

Kerala Board Class 12 2026 Economics Question Paper

Time Allowed :2 Hours

Maximum Marks :80

Total questions :30

General Instructions

Read the following instructions very carefully and strictly follow them:

1. The paper is divided into Section A and Section B.
2. Section A includes objective-type questions.
3. All questions in Section A are compulsory.
4. Section B includes short answer, and long answer type questions.
5. Answers must be written legibly within the word limit.
6. Use of unfair means or electronic devices is prohibited.
7. Follow the correct format and instructions for each section.

Section - A

1. Goods that are used by producers as inputs

- (A) Final goods
- (B) Consumer goods
- (C) Intermediate goods
- (D) None of these

2. When income increases, the budget line shifts towards

- (A) Left
- (B) Right
- (C) Downwards
- (D) None of these

3. The point on which a firm earns only normal profit in the short run

- (A) Shutdown point
 - (B) Excess supply
 - (C) Break even point
 - (D) Excess demand
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4. Want satisfying capacity of a commodity

- (A) Demand
 - (B) Supply
 - (C) Production
 - (D) Utility
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5. The year in which J.M. Keynes published his book 'The General Theory of Employment, Interest and Money'.

- (A) 1936
 - (B) 1930
 - (C) 1945
 - (D) 1929
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6. The consumption that takes place when income is zero. It is called

- (A) Autonomous consumption
 - (B) Induced consumption
 - (C) Autonomous investment
 - (D) None of these
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7. A garment factory replaces 50 workers with some machines to reduce the costs of production. Which central problem of an economy is being added in the statement?

- (A) What to produce
 - (B) How to produce
 - (C) What quantities to produce
 - (D) For whom to produce
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8. Which of the following cost curve is a rectangular hyperbola?

- (A) Total Variable Cost (TVC)
 - (B) Average Variable Cost (AVC)
 - (C) Total Fixed Cost (TFC)
 - (D) Average Fixed Cost (AFC)
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9. The situation where market supply equals market demand is called

- (A) Excess demand
 - (B) Excess supply
 - (C) Deficient demand
 - (D) Market equilibrium
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10. An individual unit who takes decisions relating to its own consumption is

- (A) Household
 - (B) Firm
 - (C) Government
 - (D) External sector
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Section - B

11. What is GDP deflator? Distinguish between Real GDP and Nominal GDP.

12. The market price of a good increases from Rs. 10 to Rs. 25. Therefore, the quantity supplied by the firm increases from 15 to 20 units. Calculate the price elasticity of supply.

13. What are the central problems of an economy in relation to scarce resources?

14. If investment increases by 200 crores and MPC is 0.2, what will be the increase in total income?

15. Explain the three types of budget.

16(a). What are the features of perfect competition?

(b). Explain the conditions required for profit maximization of a perfectly competitive firm in short run.

17(a). Explain the functions of central bank.

(b). Explain the quantitative and qualitative instruments used by the central bank to control the money supply in the economy.

18. A firm's capital at the beginning of the year is 10 crores and new investment during the year is 3 crores. Identify the stock and flow variables in the statement.

19. List the components of aggregate demand in a two-sector economy.

20. List any three factors which leads to rightward shift of the supply curve of a firm.

21. Write a short note on emergence of macroeconomics.

22. If consumer income increases, demand for normal goods also increases. What will be its effects on equilibrium price and equilibrium quantity?

23. Calculate equilibrium price and quantity from the given equations.

24. Define Government Budget.

25. Distinguish between cardinal utility analysis and ordinal utility analysis.

26(a). Explain the features of perfect competitive market. (Any 3 points)

(b). Why a seller in a perfectly competitive market is unable to sell above the market price?

27(a). Illustrate price ceiling with the help of a example.

(b). Why do price ceilings lead to a shortage of commodities?

28(a). Explain exchange rate and list any two factors affecting exchange rates.

(b) How does a rise in exchange rate affect exports of a country?

29(a). Given the consumption function $C = 200 + 0.8Y$, $I = 300$, find the equilibrium income.

(b). Prepare a graphical representation of determination of equilibrium income in a two-sector economy.

30 (a). Define Gross Domestic Product.

(b). List the three methods of measuring Gross Domestic Product of an economy.
