CBSE Class 12 Economics 2025 - Set 58/2/1

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. The monetary policy is formulated by the _____ in the Indian economy.

(Choose the correct option to fill up the blank)

(A) Central Government
(B) State Governments
(C) Reserve Bank of India
(D) World Bank

2. Identify, which of the following is not to be considered while estimating Revenue Deficit of a country.

(Choose the correct option)

(A) Wages and salaries paid by the government
(B) Interest payments made by the Central Government
(C) Direct Tax Collection
(D) Expenditure incurred on construction of flyover

3. In the Keynesian Economics, _____ starts from the origin and is always drawn at an angle of 45°.

(Choose the correct option to fill up the blank)

(A) Consumption curve
(B) Aggregate demand curve
(C) Reference line
(D) Investment curve

4. Read the following statements : Assertion (A) and Reason (R). Choose one of the correct options given below :

Assertion (A) : In case of public goods no one can be excluded from enjoying the benefits.

Reason (R) : Public goods are non-rivalrous and non-excludable 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.

5. Value Addition = _____ – Value of Intermediate Consumption.

(Choose the correct option(s) to complete the stated formula.)

(i) Domestic sales

(ii) Sales – change in stock

(iii) Value of output

(iv) (Number of units produced) × (Price per unit)

(A) (i) and (ii)
(B) (ii) and (iii)
(C) (ii), (iii) and (iv)
(D) (iii) and (iv)

6. Suppose for an economy, autonomous consumption stands as ₹ 100 crore and total consumption is ₹ 130 crores. The value of induced consumption would be ₹ _____ crore.

(Choose the correct option to fill up the blank)

(A) 30
(B) 80
(C) 100
(D) 130

7. As the Banker to the Bank, Reserve Bank of India performs all functions except _____.

(Choose the correct option to fill up the blank)

(A) Purchase and sale of securities on behalf of general public
(B) Maintaining current account for Commercial Banks
(C) Clearing and settlement of Interbank transactions
(D) Facilitating governmental transactions

8. Read the following statements : Assertion (A) and Reason (R). Choose one of the correct options given below :

Assertion (A) : If the value of Marginal Propensity to Save is 0.5, Marginal Propensity to Consume will be equal to Marginal Propensity to Save.

Reason (R) : Sum of Marginal Propensity to Consume and Marginal Propensity to Save always equals to unity.

(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. The budget under, which the government may spend an amount equal to the revenue it collects is referred as _____ Budget.

(Choose the correct option to fill up the blank)

(A) Surplus

(B) Deficit

(C) Balanced

(D) Deflationary

10. To arrive at the value of equilibrium level of income, there must exists an equality between ex-ante _____ and ex-ante _____.

(Choose the correct option to fill up the blank)

(i) Aggregate Demand, Aggregate Supply

(ii) Aggregate Demand, Savings

(iii) Aggregate Demand, Investment

(iv) Savings, Investment

(A) (i) and (ii)

(B) (i) and (iv)

(C) (ii) and (iii)

(D) (iii) and (iv)

11. State the meaning and significance of Gross Domestic Product (GDP) deflator.

12(a). "The government generally levies higher Goods and Services Tax (GST) on socially undesirable products like cigarettes, tobacco, liquor etc."

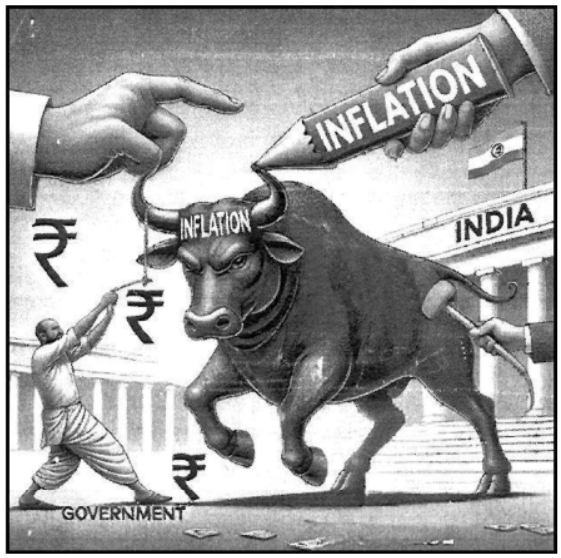
Identify and explain the indicated government budget objective in the above statement.

OR

12(b). Two friends Ramesh (a software engineer) and Pihu (a bakery owner) are discussing their contribution to the nation's economy through tax payments. Ramesh earns ₹ 8,00,000 per year, which makes him liable to pay income tax. Pihu pays Goods and Service Tax (GST) on the sale of cakes and pastries.

On the basis of the given text, identify whether Ramesh is paying a direct tax or an indirect tax. Explain valid differences between two types of taxes.

13(a).



On the basis of the given image, explain the steps which may be taken by the Government of India to control the indicated macro-economic issue.

13(b). Define 'Open Market Operations'.

13(a)-VI. For visually impaired candidates only, in lieu of the corresponding visual question:

Note : The following questions are for the Visually Impaired Candidates only in lieu of Q. No. 13.

Explain any one fiscal policy measure that can be taken up by the Government to control the situation of inflation prevailing in an economy.

13(b)-VI. For visually impaired candidates only, in lieu of the corresponding visual question:

Note : The following questions are for the Visually Impaired Candidates only in lieu of Q. No. 13.

Define 'Open Market Operations'.

14(a)(i). Justify the following statements with valid arguments :

Money supply in an economy is an example of a stock variable.

14(a)(ii). Justify the following statements with valid arguments :

The Central Bank provides several Banking services to the government.

OR

14(b). Assuming for a hypothetical economy, Central Bank increases the Reserve Ratio from 20% to 25% and the total primary deposits stand at ₹ 1,000.

Explain the effect of rise in Reserve Ratio on credit creation by commercial banks.

15(a). Suppose for an economy, government proposes project for construction of expressways with an incremental investment of ₹ 1200 crore. Assuming, 80% of increase in income is spent on consumption.

Estimate the following on the basis of above information :

Change in income (ΔY).

15(b). Suppose for an economy, government proposes project for construction of expressways with an incremental investment of ₹ 1200 crore. Assuming, 80% of increase in income is spent on consumption.

Estimate the following on the basis of above information :

Change in consumption (ΔC).

16(a)(i). On the basis of the data given below, estimate the value of National Income (NNP_{FC})

S. No.	Items	Amount (₹ in crore)
(1)	Private final consumption expenditure	2,000
(2)	Government final consumption expenditure	1,500
(3)	Gross domestic fixed capital formation	1,000
(4)	Addition to stock	400
(5)	Consumption of fixed capital	50
(6)	Net factor income from abroad	100
(7)	Net indirect Taxes	200
(8)	Net Exports	700

16(a)(ii). Differentiate between Real flow and Money flow.

OR

16(b)(i). Gauhar, has recently completed her fashion designing studies and started a boutique. To produce dresses for sale, she purchased various materials, including a sewing machine, fabric, buttons and thread. These items are essential for producing the dresses.

Classify the material purchased by Gauhar as Final or Intermediate goods, giving valid reasons in support of the classifications.

16(b)(ii). "National Income is always equal to Domestic income in a two sector economy."

Defend or refute the given statement with valid reasons.

17. Read the following text carefully :

Balance of Payments (BoP) systematically summarise, the economic transactions of an economy with the rest of the world, over a given period of time.

The BoP can be broadly divided into two accounts namely :

- current account
- capital account

The current account measures the transfer of goods, services, income and transfers between an economy and rest of the world. The current account may be sub-divided into merchandise account and invisible account. Merchandise account consists of transactions related to export and import of goods.

In the invisible account, there are three broad categories :

17. (continued)

- Non-factor services such as travel, transportation, insurance etc.
- Transfer which do not involve any value in exchange.
- Income which includes compensation of employees and investment income.

The capital account reflects the net changes in financial claims on rest of the world.

The capital account can be broadly broken up into two categories :

- Non-debt flows such as direct and portfolio investments.
- Debt flows such as external assistance, commercial borrowings, non-resident deposits etc.

The sum of the two accounts indicates the overall balance, which could be either be in surplus or deficit. The movement in overall balance is reflected in changes in international reserves of the country.

17. (continued)

Source : https : // mospi.gov.in/109-balance – payments

(adopted and modified)

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

17(a). Define Balance of Payments.

17(b). Differentiate between the two accounts of Balance of Payments.

17(c). Give the meaning of Balance of Payments deficit with formula.

Section B

18. _____ of agriculture refers to production of crops for sale in the open market rather than for self consumption purpose.

(A) Commercialisation
(B) Diversification
(C) Digitisation
(D) Modernisation

19. Read the following statements carefully :

Statement 1 : In 1978, commune lands were divided into small plots to the individual households for cultivation.

Statement 2 : Under commune system, professionals were sent to work and learn from the country side.

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.

20. Identify, the options that emphasize the role of information and technology.

(i) Achieving sustainable development

(ii) Attainment of food security

(iii) Disseminates information regarding emerging technologies.

(A) Only (i)
(B) Only (ii)
(C) (i) and (ii)
(D) (i), (ii) and (iii)

21. Read the following statements : Assertion (A) and Reason (R). Choose one of the correct options given below :

Assertion (A) : Under the land reforms, Indian government fixed the minimum land size which could be owned by an individual.

Reason (R) : The purpose of land ceiling was to avoid the concentration of land ownership in a few hands.

(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. _____ are the people who operate their own farms / enterprises.

(Choose the correct option to fill up the blank)

(A) Hired Workers
(B) Casual Wage Workers
(C) Regular Salaried Employees
(D) Self-Employed

23. Agricultural marketing is a process that involves the _____ of agricultural commodities.

(Choose the correct option to fill up the blank)

(i) Privatisation

(ii) Processing

(iii) Assembling

(iv) Grading

(A) (i) and (ii)
(B) (ii) and (iii)
(C) (i), (ii) and (iii)
(D) (ii), (iii) and (iv)

24. _____ is based on the idea that education and health are integral to human well-being.

(Choose the correct option to fill up the blank)

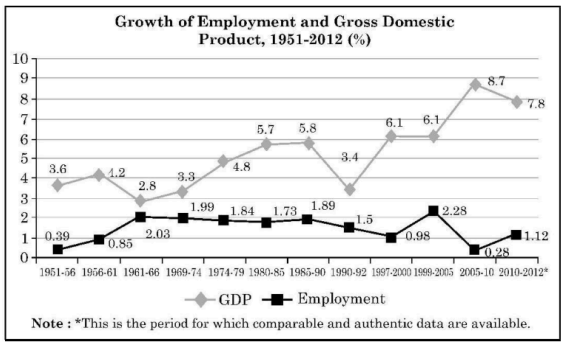
(A) Human Resource
(B) Human Development
(C) Human Capital
(D) Economic Development

25. In recent years, all the adults are encouraged to open bank accounts as a part of a scheme known as _____.

(Choose the correct option to fill up the blank)

(A) Jan-Dhan Yojana
(B) Jan-Aushadhi Yojana
(C) Jan-Soochna Yojana
(D) Jan-Arogya Yojana

26.



The given chart indicates the problem of _____ in the Indian Economy, post 1990-92.

(Choose the correct option to fill up the blank)

(A) Informalisation of Workforce
(B) Casualisation of Workforce
(C) Jobless Growth
(D) Formalisation of Workforce

26-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. 26.

The situation under which an economy attains economic growth without corresponding rise in employment is known as _____.

(Fill up the blank with correct option)

(A) Informalisation of Workforce
(B) Casualisation of Workforce
(C) Jobless Growth
(D) Formalisation of Workforce

27. Read the following statements carefully :

Statement 1 : Environmental concerns of waste generation and pollution have become critical, due to reversal of demand and supply relationship.

Statement 2 : Environmental crisis happens, when the rate of resource extraction is less than that of regeneration of resource.

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.

28(a). Define liberty indicator.

28(b). State any two liberty indicators.

29(a). Medhya and Danish both had their own farms. Medhya invested in a few agricultural courses, learnt modern farming techniques and trained her labourers on best practices related to soil fertility, crop management, pest control etc.

Whereas, Danish invested heavily in, by purchasing advanced farming machinery, irrigation systems and high quality seeds.

Do you agree that, Danish had made investment in human capital ? Give valid reason in support of your answer.

OR

29(b). "Expenditure on preventive medicine, curative medicine and social medicine helps in building human capital and economic development."

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

30. "The British introduced many infrastructural development project, which was largely driven by its own self-serving interest".

Briefly explain any two main causes behind the infrastructural development undertaken by the colonial government.

31(a). "In the recent times through various schemes and policies, the Government of India has taken vital initiatives to generate employment directly / indirectly."

Justify the statement giving valid arguments.

OR

31(b). "Micro credit programmes have been very helpful in supporting rural development and improving livelihoods in India."

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

32. On the basis of the given data, compare and analyse the Distribution of workforce and its contribution to Gross Value added in India and China.

Sectoral Share of Employment and GVA (%) in 2018-2019

GVA: contribution to Gross Value Added (%).
Workforce: distribution of workforce (%).

India

Sector	GVA (%)	Workforce (%)
Agriculture	16	43
Industry	30	25
Services	54	32
Total	100	100

China

Sector	GVA (%)	Workforce (%)
Agriculture	7	26
Industry	41	28
Services	52	46
Total	100	100

Pakistan

Sector	GVA (%)	Workforce (%)
Agriculture	24	41
Industry	19	24
Services	57	35
Total	100	100

Source : Human Development Report 2019 : Key Indicators of Asia and Pacific 2019.

33(a)(i). "To promote green revolution, the Indian government provided fertilizer subsidies to the farmers."

Briefly explain any two arguments in favour of such subsidies.

33(a)(ii)(1). As per a news report dated, 8th Oct. 2021, the Government of India sold its entire 100% stake in Air India. Tata sons, the original founder of Air India won the bid and purchased the airline for ₹ 18,000 crore.

Identify the step taken by the Government of India.

33(a)(ii)(2). As per a news report dated, 8th Oct. 2021, the Government of India sold its entire 100% stake in Air India. Tata sons, the original founder of Air India won the bid and purchased the airline for ₹ 18,000 crore.

State any two ways in which identified step can be executed by the government.

OR

33(b)(i). "After 1991, reforms in external sector led to an increase in foreign exchange inflows".

Justify the given statement with valid argument.

33(b)(ii). "During the planning period, public sector was given a dominant role in Indian Economy."

Justify the rationale behind this step taken by the Government of India.

34. Read the following text carefully :

Climate change and sustainability of environment are two pressing issues that have captured global attention. In recent years, the world has witnessed a surge in extreme weather events including severe droughts, cloud bursts, floods, land slides, receding coastlines and the alarming melting of arctic ice and Himalayan Glaciers. Wildfires have become more frequent and intense.

In this context, sustainable agriculture emerges as a crucial solution.

This refers to those farming practices that meet today's requirements while preserving resources for the future generation. This means adopting methods that protect the environment, reduce dependence on chemical inputs, efficiently using water and land and ensuring socio-economic equity for farmers.

On one hand sustainable agricultural practices are necessary, on the other, they are often more expensive to implement compared to conventional methods. Sustainable practices like organic farming, climate – smart technologies, modern irrigation system may seem costly upfront, but they offer long-term benefits by improving productivity, and environmental stewardship. Without accessible and affordable financing options, the much needed shift to sustainable farming practices will remain a distant dream for many.

Therefore, sustainable finance should not only promote eco-friendly practices but also ensure that financial resources are available to the farmers who need it.

Source :
https://website.vbi.org.in/web/rbi/-/speches – interview/financing-for-sustainable-agriculture (adopted and modified)

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

34(a). Define Sustainable Agriculture.

34(b). "Sustainable Agriculture practices, like organic farming may seem costly initially, but offer long term benefits."

Discuss the long term benefits these practices can offer.

34(c). State any two strategies to promote sustainable development in a developing country like India.

- End of Question Paper -