CBSE Class 12 Economics 2025 - Set 58/1/3

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 paper contains 20 Multiple Choice type questions. Each question carries 1 mark.

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

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

(vi) This 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

1. Suppose, the value of Average Propensity to Consume (APC) is 0.8 and National Income is ₹ 4,000 crores, the value of saving would be ₹ _____ crores.

(Choose the correct option to fill up the blank)

(A) 100 (B) 200

(C) 500 (D) 800

2. Suppose, the saving curve of an economy makes an intercept at a negative value of ₹ 50 crores. In the economy, 20% of an increase in income is saved.

In the light of above context, identify the value of investment multiplier (K).

(A) 2 (B) 5

(C) 10 (D) ∞ (infinite)

3. In the context of the Commercial Banks, which of the following statements are correct ?

(Choose the correct option)

(I) Deposits received are liabilities for Commercial Banks.

(II) They are creator of credit in the economy.

(III) They accept deposits from general public.

(IV) They accept deposits on behalf of Reserve Bank of India.

(A) (I), (II) and (III) (B) (II) and (III)

(C) (I) and (II) (D) (I) and (IV)

4. If a country exports goods worth of ₹ 600 crores and imports goods worth of ₹ 450 crores, the value of Balance of Trade of the country would be _____ of ₹ _____ crores.

(A) deficit, 150 (B) surplus, 150

(C) deficit, 1,050 (D) surplus, 1,050

5. From the set of terms given in Column-I and Column-II, choose the correct pair :

Column-I

(a) Non-tax Revenue

(b) Indirect Tax

(c) Capital expenditure

(d) Private goods

Column-II

(i) Goods and Services Tax

(ii) Free-rider

(iii) Borrowings

(iv) Rivalrous in nature

(A) (a) – (i) (B) (b) – (ii)

(C) (c) – (iii) (D) (d) – (iv)

6. Read the following statements carefully :

Statement-1 : Managed floating exchange rate system is an amalgamation of fixed and flexible exchange rate system.

Statement-2 : Managed floating exchange rate system is also known as 'hybrid system'.

In the light of the given statements, choose the correct option from the following :

(A) Statement 1 is true and Statement 2 is false. (B) Statement 1 is false and Statement 2 is true.

(C) Both Statements 1 and 2 are true. (D) Both Statements 1 and 2 are false.

7. From the items given in Column-I and Column-II, choose the correct pair.

Column-I

(a) Income from Property

(b) Income from Entrepreneurship

(c) Mixed Income

(d) Compensation of Employees

Column-II

(i) Old age pension

(ii) Profit

(iii) Rent free accommodation from an employer

(iv) Interest from capital

(A) (a) – (i) (B) (b) – (ii)

(C) (c) – (iii) (D) (d) – (iv)

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

Assertion (A) : Public goods are those goods that are collectively consumed by the public.

Reason (R) : Public goods are excludable and rivalrous in nature.

(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.

9. In the context of Current Account transactions of Balance of Payment, identify the incorrect statement from the following :

(Choose the correct option)

(A) Export of goods and services are recorded as credit items.

(B) Import of goods and services are recorded as debit items.

(C) All transfer payments are recorded as debit items.

(D) All transfer receipts are recorded as debit items.

10. "Irfaan (a student) borrows ₹ 80,000 to finance his college fee. He plans to begin repaying the loan six months after his graduation, making payments over a span of ten years."

Based on above text, identify the indicated function of money.

(Choose the correct option)

(A) Medium of Exchange (B) Unit of Account

(C) Standard of Deferred Payments (D) Store of Value

11(a). Calculate the value of Net Value Added at Factor Cost (NVA_{FC}) :

S. No.	Particulars	Amount (In ₹ crore)
(i)	Operating Surplus	3,740
(ii)	Increase in unsold stock	600
(iii)	Sales	10,625
(iv)	Purchase of raw materials	2,625
(v)	Consumption of fixed capital	500
(vi)	Subsidies	400
(vii)	Indirect taxes	1,200

OR

11(b). Distinguish between Net Factor Income from Abroad (NFIA) and Net Exports (X – M).

12. "All consumption goods are durable in nature."

Defend or refute the given statement with the help of a suitable example.

13. "In the recent Budget the Government allocated funds for construction of new metro lines in smart cities to improve public transportation and reduce pollution."

Identify the nature of government expenditure & its objective.

14. Suppose in an economy, primary deposits are ₹ 500, if the Reserve Ratio is 25%. Estimate the total deposits created and the total lending by the banking system.

15(a). In an economy ; C = 200 + 0.75 Y (where C is consumption expenditure and Y is National Income). Investment expenditure is ₹ 4,000 Crore.

Calculate the following :

(i) Equilibrium level of income.

(ii) Total consumption expenditure at equilibrium income level.

OR

15(b). Explain the adjustment mechanism in case ex-ante savings are greater than ex-ante investments.

16. Read the following text carefully :

Union Food and Consumer Affairs Minister said that the Central Government has taken many proactive steps in the past few years to control retail prices of food items. He said that the government aims to keep inflation under control without compromising the country's economic growth. Retail inflation inched up to a three-month high of 5.55% in November 2023 driven by higher food prices. Inflation has been declining since August 2023, when it touched 6.83%. 140 new price monitoring centres had been set up by the Central Government to keep a close watch on wholesale and retail prices of essential commodities.

The Government has banned the export of many food items like wheat, broken rice, non-basmati white rice, onions etc. It has also reduced import duties on edible oils and pulses to boost domestic supply and control price rise.

On the basis of the given text and common understanding, answer the following questions :

16(a). Mention the number of new price monitoring centres set up by government.

16(b). State any two proactive measures taken by government to boost domestic supply and reduction in prices.

16(c). Explain any one monetary measure used to control inflation.

17(a)(i). Explain any two precautions to be adopted while estimating National Income by Value-added method.

17(a)(ii). "Higher Gross Domestic Product (GDP) always means higher per capita availability of goods in the economy."

Defend or refute the given statement as the index of welfare of the people of that country.

OR

17(b)(i). Distinguish between Stock and flow variables, using suitable examples.

17(b)(ii). Explain the components of 'Profit' as per Income Method of estimating National Income (NNP_{FC}).

Section B

18. "It is short-term unemployment occurring, as people transit between jobs."

On the basis of given definition, identify the type of unemployment indicated.

(Choose the correct option)

(A) Disguised Unemployment
(B) Seasonal Unemployment
(C) Open Unemployment
(D) Frictional Unemployment

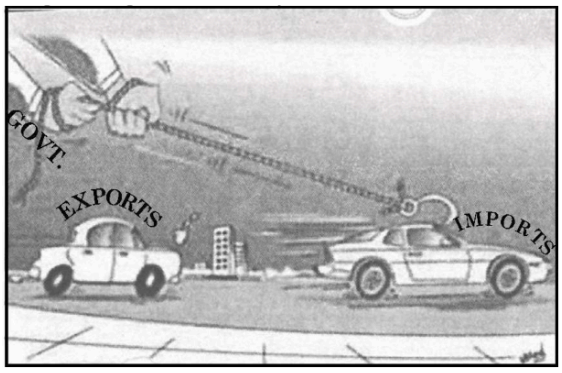
19. Read the following statements carefully : Assertion (A) and Reason (R). Choose the correct option from those given below :

Assertion (A) : Prior to economic reforms, public investment in social infrastructure by China resulted in better Human Development Indicators (HDI).

Reason (R) : China is ahead of India and Pakistan on many Human Development Indicators (HDI).

(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.

20.



Study the following image carefully :

Identify, the trade practice that has successfully replaced foreign goods with domestic production.

(A) Export Promotion
(B) Export Substitution
(C) Import Proliferation
(D) Import Substitution

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

Note : The following question is for the visually impaired candidates only, in lieu of Q. No. 20.

_____ refers to a trade policy aimed at reducing reliance on imported goods by encouraging domestic production.

(A) Export Promotion
(B) Export Substitution
(C) Import Substitution
(D) Import Proliferation

21. From the following terms given in Column-I, match the correct pair of meaning given in Column-II :

Column-I

(a) Human Development Indicator

(b) Demographic Indicator

(c) Special Economic Zone

(d) Commune System

Column-II

(i) Rule of Law

(ii) Constitutional Protection

(iii) Generation of additional economic activities

(iv) Collective industrialisation

(A) (a) – (i)
(B) (b) – (ii)
(C) (c) – (iii)
(D) (d) – (iv)

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

Assertion (A) : Human capital formation increases the rate of participation of population to economic activities and leads to economic growth.

Reason (R) : Rate of participation of people refers to the percentage of people engaged in production process of a country.

(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.

23. India is NOT a member of which of the following regional/global economic grouping ?

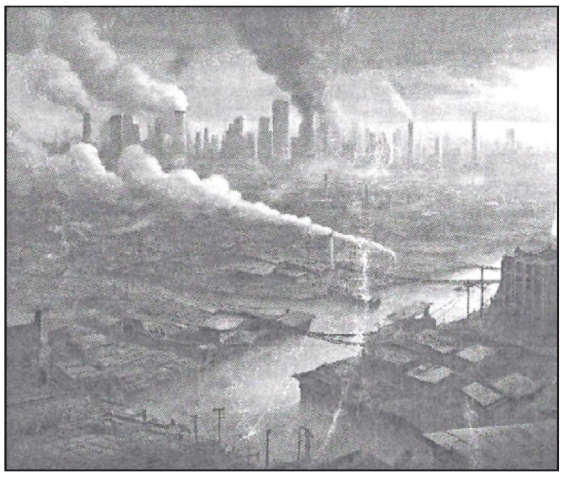
(A) BRICS
(B) SAARC
(C) G-20
(D) G-7

24. _____ sector was the primary focus of the Great Leap Forward in China.

(Fill up the blank with correct option)

(A) Tax
(B) Industrial
(C) Financial
(D) Educational

25.



Study the following picture :

Identify and select, the recent phenomenon in which demand for resources surpasses their supply.

(A) Economic growth
(B) Environmental crisis
(C) Technological advancement
(D) Cultural evolution

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

Note : The following question is for the visually impaired candidates only, in lieu of Q. No. 25.

Identify, which of the following is NOT one of the strategies for Sustainable Development.

(A) Use of non-conventional sources of energy
(B) Use of fossil fuel for transportation
(C) Use of traditional knowledge
(D) Use of organic compost manure

26. Read the following statements carefully :

Statement-1 : Hired workers may be regular salaried workers or casual workers.

Statement-2 : Regular salaried employment is a major source of employment in rural areas in India.

In the light of the given statements, choose the correct option from the following :

(A) Statement 1 is true and Statement 2 is false.
(B) Statement 1 is false and Statement 2 is true.
(C) Both Statements 1 and 2 are true.
(D) Both Statements 1 and 2 are false.

27. From the terms given below in Column-I and Column-II, choose the correct pair of statements :

Column-I

(i) Subsidies

(ii) Land ceiling

(iii) Small Scale Industries

(iv) Modernisation as a goal of five year plan

Column-II

(a) Maximum quantity of goods that can be imported

(b) Element of IPR 1956

(c) Land to the tiller

(d) Change in social outlook

(A) (i) – (a)
(B) (ii) – (b)
(C) (iii) – (c)
(D) (iv) – (d)

28. Distinguish between Physical Capital and Human Capital.

29(a). "Cooperatives have received a setback during the recent past."

Justify the given statement with valid explanation.

OR

29(b). Explain the reasons behind less number of regular salaried employees in rural areas as compared to urban areas.

30(a). Describe briefly a rationale behind choosing 'Self-reliance' as a planning objective for the Indian economy.

OR

30(b). Explain how, Goods and Services Tax (GST) has simplified the multiplicity of taxes on goods and services.

31(a). "In the mountainous regions, mini-hydel plants prove to be cost effective as well as eco-friendly."

Justify above statement with valid arguments.

31(b). Define Carrying Capacity.

32. Describe the path of developmental initiatives taken by Pakistan for its economic development.

33. Read the following text carefully :

Agro-startups and rural enterprises are becoming increasingly vital for rural development in India. They address the critical challenges faced by rural sector in India. These ventures bring in technological innovations such as precision farming, IT-based monitoring system and data-driven decision making tools that enhance productivity and resource efficiency.

By streamlining supply chains and creating direct market linkages, they ensure better pricing for farmers and reduce dependency on traditional intermediaries. Such enterprises contribute actively to employment generation in the rural areas. The government has demonstrated a continuous policy and financial support for agri-startups and entrepreneurs through various programs like RKVY-RAFTAAR, the Agri-infrastructure fund and Agri-SURE.

On the basis of given text and common understanding, answer the following questions :

33(a). Explain, how agro-startups address the critical challenges faced by the agricultural sector.

33(b). Comment on the role of government in supporting agro-startups and entrepreneurs in India.

34(a). Giving valid reasons, state whether the following statements are true or false.

(i) There was growth in agricultural sector due to expansion of aggregate area under cultivation, during the colonial era.

(ii) The objective of World Trade Organisation (WTO) is to establish a rule based regime, in the world trade.

(iii) Economic growth with regional disparity was the main goal of planning in India.

OR

34(b)(i). Distinguish between :

(1) Tariff and non-tariff barriers

(2) Bilateral and multilateral trade

34(b)(ii). "Small-Scale Industries require a shield against large scale industries."

In the light of given statement, elaborate the steps initiated by the government in this direction.

- End of Question Paper -