

# CUET Economics Set-2

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. Which of the following best describes the law of supply?

- a) Price and supply are inversely related
- b) Price and supply are directly related
- c) Supply remains constant regardless of price
- d) Supply decreases as demand increases

Q2. A monopolistic market is characterized by:

- a) Few sellers with differentiated products
- b) Single seller with unique product
- c) Many sellers with identical products
- d) Government-regulated pricing structure

Q3. Match the following Economic Systems with their characteristics:

| Column A          | Column B  |
|-------------------|---|
| (A) Capitalism    | (i) State ownership of resources                |
| (B) Socialism     | (ii) Profit-driven, private ownership           |
| (C) Mixed Economy | (iii) Combination of public and private sectors |
| (D) Communism     | (iv) Classless, stateless society               |

Options:

- (a) A-ii, B-i, C-iii, D-iv
- (b) A-iii, B-iv, C-i, D-ii
- (c) A-iv, B-iii, C-ii, D-i
- (d) A-i, B-ii, C-iv, D-iii

Q4. The shape of the production possibility curve is generally:

- a) Convex to the origin
- b) Concave to the origin
- c) Straight lined) None of these

Q5. Net National Product (NNP) is calculated by:

- a) GDP + Depreciation
- b) GDP - Depreciation
- c) GNP - Depreciation
- d) None of these

Q6. Which institution is responsible for India's monetary policy?

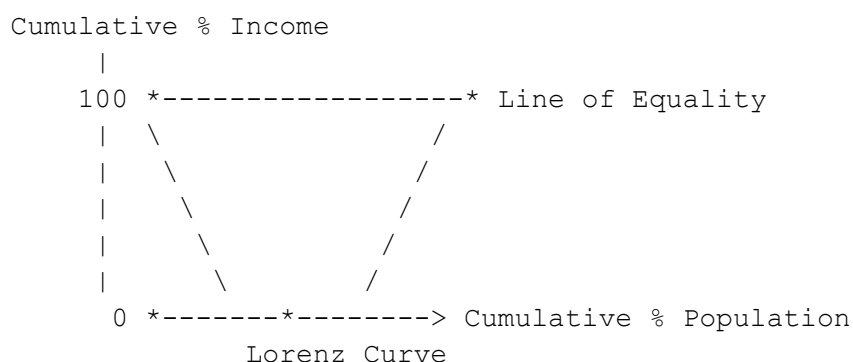
- a) Ministry of Finance
- b) SEBI

- c) RBI
- d) NITI Aayog

Q7. Inflation caused by increased production costs is known as:

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

Q8. The diagram shows a Lorenz curve. The Gini coefficient is represented by the ratio of:



- a) Area B to Area (A + B).
- b) Area A to Area (A + B).
- c) Area (A + B) to Area A.
- d) Area A to Area B.

Q9. The "White Revolution" in India is associated with:

- a) Dairy production
- b) Cotton production
- c) Fisheries development
- d) None of these

Q10. Match the following Taxes with their types:

| Column A         | Column B               |
|------------------|------------------------|
| (A) Income Tax   | (i) Indirect Tax       |
| (B) GST          | (ii) Direct Tax        |
| (C) Property Tax | (iii) Proportional Tax |
| (D) Customs Duty | (iv) Progressive Tax   |

Options:

- (a) A-ii, B-i, C-iv, D-iii
- (b) A-iv, B-iii, C-ii, D-i
- (c) A-ii, B-i, C-iii, D-iv
- (d) A-i, B-ii, C-iv, D-iii

Q11. Which organization regulates the stock market in India?

- a) SEBI
- b) RBI
- c) NITI Aayog
- d) None of these

Q12. The primary purpose of GST implementation was to:

- a) Eliminate black money
- b) Create a unified tax structure
- c) Promote exports
- d) None of these

Q13. The primary function of a central bank is to:

- a) Control credit
- b) Provide loans to individuals
- c) Manage foreign trade
- d) Regulate inflation

Q14. Which of the following is not a feature of perfect competition?

- a) Free entry and exit
- b) Differentiated products
- c) Many buyers and sellers
- d) None of these

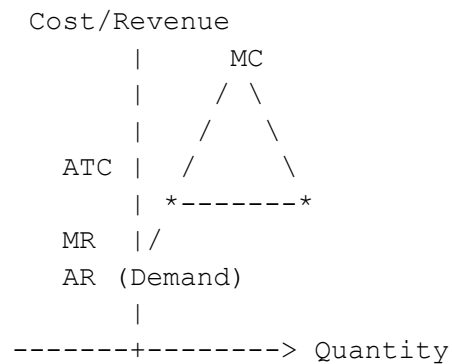
Q15. The base year for calculating the Consumer Price Index (CPI) in India is:

- a) 2010
- b) 2012
- c) 2015
- d) 2005

Q16. Which financial institution is known as the "lender of last resort"?

- a) RBI
- b) SEBI
- c) NABARD
- d) SIDBI

Q17. The diagram represents a monopolistically competitive firm in the short run. The firm will produce at the output level where:



- a) Average revenue (AR) is maximized.
- b) Marginal cost (MC) equals average total cost (ATC).
- c) Marginal revenue (MR) equals marginal cost (MC).
- d) Average revenue (AR) equals average total cost (ATC).

Q18. Direct taxes are levied on:

- a) Goods and services
- b) Income and wealth
- c) Imports and exports
- d) None of these

Q19. Match the following Curves with their representations:

| Column A           | Column B  |
|--------------------|---|
| (A) Lorenz Curve   | (i) Relationship between price and quantity supplied  |
| (B) Phillips Curve | (ii) Income inequality                                |
| (C) Demand Curve   | (iii) Inflation vs. Unemployment                      |
| (D) Supply Curve   | (iv) Relationship between price and quantity demanded |

Options:

- (a) A-ii, B-iii, C-iv, D-i
- (b) A-iii, B-ii, C-i, D-iv
- (c) A-iv, B-i, C-ii, D-iii
- (d) A-i, B-iv, C-iii, D-ii

Q20. Which policy tool is used by RBI to control liquidity in the economy?

- a) Cash Reserve Ratio (CRR)
- b) Fiscal policy
- c) Public expenditure
- d) Open Market Operations (OMO)

Q21 Which of the following is considered a leakage in the circular flow of income?

- a) Investment
- b) Imports
- c) Government spending
- d) Exports

Q22 Which economic concept explains the relationship between inflation and unemployment?

- a) Laffer Curve
- b) Phillips Curve
- c) Demand Curve
- d) IS-LM Curve

Q23 Which type of tax follows the 'Ability to Pay' principle?

- a) Indirect tax
- b) Direct tax
- c) Regressive tax
- d) Proportional tax

Q24 The term "Liquidity Trap" refers to:

- a) High liquidity and low investment
- b) A situation where monetary policy becomes ineffective
- c) High inflation with low liquidity
- d) A sudden surge in bank credit

Q25. Match the following economists with their theories:

| Column A          | Column B  |
|-------------------|---|
| (A) Adam Smith    | (i) General Theory of Employment, Interest, and Money |
| (B) Keynes        | (ii) Invisible Hand                                   |
| (C) Karl Marx     | (iii) Theory of Comparative Advantage                 |
| (D) David Ricardo | (iv) Das Kapital                                      |

Options:

- (a) A-ii, B-i, C-iv, D-iii
- (b) A-i, B-ii, C-iii, D-iv
- (c) A-iii, B-iv, C-ii, D-i
- (d) A-iv, B-iii, C-i, D-ii

Q26 Which of the following is an example of an inferior good?

- a) Luxury car
- b) Organic vegetables
- c) Coarse grains
- d) Branded clothing

Q27 What is the primary objective of the Multidimensional Poverty Index (MPI)?

- a) Measure income inequality
- b) Assess poverty beyond just income
- c) Identify economic growth rates
- d) Track inflation trends

Q28 The concept of 'Invisible Hand' is associated with which economist?

- a) John Maynard Keynes
- b) Adam Smith
- c) Karl Marx
- d) Milton Friedman

Q29 Which financial institution regulates the insurance sector in India?

- a) RBI
- b) SEBI
- c) IRDAI
- d) NABARD

Q30 Which of the following is a component of the capital account in the Balance of Payments?

- a) Remittances
- b) FDI
- c) Tourism receipts
- d) Dividend income

Q31 Which of the following sectors is categorized under the tertiary sector?

- a) Mining
- b) Agriculture
- c) Banking
- d) Manufacturing

Q32 Which of the following is a renewable resource?

- a) Petroleum
- b) Natural Gas
- c) Wind Energy
- d) Coal

Q33 Which Indian economist introduced the concept of 'Poverty Line'?

- a) Amartya Sen
- b) D. T. Lakdawala
- c) V. K. R. V. Rao
- d) Jagdish Bhagwati

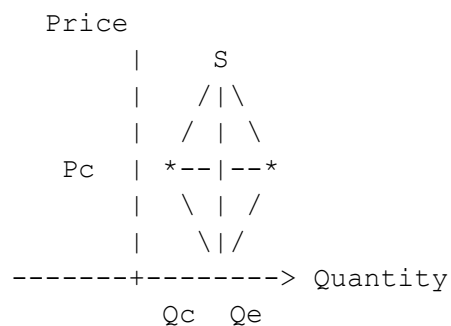
Q34 Which of the following is a supply-side measure to control inflation?

- a) Increasing taxes
- b) Raising interest rates
- c) Reducing import duties
- d) Tightening credit policies

Q35 The 'Golden Quadrilateral' project connects which of the following cities?

- a) Delhi, Mumbai, Kolkata, Chennai
- b) Hyderabad, Bengaluru, Pune, Surat
- c) Lucknow, Jaipur, Patna, Bhopal
- d) Indore, Kanpur, Guwahati, Kochi

Q36. The diagram below shows a market equilibrium. If the government imposes a price ceiling below the equilibrium price, what will be the likely outcome?



(Pc = Price Ceiling, Qe = Equilibrium Quantity, Qc = Quantity at Price Ceiling)

- a) A surplus of the good.
- b) A shortage of the good.
- c) No change in the market equilibrium.
- d) An increase in the quantity supplied.

Q37 Which factor is the primary cause of cost-push inflation?

- a) Increase in consumer demand
- b) Rising wages and production costs
- c) Increase in export demand
- d) Reduction in money supply

Q38 Which of the following is a primary function of commercial banks?

- a) Issuing currency
- b) Controlling inflation
- c) Accepting deposits
- d) Regulating the stock market

Q39 Which economic theory explains the determination of exchange rates based on relative price levels?

- a) Purchasing Power Parity (PPP)
- b) Quantity Theory of Money
- c) Interest Rate Parity
- d) Balance of Trade Theory

Q40 The term "Twin Deficit" in the Indian economy refers to:

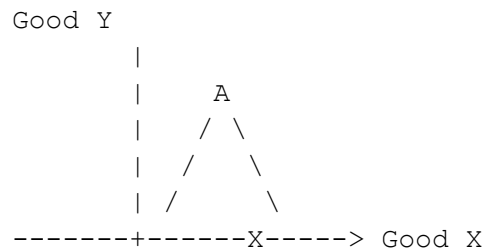
- a) Fiscal deficit and trade deficit
- b) Budget deficit and capital deficit

- c) Revenue deficit and current account deficit
- d) Monetary deficit and fiscal deficit

Q41. Narrow Banking refers to banks investing mainly in:

- a) Risky assets
- b) Government securities
- c) Corporate bonds
- d) None of these

Q42. The diagram below shows a production possibility curve (PPC). Point 'X' represents:



- a) An efficient allocation of resources.
- b) An unattainable level of production with current resources.
- c) An inefficient allocation of resources.
- d) Maximum possible production of Good X.

Q43. FDI (Foreign Direct Investment) is preferred over FPI because:

- a) It is more stable
- b) It is short-term
- c) It is speculative
- d) None of these

Q44. Primary Deficit is calculated as:

- a) Fiscal Deficit – Interest Payments
- b) Revenue Deficit – Capital Expenditure
- c) Fiscal Deficit + Borrowings
- d) None of these

Q45. GST (Goods and Services Tax) is a:

- a) Direct tax
- b) Indirect tax
- c) Proportional tax
- d) Progressive tax

Q46. "Disguised Unemployment" is common in:

- a) Manufacturing sector
- b) Agriculture sector
- c) Service sector
- d) Construction sector

Q47. MGNREGA guarantees:

- a) 100 days of employment per rural household
- b) Free healthcare
- c) Subsidized food grains
- d) Financial assistance for education

Q48. "Atmanirbhar Bharat" focuses on:

- a) Import substitution
- b) Export promotion
- c) Self-reliance
- d) None of these

Q49. Ease of Doing Business Index is released by:

- a) World Bank
- b) IMF
- c) WTO
- d) None of these

Q50. Digital Rupee (e-Rupee) is a:

- a) Cryptocurrency
- b) CBDC (Central Bank Digital Currency)
- c) UPI-based payment system
- d) Digital Wallet Service

Answer key:

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