

CBSE Class 12 Economics 2026 - Set 58/3/3



Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions

- (i) This question paper contains 34 questions.
- (ii) All questions are compulsory, subject to the internal choices provided. Attempt all parts of a question together.
- (iii) Where an internal choice is provided, attempt only one alternative.
- (iv) Questions 1–10 and 18–27 carry 1 mark each.
- (v) Questions 11–12 and 28–29 carry 3 marks each; answer in 60–80 words.
- (vi) Questions 13–15 and 30–32 carry 4 marks each; answer in 80–100 words.
- (vii) Questions 16–17 and 33–34 carry 6 marks each; answer in 100–150 words.

Section A — Macro Economics

1. Identify, the factor which influences the demand for foreign exchange in a country.

(Choose the correct option)

- | | |
|---|--|
| (A) Investments made by Indians in Japan | (B) Indian producers exporting fabrics to United States of America (USA) |
| (C) Remittances by Indian workers from Gulf countries | (D) An Indian software company providing services to clients abroad |

2. On the basis of the given table, estimate the value added by the Baker.

(Amount in ₹ crore)

	Farmer	Baker
Total Production	100	200
Intermediate Consumption	0	50
Value Added	100	... (i) ...

(Choose the correct option)

- | | |
|---------|---------|
| (A) 200 | (B) 250 |
| (C) 100 | (D) 150 |

3. Read the following statements : Assertion (A) and Reason (R). Choose the correct option from those given below :

Assertion (A) : Borrowing requirements of the government include interest obligations on debt as well.

Reason (R) : The goal of measuring primary deficit is to correct the prevailing fiscal imbalances.

- | | |
|--|---|
| (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). | (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). |
| (C) Assertion (A) is true, but Reason (R) is false. | (D) Assertion (A) is false, but Reason (R) is true. |

4. Read the following statements carefully :

Statement I : Trade in services includes both factor income and non-factor income transactions.

Statement II : Current Account includes transactions related to goods, services and unilateral transfers.

In the light of the given statements, choose the correct option from the following :

- | | |
|--|--|
| (A) Statement I is true and Statement II is false. | (B) Statement I is false and Statement II is true. |
| (C) Both Statements I and II are true. | (D) Both Statements I and II are false. |

5. Suppose in a hypothetical economy, $Y = 50 + 0.8Y + 100$, where Y = National Income.

The value of Investment Multiplier (K) would be _____.

(Choose the correct option to fill in the blank)

- | | |
|--------|---------|
| (A) 5 | (B) 0.2 |
| (C) 50 | (D) 0.8 |

6. Select the correct formula to calculate the value of Marginal Propensity to Save (MPS) :

I. $\text{Change in Savings } (\Delta S) / \text{Change in Consumption } (\Delta C)$

II. $\text{Change in Savings } (\Delta S) / \text{Change in Income } (\Delta Y)$

III. $1 - \text{Marginal Propensity to Consume (MPC)}$

IV. $\text{Change in Income } (\Delta Y) / \text{Change in Savings } (\Delta S)$

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

7. Read the following statements carefully :

Statement I : At the break-even level of income, the value of slope of the consumption curve is zero.

Statement II : Marginal Propensity to Consume (MPC) refers to the change in consumption per unit change in income.

In the light of the given statements, choose the correct option from the following :

- | | |
|--|--|
| (A) Statement I is true and Statement II is false. | (B) Statement I is false and Statement II is true. |
| (C) Both Statements I and II are true. | (D) Both Statements I and II are false. |

8. Under the fixed exchange rate system, if the government decreases the value of domestic currency with respect to a foreign currency, it is known as _____ of currency.

(Choose the correct option to fill in the blank)

- | | |
|------------------|------------------|
| (A) Devaluation | (B) Depreciation |
| (C) Appreciation | (D) Revaluation |

9. Identify the variable(s) which may add to the future productive capacity of an economy :

- I. Raw material
- II. Fixed investment
- III. Inventories with producers

(Choose the correct option)

- | | |
|----------------|-------------------|
| (A) Only I | (B) Only II |
| (C) II and III | (D) I, II and III |

10. "Consumption of a good by a person does not reduce the amount available for consumption by others. Consumers consuming such goods are known as free-riders."

Identify the type of goods indicated in the above text.

- | | |
|-------------------------|----------------------------|
| (A) Public goods | (B) Private goods |
| (C) Joint venture goods | (D) Self-consumption goods |

11(a). State the meaning and any two components of Gross Domestic Capital formation.

OR

11(b). "It is not the nature of a good, rather the economic nature of its use, which determines whether it is a final good or not."

Justify the given statement with valid arguments.

12. Keeping other factors constant, explain how a spending of foreign tourists in the home country and fees payments of overseas students affect the demand and supply of foreign exchange.

13. Estimate the value of incremental investment if, equilibrium level of income increases by ₹ 50,000 crore and half of additional income is always saved in the economy.

14(a). Distinguish between Revenue Expenditure and Capital Expenditure with the help of suitable examples.

OR

14(b). Using suitable examples, distinguish between Revenue Receipts and Capital Receipts.

15. “The Reserve Bank of India (RBI) has decided to increase the loan amount to 90% of the security value, from the prior rate of 70%.”

In the light of the above statement, identify the type of monetary measure exercised by the Reserve Bank of India (RBI) and its likely impacts on the Aggregate Demand of an economy.

16. Read the following passage carefully :

Any institution which accepts deposits from the public and advances loans is a bank. Banks are broadly categorised into :

- Commercial Banks, and
- Central Bank.

Commercial banks accept deposits from public and use these deposits for giving loans. Banks keep a fraction of deposits as reserves. Generally, all depositors do not demand their money at the same time. The Central Bank of a country is responsible for controlling credit creation. The Reserve Bank of India (RBI) regulates the money supply in India through its monetary policy.

On the basis of the above passage and common understanding, answer the following questions :

16(i). State the meaning of a Bank.

16(ii). Mention any two traits that distinguish Central Bank from Commercial Banks.

16(iii). “Open market operation is the tool used by Reserve Bank of India (RBI) to regulate money supply in the economy.” Justify the given statement with valid arguments.

17(a). Calculate National Income (NNP_{FC}) and Gross Domestic Product at Factor Cost (GDP_{FC}) from the following data :

S. No.	Particulars	Amount (in ₹ crore)
(i)	Rent	120
(ii)	Profits	200
(iii)	Domestic Income	720
(iv)	Mixed Income	70
(v)	Wages and Salaries	300
(vi)	Indirect Taxes	150
(vii)	Subsidies	50
(viii)	Consumption of fixed capital	200
(ix)	Interest	30
(x)	Dividend	120
(xi)	Net factor income from abroad	20

OR

17(b)(i). “Increase in per capita availability of goods and services necessarily means rise in welfare of the people of that country.” Do you agree with the given statement ? Give valid reason in support of your answer.

OR

17(b)(ii). Define capital goods.

Section B — Indian Economic Development

18. Read the following text carefully :

“Between 1966 – 67, Mao introduced this movement under which professionals and students were asked to work and learn from the countryside of China.”

Identify the correct option with reference to the aforesaid text.

- | | |
|----------------------|---|
| (A) Commune System | (B) Great Leap Forward |
| (C) Open Door Policy | (D) Great Proletarian Cultural Revolution |

19. Read the following statements carefully :

Statement I : Livestock provides alternative livelihood options to small and marginal farmers.

Statement II : In rural areas, animal husbandry provides stable employment opportunities throughout the year.

In the light of the given statements, choose the correct option from the following :

- | | |
|--|--|
| (A) Statement I is true and Statement II is false. | (B) Statement I is false and Statement II is true. |
| (C) Both Statements I and II are true. | (D) Both Statements I and II are false. |

20. Nations worldwide typically establish Regional and Global economic groups in order to _____.

(Choose the correct option to fill in the blank)

- | | |
|-----------------------------------|---------------------------------------|
| (A) Strengthen their economies | (B) Ensure liberty |
| (C) Promote judicial independence | (D) Gain control over other countries |

21. The steep Indian education pyramid indicates _____.

(Choose the correct option to fill in the blank)

- | | |
|--|--|
| (A) Equal distribution of students across all levels | (B) Increase in number of people reaching higher education |
| (C) Low unemployment among educated youth | (D) Few/less number of people reaching higher education |

22. Read the following statements carefully :

Statement I : Inland waterways proved to be uneconomical as in the case of Coast Canal on the Orissa coast.

Statement II : British government followed an effective and efficient administrative set-up leaving a legacy of effective work culture.

In the light of the given statements, choose the correct option from the following :

- | | |
|--|--|
| (A) Statement I is true and Statement II is false. | (B) Statement I is false and Statement II is true. |
| (C) Both Statements I and II are true. | (D) Both Statements I and II are false. |

23. Arrange the following events of Pakistan in correct chronological order :

I. Nationalisation of capital goods industries

II. Establishment of Pakistan

III. Introduction of economic reforms

IV. Announcement of First Five Year Plan

(Choose the correct option)

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

24. Read the following statements : Assertion (A) and Reason (R). Choose the correct option from those given below :

Read them carefully and select the correct option :

Assertion (A) : The unemployment problem in India is multifaceted.

Reason (R) : Some individuals work round the year, while others work only a few months in a year.

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
(C) Assertion (A) is true, but Reason (R) is false.
(D) Assertion (A) is false, but Reason (R) is true.

25. Minimum Support Price is fixed by the Government to safeguard the interests of the _____.

(Choose the correct option to fill in the blank)

- (A) Consumers
(B) Farmers
(C) Wholesalers
(D) Middlemen

26. Identify, which of the following is an income indicator.

(Choose the correct option)

- (A) Mortality rate
(B) Malnourishment
(C) GDP per capita
(D) Morbidity rate

27. The primary outcome of the efforts initiated by the Indian Government (Liberalisation and Privatisation) under the New Economic Policy of 1991 was _____.

(Choose the correct option to fill in the blank)

- (A) Fiscal policy reforms
(B) Globalization
(C) Monetary policy reforms
(D) Reservation of products

28. “Green Revolution has made India self-reliant with respect to food grains production.”
Justify the given statement with valid arguments.

29(a). Describe the role which India has played as an important member of World Trade Organisation (WTO).

OR

29(b). Critically appraise the Industrial Licensing policy initiated by the government during the planning period of India.

30(a). Describe the role of government in improving the efficiency of human capital formation in India.

OR

30(b). “Traditional knowledge and practices are still applicable in ensuring sustainable development.”

Do you agree with the given statement ? Support your answer with valid reasons.

31. On the basis of the given data, comment on trends of output growth in different sectors (1980 – 2018), between India and Pakistan.

Country	1980 – 90			2014 – 18		
	Agriculture	Industry	Services	Agriculture	Industry	Services
India	3.1	7.4	6.9	3.1	6.9	7.6
Pakistan	4	7.7	6.8	1.7	4.8	5.0

32(a). Explain how Goods and Services Tax (GST) has simplified the multiplicity of taxes imposed on goods and services.

32(b). State the meaning of Commercialisation of Agriculture.

33. Read the following passage carefully :

In the present times, green investment and sustainability are priorities in public policy. India has emerged as a global leader at the front of the climate change.

India has pledged to seek solutions for the future. The government has contributed to maintain economic growth by implementing various policies and measures relating to sustainable development. Pradhan Mantri Ujjwala Scheme has actively contributed to cleaner air. The Jal Jeevan Mission was launched with the objective of achieving water security.

The greenhouse effect is a natural process that warms the Earth's surface, where certain atmospheric gases, known as greenhouse gases, trap heat from the sun and re-emit it, keeping the planet warm enough to support life. In the present times, the issue of greenhouse gases and rising temperature of the Earth are a global concern.

On basis of the above passage and common understanding, answer the following questions :

33(a). Discuss any two steps involved in attaining sustainable development in India.

33(b). Mention any two factors which challenged the carrying capacity of the environment.

33(c). Define Greenhouse effect.

34(a)(i). "Information Technology plays a very significant role in achieving sustainable development and food security." Justify the given statement with valid arguments.

34(a)(ii). State the meaning of 'self-employed worker' with suitable example.

OR

34(b)(i). Distinguish between formal and informal sector with suitable examples.

OR

34(b)(ii). Define worker population ratio with its significance.

- End of Question Paper -