CBSE Board Class 12 Economics Set 2 2026 Question Paper

Time Allowed :3 Hours	Maximum Marks :80	Total Questions :34

General Instructions

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 :

Items	**(in Crore)**
(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.

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

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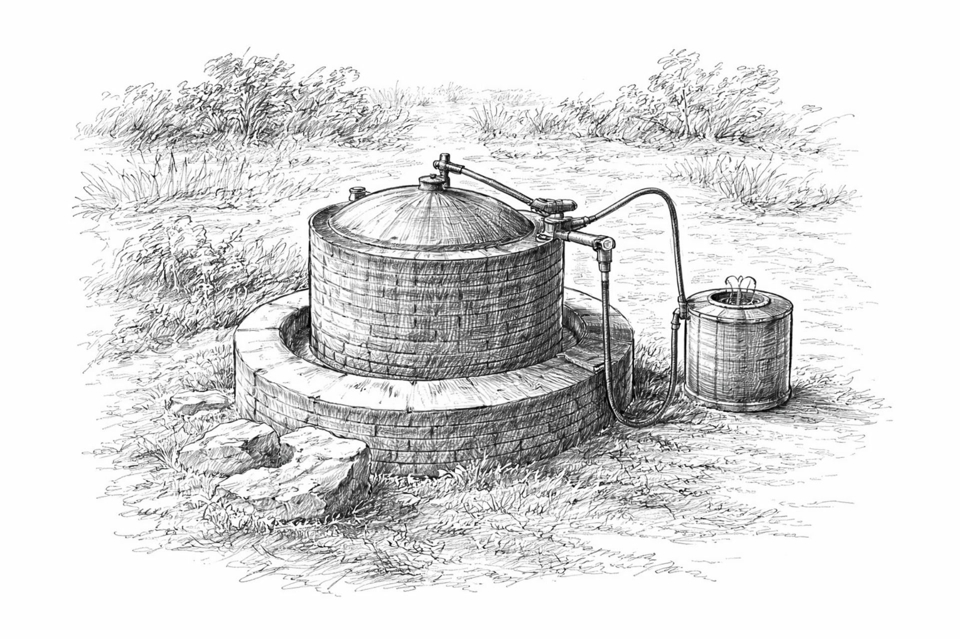
24. Observe the given image of the 'Biogas (Gobar Gas) Plant' and identify its benefit:



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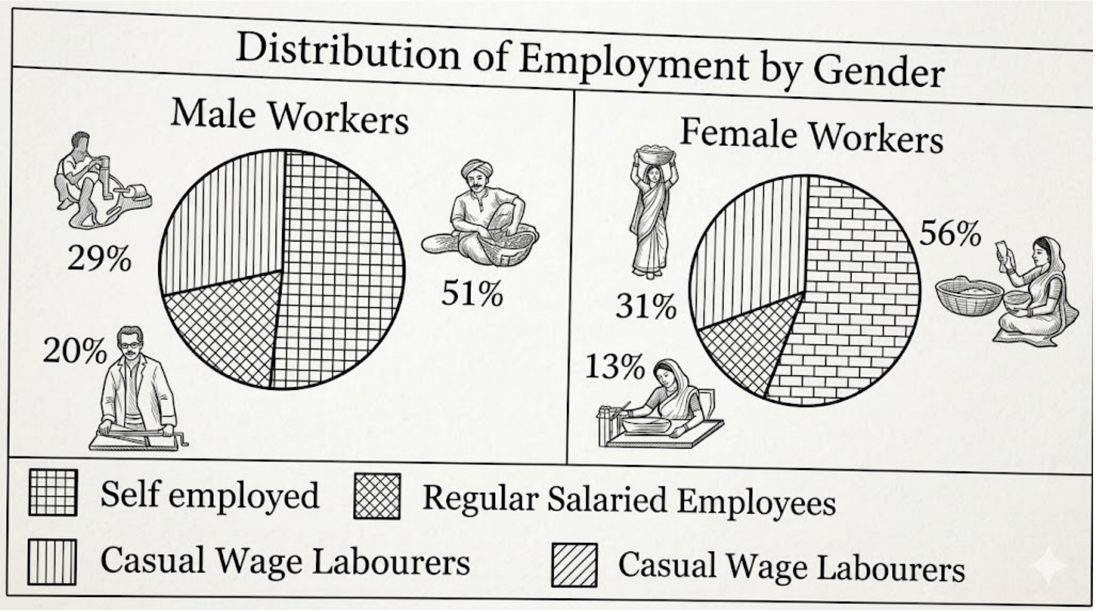
31. Analyze the following chart regarding 'Distribution of Employment by Gender':



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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.
