CBSE EXAMINATION PAPER-2025

ECONOMICS

(Solved)

Time allowed : 3 hours | Maximum Marks : 94

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 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 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 :

Climate change and sustainability of environment are two pressing issues that have captured global attention. In recent years, the world has witnessed a surge in extreme weather events including severe droughts, cloud bursts, floods, land slides, receding coastlines and the alarming melting of arctic ice and Himalayan Glaciers. Wildfires have become more frequent and intense.

In this context, sustainable agriculture emerges as a crucial solution. This refers to those farming practices that meet today's requirements while preserving resources for the future generation. This means adopting methods that protect the environment, reduce dependence on chemical inputs, efficiently using water and land and ensuring socio-economic equity for farmers.
On one hand sustainable agricultural practices are necessary, on the other, they are often more expensive to implement compared to conventional methods. Sustainable practices like organic farming, climate — smart technologies, modern irrigation system may seem costly upfront, but they offer long-term benefits by improving productivity, and environmental stewardship. Without accessible and affordable financing options, the much needed shift to sustainable farming practices will remain a distant dream for many.

Therefore, sustainable finance should not only promote eco-friendly practices but also ensure that financial resources are available to the farmers who need it.

Source : https://website.vbi.org.in/web/rbi/-/speches interview/financingfor-sustainable-agriculture (adopted and modified)

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

(1)

Define Sustainable Agriculture.

[1 Marks]

(2)

"Sustainable Agriculture practices, like organic farming may seem costly initially, but offer long term benefits."

Discuss the long term benefits these practices can offer.

[3 Marks]

(3)

State any two strategies to promote sustainable development in a developing country like India.

[2 Marks]

Question 2.

Read the following text carefully :

Balance of Payments (BOP) systematically summarise, the economic transactions of an economy with the rest of the world, over a given period of time. The BOP can be broadly divided into two accounts namely :

- current account
- capital account

The current account measures the transfer of goods, services, income and transfers between an economy and rest of the world. The current account may be sub-divided into merchandise account and invisible account. Merchandise account consists of transactions related to export and import of goods.

In the invisible account, there are three broad categories :

Non-factor services such as travel, transportation, insurance etc.

Transfer which do not involve any value in exchange.
Income which includes compensation of employees and investment income.

The capital account reflects the net changes in financial claims on rest of the world.

The capital account can be broadly broken up into two categories :

- Non-debt flows such as direct and portfolio investments.
- Debt flows such as external assistance, commercial borrowings, nonresident deposits etc.

The sum of the two accounts indicates the overall balance, which could be either be in surplus or deficit. The movement in overall balance is reflected in changes in international reserves of the country. Source : https : // mospi.gov.in/109-balance — payments (adopted and modified)

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

> **(1)**
>
> **Define Balance of Payments.**
>
> [1 Marks]

(2)

Differentiate between the two accounts of Balance of Payments.

[3 Marks]

(3)

Give the meaning of Balance of Payments deficit with formula.

[2 Marks]

Section B

Question 3.

The monetary policy is formulated by the ___ in the Indian economy.

(Choose the correct option to fill up the blank)

[1 Marks]

(A) Central Government.

(B) Reserve Bank of India.

(C) State Governments.

(D) World Bank.

Question 4.

Identify which of the following is not to be considered while estimating Revenue Deficit of a country.

(Choose the correct option to fill up the blank)

[1 Marks]

(A) Expenditure incurred on construction of flyover.

(B) Direct Tax Collection.

(C) Interest payments made by the Central Government.

(D) Wages and salaries paid by the government.

Question 5.

In the Keynesian Economics, ___ starts from the origin and is always drawn at an angle of 45°.

(Choose the correct option to fill up the blank)

[1 Marks]

(A) Aggregate demand curve

(B) Investment curve

(C) Reference line

(D) Consumption curve

Question 6.

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

Assertion (A): In case of public goods no one can be excluded from enjoying the benefits.

Reason (R): Public goods are non-rivalrous and non-excludable in nature.

[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.

Value Addition = ___ - Value of Intermediate Consumption.(Choose the correct option(s) to complete the stated formula.)

(i) Domestic sales

(ii) Sales - change in stock

(iii) Value of output

(iv) (Number of units produced) x (Price per unit)

[1 Marks]

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

(B) (D) (iii) and (iv)

(C) (B) (ii) and (iii)

(D) (A) (i) and (ii)

Question 8.

Suppose for an economy, autonomous consumption stands at ₹100 crore and total consumption is ₹130 crores. The value of induced consumption would be₹ ___ crore.

(Choose the correct option to fill up the blank)

[1 Marks]

(A) 80

(B) 130

(C) 30

(D) 100

Question 9.

As the Banker to the Bank, Reserve Bank of India performs all functions except ____ .(Choose the correct option to fill up the blank)

[1 Marks]

(A) Maintaining current account for Commercial Banks.

(B) Clearing and settlement of Interbank transactions.

(C) Purchase and sale of securities on behalf of general public.

(D) Facilitating governmental transactions.

Question 10.

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

Assertion (A): If the value of Marginal Propensity to Save is 0.5, Marginal Propensity to Consume will be equal to Marginal Propensity to Save.

Reason (R): Sum of Marginal Propensity to Consume and Marginal Propensity to Save always equals to unity.

[1 Marks]

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

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

Question 11.

The budget under which the government may spend an amount equal to the revenue it collects is referred to as ___ Budget. (Choose the correct option to fill up the blank)

[1 Marks]

(A) Surplus

(B) Deficit

(C) Deflationary

(D) Balanced

Question 12.

To arrive at the value of equilibrium level of income, there must exist an equality between ex-ante_____and ex-ante_____. (Choose the correct option to fill up the blank)

(i) Aggregate Demand, Aggregate Supply

(ii) Aggregate Demand, Savings

(iii) Aggregate Demand, Investment

(iv) Savings, Investment

[1 Marks]

(A) (A) (i) and (ii)

(B) (B) (i) and (iv)

(C) (C) (ii) and (iii)

(D) (D) (iii) and (iv)

Question 13.

□□□□□□□ of agriculture refers to production of crops for sale in the open market rather than for self consumption purpose.

[1 Marks]

(A) Commercialisation

(B) Diversification

(C) Digitisation

(D) Modernisation

Question 14.

Read the following statements carefully :

Statement 1 : In 1978, commune lands were divided into small plots to the individual households for cultivation.

Statement 2 : Under commune system, professionals were sent to work and learn from the country side.

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 15.

Identify, the options that emphasize the role of information and technology.

(i) Achieving sustainable development

(ii) Attainment of food security

(iii) Disseminates information regarding emerging technologies.

[1 Marks]

(A) Only (ii)

(B) (i), (ii) and (iii)

(C) Only (i)

(D) (i) and (ii)

Question 16.

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

Assertion (A) : Under the land reforms, Indian government fixed the minimum land size which could be owned by an individual.

Reason (R) : The purpose of land ceiling was to avoid the concentration of land ownership in a few hands.

[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 false, but Reason (R) is true.

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

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

Question 17.

□□□□□□□ are the people who operate their own farms / enterprises.

(Choose the correct option to fill up the blank)

[1 Marks]

(A) Self-Employed

(B) Hired Workers

(C) Casual Wage Workers

(D) Regular Salaried Employees

Question 18.

Agricultural marketing is a process that involves the_____of agricultural commodities.

(Choose the correct option to fill up the blank)

[1 Marks]

(A) Economic Development

(B) Human Capital

(C) Human Resource

(D) Human Development

Question 19.

In recent years, all the adults are encouraged to open bank accounts as a part of a scheme known as□□□□□□□.

(Choose the correct option to fill up the blank)

[1 Marks]

(A) Jan-Dhan Yojana

(B) Jan-Aushadhi Yojana

(C) Jan-Soochna Yojana

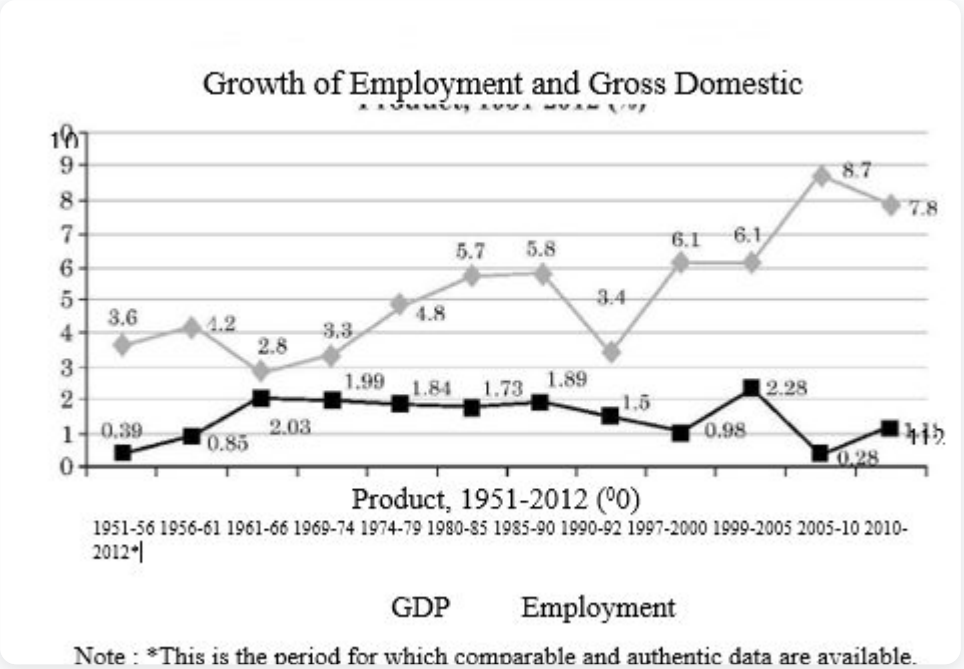
(D) Jan-Arogya Yojana

Question 20.

The given chart indicates the problem of in_____ the Indian Economy, post 1990-92.

(Choose the correct option to fill up the blank)

[1 Marks]



(A) Informalisation of Workforce

(B) Jobless Growth

(C) Formalisation of Workforce

(D) Casualisation of Workforce

Question 21.

Read the following statements carefully :

Statement 1 : Environmental concerns of waste generation and pollution have become critical, due to reversal of demand and supply relationship.

Statement 2 : Environmental crisis happens, when the rate of resource extraction is less than that of regeneration of resource.

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 22.

_____is based on the idea that education and health are integral to human well-being. (Choose the correct option to fill up the blank)

[1 Marks]

(A) Human Development

(B) Human Resource,

(C) Economic Development

(D) Human Capital

Section C

Question 23. State the meaning and significance of Gross Domestic Product (GDP) deflator.

[3 Marks]

Question 24.

“The government generally levies higher Goods and Services Tax (GST) on socially undesirable products like cigarettes, tobacco, liquor etc.”." Identify and explain the indicated government budget objective in the above statement.

[3 Marks]

Question 25.

Two friends Ramesh (a software engineer) and Pihu (a bakery owner) are discussing their contribution to the nation's economy through tax payments. Ramesh earns **₹8,00,000** per year, which makes him liable to pay income tax. Pihu pays Goods and Service Tax (GST) on the sale of cakes and pastries.

On the basis of the given text, identify whether Ramesh is paying a direct tax or an indirect tax. Explain valid differences between two types of taxes.

[3 Marks]

Question 26.

(a) Define liberty indicator.

(b)State any two liberty indicators.

[3 Marks]

Question 27.

Medhya and Danish both had their own farms. Medhya invested in a few agricultural courses, learnt modern farming techniques and trained her labourers on best practices related to soil fertility, crop management, pest control etc.

Whereas, Danish invested heavily in, by purchasing advanced farming machinery, irrigation systems and high quality seeds. Do you agree that, Danish had made investment in human capital ?
Give valid reason in support of your answer.

[3 Marks]

Question 28.

'Expenditure on preventive medicine, curative medicine and social medicine helps in building human capital and economic development."

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

[3 Marks]

Section D

Question 29. 'The British introduced many infrastructural development projects which were largely driven by its own self-serving interest'. Briefly explain any two main causes behind the infrastructural development undertaken by the colonial government.

[4 Marks]

Question 30.

In the recent times through various schemes and policies, the Government of India has taken vital initiatives to generate employment directly / indirectly.

Justify the statement giving valid arguments.

[4 Marks]

Question 31.

'Micro credit programmes have been very helpful in supporting rural development and improving livelihoods in India."

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

[4 Marks]

Question 32.

On the basis of the given data, compare and analyse the Distribution of workforce and its contribution to Gross Value added in India and China.

[4 Marks]

Sectoral Share of Employment and GVA (%) in 2018-2019

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

Source : Human Development Report 2019 • Key Indicators of Asia and Pacific 2019.

Question 33.

(A) On the basis of the given image, explain the steps which may be taken by the Government of India to control the indicated macroeconomic Issue.
(B) Define 'Open Market Operations'.

[4 Marks]



Question 34.

Justify the following statements with valid arguments :

(i) Money supply in an economy is an example of a stock variable.

(ii) The Central Bank provides several Banking services to the government.

[4 Marks]

Question 35.

Assuming for a hypothetical economy, Central Bank increases the Reserve Ratio from 20% to 25% and the total primary deposits stand at 1,000.

Explain the effect of rise in Reserve Ratio on credit creation by commercial banks.

[4 Marks]

Question 36.

Suppose for an economy, government proposes project for construction of expressways with an incremental investment of 1200 crore. Assuming,80% of increase in income is spent on consumption.Estimate the following on the basis of above information :

(a) Change in income (ΔY).

(b) Change in consumption (ΔC).

[4 Marks]

Section E

Question 37.

(i) 'After 1991, reforms in external sector led to an increase in foreign exchange inflows'.

Justify the given statement with valid argument.

(ii) During the planning period, public sector was given a dominant role in Indian Economy.

Justify the rationale behind this step taken by the Government of India.

[6 Marks]

Question 38.

(i) To promote green revolution, the Indian government provided fertilizer subsidies to the farmers.

Briefly explain any two arguments in favour of subsidies.

(ii) As per a news report dated, 8th Oct. 2021, the Government of India sold its entire 100% stake in Air India. Tata sons, the original founder of Air India won the bid and purchased the airline for 18,000 crore.

(1) Identify the step taken by the Government of India.

(2) State any two ways in which identified step can be executed by the government.

[6 Marks]

Question 39.

(i) On the basis of the data given below, estimate the value of National Income (NNPFc)

(ii) Differentiate between Real flow and Money flow.

[6 Marks]

National Income (NNPFc)

S. No.	Items	Amount in crore)
(1)	Private final consumption expenditure	2,000
(2)	Government final consumption expenditure	1,500
(3)	Gross domestic fixed capital formation	1,000
(4)	Addition to stock	400
(5)	Consumption of fixed capital	50
(6)	Net factor income from abroad	100
(7)	Net indirect Taxes	200
(8)	Net Exports	700

Question 40.

(i) Gauhar, has recently completed her fashion designing studies and started a boutique. To produce dresses for sale, she purchased various materials, including a sewing machine, fabric, buttons and thread. These items are essential for producing the dresses.

Classify the material purchased by Gauhar as Final or Intermediate goods, giving valid reasons in support of the classifications.
(ii) National Income is always equal to Domestic income in a two sector economy.

Defend or refute the given statement with valid reasons.

[6 Marks]