CBSE EXAMINATION PAPER-2025

ECONOMICS

(Solved)

Time allowed : 3 hours | Maximum Marks : 100

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 22** are multiple choice questions

v. **Section C** – questions number **23 to 28** are short answer type i

vi. **Section D** – questions number **29 to 36** are short answer type ii

vii. **Section E** – questions number **37 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:

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:

(1)

Define unemployment.

[1 Marks]

(2)

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

[2 Marks]

(3)

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

[3 Marks]

Question 2.

Section B

Question 3.

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

(Choose the correct option)

[1 Marks]

(A) Free vaccines provided by the government

(B) Defence services provided by the military

(C) Street light installed by a city municipality

(D) Purchase of railway ticket by an individual

Question 4.

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)

[1 Marks]

(A) flexible

(B) managed floating

(C) fixed floating

(D) fixed

Question 5.

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.

[1 Marks]

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

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

(C) Both Statements 1 and 2 are true.

(D) Both Statements 1 and 2 are false.

Question 6.

Under the Keynesian framework, the line drawn through the origin is at an angle of _____.

[1 Marks]

(A) 25°

(B) 45°

(C) 55°

(D) 75°

Question 7.

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)

[1 Marks]

(A) revenue

(B) fiscal

(C) primary

(D) trade

Question 8.

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 :

[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 9.

In a two-sector economy, Aggregate Supply can be determined by adding_____ and _____.(Choose the correct option to fill in the blanks)

[1 Marks]

(A) consumption, investments

(B) savings, exports

(C) consumption, savings

(D) investments, savings

Question 10.

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 :

[1 Marks]

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

(B) Both Statements 1 and 2 are false.

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

(D) Both Statements 1 and 2 are true.

Question 11.

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

[1 Marks]

(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.

Question 12.

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

(Choose the correct option to fill in the blank)

[1 Marks]

(A) Employment

(B) Sectoral Composition

(C) Agricultural Production

(D) Crops

Question 13.

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.

[1 Marks]

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

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

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

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

Question 14.

Identify, which of the following statements is incorrect about the Rural Banking system in India. (Choose the correct option)

[1 Marks]

(A) In the post-independence period, a well-structured Rural Banking system was formulated in India.

(B) The Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of 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 consists of a set of multi-agency institutions.

Question 15.

Identify, which of the following statements is incorrect about the functions of environment. (Choose the correct option)

[1 Marks]

(A) Environment absorbs wastage.

(B) Environment deteriorates quality of life.

(C) Environment provides resources.

(D) Environment sustains life.

Question 16.

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.

[1 Marks]

(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 false, but Reason (R) is true

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

Question 17.

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)

[1 Marks]

(A) Formal

(B) Informal

(C) Jobless

(D) Casual

Question 18.

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 Indin.

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

[1 Marks]

(A) Both Statements 1 and 2 are true.

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

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

(D) Both Statements 1 and 2 are false.

Question 19.

Read the following statements carefully : 1

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 :

[1 Marks]

(A) Both Statements 1 and 2 are false.

(B) Both Statements 1 and 2 are true.

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

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

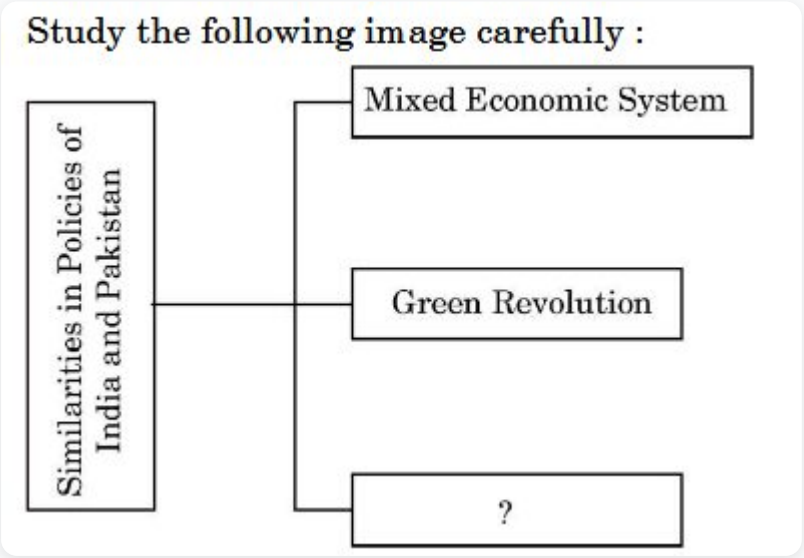
Question 20.

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)

[1 Marks]



(A) Commune system

(B) Great Proletarian Cultural Revolution

(C) Import substitution

(D) Dual pricing policy

Question 21.

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)

[1 Marks]

(A) net indirect taxes, added

(B) depreciation, added

(C) net indirect taxes, subtracted

(D) depreciation, subtracted

Question 22.

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)

[1 Marks]

(A) 9

(B) 6

(C) 7

(D) 8

Section C

Question 23. State the steps pertaining to the estimation of National Income, under the Income Method.

[3 Marks]

Question 24.

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.

[3 Marks]

(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

Question 25.

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.

[3 Marks]

Question 26.

British colonial rule in India executed a systematic economic exploitation that involved the extraction of India's resources and wealth to benefit Britain.

Justify the given statement with valid explanation.

[3 Marks]

Question 27.

The disinvestment policy of India under the 1991 reforms involved selling of part of the government's stakes in Public Sector Undertakings (PSUs).

Explain the rationale behind the decision undertaken by the government.

[3 Marks]

Question 28.

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

[3 Marks]

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

Sector	*Contribution to GVA*			*Distribution of Workforce*		
	India	*China*	*Pakistan*	*India*	*China*	*Pakistan*
Agriculture	16	7	24	43	26	41
Industry	30	41	19	25	28	24
Services	54	52	57	32	46	35
Total	100	100	100	100	100	100

Section D

Question 29.

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) inflowsof US $ 32.4 Bn.

(i) Distinguish between the above mentioned economic variables.

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

[4 Marks]

Question 30.

Explain how Accommodating Transactions differ from Autonomous Transactions.

[4 Marks]

Question 31.

Suppose for two imaginary economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0·8 and 0·6 respectively. For both the economies, Autonomous Consumption ($\bar{c}$) = 400 crore and Investment Expenditure (I) = 2,000 crore. Calculate the following :

(a) Break-even level of income for Economy A. 2

(b) Equilibrium level of income for Economy B.

[4 Marks]

Question 32.

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.

[4 Marks]

Question 33.

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 progresss 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.

[4 Marks]

Question 34.

(i) Distinguish between human capital and physical capital.

(ii) Define Sustainable Development.

[4 Marks]

Question 35.

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

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

[4 Marks]

Question 36.

State and elaborate whether the following statements are true/false, with valid arguments:

(a) The Indian economy has shown satisfactory progress towards formalization of workforce in the recent years.

(b) In the Indian rural landscape, agricultural diversification has emerged as a reasonable alternative to fill up the gaps in income.

[4 Marks]

Section E

Question 37.

(a) In a country, routine economic operation reply on a stable medium, to facilitate transactions for maintaining smooth economic activities. Discuss briefly the indicated function of money.

(b) State the meaning and components of M1 measure of money supply.

(c) State the formula to compute Credit Multiplier.

[6 Marks]

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 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 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) All consumption goods are durable in nature.

Defend or refute the given statement with a valid argument.

(ii) On the basis of the given data, estimate the value of National Income (NNPFC) :

[6 Marks]

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

Question 40.

(i) Import substitution pilicy, 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.

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

[6 Marks]

Question 41.

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

(ii) Give one example each of a Navratna and a Maharatna company in the public sector in India.

[6 Marks]