ISC · CLASS 12 · ECONOMICS

ISC Class 12 Economics Guess Paper 2027

Time: 3 hours · Maximum marks: 80 · 43 questions

More free papers, important questions & topics:
guesspaper.app/isc/class-12/economics/guess-paper/

Scan for the online version

Section A

Compulsory. Question 1 has sixteen sub-parts of one mark each: multiple-choice questions (including two assertion-reason items) followed by very short answer questions. No internal choice.

Q1. Sometimes a firm can sell its product at different prices to different buyers at the same time. Which of the following market forms supports this practice? 1 mark
(a) Oligopoly
(b) Monopoly
(c) Monopsony
(d) Monopolistic competition

Q2. Which of the following statements is correct in the context of Keynesian break-even point? 1 mark
(a) APC < 1
(b) APS > 1
(c) APS = 0
(d) APC = 0

Q3. In the Union Budget for the year 2025-26, Goods and Services Tax (GST) on soaps has been fixed at 18%. Why is this tax regressive in nature? 1 mark

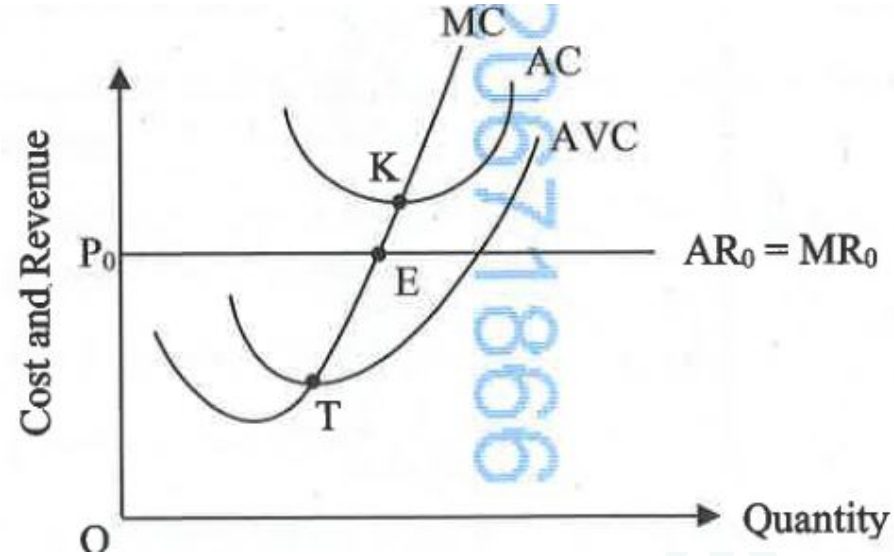
Q4. If aggregate demand exceeds aggregate supply in a situation of full employment, what will be its impact on the economy? 1 mark

Q5. 'The RBI delivered its first rate cut since Feb. 2025 on Friday, lowering the policy repo rate by 25 basis points to 5·25%.' (Source: The Times of India, Saturday, December 6, 2025) Which one of the following will MOST LIKELY be the impact of this move on Indian economy? 1 mark
(a) Economic growth will accelerate.
(b) Loanable fund will become cheap.
(c) Fixed deposit interest rate will fall.
(d) Consumers' purchasing power will increase.

Q6. Explain how deficit in Balance of Payments can be corrected by raising domestic rate of interest on savings. 1 mark

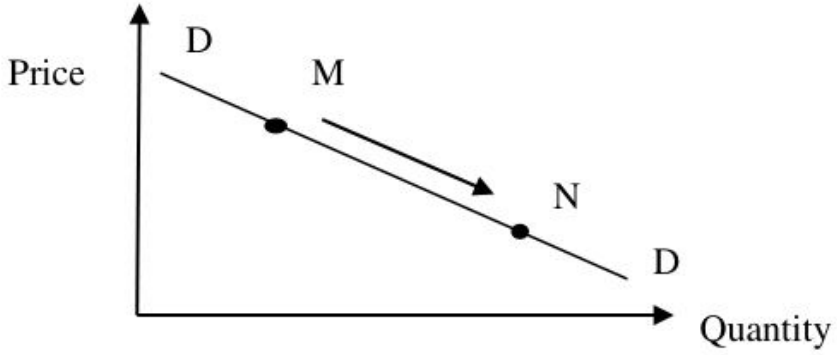
guesspaper.app

Q7. Refer to the diagram given below and choose the correct statement. 1 mark
(a) K is the equilibrium point as MC = AC.
(b) MC = AVC at T and firm enjoys normal profit.
(c) E is the equilibrium point, but the firm stops production due to loss.
(d) E is the equilibrium point as both the equilibrium conditions have been satisfied.



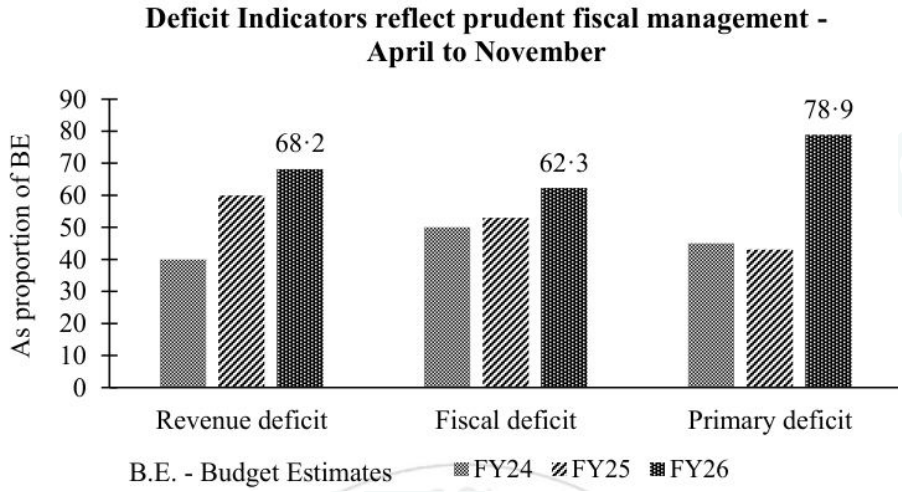
Q8. The supply of a commodity will be relatively inelastic when: 1 mark
(a) the producer is a risk averter.
(b) the product is durable in nature.
(c) modern technology is used in production.
(d) the product is supplied over a long period.

Q9. With reference to the diagram shown above, select the reason for the movement from point M to N from the following options. 1 mark
(a) Increase in the real income of the consumer and rise in relative price of the commodity.
(b) Increase in the real income of the consumer and fall in relative price of the commodity.
(c) Decrease in the real income of the consumer and rise in relative price of the commodity.
(d) Decrease in the real income of the consumer and fall in relative price of the commodity.



Q10. Assertion: M_0 is the monetary liability of Reserve Bank of India. 1 mark
Reason: Reserve Bank of India controls credit whereas Commercial Bank can only create credit.
(a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.
(b) Both Assertion and Reason are true but Reason is not the correct explanation of Assertion.
(c) Assertion is true but Reason is false.
(d) Both Assertion and Reason are false.

Q11. Observe the bar chart of deficit indicators (as proportion of BE, April to November, FY24-FY26; Source: Economic Survey, 2025-26). Compare the revenue deficit and fiscal deficit for the financial year 2024 (FY24). 1 mark



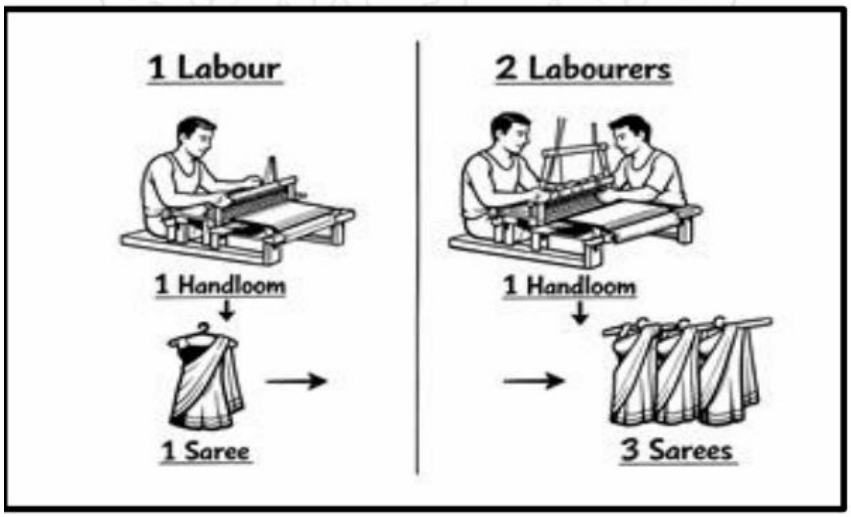
Q12. 'Under Indira Gandhi National Old Age Pension Scheme, a monthly pension of ₹ 200/- is given to elderly aged 60-79 years belonging to BPL category.' (Source: pib.gov.in) This monthly pension scheme contributes to the growth of GDP in India. Defend or refute the statement by giving a valid reason. 1 mark

Q13. The long run average cost curve is U shaped due to the Law of Variable Proportions. Defend or refute the statement with a reason. 1 mark

Q14. State whether the following is True or False. Give one reason for your answer. 1 mark
Change in inventory is a stock concept.

Q15. State the Law of Diminishing Marginal Utility. 1 mark

Q16. Briefly discuss whether the image shown above depicts Returns to Scale or Returns to a Factor. 1 mark



Section B

Eight short answer questions of four marks each, usually split into two-mark (or one-mark) sub-parts; one question is a four-mark national income numerical and one is a single four-mark explanation. Internal choices are provided in three of these questions.

Q17. Read the following transactions made by Country X in a year: 2 marks
• Foreign residents working in Country X send 3,00,000 euros to their families abroad.
• Country X purchases computer software worth 5,00,000 euros from other nations.
• Country X receives 1,00,000 euros as an aid for flood relief from neighbouring nations.
If Country X adopts revaluation, it will worsen the situation of Balance of Payments. Defend or refute the statement with a reason.

Q18. Agro Gold Wheat Traders supplies wheat in the market. The firm purchases advanced grain storage technology, which reduces wastage and lowers its cost of handling wheat. As a result, Agro Gold is able to supply more wheat at the same price as before. Later, due to a sudden rise in international wheat prices, the market price of wheat increases, leading Agro Gold to supply more wheat. Illustrate these two types of changes in the supply of wheat in separate diagrams. 2 marks

Q19. What type of market structure does the online delivery sector belong to? Explain with a suitable reason. 2 marks

Q20. India has been operating on a managed floating exchange rate regime since March 1993. Explain the statement. 2 marks

Q21. Explain the total cost curve. 2 marks

Q22. State any one difference between each of the following: 2 marks
(a) Gross National Disposable Income (GNDI) and Gross National Product at market price (GNP_{mp}).
(b) Private Income and Personal Income

Q23. 'Uber and Ola Cabs are two major app-based taxi services that operate in major cities in India. Each closely monitors the pricing strategy of the other. During peak hours, a surge in demand triggers an automatic increase in fares through surge pricing.' (Source (edited): Economic Research Centre, CUHK, 31 May 2022) Identify the market form in the above context. Outline two features of this market form evident in the scenario. 2 marks

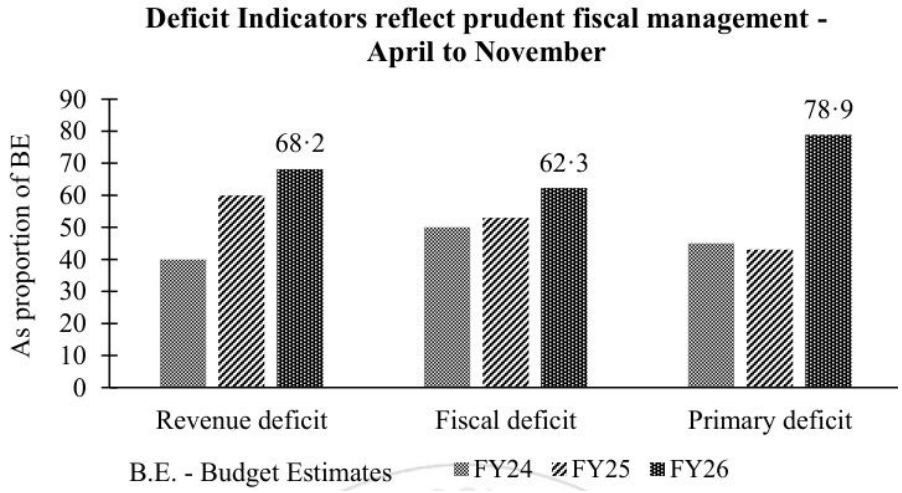
Q24. How is High Powered Money different from Broad Money? 2 marks

Q25. [context: Green Field Farm has a fixed 10 acres of land; hiring more workers first raises total output rapidly (division of tasks), then output grows more slowly and finally total output declines] '..... which eventually led to a decline in the farm's total output'. Briefly explain the reasons behind this phenomenon. 2 marks

Q26. How can open market operations help curb deflationary pressure in the economy? 2 marks

Q27. What will be the value of MPS if the change in income is twice the change in investment expenditure? 1 mark

Q28. [context: bar chart 'Deficit indicators — April to November' as proportion of Budget Estimates for FY24, FY25, FY26 (revenue deficit, fiscal deficit, primary deficit; FY26 values 68·2, 62·3 and 78·9)] What is the implication of the trend in primary deficit over the period depicted in the graph? 1 mark



Q29. Mention any one difference between Induced investment and Autonomous investment. 1 mark

Q30. What is sinking fund? 1 mark

Q31. Calculate GNP_{mp} and National Income using the expenditure method (₹ in crore): 4 marks
(a) Private final consumption expenditure 2750
(b) Government final consumption expenditure 300
(c) Gross domestic fixed capital formation 250
(d) Net factor income from abroad (−)25
(e) Import of goods and services 50
(f) Subsidy 25
(g) Decrease in stock 30
(h) Export of goods and services 45
(i) Consumption of fixed capital 100
(j) Net indirect taxes 100

Q32. [context: Green Field Farm has a fixed 10 acres of land; hiring more workers first raises total output rapidly (division of tasks), then output grows more slowly and finally total output declines] With the help of a diagram, explain the law applicable to this situation. 4 marks

Section C

Four long answer questions of eight marks each, split into six-, four- and two-mark parts (diagram-based explanations, data/schedule analysis); the last question is source/case-based with four two-mark parts. Internal choices are provided in two of these questions.

Q33. National output or real national income is said to be at equilibrium level when aggregate supply becomes equal to the aggregate demand. Explain this phenomenon with the help of a diagram. Does this equilibrium always take place at full employment level? Explain. 6 marks

Q34. Explain how the following factors affect the price elasticity of demand for a product: 6 marks
(a) Availability of substitutes
(b) Proportion of income spent
(c) Necessity versus Luxury
(d) Short run versus long run

Q35. Briefly explain different steps involved in estimation of GDP_{mp} by Expenditure method. 4 marks

Q36. How does break-even point differ from shut down point? Indicate break-even point in a diagram. 2 marks

Q37. Compare the demand curve faced by a perfectly competitive firm with the one faced by a monopolist. Substantiate your comparison with suitable reasons. 2 marks

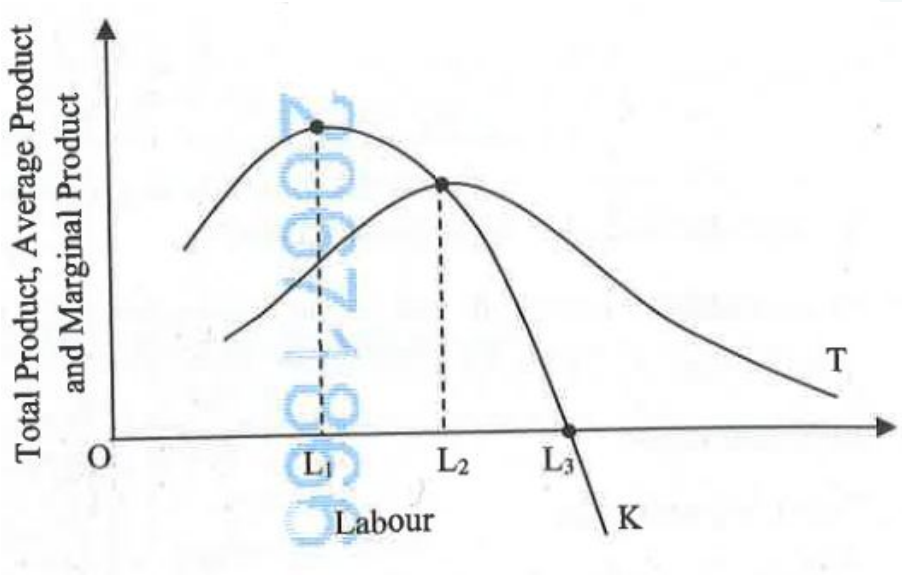
Q38. Tata Motors' purchase of iconic British luxury car maker Jaguar Land Rover ($2.3 billion) has proved to be a master stroke. (Source (edited): https://economictimes.indiatimes.com) State whether the above transaction will be recorded under the Debit side or the Credit side of Balance of Payments. Give a reason. 2 marks

Q39. Why are net exports added in the total expenditure in measuring National income by Expenditure method? 2 marks

Q40. Sohail requires ₹ 3 lakhs to meet his business needs. He has ₹ 1 lakh in his current account. He decides to arrange the amount in the following ways: 2 marks
(a) Withdrawing ₹ 1·75 lakhs from his current account.
(b) Collecting the remaining amount as cash credit.
With reference to subparts (a) and (b), explain the credit facilities enjoyed by Sohail.

Q41. [context: passage — fixed deposits promise steady nominal returns, but with 6% interest and 5% inflation, Rs 1 crore grows to 1.79 crore nominally yet only 1.10 crore in real terms after 10 years; inflation erodes purchasing power] 2 marks
Differentiate between Demand pull and Cost push inflation.

Q42. [context: TP/AP/MP diagram with stages L_1, L_2, L_3] Producer is reluctant to produce in the stage of production depicted by the range L_2L_3. Defend or refute the statement with a reason. 2 marks



Q43. Cite any two differences between Returns to Factor and Returns to Scale. 2 marks

Built by GuessPaper from repetition analysis of past board and official sample papers. Practise every chapter too — the full syllabus is examinable. Online version: guesspaper.app/isc/class-12/economics/guess-paper/