Roll No. ☐☐☐☐☐☐☐☐

Q.P. Code 58/1/1

ECONOMICS

CBSE Class XII Board Examination 2025

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. The paper has 34 questions and all of them are compulsory.
2. It has two sections: Section A – Macro Economics; Section B – Indian Economic Development.
3. There are 20 multiple-choice questions of 1 mark each.
4. There are 4 Short Answer Type-I questions of 3 marks each (about 60–80 words) and 6 Short Answer Type-II questions of 4 marks each (about 80–100 words).
5. There are 4 Long Answer questions of 6 marks each (about 100–150 words).
6. Answer all parts of a question together.
7. There is no overall choice, but some questions have an internal choice; attempt only one of the alternatives in such questions.

SECTION A

Macro Economics. Q1–10 carry 1 mark each; Q11–12 carry 3 marks; Q13–15 carry 4 marks; Q16–17 carry 6 marks.

1. About the recording of Current Account transactions in the Balance of Payments, pick the INCORRECT statement. **1**

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

(B) Imports 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.

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2. Choose the correct pair from Column I and Column II. **1**

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)

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3. Consider the two statements below. **1**

Statement 1: The managed floating exchange rate system combines features of the fixed and flexible exchange rate systems.

Statement 2: The managed floating system is also called a 'hybrid system'.

Choose the correct option.

(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.

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4. Irfaan, a student, borrows ₹80,000 for his college fees and plans to start repaying six months after graduation, in instalments over ten years. Which function of money does this show? **1**

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

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

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5. In an economy, the saving curve starts at −₹50 crore on the saving axis, and 20% of every increase in income is saved. What is the investment multiplier (K)? **1**

(A) 2 **(B)** 5

(C) 10 **(D)** ∞ (infinite)

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6. Assertion (A): Public goods are goods consumed collectively by the public. **1**
Reason (R): Public goods are excludable and rivalrous.

(A) Both A and R are true and R is the correct explanation of A.

(B) Both A and R are true, but R is not the correct explanation of A.

(C) A is true, but R is false.

(D) A is false, but R is true.

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7. If the Average Propensity to Consume (APC) is 0.8 and National Income is ₹4,000 crore, saving is ₹_____ crore. **1**

(A) 100 **(B)** 200

(C) 500 **(D)** 800

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8. Which of these statements about commercial banks are correct? **1**
(I) Deposits they receive are their liabilities.
(II) They create credit in the economy.
(III) They accept deposits from the general public.
(IV) They accept deposits on behalf of the Reserve Bank of India.

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

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

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9. A country exports goods worth ₹600 crore and imports goods worth ₹450 crore. Its Balance of Trade shows a _____ of ₹_____ crore. **1**

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

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

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10. Choose the correct pair from Column I and Column II. **1**
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)

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11. Calculate Net Value Added at Factor Cost (NVA_FC) from the following (₹ crore): **3**

S.No.	Item	₹ 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

Distinguish between Net Factor Income from Abroad (NFIA) and Net Exports (X − M).

12. The government launched the 'Incredible India' campaign to promote tourism across the country. Explain its effect on India's foreign exchange reserves and Balance of Payments. **3**

13. Under the Ayushman Bharat scheme, the government gives free medical treatment to poorer sections. Identify and explain the nature of the budget expenditure involved and the budget objective it serves. **4**

14. In an economy, primary deposits are ₹500 and the Reserve Ratio is 25%. Estimate the total deposits created and the total lending by the banking system. **4**

15. In an economy, $C = 200 + 0.75Y$ (C = consumption expenditure, Y = national income) and investment expenditure is ₹4,000 crore. Calculate: **4**
(i) the equilibrium level of income;
(ii) total consumption expenditure at equilibrium.

OR

Explain the adjustment mechanism when ex-ante saving exceeds ex-ante investment.

16. The Union Food and Consumer Affairs Minister said the Centre has taken several proactive steps to control retail food prices while not hurting growth. Retail inflation rose to a three-month high of 5.55% in November 2023 due to costlier food, after peaking at 6.83% in August 2023. The government set up 140 new price-monitoring centres, banned exports of items like wheat, broken rice, non-basmati white rice and onions, and cut import duties on edible oils and pulses to increase domestic supply. **6**
(a) How many new price-monitoring centres were set up? (1)
(b) State any two proactive steps taken to raise domestic supply and lower prices. (2)
(c) Explain any one monetary measure for controlling inflation. (3)

17. (a) Explain any two precautions to be taken while estimating National Income by the Expenditure Method. **6**

(b) 'A higher Gross Domestic Product (GDP) always means more goods available per person.' Defend or refute this statement, taking GDP as an index of people's welfare.

OR

(i) Distinguish between stock and flow variables, with suitable examples. (3)

(ii) Explain the components of 'Profit' under the Income Method of estimating National Income (NNP_FC). (3)

SECTION B

Indian Economic Development. Q18–27 carry 1 mark each; Q28–29 carry 3 marks; Q30–32 carry 4 marks; Q33–34 carry 6 marks.

18. The Great Leap Forward in China mainly focused on the _____ sector. (Fill in the blank) **1**

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

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19. A picture shows a large industrial city with many chimneys pouring thick smoke into the sky and a polluted, murky river running through a degraded landscape. Identify the present-day phenomenon in which demand for resources is greater than their supply. **1**

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

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20. Consider the two statements below. **1**
Statement 1: Hired workers can be either regular salaried workers or casual workers.
Statement 2: Regular salaried employment is a major source of employment in rural India.
Choose the correct option.

(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.

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21. Choose the correct pair from Column I and Column II. **1**
Column I: (i) Subsidies (ii) Land ceiling (iii) Small Scale Industries (iv) Modernisation as a goal of five year plans
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)

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22. 'Short-term unemployment that occurs while people move from one job to another.' Which type of unemployment is this? **1**

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

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23. Assertion (A): Before its economic reforms, China's public investment in social infrastructure led to better Human Development Indicators (HDI). **1**
Reason (R): China is ahead of India and Pakistan on many Human Development Indicators.

(A) Both A and R are true and R is the correct explanation of A.

(B) Both A and R are true, but R is not the correct explanation of A.

(C) A is true, but R is false.

(D) A is false, but R is true.

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24. A cartoon shows a hand marked 'GOVT.' using a long rod to hold back a car marked 'IMPORTS', while a car marked 'EXPORTS' (domestic) moves ahead on the road. Identify the trade practice that has replaced foreign goods with domestic production. **1**

(A) Export Promotion **(B)** Export Substitution

(C) Import Proliferation **(D)** Import Substitution

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25. Match the terms in Column I with the meanings in Column II and choose the correct pair. **1**
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)

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26. Assertion (A): Human capital formation raises the participation of the population in economic activity and leads to economic growth. **1**
Reason (R): The participation rate is the percentage of people engaged in a country's production process.

(A) Both A and R are true and R is the correct explanation of A.

(B) Both A and R are true, but R is not the correct explanation of A.

(C) A is true, but R is false.

(D) A is false, but R is true.

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27. India is NOT a member of which of these regional/global economic groupings? **1**

(A) BRICS **(B)** SAARC

(C) G-20 **(D)** G-7

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28. 'Cooperatives have suffered a setback in recent times.' Justify this statement. **3**

OR

Explain why rural areas have fewer regular salaried employees than urban areas.

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29. Trace the relationship between human capital and economic growth. **3**

30. (a) 'Bio-pesticides help reduce the harmful effects of the Green Revolution on soil and water while promoting sustainable development.' Justify this statement. (3)
(b) Define absorptive capacity. (1) **4**

31. Briefly describe why 'self-reliance' was chosen as a goal of planning for the Indian economy. **4**

OR

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

32. Describe the path of development initiatives Pakistan followed for its economic development. **4**

33. **6**

(a) True or false? Give reasons: 'India followed unbalanced growth during colonial rule.'

(b) True or false? Give reasons: 'Economic policies in India between 1950 and 1990 tried to promote regional equality.'

(c) True or false? Give reasons: 'After 1991, India has become a favourable destination for outsourcing.'

OR

(a) Distinguish between:
(1) tariff and non-tariff barriers;
(2) bilateral and multilateral trade.

(b) 'Small-scale industries need protection from large-scale industries.' In this context, explain the steps taken by the government.

34. Agro-startups and rural enterprises are becoming important for India's rural development. They bring technology such as precision farming, IT-based monitoring and data-driven tools that raise productivity and resource efficiency. By streamlining supply chains and linking farmers directly with markets, they get farmers better prices and reduce reliance on middlemen, and they create rural jobs. The government supports agri-startups and entrepreneurs through schemes such as RKVY-RAFTAAR, the Agri-Infrastructure Fund and Agri-SURE. **6**
(a) Explain how agro-startups address the critical challenges of the agricultural sector. (4)
(b) Comment on the government's role in supporting agro-startups and entrepreneurs. (2)

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Questions restated from the CBSE Class XII Board Examination 2025 (set 58/1/1) for practice. Reading passages and map items are described, not reproduced.