

ICSE Board Class 12 2026 Economics Question Paper

Time Allowed :3 Hour

Maximum Marks :70

Total Questions :16

General Instructions

Read the following instructions very carefully and strictly follow them:

- This question paper contains **30 questions**. All questions are compulsory.
- Question paper is divided into **FIVE SECTIONS** – Section A, B, C, D & E.
- **Section A** – question number 1 to 16 are multiple choice type questions. Each question carries 1 mark.
- **Section B** – question number 13 to 18 are Short Answer type questions. Each question carries 2 marks. Write answer to each question in 50 to 60 words.
- **Section C** – question number 19 to 23 are Long Answer type-I questions. Each question carries 4 marks. Write answer to each question in 100 to 120 words.
- **Section D** – question number 24 to 26 are passage, cartoon and Map-based questions. Answer each question accordingly.
- **Section E** – question number 27 to 30 are Long Answer type-II questions. Each question carries 6 marks. Write answer to each question in 170 to 180 words.
- There is no overall choice in the question paper. However, an internal choice has been provided in few questions. **Only one** of the choices in such questions has to be attempted.
- In addition to this, **NOTE** that a separate question has been provided for Visually Impaired candidates in lieu of questions having visual inputs, Map etc. Such questions are to be attempted by Visually Impaired candidates only.

SECTION A – 16 MARKS

1.

A firm produces either a homogeneous or a differentiated product in:

- (A) Oligopoly
- (B) Monopsony
- (C) Perfect competition
- (D) Monopolistic competition

2.

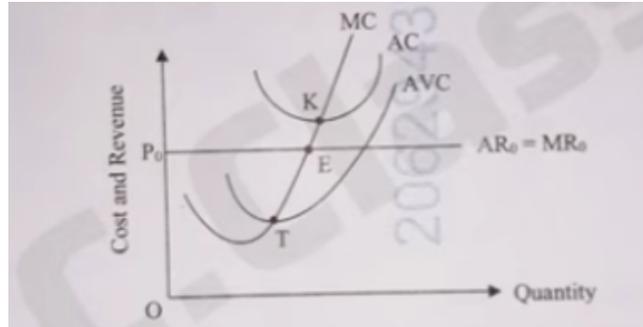
Demand curve for a commodity will be negatively sloped but steeper when demand rises by 15% due to a fall in its price from Rs. 40 to:

- (A) Rs. 38
- (B) Rs. 36
- (C) Rs. 34

(D) Rs. 32

3.

Refer to the diagram given below and choose the correct statement.



- (A) K is the equilibrium point as $MC = AC$
- (B) $MC = AVC$ at T and firm enjoys normal profit
- (C) E is the equilibrium point, but the firm stops production due to loss
- (D) E is the equilibrium point as both the equilibrium conditions have been satisfied

4.

ICB Bank receives a cheque of Rs. 25,000 from Azim Bank. ICB Bank settles its claim through the central bank of the country. Which function of central bank is indicated here?

- (A) Lender of last resort
- (B) Clearing house facility
- (C) Controller of money supply
- (D) Fiscal agent of the government

5.

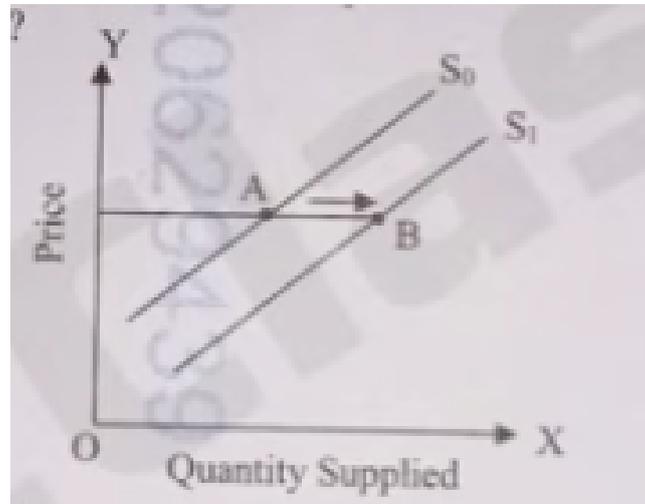
Observe the images shown below that represent two types of government expenditure. Which one of the following statements is correct?



- (A) Image 1 leads to a reduction in asset and causes capital expenditure
- (B) Image 2 leads to an increase in asset and causes capital expenditure
- (C) Image 1 leads to an increase in liability and causes revenue expenditure
- (D) Image 2 leads to a reduction in liability and causes revenue expenditure

6.

Which one of the following scenarios depicts the movement from A to B shown in the diagram?



- (A) Rise in supply of tomato due to increase in its price
- (B) Rise in supply of t-shirts following a fall in its price
- (C) Fall in supply of fertilisers due to reduction in subsidy
- (D) Rise in supply of television due to use of Artificial Intelligence in manufacturing

7.

Which one of the following will be included in Capital Account of Balance of Payments of India?

- (A) Mohan received interest on his fixed deposit in a bank in Singapore
- (B) ABL Computers imported microprocessors from the USA for 3,60,000
- (C) Rush Ltd., a foreign car company, invested in India for production of cars
- (D) People from neighbouring countries spent money on medical treatment in India

8.

Assertion: Demand curve slopes negatively.

Reason: Law of demand assumes income remains constant.

- (A) Both true and correct explanation
- (B) Both true but not correct explanation
- (C) Assertion true, Reason false
- (D) Both false

9.

Assertion: M0 is the monetary liability of Reserve Bank of India.

Reason: RBI controls credit whereas commercial banks create credit.

- (A) Both true and correct explanation
- (B) Both true but not correct explanation
- (C) Assertion true, Reason false
- (D) Both false

10.

In the Ordinal Utility Analysis, the budget line cannot slope positively. Defend or refute the statement with a reason.

11.

Why is Indian currency regarded as a fiat money?

12.

What is demand pull inflation?

13.

A firm under perfect competition faces perfectly elastic demand whereas under monopolistic competition it is less elastic. Justify.

14.

State any two features of a Monopsony market.

15.

Why is GST on soaps considered regressive in nature?

16.

Explain how deficit in Balance of Payments can be corrected by raising domestic rate of interest on savings.
