

CUET 2026 May 15 Shift 1 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. When does a firm experience normal profit?

- (A) When total revenue equals total cost.
- (B) When economic profit is zero.
- (C) When price is equal to minimum AVC.
- (D) When price is equal to ATC in the long run.

Choose the correct answer:

- (A) (A), (B), and (D) only
- (B) (A) and (C) only
- (C) (B) and (C) only
- (D) (A), (B), (C), and (D)

2. The problem of “What to produce?” includes which of the following considerations?

- (A) Whether to produce more of food, clothing, and housing or luxury goods.
- (B) Whether to allocate more resources to education or military services.
- (C) Whether to use labour-intensive or capital-intensive production methods.

(D) Whether to focus on consumption goods or investment goods.

Choose the correct answer from the options below:

- (A) (A), (B), and (D) only
 - (B) (A), (C), and (D) only
 - (C) (B), (C), and (D) only
 - (D) (A), (B), (C), and (D)
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3. The short-run supply curve of a firm is:

- (A) The downward-sloping portion of the SMC curve
 - (B) The rising portion of the SMC curve above the minimum AVC
 - (C) The entire SMC curve
 - (D) The portion of the SMC curve below AVC
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4. Which of the following statements are correct regarding firms in perfect competition?

- (A) No single buyer or seller can influence the market price.
- (B) Products sold by different firms are differentiated to attract customers.
- (C) There are no barriers to entry or exit in the long run.
- (D) Firms in a perfectly competitive market always make super-normal profit in the long run.

Choose the correct answer:

- (A) (A) and (C) only
 - (B) (A), (B), and (D) only
 - (C) (B), (C), and (D) only
 - (D) (A), (B), (C), and (D)
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5. Which of the following is not included in inventory?

- (A) Raw materials
- (B) Semi-finished goods
- (C) Sold finished goods
- (D) Unsold finished goods

6. Match List-I (Concepts) with List-II (Definitions/Examples):

List-I (Concepts)		List-II (Definitions/Examples)	
(A)	Intermediate Goods	(I)	Unexpected rise in sales leads to stock depletion
(B)	Unplanned Accumulation of Inventories	(II)	Production - Sales
(C)	Change in Inventories Formula	(III)	Completely used in the production process
(D)	Unplanned Decumulation of Inventories	(IV)	Unexpected fall in sales leads to unsold stock

Choose the correct answer from the options given below:

- (A) (A)-(III), (B)-(IV), (C)-(II), (D)-(I)
- (B) (A)-(IV), (B)-(I), (C)-(III), (D)-(II)
- (C) (A)-(II), (B)-(III), (C)-(I), (D)-(IV)
- (D) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

7. What is a liquidity trap?

- (A) A situation where money supply has no impact on interest rates and demand for bonds
- (B) A condition where interest rates keep increasing indefinitely
- (C) A state where money is not needed in an economy
- (D) A phase of high inflation due to excess money supply

8. The concept of market equilibrium assumes that:

- (A) Market forces of supply and demand determine prices
- (B) Government intervention is necessary to set prices
- (C) Firms individually decide market prices
- (D) Consumers control the supply

9. If excess demand exists in the market, what should happen to restore equilibrium?

- (A) Prices should increase
- (B) Prices should decrease

- (C) Government should set a price cap
(D) Firms should stop production

10. Match List-I (Concepts) with List-II (Meanings):

List-I (Concepts)		List-II (Meanings)	
(A)	Effective Demand Principle	(I)	Planned investment before actual execution
(B)	Autonomous Change	(II)	Expected consumption expenditure before the actual occurrence
(C)	Ex-ante Consumption	(III)	Change occurring independently of other factors in the economy
(D)	Ex-ante Investment	(IV)	Demand determines the level of employment and output

Choose the correct answer from the options given below:

- (A) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
(B) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)
(C) (A)-(I), (B)-(IV), (C)-(III), (D)-(II)
(D) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)