CBSE Class 12 Economics 2025 - Set 58/S/2 - Compartment

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. In the Keynesian economic analysis, determination of equilibrium income in the short-run is usually expressed as _____.

(Choose the correct alternative to fill in the blank)

(i) Ex-ante Aggregate Demand = Ex-ante Aggregate Supply

(ii) Consumption (C) + Investment (I) = Savings

(iii) Consumption (C) + Investment (I) = National Income

(iv) Ex-ante Savings = Ex-ante Investments

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

2. Expenditure incurred by the Government of India on the construction of 8-lanes Delhi-Mumbai Expressway can be classified as _____ expenditure of the government, as it may lead to _____ in the value of assets.

(Choose the correct alternative to fill in the blanks)

(A) revenue, increase
(B) revenue, reduction
(C) capital, increase
(D) capital, reduction

3. In an imaginary economy, maintaining a Cash Reserve Ratio of 20% with primary deposits of ₹ 1,000, the total derivative deposits created by banks would be ₹ _____.

(Choose the correct alternative to fill in the blank)

(A) 5,000
(B) 1,000
(C) 4,000
(D) 3,000

4. Read the following statements carefully :

Statement 1 : Real National Income is always less than Nominal National Income.

Statement 2 : Real National Income is the money value of all the final goods and services produced by the normal residents of an economy in an accounting year, measured at the base year prices.

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.

5. Suppose in an economy there exist autonomous investments, which are independent of the level of income. Graphically, the autonomous investments curve would be _____.

(Choose the correct alternative to fill in the blank)

(A) a straight line parallel to y-axis
(B) a straight line parallel to x-axis
(C) an upward sloping straight line at x-intercept, in the positive quadrant
(D) a downward sloping straight line at y-intercept

6. From the following statements, identify the incorrect statement in case of underemployment equilibrium.

(Choose the correct alternative)

(A) Resources are fully and efficiently utilised.
(B) An existence of excessive production capacity in the economy.
(C) Aggregate supply is equal to Aggregate demand below full employment level.
(D) Resources are not fully and efficiently utilised.

7. Read the following statements carefully :

Statement 1 : The value of Average Propensity to Save (APS) can be greater than one.

Statement 2 : Break-even point is the level at which level of consumption is equal to the income.

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.

8. The budget in which government's total planned spending is equal to total planned revenue is referred to as _____ budget.

(Choose the correct alternative to fill in the blank)

(A) Surplus
(B) Deficit
(C) Micro
(D) Balanced

9. Identify, which of the following are the correct features of money supply in an economy.

(Choose the correct alternative)

(i) It is a stock concept.

(ii) It includes money held by banks and government.

(iii) It is a flow concept.

(iv) It includes money held by households and firms.

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

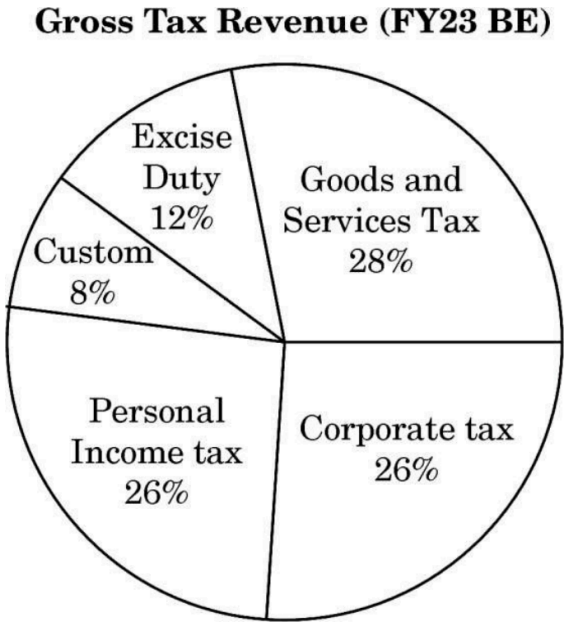
10. Identify, which of the following is not to be considered while estimating the revenue deficit of an economy.

(Choose the correct alternative)

(A) Goods and Services Tax (GST) collection
(B) Income from fines and penalties
(C) Interest payments
(D) Expenditure on acquisition of land and buildings

11(a)(i). Define 'tax'.

11(a)(ii). On the basis of the given image, identify and categorize two items into direct and indirect taxes.



OR

11(b). "The government through its budgetary policy may intervene to expand or reduce demand in an economy."

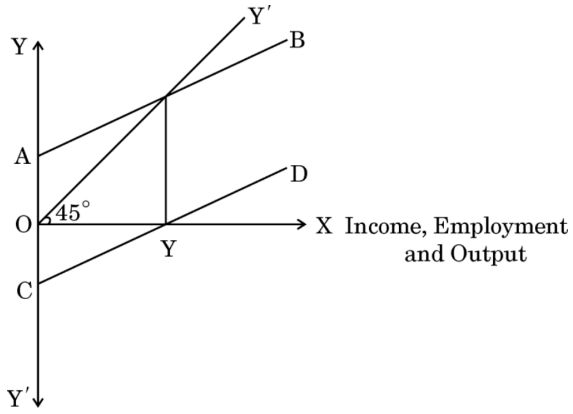
In the light of the given statement, discuss briefly the budgetary objectives the government is trying to achieve.

12. On the basis of the following data, estimate the value of National Income (NNP_{FC}) :

S.No.	Items	Amount (in ₹ crore)
(i)	Private Final Consumption Expenditure	1,000
(ii)	Government Final Consumption Expenditure	1,000
(iii)	Net Domestic Fixed Capital Formation	800
(iv)	Net Additions to Stock	200
(v)	Net Exports	500
(vi)	Net Indirect Taxes	200
(vii)	Net Factor Income from Abroad	100

13(a). On the basis of the given figure, answer the following questions :

Identify AB and CD curves.



13(b). On the basis of the given figure, answer the following questions :

Briefly discuss the reason for AB curve starting from point A (Y-intercept).

13(c). On the basis of the given figure, answer the following questions :

State the significance of OY level of income.

14. Suppose for a hypothetical economy, reserve ratio changes from 20% to 25% and the value of primary deposits are ₹ 1,000 crore.

Calculate the change in the amount of credit creation when reserve ratio changes from 20% to 25%.

15(a). In what ways do alterations in margin requirements impact the ease with which households and firms can obtain credit ?

OR

15(b)(i). Assuming for a hypothetical economy, government induces an additional investment of ₹ 1,000 crore and 80 percent of additional income is spent on consumption.

Estimate the values of the following :

Investment multiplier (K)

15(b)(ii). Assuming for a hypothetical economy, government induces an additional investment of ₹ 1,000 crore and 80 percent of additional income is spent on consumption.

Estimate the values of the following :

Change in income (ΔY)

16. Read the following text carefully :

The Gross Domestic Product (GDP) deflator, is an important indicator of inflation. It represents the ratio of the total value of goods and services produced by an economy in a specific year at current prices to the prices that were in effect during a designated base year.

This ratio highlights the proportion of GDP growth that can be attributed to rising prices instead of an actual increase in production levels.

The GDP price deflator indicates the difference between nominal GDP and real GDP. Nominal GDP differs from real GDP as the former doesn't include inflation, while the latter does.

The GDP deflator automatically adjusts for changes in consumption habits and introduction of new products and services. This feature enables it to reflect shifts in investment and consumption trends.

For the GDP deflator, the 'basket' for each year consists of all goods produced domestically, weighted according to the market value of total consumption for each item.

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

16(a). State the meaning of Gross Domestic Product (GDP) deflator and its significance.

16(b). Elaborate how Real Gross Domestic Product is different from Nominal Gross Domestic Product.

17(a)(i). Explain the effect of appreciation of domestic currency on imports of a nation. Provide an example to support your explanation.

17(a)(ii). Explain any two components of Current Account under Balance of Payments.

OR

17(b)(i). "A rise in price of foreign exchange leads to fall in demand for foreign exchange, other factors remaining constant."

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

17(b)(ii). As per the statement given by the Governor of Reserve Bank of India (RBI) dated 10^{th} August 2023 :

"The inflows from net commercial borrowings have been US $ 6.0 billion during April – June 2023."

Identify, the sub-account and the side of Balance of Payments where the above stated transactions would be recorded. State valid reasons in support of your answer.

Section B - Indian Economic Development

18. 'Expenditure on health' is one of the sources of Human Capital Formation where, _____ is one of the most suitable curative measures.

(Choose the correct alternative to fill in the blank)

(A) Vaccination
(B) Medical intervention during illness
(C) Spread of health awareness
(D) Provision of clean drinking water

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

Assertion (A) : India and Pakistan adopted many similar strategies for their respective economic developmental paths.

Reason (R) : In late 1970s, India and Pakistan came up with the policy of denationalisation of capital goods industries.

(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. In 2018, Pakistan implemented its _____ five year development plan.

(Choose the correct alternative to fill in the blank)

(A) 10^{th}
(B) 11^{th}
(C) 12^{th}
(D) 13^{th}

21. The geographical areas in which specific laws are applied to encourage foreign investments are known as _____.

(Choose the correct alternative to fill in the blank)

(A) European Union
(B) G-7
(C) G-20
(D) Special Economic Zones

22. _____ implies shedding of the ownership or management of a government owned enterprise.

(Choose the correct alternative to fill in the blank)

(A) Liberalisation
(B) Privatisation
(C) Globalisation
(D) Nationalisation

23. Identify, which of the following is not a factor responsible for land degradation.

(Choose the correct alternative)

(A) Deforestation
(B) Overgrazing
(C) Industrial practices
(D) Proper crop rotation

24. The institutional structure of rural banking today consists of a set of multi-agency institutions except the _____.

(Choose the correct alternative to fill in the blank)

(A) Commercial Banks
(B) Regional Rural Banks (RRBs)
(C) Land Development Banks (LDBs)
(D) Private Money-lenders

25. Read the following statements carefully :

Statement 1 : India has been the front runner of advocating the interests of the developing world.

Statement 2 : Keeping its commitment, India has not removed the quantitative restrictions.

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.

26. The extent of constitutional protection of the independence of the Judiciary and the Rule of Law, is an example of _____ indicator.

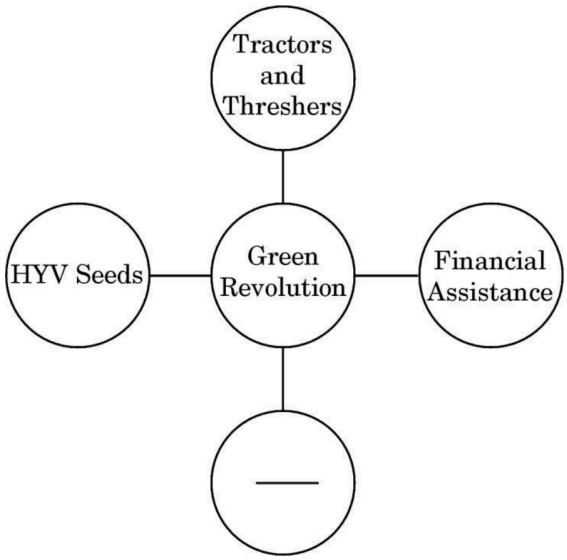
(Choose the correct alternative to fill in the blank)

(A) economic growth
(B) liberty
(C) human destruction
(D) human values

27. Study the following image carefully :

Identify, which of the following factors is an essential requirement for the implementation of Green Revolution.

(Choose the correct alternative)



(A) Regular use of chemical fertilizers
(B) Use of natural manures
(C) A lesser requirement for irrigation facilities
(D) Traditional seeds

28. Study the following images carefully :

Identify and discuss briefly the types of employment sectors indicated.





29(a). Enumerate briefly, the development of the modern industrial sector during the British rule.

OR

29(b). Explain any two salient features of India's foreign trade during the British rule.

30. The Government of India has adopted various strategies to ensure that the future generations should have the same quality of life as the present generation.

In the light of the given statement, briefly discuss any two strategies.

31(a). "The Ministry of Skill Development and Entrepreneurship (MSDE) and the Indian Space Research Organisation (ISRO) organised a capacity-building training aimed at upgrading the skills of government personnel and further contributing to increasing India's share in the global space industry."

In the light of the given statement, explain how such training programmes can affect human capital formation.

OR

31(b). "Both physical capital and human capital depreciate with time, but the nature of depreciation differs between the two."

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

32. The 'Great Leap Forward' campaign initiated in China in 1958 faced many problems. Explain briefly any two of these problems.

33. Read the following text carefully :

The need for eco-friendly agriculture in India

A major highlight of this year's budget was achieving green growth for a cleaner, greener Earth. Launched under the Green Growth Targets, the PM-PRANAM Scheme is designed as a programme for Restoration, Nourishment and Amelioration of the Earth.

This scheme will incentivise the states and union territories to use alternative fertilisers. Furthermore, the budget also outlined that the Centre will assist the transition of one crore farmers to organic farming, reiterating the long term vision of eco-friendly agriculture.

Emphasis on natural farming techniques and optional chemical usage has strong linkages with the green revolution that aided the large-scale usage of chemical fertilizers in India.

Over the period of time, fertilizer runoff to water bodies and subsequent nutrient overload resulted in eutrophication, massive algal blooms in lakes and rivers and the formation of dead zones. These runoffs also pollute the groundwater resources in the long term.

It also accelerates land degradation and desertification by destroying the natural soil properties.

Thus, the rationale behind the government's move to include sustainable and natural farming techniques becomes clear. Organic farming will aid in reducing cumulative GHG emissions as chemical fertilizers account for over 77% of agricultural nitrogen oxide emissions in India. Hence, promoting agro-forestry initiatives will boost soil organic carbon and fertility. Trees will also serve as storehouses of sequestered carbon.

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

33(a). Explain any two problems associated with the usage of chemical fertilizers.

33(b). Discuss briefly the economic rationale behind the government's move to promote organic farming.

33(c). State the meaning of green growth.

34(a)(i). "The Industrial Policy Resolution 1956, gave primacy to the government, making it responsible for the industrial development."

Briefly outline the classification of industries into various categories.

34(a)(ii). "Economic reforms of 1991 failed miserably on the agricultural front."

Justify the given statement, giving valid reasons in support of your answer.

OR

34(b)(i). "Subsidies in the agriculture sector have been a debated question for long."

Validate the argument that subsidies should be gradually phased out in the agriculture sector.

34(b)(ii). Define 'liberalisation'. State any two liberalisation reforms introduced in the fiscal sector.

- End of Question Paper -