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CLASS 12

Economics

Sample Paper 1 - Questions

34 questions | 80 marks | 2026-27

Time: 3 hours. Answer all questions and subparts unless a choice is stated. Marks are shown on the right. Write answers on separate sheets. Independently prepared practice paper.

Section A - Objective questions

1. GDP at market price is 900, depreciation 50, net factor income from abroad 20 and net indirect taxes 100, all in crore rupees. Calculate NNP at factor cost. **1**
(A) 771 (B) 769 (C) 772 (D) 770

2. Which concept best explains the following situation? Productivity gains depended on conditions including irrigation and access to inputs. **1**
(A) Final good (B) Current account (C) Green Revolution (D) Marginal propensity to consume

3. Which concept best explains the following situation? A policy encourages local production of goods previously purchased abroad. **1**
(A) Import substitution (B) Final good (C) Marginal propensity to consume (D) Current account

4. MPC is 0.75. Under the simple model, calculate the equilibrium income increase from additional autonomous investment of Rs 100 crore. **1**
(A) 402 (B) 401 (C) 399 (D) 400

5. Which concept best explains the following situation? A development plan addresses resource depletion and pollution alongside income growth. **1**
(A) Sustainable development (B) Current account (C) Marginal propensity to consume (D) Final good

6. Which concept best explains the following situation? Workers carry out jobs without stable terms or regular social protection. 1
(A) Current account (B) Informalisation (C) Marginal propensity to consume (D) Final good

7. GDP at market price is 910, depreciation 50, net factor income from abroad 20 and net indirect taxes 100, all in crore rupees. Calculate NNP at factor cost. 1
(A) 779 (B) 782 (C) 781 (D) 780

8. Which concept best explains the following situation? A farming household also earns income through processing or another local enterprise. 1
(A) Marginal propensity to consume (B) Current account (C) Final good (D) Diversification

9. Which concept best explains the following situation? Training improves a worker's relevant knowledge and capabilities. 1
(A) Current account (B) Marginal propensity to consume (C) Human capital (D) Final good

10. MPC is 0.75. Under the simple model, calculate the equilibrium income increase from additional autonomous investment of Rs 110 crore. 1
(A) 440 (B) 439 (C) 441 (D) 442

11. Which concept best explains the following situation? A reform changes licensing requirements that previously constrained enterprise decisions. 1
(A) Marginal propensity to consume (B) Current account (C) Liberalisation (D) Final good

12. Which concept best explains the following situation? A country records a service export in the relevant current-account category. 1
(A) Liberalisation (B) Marginal propensity to consume (C) Final good (D) Current account

13. GDP at market price is 920, depreciation 50, net factor income from abroad 20 and net indirect taxes 100, all in crore rupees. Calculate NNP at factor cost. 1
(A) 792 (B) 790 (C) 789 (D) 791

14. Which concept best explains the following situation? More rupees are required to buy one unit of foreign currency. 1
(A) Marginal propensity to consume (B) Final good (C) Liberalisation (D) Currency depreciation

15. Which concept best explains the following situation? Payment of regular salaries is classified on the revenue account. 1
(A) Final good (B) Marginal propensity to consume (C) Revenue expenditure (D) Liberalisation

16. MPC is 0.75. Under the simple model, calculate the equilibrium income increase from additional autonomous investment of Rs 120 crore. 1
(A) 479 (B) 481 (C) 482 (D) 480

17. Which concept best explains the following situation? A government finances part of its spending through borrowing. 1
(A) Marginal propensity to consume (B) Liberalisation (C) Final good (D) Fiscal deficit

18. Which concept best explains the following situation? Firms cannot sell the output consistent with full use of available labour. 1
(A) Deficient demand (B) Liberalisation (C) Final good (D) Marginal propensity to consume

19. GDP at market price is 930, depreciation 50, net factor income from abroad 20 and net indirect taxes 100, all in crore rupees. Calculate NNP at factor cost. 1
(A) 802 (B) 801 (C) 800 (D) 799

20. Which concept best explains the following situation? An investment increase triggers further rounds of consumption expenditure. 1
(A) Final good (B) Investment multiplier (C) Liberalisation (D) Marginal propensity to consume

Section B - Short responses

21. MPC is 0.75. Under the simple model, calculate the equilibrium income increase from additional autonomous investment of Rs 130 crore. **3**

22. GDP at market price is 940, depreciation 50, net factor income from abroad 20 and net indirect taxes 100, all in crore rupees. Calculate NNP at factor cost. **3**

23. MPC is 0.75. Under the simple model, calculate the equilibrium income increase from additional autonomous investment of Rs 140 crore. **3**

24. GDP at market price is 950, depreciation 50, net factor income from abroad 20 and net indirect taxes 100, all in crore rupees. Calculate NNP at factor cost. **3**

Section C - Short responses

25. MPC is 0.75. Under the simple model, calculate the equilibrium income increase from additional autonomous investment of Rs 150 crore. **4**

26. GDP at market price is 960, depreciation 50, net factor income from abroad 20 and net indirect taxes 100, all in crore rupees. Calculate NNP at factor cost. **4**

27. MPC is 0.75. Under the simple model, calculate the equilibrium income increase from additional autonomous investment of Rs 160 crore. **4**

28. GDP at market price is 970, depreciation 50, net factor income from abroad 20 and net indirect taxes 100, all in crore rupees. Calculate NNP at factor cost. **4**

29. MPC is 0.75. Under the simple model, calculate the equilibrium income increase from additional autonomous investment of Rs 170 crore. **4**

30. Identify and explain the concept illustrated here: Productivity gains depended on conditions including irrigation and access to inputs. Give a further suitable illustration. 4

Section D - Extended responses

31. (a) Analyse Green Revolution with reference to this application: Productivity gains depended on conditions including irrigation and access to inputs.
(b) Explain Value added with a different relevant example. Develop the reasoning behind both parts. 6

32. (a) Analyse Revenue expenditure with reference to this application: Payment of regular salaries is classified on the revenue account.
(b) Explain Current account with a different relevant example. Develop the reasoning behind both parts. 6

33. (a) Analyse Marginal propensity to consume with reference to this application: Consumption rises by Rs 75 when income rises by Rs 100.
(b) Explain Deficient demand with a different relevant example. Develop the reasoning behind both parts. 6

34. (a) Analyse Final good with reference to this application: A household buys bread for consumption.
(b) Explain Depreciation with a different relevant example. Develop the reasoning behind both parts. 6

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