CBSE Class 12 Economics 2026 - Set 58/5/3

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. All questions are compulsory.

(ii) This question paper contains two sections : Section A – Macro Economics Section B – Indian Economic Development

(iii) This question paper contains 20 Multiple Choice type questions. Each question carries 1 mark.

(iv) This question paper contains 4 Short Answer Type-I questions. Each question carries 3 marks. Answer these questions in 60 to 80 words.

(v) This question paper contains 6 Short Answer Type-II questions. Each question carries 4 marks. Answer these questions in 80 to 100 words.

(vi) This question paper contains 4 Long Answer type questions. Each question carries 6 marks. Answer these questions in 100 to 150 words.

(vii) Attempt all parts of a question together.

(viii) 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.

(ix) 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.

Section A - Macro Economics

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

Assertion (A) : Transfers from Abroad (remittances) are to be recorded on the credit side of capital account of Balance of Payments (BoP).

Reason (R) : All the transactions that lead to inflow of foreign currency from the rest of the world are recorded on the credit side of Balance of Payments (BoP).

(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.

2. Suppose, for a hypothetical economy, Reserve Ratio (RR) decreases from 25% to 20%, the total deposits would _____ to ₹ _____ , if primary deposits are ₹ 1,000.

(Choose the correct option to fill in the blanks)

(A) increase, 5,000

(B) decrease, 5,000

(C) increase, 4,000

(D) decrease, 4,000

3. Read the following statements carefully :

Statement I : Positive externalities refer to the benefits a firm/an individual provides to another for which they are paid.

Statement II : In case of positive externalities, Gross Domestic Product (GDP) of an economy might lead to an overestimation of the actual welfare.

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.

4. An economy may operate at a level below full employment due to a deficiency in Aggregate Demand (AD) leading to a/an _____ employment equilibrium.

(i) Full

(ii) Over

(iii) Under

(Choose the correct option to fill in the blank)

(A) Only (i)

(B) Only (ii)

(C) Only (iii)

(D) (ii) and (iii)

5. Following are the steps to measure National Income (NNP_{FC}) by Value Added method :

(i) Calculate Domestic Income (NDP_{FC}) by subtracting Depreciation and Net Indirect Taxes from GDP_{MP}.

(ii) Estimate GDP_{MP} by adding GVA of each firm.

(iii) Estimate and add Net Factor Income from Abroad to NDP_{FC} to arrive at NNP_{FC}.

(iv) Identify and classify the production units into primary, secondary and tertiary sector.

The correct order of arrangement of steps would be :

(Choose the correct option)

(A) (ii), (iii), (i), (iv)

(B) (iv), (ii), (i), (iii)

(C) (iv), (ii), (iii), (i)

(D) (iii), (iv), (ii), (i)

6. Liabilities for any firm are its debt/what it owes to others. Contrary to that, for a bank _____ are the main liability.

(Choose the correct option to fill in the blank)

(A) loans

(B) reserves

(C) deposits

(D) assets

7. Money supply is a _____ variable, as it refers to the total volume of money held by the _____ at a particular point of time.

(Choose the correct option to fill in the blanks)

(A) stock, banks
(B) flow, banks
(C) stock, public
(D) flow, public

8. Under the flexible exchange rate system, the exchange rate is determined by the _____ .

(i) Government

(ii) Demand and supply

(iii) Intervention of the Central Bank

(Choose the correct option to fill in the blank)

(A) Only (i)
(B) Only (ii)
(C) Only (iii)
(D) (ii) and (iii)

9. With reference to the given diagram, OL indicates _____ .

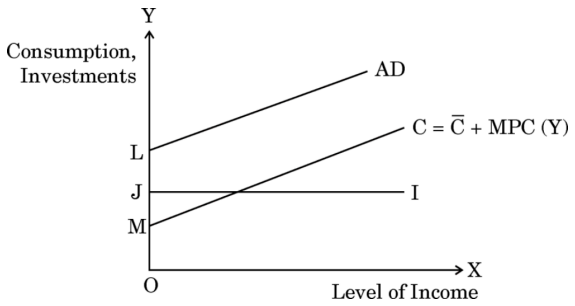
(Choose the correct option to fill in the blank)

(i) Autonomous Consumption

(ii) Autonomous Investment

(iii) Induced Consumption

(iv) Induced Investment



(A) Only (i)
(B) Only (ii)
(C) Sum of (i) and (ii)
(D) Sum of (i) and (iii)

9-VI. For visually impaired candidates only, in lieu of the corresponding visual question:

Note : The following question is for Visually Impaired candidates only in lieu of Q. no. 9.

_____ refers to that consumption, which is independent of the level of income. (Choose the correct option to fill in the blank)

(A) Autonomous Consumption
(B) Induced Consumption
(C) Break-even level
(D) Autonomous Investment and Consumption

10. "The Ministry of Statistics and Programme Implementation (MoSPI) is underway to revise the base year of Gross Domestic Product (GDP). The base year is revised periodically to better capture the structural changes happening in the economy. The proposed new base year for the GDP is 2022 – 23."

The step taken by the Government of India is for revision of _____ Gross Domestic Product (GDP), as it is measured at _____ prices.

(Choose the correct option to fill in the blanks)

(A) Real, constant
(B) Nominal, current
(C) Real, current
(D) Nominal, constant

11. Estimate the value of 'Income from Property and Entrepreneurship' on the basis of the given data :

S. No.	Items	Amount (in ₹ crore)
(i)	Wages and salaries in cash	1,000
(ii)	Employer's contribution to social security schemes	300
(iii)	Rent	500
(iv)	Rent-free accommodation by employer	700
(v)	Royalty	200
(vi)	Interest	150
(vii)	Corporate Tax	70
(viii)	Savings of private corporate sector	130
(ix)	Indirect Taxes	40
(x)	Dividends	60

12(a). "Repo Rate and Bank Rate are two different measures, but a change in either of them may have the similar implication on the money supply in an economy."

Defend or refute the given statement, giving valid explanation in support of your answer.

OR

12(b). "The Reserve Bank of India (RBI) is the sole authority for issuing currency notes in India, with an exception of ₹ 1 denomination that is issued by the Ministry of Finance."

Do you agree with the given statement ? Explain the rationale behind the monopoly enjoyed by the Reserve Bank of India (RBI) on this front.

13(a). Define Balance of Payments (BoP) Account.

13(b). Differentiate between Current Account and Capital Account of Balance of Payments (BoP).

14. Read the following text carefully :

"With an objective to improve the growth momentum by stimulating domestic private consumption and investment, the Reserve Bank of India (RBI) announced a reduction in Cash Reserve Ratio (CRR) by 100 basis points (1%)."

Based on the above text and common understanding, answer the following questions :

14(i). Explain the likely cause behind the step taken by the Reserve Bank of India (RBI).

14(ii). Briefly explain the impact of the step taken by the Reserve Bank of India (RBI) on the Aggregate Demand (AD).

15(a). A company named Tech Info Ltd. manufactures printers. The company purchases machinery from Germany to manufacture printers. These printers are sold in the domestic and foreign markets to households and dealers. The machinery purchased and printers manufactured, both can be classified as final goods.

Do you agree with the given statement ? Give valid arguments in support of your answer.

OR

15(b)(i). Define Gross Investments.

15(b)(ii). Identify any two components of Gross Investments indicated in the given image.







15(b)(iii). Briefly explain any one component of Gross Investments.

15-VI. For visually impaired candidates only, in lieu of the corresponding visual question:

Note : The following question is for Visually Impaired candidates only in lieu of Q. no. 15 (b).

Explain any two components of Gross Investments.

16. Read the following passage carefully :

According to the Economic Survey 2024 – 25, the government's budget projections for the fiscal year 2025 – 26 indicate that gross direct tax revenue will rise by 12.7%, while gross indirect tax collections are expected to grow by 8.3% relative to FY 2024 – 25.

Direct taxes include income tax and corporate tax, reflecting earnings and profits of households and firms. It plays a key role in revenue growth of the government. Indirect taxes encompass Goods and Service Tax (GST), custom duties and other transaction-based levies.

Higher growth rate projected for direct taxes suggests a push to enhance tax buoyancy through improved compliance and reforms. On the other hand, indirect taxes are expected to benefit from consumption trends and Goods and Services Tax (GST) administration improvements. The balance tax strategy aims to mobilise resources while supporting fiscal consolidation and sustainable economic growth.

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

16(i). Differentiate between the two types of taxes indicated in the above text, with suitable examples.

16(ii). Elaborate the likely consequences of the tax projections made by the government.

17(a)(i). Assuming for a hypothetical economy, the following data is given :

Income (Y)	Consumption (C)	Investment (I)	Aggregate Demand (AD)
0	50	40	90
100	120	40	–
200	190	40	–
300	260	40	300

Calculate the missing values in the given schedule.

17(a)(ii). Assuming for a hypothetical economy, the following data is given :

Income (Y)	Consumption (C)	Investment (I)	Aggregate Demand (AD)
0	50	40	90
100	120	40	–
200	190	40	–
300	260	40	300

Define the term 'Effective Demand'.

17(a)(iii). Assuming for a hypothetical economy, the following data is given :

Income (Y)	Consumption (C)	Investment (I)	Aggregate Demand (AD)
0	50	40	90
100	120	40	–
200	190	40	–
300	260	40	300

On the basis of the given data, it can be said that the equilibrium level of income is 200.

Do you agree ? If not, explain the adjustment mechanism that may take place to attain equilibrium level of income.

OR

17(b)(i). Suppose in an economy, every ₹ 2 increase in investment expenditure leads to an increase of ₹ 8 in the National Income.

Calculate the following :

Value of Investment Multiplier (K).

17(b)(ii). Suppose in an economy, every ₹ 2 increase in investment expenditure leads to an increase of ₹ 8 in the National Income.

Calculate the following :

Change in consumption expenditure, if income changes from ₹ 200 to ₹ 300.

17(b)(iii). Suppose in an economy, every ₹ 2 increase in investment expenditure leads to an increase of ₹ 8 in the National Income.

Calculate the following :

"Sum of Average Propensity to Consume (APC) and Average Propensity to Save (APS) is always equal to one."

Justify the given statement with the help of a suitable argument.

Section B - Indian Economic Development

18. The export surplus during the colonial rule was used by the Britishers to _____ .

(i) Bring gold and silver to India

(ii) Incur expenses on war

(iii) Import invisible items

(Choose the correct option to fill in the blank)

(A) Only (i)
(B) (i) and (ii)
(C) (i) and (iii)
(D) (ii) and (iii)

19. _____ was set up by the Government of India in 1950 to formulate plans for the most effective and balanced utilisation of resources.

(Choose the correct option to fill in the blank)

(A) NITI Aayog
(B) Planning Commission
(C) Karve Committee
(D) World Trade Organisation

20. Identify, which of the following is not a strategy of sustainable development.

(Choose the correct option)

(A) Use of Solar Panels
(B) Use of Bio-Pests
(C) Use of coal to produce electricity
(D) Use of Mini-Hydel Plants

21. In the rural areas, diversification towards new areas such as livestock, fisheries and other non-agricultural activities is necessary to _____ .

(i) Reduce the risk from agricultural sector

(ii) Provide unsustainable livelihood options

(iii) Provide supplementary employment

(Choose the correct option to fill in the blank)

(A) Only (i)
(B) (i) and (ii)
(C) (i) and (iii)
(D) (i), (ii) and (iii)

22. Self-Help Groups (SHGs) have emerged to fill the gap in the formal credit system as they _____ .

(Choose the correct option to fill in the blank)

(A) Provide loan after obtaining suitable collateral
(B) Lend at a high rate of interest
(C) Promote thrift in larger proportions
(D) Generally provide collateral-free credit to their members

23. Working persons engaged in various industrial divisions can be classified into three major sectors — Primary sector, secondary sector and tertiary sector.

Identify, which of the following option demonstrates the primary sector.

(A) Agriculture
(B) Agriculture, mining and quarrying
(C) Agriculture, electricity, gas and water supply
(D) Transport and storage

24. Read the following statements carefully :

Statement I : The colonial government had dual objectives behind the systematic deindustrialization of India.

Statement II : The British reduced India to a mere importer of raw materials for the its modern industries.

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.

25. The following table shows the distribution of population and workers in a village :

Total population	Number of people who are willing and able to work	Number of people who are employed
2000	1200	800

The Worker – Population ratio for village would be _____ %.

(Choose the correct option to fill in the blank)

(A) 80
(B) 40
(C) 60
(D) 20

26. In 2009, the Government of India came up with the _____ to make free education, a fundamental right for all children in the age group of 6 – 14 years.

(Choose the correct option to fill in the blank)

(A) Mid-Day Meal Scheme
(B) Jan Dhan Yojana
(C) Tapas Majumdar Committee
(D) Right to Education Act

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

Assertion (A) : India is a member of various regional and economic groupings such as BRICS, G20, etc.

Reason (R) : Membership of economic and regional groupings helps a nation to understand their strengths and weaknesses in comparison to other nations.

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

28(a). "At the time of independence, both India and Pakistan inherited similar colonial economic structures. Both the nations adopted many similar economic planning strategies."

Explain any two such similarities in the developmental path of India and Pakistan.

OR

28(b)(i). "In 1958, China launched the Great Leap Forward (GLF) campaign with a definite aim."

State the rationale behind the introduction of the Great Leap Forward (GLF) campaign.

28(b)(ii). "In 1958, China launched the Great Leap Forward (GLF) campaign with a definite aim."

State any two failures of the Great Leap Forward (GLF) campaign.

29. Explain the Planning objective of "Growth with Equity".

30. On the basis of the given data, comment upon the annual growth of Gross Domestic Product (GDP) of India and China.

Annual Growth of Gross Domestic Product (%), 1980 – 2017			
Country	**1980 – 90**	**2015 – 2017**	**2022**
India	5.7	7.3	7.0
China	10.3	6.8	3.0
Pakistan	6.3	5.3	4.8

31(a)(i). Define 'Human Capital Formation'.

31(a)(ii). Explain 'Expenditure on Information' as a source of human capital formation.

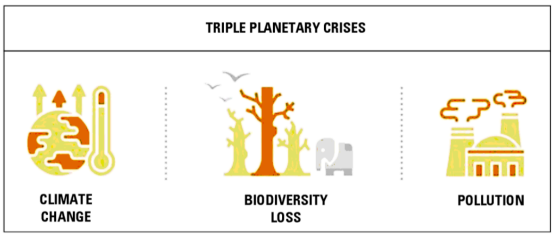
OR

31(b). Shruti works in a public sector bank as a clerk. She gets a fixed monthly salary, provident fund, retirement benefits and health insurance. Her brother, Ramesh, drives an auto-rickshaw. His daily earnings depend on the number of passengers. He does not receive benefits like paid leave, pension etc.

Classify the types of sectors Shruti and Ramesh are working in and highlight the distinction between the two sectors.

32. Study the following image carefully :

Interpret the given image and comment upon the phenomenon of environmental crisis as a result of changed production and consumption patterns.



32-VI. For visually impaired candidates only, in lieu of the corresponding visual question:

Note : The following question is for Visually Impaired candidates only in lieu of Q. no. 32.

"Environmental crisis is a recent phenomenon, which is a result of changing production and consumption patterns."

Justify the statement giving valid arguments.

33. Read the following passage carefully :

Paramparagat Krishi Vikas Yojana (PKVY)

Paramparagat Krishi Vikas Yojana (PKVY) aims at promoting organic farming, in turn resulting in improvement of soil health. It promotes Participatory Guarantee System – India (PGS – India), a simple certification system, where farmers and consumers participate directly in the process.

The scheme proposes to cover additional 6,00,000 hectare area under organic farming till 2025 – 26. The objective is to produce agricultural products free from chemicals and pesticide residues by adopting eco-friendly, low-cost technologies.

Key focus areas of Paramparagat Krishi Vikas Yojana (PKVY) :

- Promote natural resource based integrated and climate resilient sustainable farming systems that ensure maintenance and increase of soil fertility, natural resource conservation, on farm nutrients recycling and minimising dependence on external inputs.
- Reduce farming costs and increase farmers' income through sustainable organic practices.
- Chemical-free and nutritious food for human consumption.
- Protect the environment by using low-cost, traditional and farmer-friendly technologies.
- Help farmers become entrepreneurs through direct market linkages with local and national markets.

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

33(i). Define Organic Farming. Explain any two merits of organic farming.

33(ii). Explain any two thrust areas of Paramparagat Krishi Vikas Yojana (PKVY) in organic farming.

34(a)(i). "The Industrial Policy Resolution (IPR), 1956 classified all the industries based on state ownership and control in various categories."

Do you agree with the above statement ? Give valid reasons in support of your answer.

34(a)(ii). The 'Atmanirbhar Bharat Initiative' carries forward the same spirit of self-reliance, which was adopted by the Government after 1947.

In the light of the given statement, explain why self-reliance was considered as an important planning objective after independence.

OR

34(b)(i). "The Government of India may further divest its stake in Life Insurance Corporation (LIC) in the current financial year."

In the light of economic reforms since 1991, identify the policy and define the step taken by the government.

34(b)(ii)(I). "India adopted an inward-looking trade strategy during the planning period."

State any two reasons behind the adoption of this policy.

34(b)(ii)(II). "India adopted an inward-looking trade strategy during the planning period."

Briefly describe any two ways in which the government implemented this policy.

- End of Question Paper -