) Issuing currency
- b) Controlling credit
- c) Banker to the government
- d) All of the above

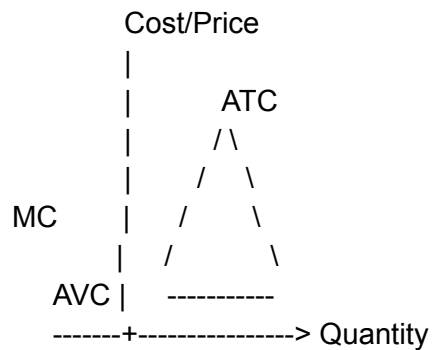
Q46. Devaluation of currency is done to:

- a) Increase exports
- b) Decrease imports
- c) Both (a) and (b)
- d) None of these

Q47. Human Development Index (HDI) does not include:

- a) Life expectancy
- b) Education
- c) Per capita income
- d) Unemployment rate

Q48. The diagram shows the average total cost (ATC), average variable cost (AVC), and marginal cost (MC) curves for a firm. The firm will shut down in the short run if the price falls below:



- a) The minimum point of the ATC curve.
- b) The minimum point of the MC curve.
- c) The minimum point of the AVC curve.
- d) The point where MC intersects ATC.

Q49. "Dumping" in international trade means:

- a) Selling goods below cost in a foreign market
- b) Banning imports
- c) Imposing high tariffs
- d) None of these

Q50 Which of the following is NOT a feature of perfect competition?

- a) Large number of buyers and sellers
- b) Free entry and exit
- c) Product differentiation
- d) Price taker behavior

Answer key:

Q No.	Ans	Q No.	Ans
1	b	26	a
2	c	27	c
3	a	28	a
4	a	29	c
5	a	30	a
6	c	31	b
7	b	32	a
8	a	33	c
9	b	34	a
10	b	35	b
11	a	36	c
12	c	37	b
13	b	38	b
14	c	39	b
15	b	40	b
16	b	41	b
17	c	42	c
18	a	43	a
19	b	44	c
20	b	45	d
21	b	46	c
22	b	47	d
23	b	48	c
24	b	49	a
25	a	50	c