

# CBSE Class 12 Economics (Set 2 – Code 58/2/2) 2026 Question Paper

Time Allowed :3 Hours

Maximum Marks :80

Total questions :34

## General Instructions

**Read the following instructions very carefully and strictly follow them:**

1. This question paper contains **34 questions** in two sections.
2. **Section A (Macro Economics):** Questions 1 to 17.
3. **Section B (Indian Economic Development):** Questions 18 to 34.
4. Questions 1–10 and 18–27 are **1-mark MCQs**.
5. Questions 11–12 and 28–29 are **3-mark Short Answer** questions (60–80 words).
6. Questions 13–15 and 30–32 are **4-mark Short Answer** questions (80–100 words).
7. Questions 16–17 and 33–34 are **6-mark Long Answer** questions (100–150 words).

## Section A – Macro Economics

**1. Identify which of the following is a ‘Stock’ variable:**

- (A) Monthly Salary of a teacher
- (B) Distance between Delhi and Mumbai
- (C) Annual Interest on savings
- (D) Quantity of wheat produced in a year

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**2. If  $MPC = 0.5$ , what will be the value of the Investment Multiplier ( $K$ )?**

- (A) 1
- (B) 2

(C) 4

(D) 5

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**3. Assertion (A):  $APC$  can be greater than 1.**

**Reason (R): At very low levels of income, consumption can exceed income.**

(A) Both A and R are true and R is the correct explanation.

(B) Both A and R are true but R is not the explanation.

(C) A is true, R is false.

(D) A is false, R is true.

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**4. Supply of money refers to:**

(A) Stock of money with the government.

(B) Stock of money with the banking system.

(C) Stock of money with the public at a point in time.

(D) Total gold reserves in the country.

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**5. Purchase of a car by a household is an example of:**

(A) Capital formation

(B) Intermediate consumption

(C) Final consumption

(D) Inventory investment

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**6. Which of the following is NOT a function of the Central Bank?**

(A) Issue of currency

(B) Banker to the Government

(C) Accepting deposits from the general public

(D) Custodian of foreign exchange

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**7. When the exchange rate of domestic currency rises in a managed floating system, it is called:**

- (A) Devaluation
  - (B) Depreciation
  - (C) Appreciation
  - (D) Revaluation
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**8. “Unilateral Transfers” are recorded in which account of BOP?**

- (A) Capital Account
  - (B) Current Account
  - (C) Errors and Omissions
  - (D) None of these
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**9. If the Legal Reserve Ratio (*LRR*) is 20%, the Money Multiplier will be:**

- (A) 2
  - (B) 5
  - (C) 10
  - (D) 20
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**10. Identify the correct statement:**

- (A) Revenue deficit includes capital receipts.
  - (B) Fiscal deficit is the difference between total expenditure and total receipts excluding borrowings.
  - (C) Primary deficit includes interest payments.
  - (D) Tax is a non-debt creating capital receipt.
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**11. Calculate ‘Compensation of Employees’ (COE) from the following data :**

| <b>Items</b>                      | <b>( in Crore)</b> |
|-----------------------------------|--------------------|
| (i) $GDP_{MP}$                    | 600                |
| (ii) Consumption of Fixed Capital | 40                 |
| (iii) Net Indirect Taxes (NIT)    | 30                 |
| (iv) Operating Surplus            | 200                |
| (v) Mixed Income of Self-Employed | 120                |

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**12. Explain the ‘Store of Value’ function of money.**

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**13. Distinguish between ‘Involuntary Unemployment’ and ‘Voluntary Unemployment’.**

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**14. Distinguish between ‘Revenue Receipts’ and ‘Capital Receipts’ in a Government Budget.**

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**15. Explain the concept of ‘Deflationary Gap’ with the help of a diagram.**

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**16. Explain the ‘Banker to the Government’ function of the Central Bank.**

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**17. Explain the process of ‘Credit Creation’ by Commercial Banks with a numerical example.**

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### **Section B – Indian Economic Development**

**18. In which year was the first Five-Year Plan started in India?**

- (A) 1948
- (B) 1950
- (C) 1951

(D) 1956

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**19. The architect of Indian Planning was:**

- (A) Jawaharlal Nehru
  - (B) P.C. Mahalanobis
  - (C) V.K.R.V. Rao
  - (D) Manmohan Singh
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**20. When were the economic reforms (New Economic Policy) introduced in India?**

- (A) 1985
  - (B) 1991
  - (C) 1999
  - (D) 2001
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**21. 'Great Leap Forward' (GLF) campaign in China was initiated in 1958 to:**

- (A) Modernize agriculture
  - (B) Industrialize the country on a massive scale
  - (C) Promote foreign trade
  - (D) Control population
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**22. NABARD was established in the year:**

- (A) 1969
  - (B) 1975
  - (C) 1982
  - (D) 1991
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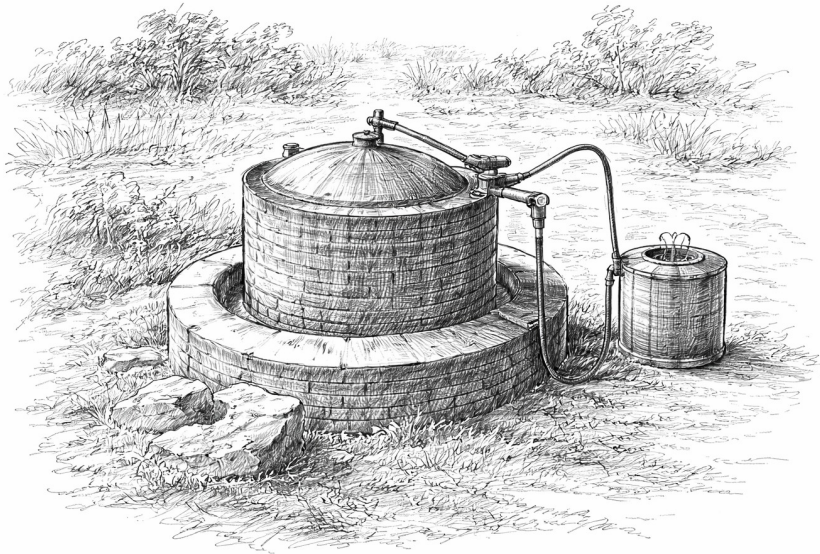
**23. Special Economic Zones (SEZs) were established in China to attract:**

- (A) Rural workers
- (B) Foreign Direct Investment (FDI)
- (C) Agricultural technology

(D) Political support

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**24. Observe the given image of the 'Biogas (Gobar Gas) Plant' and identify its benefit:**



- (A) It increases the use of chemical fertilizers.
  - (B) It is a clean, non-conventional source of energy.
  - (C) It causes high air pollution.
  - (D) It is an expensive urban energy source.
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**25. 'Golden Revolution' is associated with:**

- (A) Milk
  - (B) Horticulture and Honey
  - (C) Cereals
  - (D) Fisheries
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**26. Pakistan's economic reforms were initiated in the year:**

- (A) 1978
- (B) 1988
- (C) 1991
- (D) 1995

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27. Define 'Sustainable Development'.

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28. Mention any three challenges facing the power sector in India.

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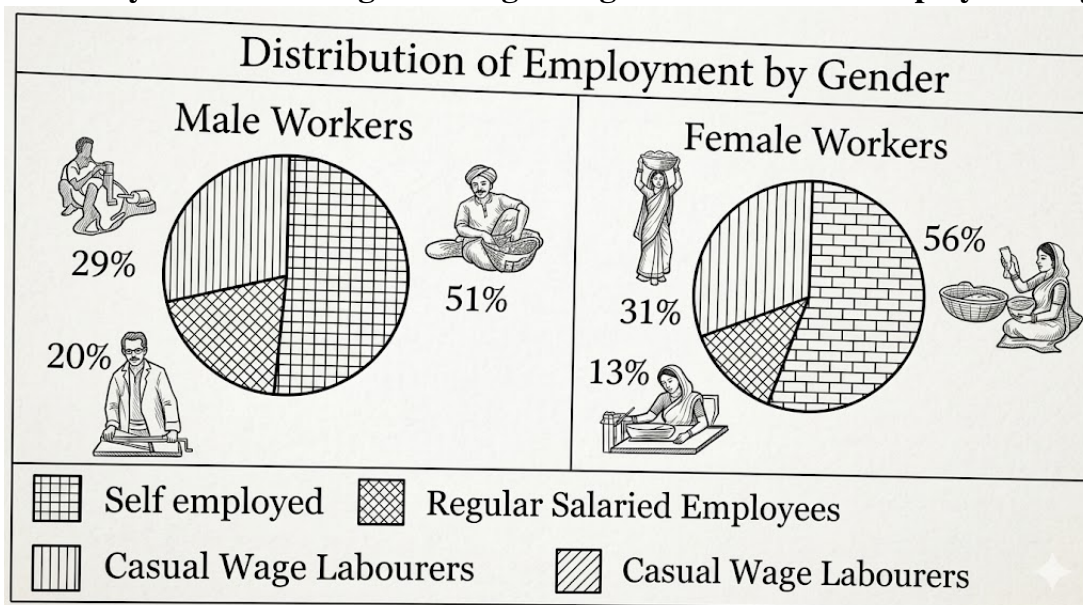
29. Discuss the role of 'Self-Help Groups' (SHGs) in rural credit.

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30. Explain the 'Great Proletarian Cultural Revolution' of China.

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31. Analyze the following chart regarding 'Distribution of Employment by Gender':



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32. Discuss 'Organic Farming' as a sustainable alternative.

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33. Compare the development experiences of India and China on the basis of GDP growth and Sectoral contribution.

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34. Evaluate the impact of 'LPG Reforms' (1991) on the Indian Economy.

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