CBSE EXAMINATION PAPER-2026

ECONOMICS

(Solved)

Time allowed : 3 hours | Maximum Marks : 110

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **41 questions.** All questions are **compulsory.**

ii. This question paper is divided into **4 sections.**

iii. **Section A** – questions number **1 to 20** are multiple choice questions

iv. **Section B** – questions number **21 to 26** are short answer type i

v. **Section C** – questions number **27 to 35** are short answer type ii

vi. **Section D** – questions number **36 to 41** are long answer

vii. There is no overall choice given in the question paper. However, an internal choice has been provided in few questions.

viii. Use of calculator is NOT allowed.

Section A

Question 1.

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.

[1 Marks]

(A) Assertion (A) is false, but Reason (R) is true.

(B) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

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

(D) Assertion (A) is true, but Reason (R) is false.

Question 2.

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

[1 Marks]

(A) Only I

(B) Only II

(C) I, II and III

(D) II and III

Question 3.

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

[1 Marks]

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

(A) 150

(B) 200

(C) 100

(D) 250

Question 4. Identify, the factor which influences the demand for foreign exchange in a country.

[1 Marks]

(A) Remittances by Indian workers from Gulf countries

(B) Investments made by Indians in Japan

(C) Indian producers exporting fabrics to United States of America (USA)

(D) An Indian software company providing services to clients abroad

Question 5.

Select the correct formula to calculate the value of Marginal Propensity to Save (MPS) :
I.Change in Savings (ΔS)/Change in Consumption (ΔC)

II Change in Savings (ΔS)/Change in Income (ΔY)

III.1−Marginal Propensity to Consume (MPC)

IV.Change in Income (ΔY)/Change in Savings (ΔS)

[1 Marks]

(A) I, II, III and IV

(B) Only III

(C) II and III

(D) Only II

Question 6.

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 :

[1 Marks]

(A) Both Statements I and II are true.

(B) Statement I is true and Statement II is false.

(C) Both Statements I and II are false.

(D) Statement I is false and Statement II is true.

Question 7.

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)

[1 Marks]

(A) 0.2

(B) 50

(C) 0.8

(D) 5

Question 8.

“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.

[1 Marks]

(A) Joint venture goods

(B) Public goods

(C) Private goods

(D) Self-consumption goods

Question 9.

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 :

[1 Marks]

(A) Both Statements I and II are false.

(B) Statement I is false and Statement II is true.

(C) Both Statements I and II are true.

(D) Statement I is true and Statement II is false.

Question 10. 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.

[1 Marks]

(A) Devaluation

(B) Appreciation

(C) Revaluation

(D) Depreciation

Question 11.

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 :

[1 Marks]

(A) Statement I is true and Statement II is false.

(B) Both Statements I and II are true.

(C) Both Statements I and II are false.

(D) Statement I is false and Statement II is true.

Question 12.

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

[1 Marks]

(A) III, IV, I, II

(B) IV, III, II, I

(C) III, II, I, IV

(D) II, IV, I, III

Question 13.

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.

[1 Marks]

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

(B) Assertion (A) is false, but Reason (R) is true.

(C) Assertion (A) is true, but Reason (R) is false.

(D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Question 14.

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

(Choose the correct option to fill in the blank)

[1 Marks]

(A) Middlemen

(B) Consumers

(C) Farmers

(D) Wholesalers

Question 15.

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

[1 Marks]

(A) Monetary policy reforms

(B) Reservation of products

(C) Globalization

(D) Fiscal policy reforms

Question 16.

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.

[1 Marks]

(A) Great Leap Forward

(B) Commune System

(C) Great Proletarian Cultural Revolution

(D) Open Door Policy

Question 17.

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 :

[1 Marks]

(A) Both Statements I and II are true.

(B) Statement I is false and Statement II is true.

(C) Statement I is true and Statement II is false.

(D) Both Statements I and II are false.

Question 18. Nations worldwide typically establish Regional and Global economic groups in order to _____.

[1 Marks]

(A) Strengthen their economies

(B) Gain control over other countries

(C) Promote judicial independence

(D) Ensure liberty

Question 19.

The steep Indian education pyramid indicates _____.

[1 Marks]

(A) Equal distribution of students across all levels

(B) Low unemployment among educated youth

(C) Few/less number of people reaching higher education

(D) Increase in number of people reaching higher education

Question 20.

Identify, which of the following is an income indicator.

[1 Marks]

(A) GDP per capita

(B) Malnourishment

(C) Mortality rate

(D) Morbidity rate

Section B

Question 21.

State the meaning and any two components of Gross Domestic Capital formation.

[3 Marks]

Question 22.

“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.

[3 Marks]

Question 23.

US administration has recently imposed tariff to the magnitude of 50%.”

In the light of given statement, explain the likely impact of this step on the exports of India.

[3 Marks]

Question 24.

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

[3 Marks]

Question 25.

Critically appraise the Industrial Licensing policy initiated by the government during the planning period of India.

[3 Marks]

Question 26.

“Some economists argue that once a technology proves to be profitable and becomes widely adopted, subsidies should be gradually withdrawn.”

Defend or refute the given statement with valid arguments.

[3 Marks]

Section C

Question 27.

Distinguish between Revenue Expenditure and Capital Expenditure with the help of suitable examples.

[4 Marks]

Question 28.

Using suitable examples, distinguish between Revenue Receipts and Capital Receipts.

[4 Marks]

Question 29.

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.

[4 Marks]

Question 30.

The Reserve Bank of India (RBI) has decided to increase the loan amount to 90% of the security value, from the prior rate of 80%."

In the light of 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 the economy.

[4 Marks]

Question 31.

Describe the role of government in improving the efficiency of human capital formation in India.

[4 Marks]

Question 32.

"Traditional knowledge and practices are still applicable in ensuring sustainable development."

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

[4 Marks]

Question 33.

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

[4 Marks]

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

Question 34.

Study the given image carefully and answer the questions that follow

(i) Identify the artificial waterway during colonial rule that served as a highway between India and Britain.

(ii) In which year was this artificial maritime route officially opened for international navigation ?

(iii) Describe the economic significance of artificial waterways between the Mediterranean and the Red Sea.

[4 Marks]



Question 35.

“The real motive behind infrastructural development under the British rule was not to provide basic amenities to the people of India, but to subserve various colonial interests.”

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

[4 Marks]

Section D

Question 36.

(i) Distinguish between Real Gross Domestic Product and Nominal Gross Domestic Product using a numerical example.

(ii) Define the concept of 'Externalities'.

[6 Marks]

Question 37.

Calculate the values of Operating Surplus and Gross Domestic Product at Market Price (GDP_ MP) from the following data :

[6 Marks]

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

Question 38.

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 :

(i) State the meaning of a Bank.

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

(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.

[6 Marks]

Question 39.

(i) “Information Technology plays a very significant role in achieving sustainable development and food security.”

Justify the given statement with valid arguments.

(ii) State the meaning of ‘self-employed worker’ with suitable example.

[6 Marks]

Question 40.

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

(ii) Define worker population ratio with its significance.

[6 Marks]

Question 41.

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 :

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

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

(c) Define Greenhouse effect.

[6 Marks]