

# CUET PG 2026 Economics Question Paper

Time Allowed :1 Hour 30 Minutes

Maximum Marks :300

Total Questions :75

## General Instructions

Read the following instructions very carefully and strictly follow them:

- The Question Paper consists of 75 Multiple Choice Questions (MCQs).
- Total marks for the exam is 300.
- The total duration is 90 minutes; a, timer on the screen will display the remaining time, and the exam will automatically submit when the time reaches zero.
- For every correct answer, 4 marks (+4) will be awarded to the candidate, and a 1 mark (-1) will be deducted for every incorrect answer.
- Question papers are available in both English and Hindi.

1. The Pareto optimality criterion implies fulfillment of all the following conditions except

- (A) The marginal rate of transformation between any two goods is equal to the marginal rate of substitution between the same two goods.
- (B) The economy is operating on its production possibility frontier.
- (C) Production techniques embody the most efficient technology.
- (D) Income is distributed fairly among all individuals.

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2. Which of the following statements is not correct?

- (A) If  $f(x)$  is quasiconcave, then  $-f(x)$  is quasiconvex.
- (B) If  $f(x)$  is a linear function, then it is quasiconcave as well as quasiconvex.
- (C) Any concave function is quasiconcave, but the converse is not true.
- (D) Any convex function is quasiconvex and its converse also holds.

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3. Assuming that the production function is homogeneous of degree one and Euler's equation holds, if  $MPL$  (marginal product of labour) is greater than  $APL$  (average product of labour), then

- (A)  $MPL$  will be negative
- (B)  $MPL$  will be zero

- (C)  $MPK$  will be negative
  - (D)  $MPL$  and  $MPK$  will both be negative
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**4. Which of the following is excluded from headline inflation to arrive at core inflation?**

- (A) Energy prices
  - (B) Gold prices
  - (C) Automobile prices
  - (D) Share prices
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**5. Which of the following is not considered in the calculation of GDP?**

- (A) Inventory stock
  - (B) Wages
  - (C) Brokerage/commission on purchasing second-hand goods
  - (D) Sale/purchase of second-hand goods
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**6. In the case of classical economics, an increase in the nominal money stock causes**

- (A) An increase in output
  - (B) Shift in aggregate demand curve to the left
  - (C) No change in the price level
  - (D) Shift in aggregate demand curve to the right
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**7. Which of the following is not correct about residential investment?**

- (A) It depends on the net real return obtained by owning housing.
  - (B) The combination of high nominal interest rates and high inflation strongly encourages housing investment.
  - (C) The demand for housing is insensitive to the nominal interest rate.
  - (D) The cost of owning a house rises almost proportionately with the real interest rate.
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**8. What is the geometric mean of 2, 4 and 8?**

- (A) 4.67
- (B) 3.43

- (C) 4
  - (D) 4.5
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**9. If  $A$  and  $B$  are symmetric matrices of the same order, which one of the following is not correct?**

- (A)  $A + B$  is a symmetric matrix.
  - (B)  $AB + BA$  is a symmetric matrix.
  - (C)  $A + A^T$  and  $B + B^T$  are symmetric matrices.
  - (D)  $AB - BA$  is a symmetric matrix.
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**10. In correlation analysis, the two variables**

- (A) Are treated with distinction.
  - (B) Are treated differently based on individual characteristics.
  - (C) Are treated symmetrically.
  - (D) Are regressed.
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**11. Linear regression model is**

- (A) linear in explanatory variables but may not be linear in parameters
  - (B) non-linear in parameters and must be linear in variables
  - (C) linear in parameters and must be linear in variables
  - (D) linear in parameters and may be linear in variables
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**12. Which of the following does not hold at the equilibrium price and quantity in a perfectly competitive market?**

- (A) Total surplus gets maximized
  - (B) Marginal benefit equals marginal cost
  - (C) Minimum willingness to pay equals minimum acceptable price
  - (D) All competitive equilibria are Pareto optimal
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**13. In the context of the Keynesian concept of a multiplier, a \$1 increase in government spending financed by a \$1 increase in taxes will cause equilibrium income**

- (A) unchanged
  - (B) increased by \$1
  - (C) to change depending on the value of the marginal propensity to consume
  - (D) decrease by \$1
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**14. An individual's utility function for two goods milk (M) and butter (B) is given as  $U(M, B) = 5M - 10B$  and the cost of each unit of the two goods is Rs 1 and the individual's weekly budget is Rs 5. Find the individual's utility maximizing choice.**

- (A) 2.5 units of M and 2.5 units of B
  - (B) 0 unit of M and 5 units of B
  - (C) 5 units of M and 5 units of B
  - (D) 5 units of M and 0 unit of B
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**15. The statement that "currency held in the hand yields no income" is given by**

- (A) A. C. Pigou
  - (B) A. Marshall
  - (C) I. Fisher
  - (D) J. M. Keynes
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**16. Calculate the standard deviation for the following sample: 8, 7, and 9.**

- (A)  $\sqrt{2}$
  - (B)  $\sqrt{2.15}$
  - (C)  $\sqrt{1}$
  - (D)  $\sqrt{1.5}$
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**17. Which of the following is not a type of non-random sampling?**

- (A) Convenience sampling
  - (B) Cluster sampling
  - (C) Quota sampling
  - (D) Snowball sampling
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**18. According to monetarist thought, the natural rate of unemployment and output is not determined by**

- (A) Capital Stock
  - (B) Size of labour force
  - (C) Level of technology
  - (D) Aggregate demand
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**19. What would be the slope of the labour supply curve if there is large scale involuntary unemployment in the economy, if wage rate is measured along the vertical axis and labour supply is measured along the horizontal axis?**

- (A) Horizontal
  - (B) Vertical
  - (C) Positively sloped
  - (D) Negatively sloped
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**20. Tax holidays and cash grants are examples of**

- (A) Tariffs
  - (B) Subsidies
  - (C) Quotas
  - (D) Discounts
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