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 **40 questions.** All questions are **compulsory.**

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

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

iv. **Section B** – questions number **2 to 21** are multiple choice questions

v. **Section C** – questions number **22 to 27** are short answer type i

vi. **Section D** – questions number **28 to 35** are short answer type ii

vii. **Section E** – questions number **36 to 40** 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 :

Indian labour market indicators have improved in the last six years, as per the Periodic Labour Force Survey Data. The unemployment rate has fallen to 3·2% in 2022 23. Rising youth and female participation in the workforce present an opportunity to tap the demographic and gender dividend. The factory employment data exhibits the bounce back of the organised manufacturing sector in FY 2022 23 with rise in employment and the upscaling of factories.

The net payroll additions under EPFO have more than doubled in the past five years, signalling healthy growth in formal employment.

To generate and sustain quality employment, agro-processing and care economy are two promising candidates.

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

(1)

State any one significance of rising youth and female participation in the Indian workforce.

[1 Marks]

(2)

Identify any two sectors which may be highlighted as promising for generating quality employment in India.

[2 Marks]

(3)

Elaborate the meaning of disguised unemployment with the help of a suitable example.

[3 Marks]

Section B

Question 2.

Read the following statements carefully:

Statement 1:The government may reduce the repo rate, to control deflationary gap prevailing in the economy.

Statement 2: The government may reduce the deflationary gap, by selling off 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) Both Statements 1 and 2 are true.

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

(C) Both Statements 1 and 2 are false.

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

Question 3.

To arrive at the value of Gross Value Added at Factor Cost (GVA FC), _____ must be _____ to/from Gross Value Added at Market Price (GVA MP). (Choose the correct option to fill in the blanks)

[1 Marks]

(A) depreciation, subtracted

(B) depreciation, added

(C) Net Indirect Taxes, added

(D) Net Indirect Taxes, subtracted

Question 4.

Read the following statements carefully:

Statement 1: Public goods are those goods for which the payments are made by all the entities in the country.

Statement 2: Private goods are those goods which are provided by the government of a country at subsidised rates.

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) Statement 1 is false and Statement 2 is true.

(C) Both Statements 1 and 2 are true.

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

Question 5. Under the _____ Exchange Rate System, the Central Bank can control the foreign exchange rate in a range bound manner. (Choose the correct option to fill in the blank)

[1 Marks]

(A) Fixed

(B) Flexible

(C) Managed floating

(D) Gold standard

Question 6.

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

Assertion (A): Direct taxes are imposed on income/profits of individuals/companies.

Reason (R): The burden of payment of direct taxes cannot be shifted to any other entity.

[1 Marks]

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

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

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

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

Question 7.

Under the Keynesian theory,' Reference the Line' is a straight line passing through the origin drawn at an angle of _____ . (Choose the correct option to fill in the blank)

[1 Marks]

(A) 25°

(B) 70°

(C) 40°

(D) 45°

Question 8.

Read the following statements carefully:

Statement 1: Marginal Propensity to Consume (MPC) refers to the consumption per unit of income.

Statement 2: As the income increases, the proportionate increase in the level of consumption is always more than the increase in the level of 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) Both Statements 1 and 2 are true.

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

(D) Both Statements 1 and 2 are false.

Question 9. The main objective of measuring the primary deficit is to highlight present _____. (Choose the correct option to fill in the blank)

[1 Marks]

(A) recovery of loans

(B) fiscal balances

(C) cash grant-in-aid

(D) fiscal imbalances

Question 10.

Read the following statements carefully:

Statement 1: Import of heavy machinery from Japan is a source of demand for foreign exchange.

Statement 2: Financial aid by International Bank for Reconstruction and Development (IBRD) for landslide in Wayanad (Kerala) is a source of supply of foreign exchange.

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

[1 Marks]

(A) Both Statements 1 and 2 are true.

(B) Both Statements 1 and 2 are false.

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

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

Question 11. In a two-sector economy, the Aggregate Demand can be determined by adding _____ and _____. (Choose the correct option to fill in the blanks)

[1 Marks]

(A) investments, savings

(B) consumption, investments

(C) savings, exports

(D) consumption, savings

Question 12.

Read the following statements carefully:

Statement 1: The British policies were accountable for commercialization of Indian agriculture.

Statement 2: In the larger interest of Indians, the British rulers focused on the infrastructural growth of India.

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 true and Statement 2 is false.

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

Question 13.

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

Assertion (A): Information plays a crucial role in judicious decision-making about investing in human capital.

Reason (R): Individuals invest to acquire information about the labour market and other areas such as education and healthcare.

[1 Marks]

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

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

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

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

Question 14. Identify, which of the following does not indicate the similarities in the policies of India and Pakistan in the post 1947 period.

[1 Marks]

(A) Green revolution

(B) Dual pricing policy

(C) Import substitution

(D) Mixed economic system

Question 15.

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) Regional Rural Banks, Cooperative and Land Development Banks are few important components of Rural Banking system in India.

(C) Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India.

(D) Rural Banking system in India consists of a set of multi-agency institutions.

Question 16.

In the post-independence era, the policy makers of India pushed for 'Self-reliance' for the first_____ Five Year Plans.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) 8

(B) 7

(C) 5

(D) 6

Question 17.

Production of diverse varieties of crops rather than one specialized crop is known as diversification of _____.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) crops

(B) sectoral composition

(C) agricultural production

(D) employment

Question 18.

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

[1 Marks]

(A) Sustains life

(B) Absorbs wastage

(C) Provides resources

(D) Deteriorates quality of life

Question 19.

Read the following statements carefully :

Statement 1 : The Food Corporation of India maintains buffer stocks of wheat and rice as a measure to improve market mechanism.

Statement 2 : Minimum Support Price (MSP) is imposed by the government to safeguard the interest of farmers.

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

[1 Marks]

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

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

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

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

Question 20.

Suppose an economy is experiencing a situation of rise in Real Gross Domestic Product (GDP), without any corresponding rise in the employment opportunities.

In economic parlance, such a situation is termed as _____ growth.

(Choose the correct option to fill in the blank)

[1 Marks]

(A) casual

(B) formal

(C) informal

(D) jobless

Question 21.

Read the following statements _Assertion (A) and Reason (R). Choose the correct alternative from the options given below :

Assertion (A) : Excessive regulation of permit license raj prevented certain private firms from becoming more efficient.

Reason (R) : Private sector wasted a significant time in obtaining licenses rather than enhancing product quality and international competitiveness.

[1 Marks]

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

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

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

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

Section C

Question 22.

Explain any two precautions pertaining to the Expenditure Method of estimation of National Income in a country.

[3 Marks]

Question 23.

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]

On the basis of the following hypothetical data :

(in ₹ crore)

Year	*Nominal GDP*	*Nominal GDP (adjusted to base year prices)*
2020 – 21	3,000	5,000
2022 – 23	4,000	6,000

Calculate the percentage change in Real Gross Domestic Product (GDP) in the year 2022 – 23 using 2020 – 21 as the base year.

Question 24.

Taxation is an effective tool to reduce the inequalities of income.

Justify the given statement with valid reasons.

[3 Marks]

Question 25.

Elaborate the economic reforms in agriculture sector undertaken by China.

[3 Marks]

Question 26.

Appraise the Navratan policy adopted by the Government of India in the reforms of 1991.

[3 Marks]

Question 27.

Under the British rule, India underwent systematic economic exploitation with its resources and wealth being diverted to Britain .

Justify the given statement with valid explanation.

[3 Marks]

Section D

Question 28.

Assuming for a hypothetical economy:

(i) Autonomous Consumption Expenditure ($\bar{c}$) = ₹250 crore,

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

(iii) Autonomous Investments (I_0)=₹ 200 crore.

Estimate the Break-even level of Income and Equilibrium level of Income, on the basis of information given above.

[4 Marks]

Question 29.

Elaborate any two components of the Capital Account under the Balance of Payments Account.

[4 Marks]

Question 30.

Distinguish between Autonomous transactions and Accommodating transactions.

[4 Marks]

Question 31.

Read the following text carefully :

According to a report issued by a research organisation, there is a sharp decline in the overall demand in the economy, particularly in the private consumption segment. This dip in the macro economic variables, highlights the urgent need for strategic actions to stimulate economic activities.

On the basis of the given text and common understanding, explain the measure which the government may take to solve the indicated problem.

[4 Marks]

Question 32.

(i) Distinguish between human capital and physical capital.

(ii) Describe ('LPG') and Gobar Gas' as strategies used to achieve sustainable development in rural areas.

[4 Marks]

Question 33.

(i) Critically appraise the micro-credit programmes in rural India.

(ii) State the meaning of sustainable development.

[4 Marks]

Question 34.

Read the given text carefully and answer the following questions :

In response to the problem of rapidly rising population, China introduced the ' One Child Policy.' The policy restricted couples to having only one child. This policy helped China to limit the population growth.

This policy led to significant consequences, such as an increase ageing population, gender imbalances due to male child preference and social challenges for single children, etc.

This policy was relaxed in 2015, allowing all couples to have two children and further relaxed to three children in 2021.

Overall, while the One Child Policy achieved its primary goal of controlling population growth, it also created a complex set of demographic and social challenges that China continues to address today.

(a) Explain the consequences of implementation of the One Child Policy in China.

(b) State any one reason for the implementation of the One Child Policy in China.

[4 Marks]

Question 35.

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

(a) In the Indian rural landscape, agricultural diversification has emerged as a solution for a lot of farmer's problems.

(b) Informalisation of workforce in India, has increased various concerns on the front of employment generation among the youth of the country.

[4 Marks]

Section E

Question 36.

(i) Discuss briefly, causes and consequences of tax reforms taken by the Indian Government during economic reforms.

(ii) Distinguish between Multilateral Trade and Bilateral Trade.

[6 Marks]

Question 37.

(i) Import substitution policy, if not applied carefully , can prove to be a double-edged sword for any economy .

Do you agree with the given statement ? Justify your answer with valid arguments.

(ii) Distinguish between stabilising measures and structural measures, as taken up by the Government of India in 1991.

[6 Marks]

Question 38.

(i) Suppose there are only three firms in an imaginary economy, viz. X, Y and Z. During a year, the following transactions took place in the economy :

(I) Firm X sold goods worth ₹ 20,000 to Firm Y and ₹ 12,000 to Firm Z.

(II) Firm Y sold goods worth ₹ 11,000 to Firm X and ₹ 35,000 to Firm Z.

(III) Firm Z sold goods worth ₹ 57,000 to households for final consumption.

On the basis of the given transactions, calculate the value of Gross Domestic Product at Market Price (GDPMP) in the economy.

(ii) Elaborate the likely impact of construction of two new Express Highways on the Gross Domestic Product (GDP) and Welfare in an economy.

[6 Marks]

Question 39.

(i)On the basis of the following data, estimate the value of National Income (NNPFC) :

(ii) "All producer goods are essentially capital goods."

Defend or refute the given statement, with the help of a suitable example.

[6 Marks]

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

S.No.	*Items*	*Amount (in ₹ crore)*
(i)	Household Consumption Expenditure	800
(ii)	Gross Business Fixed Capital Formation	150
(iii)	Gross Residential Construction Investment	120
(iv)	Government Final Consumption Expenditure	270
(v)	Excess of Imports over Exports	20
(vi)	Inventory Investments	50
(vii)	Gross Public Investments	130
(viii)	Net Indirect Taxes	20
(ix)	Net Factor Income from Abroad	(–) 25
(x)	Consumption of Fixed Capital	40

Question 40.

(a) Elaborate the process of Credit Creation using a suitable numerical example.

(b) Read the following text carefully :

This function of provides different items to be evaluated against a common standard. It allows comparison of prices and keeping financial records .

(i) On the basis of the given text, identify the indicated function of money.

(ii) List any other two functions of money.

[6 Marks]