CBSE EXAMINATION PAPER-2025

ECONOMICS

(Solved)

Time allowed : 3 hours | Maximum Marks : 95

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **41 questions.** All questions are **compulsory.**

ii. This question paper is divided into **5 sections.**

iii. **Section A** – questions number **1 to 2** are case based questions

iv. **Section B** – questions number **3 to 23** are multiple choice questions

v. **Section C** – questions number **24 to 29** are short answer type i

vi. **Section D** – questions number **30 to 37** are short answer type ii

vii. **Section E** – questions number **38 to 41** are long answer

viii. There is no overall choice given in the question paper. However, an internal choice has been provided in few questions.

ix. Use of calculator is NOT allowed.

Section A

Question 1.

Read the following text carefully :

Growing carbon footprint of industries have put power and steel sector in the spotlight as the major contributor to the climate crisis. The challenge of climate change can be tackled only by making our industries and businesses follow practices and processes that reduce their carbon footprint. It can be possible only with green financing.

Green financing aims to increase the level of financial flows (from banking, micro-credit, insurance and investment) from the public, private and not-for-profit sectors to sustainable development priorities.

Global green finance has also started chasing Indian companies. Global development finance institutions and funds are ready to offer long-term support (both equity and debt) at cheap rates to projects like solar energy and hydropower. Green finance can positively affect environment quality, economic development and financial issues that promote the green economy, such as reducing greenhouse gas emissions, improving energy efficiency or enhancing the organic economy.

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

(1)

State the meaning and objective of green finance.

[3 Marks]

(2)

Discuss any two benefits of green financing.

[3 Marks]

Question 2.

Read the following text carefully :

Government provides certain goods and services which cannot be provided by the market mechanism. Examples of such goods are national defence, roads, government administration etc. which are referred to as public goods.

There are two major differences between public and private goods. One, the benefits of public goods are available to all and are not only restricted to one particular consumer. For example, if a person wears a shirt, it will not be available to others . It is said that thisperson's in rival relationship to the consumption of others. However, if we consider a public park or measures to reduce air pollution, the benefits will be available to all . ONe persons's consumption of agood does not reduce the amount available for consumption for others and so several people can enjoy the benefits, that is, the consumption of many people is' not rivalrous.

Two, in case of private goods, anyone who does not pay for the goods can be excluded from enjoying its benefits. If you do not buy a ticket, you will not be allowed to watch a movie at a local cinema hall. However, in case of public goods, there is no feasible way of excluding anyone from enjoying the

benefits of the good. That is why public goods are called non-excludable. Even if some users do not pay, it is difficult and sometimes impossible to collect fees for the public good. These non-paying users are knownas ' Free rides' Consumers will not voluntarily pay for-what they can get for free and for which there is no exclusive title to the property being enjoyed. The link between the producer and consumer which occurs through the payment process is broken and the government must step in to provide for such goods.

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

(1)

Define free-riders. Explain the challenges posed by the free-riders in the context of public goods.

[3 Marks]

(2)

Describe how the Government's role in providing public goods impacts community welfare.

[3 Marks]

Section B

Question 3.

If the value of Investment Multiplier (K) is 5, the relevant saving function would be _____.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) S = - 60 + 0.75 Y

(B) S = - 60 + 0.20 Y

(C) S = - 60 + 0.60 Y

(D) S = -60 + 0.25 Y

Question 4.

Identify, which of the following items will not be included in estimating National Income of India.

(Choose the correct option)

[1 Marks]

(A) Salary to Indian residents working at the Russian Embassy in India

(B) Interest paid by a firm to a bank

(C) Income generated from smuggling

(D) Payments to farm workers in the form of foodgrains

Question 5.

If an upward sloping straight line consumption function makes an intercept at the Y-axis at a positive coordinate, it implies that Marginal Propensity to Consume (MPC) _____ and Average Propensity to Consume (APC) _____ as the income increases.

(Choose the correct option to fill in the blanks)

[1 Marks]

(A) remains constant, falls

(B) remains constant, rises

(C) falls, falls

(D) rises, rises

Question 6.

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

Assertion (A) : Other things remaining constant, devaluation of domestic currency may lead to rise in National Income of the nation.

Reason (R) : Devaluation of domestic currency refers to reduction in the value of domestic currency by the government with respect to foreign currency under the fixed exchange rate system.

[1 Marks]

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

(B) Assertion (A) is true, but Reason (R) is false.

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

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

Question 7.

Central Bank can decrease the money supply in the economy by _____.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) lowering the cash reserve

(B) increasing the bank rate

(C) purchase of G-Secs (Government Securities)

(D) lowering the bank rate

Question 8.

If the total credit created by the banks is ₹500 and Reserve Ratio is 20%, the value of primary deposits would be _____.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) ₹ 300

(B) ₹ 500

(C) ₹ 100

(D) ₹ 200

Question 9.

Using the given information, complete the following table:

(Choose the correct option)

[1 Marks]

Income (Y) (in ₹ crore)	Savings (in ₹ crore)	Consumption (in ₹ crore)	Average Propensity to Consume (APC)
0	...(i)...	30	–
100	0	...(ii)...	1
200	30	170	0·85
300	60	240	0·8

(A) 0, 70

(B) - 30, 120

(C) 30, 120

(D) -30, 100

Question 10.

Identify, which of the following is not a source of demand for foreign exchange.

(Choose the correct option)

[1 Marks]

(A) Imports of goods and services

(B) Indian tourists visiting foreign countries

(C) Gifts by Indians to their families living abroad

(D) Loans from Rest of the World

Question 11.

Suppose in an economy, planned spendings are greater than planned outputs. Identify the correct option with respect to effects on the economy:

(i) Decrease in planned inventories in the economy

(ii) Rise in National Income

(iii) Decrease in real output level in the economy

(iv) Decrease in employment level in the economy

[1 Marks]

(A) Only (i)

(B) (i) and (ii)

(C) (ii), (iii) and (iv)

(D) (iii) and (iv)

Question 12.

Read the following statements carefully:

Statement 1: The price of a given currency in terms of another is known as bank rate.

Statement 2: Demand curve for foreign exchange is a downward sloping curve.

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

[1 Marks]

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

(B) Both Statements 1 and 2 are true.

(C) Both Statements 1 and 2 are false.

(D) Statement 1 is false and Statement 2 is true.

Question 13.

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

Assertion (A) : The year 1921 is called as the Year of Great Divide.

Reason (R) : After the year 1921, India experienced a sharp rise in its population growth rate.

[1 Marks]

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

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

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

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

Question 14.

Mao initiated the 'Great Leap Forward' movement in the year _____.(Choose the correct option to fill in the blank)

[1 Marks]

(A) 1951

(B) 1958

(C) 1955

(D) 1962

Question 15.

The Indian Government adopted a policy of fixing maximum land holiding limit (ownership) for an individual. It is commonly known as _____.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) Golden Revolution

(B) Marketable Surplus

(C) Land Ceiling

(D) Green Revolution

Question 16.

Study the following image and identify the measure adopted by the Government to improve agricultural marketing.

(Choose the correct option)

[1 Marks]



(A) Regulated markets

(B) (A) Cooperative credit societies

(C) Transportation facilities

(D) Dissemination of information

Question 17.

Identify, which of the following measure is not adopted by the government to improve agricultural marketing.

[1 Marks]

(A) Cooperative credit societies

(B) Unregulated markets

(C) Better transportation facilities

(D) Dissemination of information

Question 18.

In China, under _____, peasants were provided with pooled land to create larger fields that could yield greater output and they shared farm implements.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) Joint Farming System

(B) Green Revolution

(C) Great Proletarian Cultural Revolution

(D) Commune System

Question 19.

White Revolution is associated with _____.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) Animal Husbandry

(B) Fisheries

(C) Dairy Production

(D) Horticulture

Question 20.

_____ indicator may be defined as the measure of the extent of demographic participation in social and political decision-making.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) Health

(B) Demographic

(C) Economic

(D) Liberty

Question 21.

Which of the following country/countries followed the Five Year Planning structure of economic development ?

(i) India (ii) China

(iii) Pakistan (iv) USA (Choose the correct option)

[1 Marks]

(A) (i), (ii) and (iii)

(B) (ii) and (iii)

(C) (i) and (iv)

(D) Only (iv)

Question 22.

Read the following statements carefully :

Statement 1 : Employment is an activity which enables a person to earn means of livelihood for his/her family.

Statement 2 : A worker is the one who contributes to the process of Gross Domestic Product (GDP) by rendering his productive services.

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

[1 Marks]

(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.

Question 23.

Identify, which of the following correctly defines liberalization.

(Choose the correct option)

[1 Marks]

(A) Outright sale of part of shares of Public Sector Undertakings (PSUs)

(B) Removal of restrictions imposed by government on different sectors of the economy

(C) Focus on import substitution

(D) Increased integration with the rest of the world

Section C

Question 24. Distinguish between autonomous transactions and accommodating transactions in the Balance of Payments of the economy.

[3 Marks]

Question 25.

Calculate Domestic Income (NDPFC) from the data given below:

[3 Marks]

Calculate Domestic Income (NDP_{FC}) from the data given below :

S. No.	*Particulars*	*Amount (in ₹ lakh)*
(i)	Gross National Product at market price	2,500
(ii)	Consumption of fixed capital	200
(iii)	Goods and Services Tax	20
(iv)	Subsidies	50
(v)	Net Factor Income from Abroad	50
(vi)	Changes in Stocks	30
(vii)	Unexpected loss of a fixed asset	500

Question 26.

Define Net Factor Income from Abroad (NFIA) and discuss its components.

[3 Marks]

Question 27.

During the British rule, contribution of industrial sector to the Gross Domestic Product (GDP) remained very low. Justify the given statement with valid arguments in support of your answer.

[3 Marks]

Question 28.

The real motive behind infrastructural development under the British rule was not to provide basic amenities to the people of India but to subserve various colonial interests."

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

[3 Marks]

Question 29.

On the basis of the given image, explain the source of human capital formation which may contribute to the economic growth in India.

[3 Marks]



Section D

Question 30.

In the 1990s, on the advice of Reserve Bank of India (RBI) ,the Government of India took a decision of hypothecation of gold reserves to different nations. In light of above statement, discuss briefly the role of Central Bank as Banker, Agent and Adviser to the Government.

[4 Marks]

Question 31.

(a) Estimate the value of Aggregate Demand (AD) in an imaginary economy
:

(i) Autonomous Investment (I0) = ₹ 100 crore

(ii) Marginal Propensity to Save (MPS) = 0.2

(iii) Level of Income (Y) = ₹ 4,000 crore

(iv) Autonomous Consumption Expenditure ($\bar{c}$) =₹ 50 crore

(b) State the meaning of propensity to consume.

[4 Marks]

Question 32.

An economy is operating at under - employment level of income. What does this situation indicate ? Discuss any one fiscal measure to tackle this situation.

[4 Marks]

Question 33.

Elaborate using a hypothetical numerical example, how a given initial increase in investment affects the level of final income of the economy.

[4 Marks]

Question 34.

Evaluate any two factors that led to the rapid growth in economic development in China.

[4 Marks]

Question 35.

IT can play a critical role in achieving sustainable development and food security in the 21st century in the country. Justify the given statement with valid arguments.

[4 Marks]

Question 36.

Explain the importance of credit availability in rural development.

[4 Marks]

Question 37.

It is necessary to generate more employment in the formal sector rather than in the informal sector. Justify the given statement with valid arguments.

[4 Marks]

Section E

Question 38.

(i) 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 under, taken 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 Net Domestic Product at Market Price (NDPMP) assuming depreciation to be ₹ 120.

ii) Explain the likely impact of construction of 2000 new schools providing high-quality education in a nation on Gross Domestic Product and welfare in an economy.

[6 Marks]

Question 39.

(i) Distinguish between Real Gross Domestic Product (GDP) and Nominal Gross Domestic Product.

(ii) As per a news dated April 11, 2023 : 'Electric Vehicle sales crossed one million mark in FY 2023' Analyse its impact on Gross Domestic Product (GDP) and economic welfare.

[6 Marks]



Question 40.

(i) Globalisation has been a process for India with only positive results.

Defend or refute the given statement with valid explanation.

(ii) The goal of equity was served by 'Abolition of Intermediaries' in agriculture in the post independence period. Do you agree with the given statement ? Support your answer with valid explanation.

[6 Marks]

Question 41.

(i) Farm subsidies put a huge burden on the government finances, but are necessary for poor and marginal farmers. Justify the given statement with valid explanation.

(ii) Discuss briefly the role of small scale industries in generating of employment and equity in India under the planning period.

[6 Marks]