CBSE Class 12 Economics 2025 - Set 58/5/2

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

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

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

(vi) This question 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 - Macro Economics

1. Market forces of demand and supply, actively interact under _____ exchange rate system to determine the foreign exchange rate.

(Choose the correct option to fill in the blank)

(A) fixed
(B) flexible
(C) managed floating
(D) fixed floating

2. Read the following statements carefully :

Statement 1 : During deflationary gap, the Central Bank of a country may increase the repo rate.

Statement 2 : The government can reduce the deflationary gap by purchasing Government Securities (G-Sec) in the open market.

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.

3. Under the Keynesian theory, 'Reference Line' is a straight line passing through the origin drawn at an angle of _____.

(Choose the correct option to fill in the blank)

(A) 25°
(B) 45°
(C) 55°
(D) 75°

4. According to the data presented in the Union Budget 2023 – 24, the total receipts of the government (other than borrowings), and the total expenditure are estimated as ₹ 20 lakh crore and ₹ 45 lakh crore respectively. Therefore, the value of _____ deficit would be ₹ 25 lakh crore.

(Choose the correct option to fill in the blank)

(A) revenue
(B) fiscal
(C) trade
(D) primary

5. Read the following statements carefully :

Statement 1 : Marginal Propensity to Consume (MPC) exhibits the consumption per unit of income.

Statement 2 : As the national income of a country rises, the proportionate increase in the consumption is always more than the increase in the income.

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.

6. In a two-sector economy, Aggregate Supply can be determined by adding _____ and _____.

(Choose the correct option to fill in the blanks)

(A) consumption, investments
(B) investments, savings
(C) consumption, savings
(D) savings, exports

7. Read the following statements carefully :

Statement 1 : Foreign aids are the capital receipts for the government.

Statement 2 : Disinvestments may lead to a decrease in the assets of the government.

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.

8. From the following, identify the situation which indicates the Current Account Surplus (CAS) in Balance of Payments (BOP) account of a nation.

(A) Excess of receipts on current account over the payments on current account.

(B) Equality of receipts on current account and payments on current account.

(C) Excess of payments on current account over receipts on current account.

(D) Excess of payments on current account over receipts on capital account.

9. To arrive at the value of Net Value Added at Market Price (NVA_{MP}), _____ must be _____ to/from Gross Value Added at Market Price (GVA_{MP}).

(Choose the correct option to fill in the blanks)

(A) depreciation, added

(B) depreciation, subtracted

(C) net indirect taxes, subtracted

(D) net indirect taxes, added

10. Identify, which of the following does not represent a public good.

(Choose the correct option)

(A) Free vaccines provided by the government

(B) Defence services provided by the military

(C) Purchase of railway ticket by an individual

(D) Street light installed by a city municipality

11. "As per the Economic Survey of India 2022 – 23, due to the outbreak of geopolitical conflict, the result was higher international prices for fertilizer and fuel. Thus, there was a higher fuel and fertilizer subsidy requirement for supporting the people."

On the basis of given text, identify and explain the indicated objective of the government budget.

12(a). On the basis of the following hypothetical data, calculate the percentage change in Real Gross Domestic Product (GDP) in the year 2022 – 23, using 2020 – 21 as the base year.

(All figures in ₹ crore)

Year	Nominal GDP	Nominal GDP (Adjusted to Base Year Price)
2020 – 21	3,000	5,000
2022 – 23	4,000	6,000

OR

12(b). State the steps pertaining to the estimation of National Income, under the Expenditure Method.

13(a). Suppose for two imaginary economies A and B, the values of Marginal Propensity to Save (MPS) stand at 0.2 and 0.4 respectively.

For both the economies, Autonomous Consumption ($\bar{c}$) = ₹ 400 crore and Investment Expenditure (I) = ₹ 2,000 crore.

Calculate the following :

Break-even level of income for Economy A.

13(b). Suppose for two imaginary economies A and B, the values of Marginal Propensity to Save (MPS) stand at 0.2 and 0.4 respectively.

For both the economies, Autonomous Consumption ($\bar{c}$) = ₹ 400 crore and Investment Expenditure (I) = ₹ 2,000 crore.

Calculate the following :

Equilibrium level of income for Economy B.

14. Read the following text carefully :

In an economy, a significant reduction in Aggregate demand raised concerns about future growth prospects of the country. This economic downturn underscores the urgent need for strategic measures to boost confidence of households and stimulate economic activities.

Based on the above text and common understanding, explain the measures which the government may take to stabilise the indicated situation.

15(a)(i). "The Indian economy has witnessed a sharp turnaround during 2023 – 24 with Foreign Direct Investments (FDI) inflows of US $ 70.9 Bn and net Foreign Portfolio Investments (FPI) inflows of US $ 32.4 Bn."

Distinguish between the above mentioned economic variables.

15(a)(ii). "The Indian economy has witnessed a sharp turnaround during 2023 – 24 with Foreign Direct Investments (FDI) inflows of US $ 70.9 Bn and net Foreign Portfolio Investments (FPI) inflows of US $ 32.4 Bn."

In which account of Balance of Payments will the given variables be entered and why ?

OR

15(b). Explain how Accommodating Transactions differ from Autonomous Transactions.

16(a)(i). Explain the likely impact of construction of 100 new super speciality hospitals in a nation on Gross Domestic Product (GDP) and welfare in the economy.

16(a)(ii). Suppose, there are only three firms in a hypothetical economy, viz. A, B and C. During a given period of time, the following transactions were undertaken by them :

(I) Firm A sold goods worth ₹ 2,000 to Firm B and ₹ 1,200 to Firm C.

(II) Firm B sold goods worth ₹ 1,100 to Firm A and ₹ 3,500 to Firm C.

(III) Firm C sold to households for final consumption, goods worth ₹ 5,700.

Estimate the value of Gross Domestic Product at Factor Cost (GDP_{FC}), assuming the value of Net Indirect Taxes to be ₹ 240.

OR

16(b)(i). On the basis of the given data, estimate the value of Net Domestic Product at Factor Cost (NDP_{FC}) :

S.No.	Items	Amount (in ₹ Crore)
(i)	Household Consumption Expenditure	1,800
(ii)	Gross Business Fixed Capital Formation	1,150
(iii)	Gross Residential Construction Expenditure	1,020
(iv)	Government Final Consumption Expenditure	2,170
(v)	Excess of Imports over Exports	720
(vi)	Inventory Investments	540
(vii)	Gross Public Investments	1,300
(viii)	Net Indirect Taxes	240
(ix)	Net Factor Income from Abroad	(–) 250
(x)	Consumption of Fixed Capital	440

16(b)(ii). "All consumption goods are durable in nature."

Defend or refute the given statement with a valid argument.

17(a). "In a country, routine economic operations rely on a stable medium, to facilitate transactions for maintaining smooth economic activities."

Discuss briefly the indicated function of money.

17(b). State the meaning and components of M_1 measure of money supply.

17(c). State the formula to compute Credit Multiplier.

Section B - Indian Economic Development

18. In the post-independence era, the policy makers of India emphasised on 'self-reliance' for the first _____ Five Year Plans.

(Choose the correct option to fill in the blank)

(A) 6
(B) 7
(C) 8
(D) 9

19. Identify, which of the following statements is incorrect about the Rural Banking system in India.

(Choose the correct option)

(A) The Rural Banking system in India consists of a set of multi-agency institutions.
(B) In the post-independence period, a well-structured Rural Banking system was formulated in India.
(C) Regional Rural Banks, Cooperative and Land Development Banks are components of the Rural Banking system in India.
(D) The Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India.

20. Identify, which of the following statements is incorrect about the functions of environment.

(Choose the correct option)

(A) Environment provides resources.
(B) Environment absorbs wastage.
(C) Environment sustains life.
(D) Environment deteriorates quality of life.

21. Read the following statements – Assertion (A) and Reason (R).

Choose the correct alternative from the options given below :

Assertion (A) : Under the financial sector reforms introduced in 1991, foreign investment limit in banks was raised up to around 74%.

Reason (R) : Foreign Institutional Investors (FIIs) were allowed to invest in Indian financial markets, post-1991.

(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.

22. "Suppose an imaginary economy is experiencing a situation of rise in Real Gross Domestic Product (GDP), without any corresponding adequate rise in the employment opportunities in the economy."

In economic parlance, such a situation is termed as _____ growth.

(Choose the correct option to fill in the blank)

(A) Casual
(B) Informal
(C) Formal
(D) Jobless

23. Read the following statements carefully :

Statement 1 : The British policies led to huge employment generation in the secondary and tertiary sectors of the Indian Economy.

Statement 2 : The real motive of the colonial government's infrastructural development was to benefit interests of India.

In the light of the given statements, choose the correct alternative 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.

24. Read the following statements carefully :

Statement 1 : The purchase of food grains, made by the government on the Minimum Support Price (MSP), is maintained as buffer stock.

Statement 2 : Minimum Support Price (MSP) safeguards the farmers against any sharp fall in farm product prices.

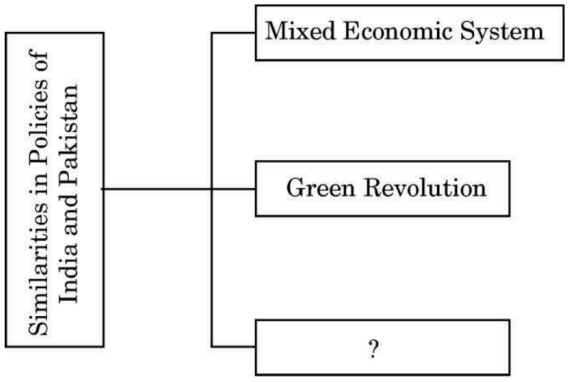
In the light of the given statements, choose the correct option from the following :

(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.

25. Study the following image carefully :

From the following, choose the correct option which indicates similarities in the policies of India and Pakistan, in the post-1947 period :

(Choose the correct option)



(A) Dual pricing policy
(B) Commune system
(C) Import substitution
(D) Great Proletarian Cultural Revolution

26. Production of diverse varieties of crops, rather than one specialised crop, is known as diversification of _____.

(Choose the correct option to fill in the blank)

(A) Crops
(B) Agricultural Production
(C) Sectoral Composition
(D) Employment

27. Read the following statements – Assertion (A) and Reason (R).

Choose the correct option from the options given below :

Assertion (A) : People spend to acquire information related to labour and other markets (like, education and health).

Reason (R) : Expenditure on information is necessary for efficient utilisation of the human capital stock.

(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.

28. Using the following data, analyse the sectoral contribution of India and Pakistan towards Gross Value Added (GVA).

Sectoral Share of Employment and GVA (%) in 2018 – 19

Sector	Contribution to GVA — India	Contribution to GVA — China
Agriculture	16	7
Industry	30	41
Services	54	52
Total	100	100

Sector	Contribution to GVA — Pakistan	Distribution of Workforce — India
Agriculture	24	43
Industry	19	25
Services	57	32
Total	100	100

Sector	Distribution of Workforce — China	Distribution of Workforce — Pakistan
Agriculture	26	41
Industry	28	24
Services	46	35
Total	100	100

29(a). "The trade and investment policy initiated by the Indian Government during 1991 economic reforms involved some major decision-making with respect to local industries."

Elaborate any two major decisions and their respective impacts on the Indian economy.

OR

29(b). "British colonial rule in India resulted into systematic deindustrialisation of Indian indigenous industries."

Explain the two-fold motive of the British with valid arguments.

30(a). State and elaborate, whether the following statements are true/false, with valid arguments :

Under the Golden Revolution there was tremendous growth in horticulture, making India the world leader in this field.

30(b). State and elaborate, whether the following statements are true/false, with valid arguments :

Small and marginal farmers are given preference in getting credit from non-institutional sources like Regional Rural Banks, Cooperative Banks, etc.

31. Read the following text carefully :

China underwent substantial policy changes to stimulate their economy.

China's economic growth was rapid in the late 1970s across various sectors. However, India had to wait much longer for its economic transformation. India's significant economic progress was only realised after the economic reforms of 1991, which were implemented out of compulsion.

On the basis of given text and common understanding, compare the impact of subsequent reforms initiated by China and India.

32(a)(i). Distinguish between human capital and physical capital.

32(a)(ii). Define Sustainable Development.

OR

32(b)(i). Describe briefly the importance of micro-credit programmes in Rural India.

32(b)(ii). State any one strategy involved in attaining sustainable development in India.

33. Read the following text carefully :

The Labour Force Participation Rate (LFPR) measures the percentage of the population either employed or actively seeking employment in a nation. In India, the labour force grew by 99.2 million persons between 2000 – 2019. The labour force grew from 396.3 million to 495.5 million.

During 2012 – 2019, the labour force grew without a matching increase in employment, leading to higher unemployment.

The gender disparity in India's labour market is notable with women's LFPR at 32.8% in 2022, significantly lower than men's LFPR at 77.2%. This is a major reason for India's overall low LFPR, which is lower than the global average of 47.3%.

During 2000 – 2019, rural LFPR declined by 14.1%, compared to a 3.5% decline in urban areas. This trend reversed between 2019 – 2022, with rural LFPR increasing by 6% (especially among rural women) and urban LFPR by 2.1%. These shifts suggest that fluctuations occur in women's labour market participation, particularly in rural areas.

This significantly affected the overall LFPR. Women join the workforce during economic hardships and move out when conditions improve.

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

33(a). Define unemployment.

33(b). Write the meaning of Labour Force Participation Rate (LFPR).

33(c). Comment upon the gender disparities in rural and urban Labour Force Participation Rate (LFPR) during 2000 – 2019.

34(a)(i). "Import substitution policy, if not applied carefully, can be a double-edged sword for any economy."

Do you agree with the given statement ? Justify your answer with valid arguments.

34(a)(ii). State how multilateral trade is different from bilateral trade.

OR

34(b)(i). Discuss briefly, causes and consequences of the tax reforms initiated during economic reforms in India.

34(b)(ii). State one example each of a Maharatna and a Miniratna company in the public sector in India.

- End of Question Paper -