SAMPLE QUESTION PAPER (2026-27)

ECONOMICS (030) CLASS 12

TIME: 3 HOURS **M.M. – 80**

GENERAL INSTRUCTIONS:

I. This question paper contains two sections:
Section A – Macroeconomics
Section B – Indian Economic Development

II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.

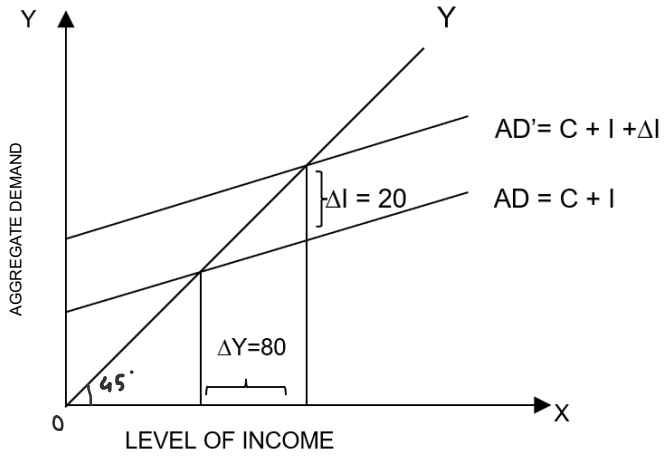
III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.

IV. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.

V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

S.NO.	SECTION A – MACROECONOMICS	MARKS
1	Identify, which of the following expenditure falls under the category of capital expenditure. (Choose the correct option) (i) Payment of salaries to central government employees. (ii) Construction of new national highways under Bharatmala Pariyojana. (iii) Interest payment by the government on past loans from World Bank. (iv) Expenditure on installation of the Kavach automatic train protection system. Options: (A) (i) and (ii) (B) (ii) and (iv) (C) (ii) and (iii) (D) (i) and (iv)	1
2	Read the following statements carefully: **Statement 1:** M1 measure of money supply constitutes currency and demand deposits held by the public. **Statement 2:** Demand deposits are those deposits with commercial banks, that can be withdrawn on demand by the depositors. In light of the given statements, choose the correct option from the following: (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.	1
3	Ceteris paribus, a rise in the price of foreign currency sets off a chain of effects in the foreign exchange market of an economy. Identify, which of the following sequence explains this process. (i) National Income will rise (ii) Demand for foreign currency will fall (iii) Imported goods become costlier (Choose the correct option) Options: (A) (i), (ii), (iii) (B) (ii), (i), (iii) (C) (iii), (i), (ii) (D) (iii), (ii), (i)	1
4	Suppose, for a given year, the fiscal deficit of an economy is estimated at ₹5,000 crore. The total government expenditure is ₹18,000 crore, while non-tax revenue and capital receipts (excluding borrowings) together amount to ₹3,000 crore. (Choose the correct option to fill up the blank) The tax revenue of the government is ₹ _____ crore. Options: (A) 10,000 (B) 12,000 (C) 13,000 (D) 15,000	1

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

5	The Government of India in its Union Budget 2026-27 has decided to exempt fish caught by Indian fishing vessels operating in the Exclusive Economic Zone (EEZ) and on the High Seas from duty. Identify the objective behind the initiative taken by the Government of India as stated above. (Choose the correct option) (A) Allocation Function (B) Distribution Function (C) Stabilisation Function (D) Disposition Function	**1**
6	Refer to the given diagram carefully:  The slope of Consumption Curve would be _____. (Choose the correct option to fill up the blank) Options: (A) 1 (B) 0.8 (C) 0.25 (D) 0.75 **Note: The following question is for the candidates with visual impairment only, in lieu of Q.6.** For a hypothetical economy, a rise by ₹ 20 crore in investment leads to a rise by ₹ 80 crore in income. The slope of Consumption Curve would be _____. (Choose the correct option to fill up the blank) Options: (A) 1 (B) 0.8 (C) 0.25 (D) 0.75	**1** **1**
7	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: **Assertion (A)**: Goods such as cars, refrigerators etc. are non-durable in nature, regardless of whether they are used by households or firms. **Reason (R):** Consumer durable goods and capital goods have a common feature of durability, even though they may have different end users. Options: (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 true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.	**1**
8	An Indian art gallery sells an antique Madhubani painting to a buyer in France for 4,000 euros. This transaction will be recorded on _____ side and _____ account of the Balance of Payments Account. (Choose the correct option to fill up the blank) (A) debit, current (B) credit, current (C) debit, capital (D) credit, capital	**1**

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9 (1)

Shraddha Kapur initially lived in a barter-based system where exchanging goods was difficult owing to practical problems. After the introduction of money, she could easily buy goods using currency and repay her loan in fixed instalments over time. This change made transactions easier and future payments reliable.

The functions of money highlighted in the above text are _____ and _____. (Choose the correct option to fill up the blank)

(A) Store of value and medium of exchange
(B) Measure of value and standard of deferred payments
(C) Medium of exchange and standard of deferred payments
(D) Measure of value and store of value

10 (1)

The value of investment multiplier ranges between _____ and _____. (Choose the correct option to fill up the blank)

(A) 0,1 (B) -1, 1
(C) 1, infinity (D) 0, infinity

11 A (3)

Using the given estimates for a hypothetical economy, show that Gross Domestic Product at Market Price by Value-Added Method and Expenditure Method yields the same result.

S. No.	Items	Amount (in ₹ crore)
(i)	Private Final Consumption Expenditure	500
(ii)	Value of Output	1900
(iii)	Government Final Consumption Expenditure	400
(iv)	Gross Domestic Capital Formation	600
(v)	Change in Stock	100
(vi)	Consumption of Fixed Capital	30
(vii)	Net Exports	70
(viii)	Intermediate Consumption	330

OR

11 B

"Each factor of production contributes a distinct service in the production process and receives a specific reward in return."

In the light of the given statement, answer the following questions:

(I) List any two factors of production and their respective remuneration earned. (2)

(II) Define any one of the remuneration earned listed above. (1)

12 (3)

Refer to the given cartoon strip carefully:



Analyse the impact of introduction of Goods and Service Tax in improving the efficiency of the taxation system and benefitting the overall economy.

Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.12.

Differentiate between direct taxes and indirect taxes with the help of a suitable example. (3)

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13 A	Like individual consumers, businesses and organisation of all kinds, banks need their own mechanism to transfer funds and settle inter-bank transactions, such as borrowing from and lending to other banks and customer transactions. Source: https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/RWF15012018_FCD40172EE58946BAA647A765DC942BD5.PDF Identify and explain the function fulfilled by the Reserve Bank of India in the aforesaid statement.	**4**
	OR	
13 B	(I) Define Cash Reserve Ratio. (II) In the process of credit creation, the Cash Reserve Ratio (CRR) fixed by the Reserve Bank of India (RBI) plays a crucial role. On 6th June 2025, the RBI reduced the CRR by 100 basis points. Assuming the entire banking system functions as a single bank and all transactions are routed through banks, analyse the impact of this change on the total money creation in the banking system.	**1** **3**
14	In a hypothetical economy called BoPia, the equilibrium exchange rate is 72 Bopas per US dollar determined through market forces. Over time, BoPia has made substantial investments in human capital formation. As a result, the country now has an abundant supply of skilled labour, which has made it an attractive destination for Foreign Direct Investments (FDI). Hence, multinational companies across the world are investing huge amounts of capital in BoPia. (I) Assuming all other factors constant, explain the effect of increased FDI inflows on BoPia's Balance of Payments Account. (II) Suppose the competent authority does not intervene in the process of determination of exchange rate in BoPia. Identify the foreign exchange rate system prevailing in BoPia and mention one of its merits.	 **2** **2**
15	Assuming for a hypothetical simplified economy, Consumption function, C = 150 + 0.8 Y Autonomous Investment (I_o) = 250 Full employment level of income (Y_f) =1,600 (I) Determine the equilibrium level of income. (II) Outline whether the economy is facing the situation of excess demand or deficient demand and state its impact on the level of output, employment and general price level in the economy.	 **2** **2**
16	Refer to the given text carefully: India's economic ascent continues to capture global attention. Already the world's fourth largest economy, the nation is charting a confident course toward becoming the third largest economy by 2030, with Gross Domestic Product (GDP) projected at USD 7.3 trillion. The current growth phase reflects the strength of decisive policymaking, structural reforms, and India's deepening global integration. With growth accelerating, India has once again outpaced global peers, reinforcing its position as the fastest-growing major economy. This surge is supported by resilient domestic demand, moderating inflation and higher labour force participation. A revival in domestic investment and strong investor sentiment signals a stable and broad-based economy. As these reforms gather pace and consumption remains optimistic, India's economic outlook continues to upbeat, signalling sustained momentum and growth across sectors. Gross Domestic Product (GDP) is one of the primary indicators of overall economic performance which reflects the rate at which the country is expanding. As per the latest data, the GDP of India (adjusted for inflation) is estimated to grow by 8.2% in Q2 of FY 2025-26 against the growth rate of 5.6% during Q2 of FY 2024-25. Each sector of the economy is playing a pivotal role in the growth of the country.	

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

<table>
<tr><td></td><td>Source: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2195990&reg=3&lang=1 (adapted and modified)
On the basis of the given text and common understanding, answer the following questions:
(I) Define Gross Domestic Product.
(II) “GDP of India, adjusted for inflation, is estimated to grow by 8.2% in Q2 of FY 2025.”
Elucidate whether the given projection represents Nominal GDP or Real GDP. Also, explain any one benefit of using this particular measure.
(III) Comment upon the strong global position of India’s economy stating the major reasons for its recent growth surge.</td><td>1
2

3</td></tr>
<tr><td>17 A</td><td>(I) State and explain the two components of Consumption Function.
(II) After assessing prevailing liquidity and financial conditions, the Reserve Bank of India (RBI) on December 23, 2025, announced that it would conduct Open Market Operations (OMO) purchase auctions of Government of India securities totalling ₹ 2,00,000 crore (USD 22.34 billion).
Briefly state the rationale behind the step taken by the Reserve Bank of India. Explain its implications on Aggregate Demand.
OR</td><td>3
3</td></tr>
<tr><td>17 B</td><td>(I) State whether the following statements are true or false, giving valid reasons in support of your answer:
(a) Average Propensity to Consume (APC) at break-even level of income is always equal to one.
(b) When ex-ante savings is more than ex-ante investments, it may lead to decumulation of inventories.
(II) The Aggregate Demand curve becomes distant from the Investment Curve with the increase in the level of income.
Defend or refute the given statement, giving valid reasons in support of your answer.</td><td>2
2
2</td></tr>
<tr><td colspan="3">SECTION B – INDIAN ECONOMIC DEVELOPMENT</td></tr>
<tr><td>18</td><td>Read the following statements carefully:
Statement 1: In the normal course of development, countries shift employment and output from agriculture to industry and then to services.
Statement 2: The service sector is the key driver of development for both India and Pakistan, with a direct shift from agriculture to service sector.
In light of the given statements, choose the correct option from the following:
(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.</td><td>1</td></tr>
<tr><td>19</td><td>Match the set of type of employment given in Column I with corresponding example given in Column II and choose the correct option:
<table>
<tr><th></th><th>Column I</th><th></th><th>Column II</th></tr>
<tr><td>(p)</td><td>Self-employed</td><td>i</td><td>An engineer working with ONGC</td></tr>
<tr><td>(q)</td><td>Regular salaried employees</td><td>ii</td><td>A construction worker</td></tr>
<tr><td>(r)</td><td>Casual wage labourers</td><td>iii</td><td>Photographer running own studio</td></tr>
</table>
Options:
(A) (p)-ii, (q)-i, (r)-iii (B) (p)-iii, (q)-ii, (r)-i
(C) (p)-i, (q)-iii, (r)-ii (D) (p)-iii, (q)-i, (r)-ii</td><td>1</td></tr>
<tr><td>20</td><td>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:
Assertion (A): The real motive behind the infrastructural development initiated by the British was to subserve the colonial interests.</td><td>1</td></tr>
</table>

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

	Reason (R): Commercialisation of Indian agriculture during the British rule helped to strengthen the self-sufficiency of the village economies in India. Options: (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 true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.	
21	'Empirical evidence regarding the impact of human capital on economic growth is often described as nebulous.' Due to measurement problems, _____may not reflect the actual quality/status of education/health of the people in a country. (i) years of schooling (ii) teacher-pupil ratio (iii) life-expectancy (Choose the correct option to fill up the blank) Options: (A) (i) and (ii) (B) (i) and (iii) (C) (ii) and (iii) (D) (i), (ii) and (iii)	**1**
22	Refer the following image:  Identify the distinguished thinker, who is considered as the Architect of Indian planning. (Choose the correct option) Options: (A) Jawaharlal Nehru (B) Prasanta Chandra Mahalanobis (C) Amartya Sen (D) Dadabhai Naoroji **Note: The following question is for the candidates with visual impairment only, in lieu of Q.22.** _____ established the Indian Statistical Institute (ISI) in Calcutta. (Choose the correct option to fill up the blank) Options: (A) Jawaharlal Nehru (B) Prasanta Chandra Mahalanobis (C) Amartya Sen (D) Dadabhai Naoroji	**1** **1**
23	Arrange the following events in chronological order: (i) Introduction of economic reforms in Pakistan (ii) China's Great Proletarian Cultural Revolution (iii) Nationalisation of capital goods industries in Pakistan (iv) India's last Five-Year Plan Choose the correct option: (A) (ii) → (iii) → (i) → (iv) (B) (iii) → (ii) → (i) → (iv) (C) (ii) → (i) → (iii) → (iv) (D) (iii) → (i) → (ii) → (iv)	**1**
24	"In 1991, as an immediate measure to resolve the balance of payments crisis, the rupee was devalued against foreign currencies." Identify the liberalisation reform indicated in the aforesaid statement. (Choose the correct option) Options: (A) Industrial Sector (B) Tax (C) Foreign Exchange (D) Trade and Investment Policy	**1**

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

25	Identify which of the following is not the function of National Bank for Agriculture and Rural development (NABARD). (Choose the correct option) (A) Serving as apex funding agency for institutions providing rural credit. (B) Monitoring, evaluating and coordinating rural financing activities. (C) Formulating and implementing monetary policy. (D) Coordinating rural credit policies with the government.	**1**
26	In India, land ceiling legislation faced hurdles primarily because _____. (Choose the correct option to fill up the blank) (i) the big landlords challenged the legislation in the courts (ii) of multiple loopholes in the legislation (iii) the landlords registered the land under relatives' names (iv) of the 'land to the tiller' policy of the government Option: (A) (i),(ii),(iii) and (iv) (B) (i),(ii) and (iii) (C) (i) and (iv) (D) (iv) only	**1**
27	Read the following statements carefully: **Statement 1:** French traveller Bernier observed that pre-British agriculture in Bengal was stagnant and unable to meet local needs. **Statement 2:** In the 17th century, Bengal was a prosperous exporter of cotton and silk textiles, as well as rice, sugar, and butter. In light of the given statements, choose the correct option from the following: (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.	**1**
28	Refer to the following text: The Government of India, decided to reduce its role in Public Sector Undertakings (PSUs) to improve efficiency and reduce fiscal burden. As per the policy decision, government companies are converted into private companies in two ways. Answer the following questions in the light of given text and common understanding: (I) Identify the policy highlighted in the step initiated by the government. (II) Briefly explain the two ways in which government companies can be converted into private companies.	**1** **2**
29 A	Though livestock population in India is quite impressive but its productivity is quite low. Briefly explain any two initiatives that can be taken to enhance the livestock productivity.	**3**
	OR	
29 B	Mehak is employed in a private firm which has hired only five workers. She generally remains insecure that she can be terminated from her job, without any prior notice. In contrast, her elder sister Sehaj works as a nurse in a government hospital. On the basis of the given text and common understanding answer the following questions: (I) Identify the sectors in which Mehak and Sehaj are employed. (II) State any two differences between the identified sectors in which they are working.	**1** **2**
30	(I) Explain briefly the role of Karve Committee, 1955 in promoting rural development. (II) "Britain maintained a monopoly control over India's exports and imports." Justify the statement, giving valid reasons in support of your answer.	**2** **2**

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31 "Government of India has played an important role in generating employment directly /indirectly."
Do you agree with the given statement? Give valid reasons in support of your answer. **4**

32 A Refer the following text carefully:
Keha and Mandeep graduated recently. Keha in order to improve her physical fitness, reduce stress and increase overall well-being, enrolls in yoga classes, while Mandeep, invests in internet data, online job portals and counselling services to explore suitable career opportunities.
Identify and explain the sources of human capital formation indicated in the above text. **4**

OR

32 B Avyaan's education enables him to take informed decisions related to his health, finances, and social responsibilities. On the other hand, Amyra has received technical training in machine operations to improve her skills and productivity with the aim of increasing output.
In the context of the distinction between human development and human capital formation, identify which case represents human development. Give valid reasons to justify your answer. **4**

33 A (I) Refer to the following data carefully:

Some Selected Indicators of Human Development, 2017-2019

Item	India	China	Pakistan
Maternal Mortality Rate (per 1 lakh births)	103	23	154
Gross National Income per Capita (PPP US$)	6,951	18,025	5,374
Mean years of Schooling (aged 15 and above) in %	6.6	8.1	4.4
People using at least basic drinking Water Source (% of population)	93	97	90

Answer the following questions on the basis of the given data and common understanding:
(a) List one key measure of both income and health indicators given in the above table. **1**
(b) On the basis of the given data, compare and critically examine any two human development indicators of India and China. **3**

(II) State the meaning of Special Economic Zones and its significance. **2**

OR

33 B (I) Refer to the given image carefully:



3

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	Describe the indicated policy introduced by China in the late 1970s and its consequences. (II) State any two challenges faced in the effective implementation of Great Leap Forward Campaign.	**3**
34	Refer to the following text carefully: India is adopting a multifaceted approach to mitigate global warming by diversifying its energy sources and enhancing access while also increasing the share of non-fossil fuels, improving energy efficiency, and promoting stability across its energy systems. India's energy transition is being pursued through a combination of initiatives across various sectors, including nuclear, solar, and wind energy, green hydrogen, battery storage, and critical minerals, which help to address both energy security and transition imperatives simultaneously. India has already surpassed the goal of 50 per cent installed power capacity from non-fossil fuel sources, which stood at 51.93% at the end of December 2025, supported by record annual additions of renewable energy capacity. The progress in expanding non-fossil fuel-based power capacity has been supported by a wide variety of initiatives to boost renewable energy systems. Additionally, new measures are being taken to support other clean sources of energy such as the National Nuclear Mission, the Green Hydrogen Mission, and the Bio Energy Programme. Source: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219915&utm_source=chatgpt.com&reg=3&lang=2 (adapted and modified) On the basis of the given text and common understanding, answer the following questions: (I) State the meaning of Global Warming. (II) India has already achieved more than 50% of its installed power capacity from non-fossil fuel sources. Identify any two major government initiatives that support this transition. (III) Elaborate any two strategies adopted by India to ensure sustainable development.	**1** **1** **4**

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Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

ECONOMICS (030) CLASS 12

MARKING SCHEME (2026-27)

S.NO.	SECTION A – MACROECONOMICS	MARKS
1	(B) (ii) and (iv)	**1**
2	(C) Both Statements 1 and 2 are true.	**1**
3	(D) (iii), (ii), (i)	**1**
4	(A) 10,000	**1**
5	(A) Allocation Function	**1**
6	(D) 0.75 **Note: The following answer is for the candidates with visual impairment only, in lieu of Ans.6.** (D) 0.75	**1** **1**
7	(D) Assertion (A) is false, but Reason (R) is true.	**1**
8	(B) credit, current	**1**
9	(C) Medium of exchange and standard of deferred payments	**1**
10	(C) 1, infinity	**1**
11 A	Value-Added Method: Gross Domestic Product at Market Price = (ii) - (viii) = 1,900 – 330 = ₹ 1,570 crore Expenditure Method: Gross Domestic Product at Market Price = (i) + (iii) + (iv) + (vii) = 500 + 400 + 600 + 70 = ₹ 1,570 crore	 ½ ½ ½ ½ ½ ½
	OR	
11 B	(I) Two factors of production and their respective remunerations earned are: • Land - Rent • Capital - Interest (II) The remuneration earned by the Land can be defined as: Rent: Income earned by the owner of the land (natural resources).	 **½ + ½** **½ + ½** **1**
12	The introduction of Goods and Service Tax (GST) has simplified the tax structure by subsuming a variety of indirect taxes like VAT, excise duty, service tax etc. across the country. It has reduced the cost of business operations and cascading effect of various taxes on consumers. Moreover, with the implementation of GST the overall cost of production has reduced, making Indian products/services more competitive in the domestic and international markets. It has ensured higher transparency in the taxation system thereby enhancing the ease of doing business. **Note: The following question is for the candidates with visual impairment only, in lieu of Ans.12.** Direct taxes are those taxes whose impact and incidence lies on the same entity. For example: Income Tax. Whereas; Indirect taxes are those taxes whose impact and incidence may lie on different entities. For example: GST.	**3** **1** **½** **1** **½**
13 A	The highlighted function fulfilled by the Reserve Bank of India is Banker's Bank. Reserve Bank of India (RBI) accepts the deposits from commercial banks and also advances loans to them as and when required. It maintains reserves of all commercial banks and utilizes it to settle inter-bank claims. As the highest	**1** **3**

	authority in the banking system, it also supports banks during financial distress by acting as the lender of last resort and provides short-term credit to the commercial banks against approved securities.	
	OR	
13 B	(I) Cash Reserve Ratio refers to certain minimum percentage of net demand and time liabilities which banks are required to keep with the Central Bank in the form of cash.	**1**
	(II) The total amount of credit creation in an economy depends upon the amount of initial deposits and Cash Reserve Ratio (CRR). Keeping primary deposits constant, a decrease in the CRR by the Reserve Bank of India may lead to greater availability of funds with commercial banks. This may increase the lending capacity of commercial banks. Thus, increasing the total credit creation in the economy.	**3**
14	(I) Assuming all other factors remain unchanged, a rise in Foreign Direct Investment (FDI) inflows will increase the supply of foreign exchange (US dollars) in Bopia. The increased inflow of foreign exchange strengthens the overall Balance of Payments (BoP) position, may lead to a surplus in the BoP.	**2**
	(II) In the absence of any intervention by the competent authority (Central Bank/government), the flexible exchange rate system is prevailing in Bopia.	**1**
	Under flexible exchange rate system there is no need for the Central Bank/ government to maintain huge foreign exchange reserves.	**1**
15	Given, Consumption function, C = 150 + 0.8 Y Autonomous Investment (I_o) = 250 Full employment level of income (Y_f) =1,600	
	(I) At equilibrium level of income, Y = C + I	**1**
	Y = 150 + 0.8Y + 250	**½**
	0.2Y = 400	
	Y = 2,000	**½**
	(II) The economy is facing the problem of excess demand as equilibrium level of income (2,000) is greater than the given full employment level of income (1,600).	**1**
	The situation of Excess Demand will lead to an increase in General Price Level in the economy with no change in the level of output and employment.	**1**
16	(I) Gross Domestic Product (GDP) refers to the market value of final goods and services produced in the domestic territory of an economy during a given period of time.	**1**
	(II) Real Gross Domestic Product refers to the market value of final goods and services produced in the domestic territory of an economy during a given period of time, measured at constant prices, i.e., adjusted for inflation. Hence, the projection represents Real GDP.	**1**
	Real GDP is a better indicator of economic growth as it is affected by only physical output and it eliminates the effect of price change.	**1**
	(III) India holds a strong global position and is moving towards becoming the third largest economy by 2030. This strength is driven by decisive policymaking and structural reforms, resilient domestic demand, moderating inflation, higher labour force participation, revival of domestic investment, strong investor confidence and deeper global integration, leading to broad-based and sustained economic growth.	**3**
17 A	(I) Two components of Consumption Function are: • Autonomous Consumption: It refers to the minimum level of consumption that takes place even when income is zero.	**½ + 1** **½ + 1**

	• Induced Consumption: It refers to that part of consumption which varies directly with the level of income.	
	(II) The Reserve Bank of India (RBI) announced on December 23, 2025, that it would carry out Open Market Operations (OMO) purchase auctions of Government of India securities worth ₹2,00,000 crore to address the situation of deflation.	**1**
	By purchasing government securities in the open market, the RBI aims to infuse more liquidity, which increases the availability of funds with the commercial banks for lending. As a result, this may lead to increase in Aggregate Demand.	**2**
17 B	**OR**	
	(I) (a) True. At the break-even level of income, consumption is equal to income and savings are zero. Average Propensity to Consume (APC) is consumption per unit of income (APC = C/Y). Therefore, at the break-even level of income when C = Y, APC becomes 1.	**2**
	(b) False. When ex-ante savings exceeds ex-ante investments it means households are planning to consume less than what the firms expected them to consume. This will lead to unintended accumulation of inventories.	**2**
	(II) The given statement is defended. The vertical distance between the Aggregate Demand (AD) curve and the Investment curve is represented by consumption. With the increase in income as the investment remains constant, whereas, induced consumption increases. Thereby, Aggregate Demand curve becomes distant from the Investment Curve.	**2**
SECTION B – INDIAN ECONOMIC DEVELOPMENT		
18	(C) Both Statements 1 and 2 are true.	**1**
19	(D) (p)-iii, (q)-i, (r)-ii	**1**
20	(C) Assertion (A) is true, but Reason (R) is false.	**1**
21	(D) (i), (ii) and (iii)	**1**
22	(B) Prasanta Chandra Mahalanobis	**1**
	Answer to the question for the candidates with visual impairment only, in lieu of Ans.22.	
	(B) Prasanta Chandra Mahalanobis	**1**
23	(A) (ii) → (iii) → (i) → (iv)	**1**
24	(C) Foreign Exchange	**1**
25	(C) Formulating and implementing monetary policy.	**1**
26	(B) (i),(ii) and (iii)	**1**
27	(B) Statement 1 is false and Statement 2 is true	**1**
28	(I) The policy highlighted in the given text is Privatisation.	**1**
	(II) Government companies are converted into private companies in two ways:	
	• By withdrawal of the government from the ownership and management of the public sector companies.	**1**
	• By outright sale of public sector companies to the private sector.	**1**
29 A	Two initiatives that can enhance livestock productivity are quoted as follows:	
	• Encouraging improved animals breeds and use of modern technology to increase efficiency.	**1½**
	• Establishing veterinary clinics with improved facilities for better health of livestock.	**1½**
	OR	
29 B	(I) Mehak is employed in the informal sector whereas, Sehaj is working with the formal sector.	**½ + ½**
	(II) Two differences between formal and informal sector are:	**1**

	• Workers in the informal sector do not have any job-protection, whereas; the workers in the formal sector enjoy job-security. • Workers in informal sector generally do not have regular income, whereas; workers in the formal sector earn a regular income along with social security benefits.	**1**
30	(I) The Karve Committee (1955) played an important role in promoting rural development as it focussed on the development of village and small-scale industries. These industries are labour-intensive and therefore generate more employment. (II) Britain maintained a monopoly control over India's exports and imports as more than half of India's foreign trade was restricted to Britain only, while rest was allowed to only a few other nations. Furthermore, the opening of Suez Canal in 1869 further intensified British control over India's foreign trade.	**2** **2**
31	Government of India has played an important role in generating employment directly /indirectly in two ways: • Direct Employment: The government directly provides jobs by recruiting people in administrative departments, public sector industries and government run organisations. • Indirect Employment: When government enterprises increase production, related private sector businesses also expand, creating additional job opportunities in the private sector.	**2** **2**
32 A	Keha's enrolment in yoga classes highlights her emphasis on 'expenditure on health'. Maintaining good physical health improves efficiency, learning ability and long-term work performance. It not only improves potential well-being but also contribute to robust and efficient future labour force. In contrast, Mandeep's expenditure on internet data, online job portals and career counselling can be considered as an expenditure on information. By gaining knowledge and professional guidance, he improves his employability and overall productivity. This, in turn, enhances his earning potential and contributes to human capital formation. **OR**	**½ + 1 ½** **½ + 1 ½**
32 B	Avyaan's initiative closely reflects the concept of human development, which focuses on expanding an individual's choices and improving overall well-being rather than merely increasing income. His education enables him to make informed decisions about health and finances, thereby enhancing his quality of life. On the other hand, Amyra's technical training is aimed at upgrading her skills and efficiency to boost output. This represents human capital formation, as it is mainly directed towards economic benefits and increased productivity.	**4**
33 A	(I) (a) One key indicator of income is Gross National Income per Capita (PPP US$), while a significant health indicator is Maternal Mortality Rate (per 1 lakh births). (b) According to the given data: Maternal Mortality Rate is very high in India as compared to China. For every 1 lakh births 23 women lose their lives in China, whereas this figure stands at 103 for India. Access to basic drinking water is relatively fair in both the countries, China leads with 97% coverage, followed by India at 93% coverage. This shows that a significant progress has been made in providing basic amenities by these nations. (II) Special Economic Zone (SEZ) is a geographical region that has economic laws different from a country's typical economic laws. SEZs play crucial role in the economic strategies by promoting investment, fostering development and facilitating trade.	**½ + ½** **1½** **1½** **1** **1**

	OR	
33 B	(I) The given image depicts the consequence of one child norm that was introduced by China in late 1970s.This measure was adopted by the Chinese government to control population growth. This policy resulted in a decline in the sex ratio and created demographic imbalance. As a consequence, the elderly population of China is expected to surpass the younger population. (II) Two challenges faced in the effective implementation of Great Leap Forward Campaign were: • A severe drought caused havoc in China killing about 30 million people. • When Russia had conflicts with China, it withdrew its professionals who had earlier been sent to China to help in the industrialisation process.	**3** **1½** **1½**
34	(I) Global warming is a gradual increase in the average temperature of the earth's lower atmosphere as a result of the increase in greenhouse gases. (II) Two major government initiatives are: • National Nuclear Mission • Green Hydrogen Mission (III) Two strategies adopted by India to ensure sustainable development are: • Use of wind energy: In areas where speed of wind is usually high, windmills can be used to generate electricity without any adverse impact on the environment. Although the initial cost is high but the benefits are such that the high cost gets easily absorbed. • Use of solar energy: With the help of photovoltaic cells/solar panels, solar energy can be converted into electricity. This technology is extremely useful for remote areas and for places where supply of power through grid or power lines is either not possible or proves very costly. This technique is free from pollution.	**1** **½** **½** **2** **2**

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SAMPLE QUESTION PAPER (2025-26)

ECONOMICS (030) CLASS 12

TIME: 3 HOURS **M.M. – 80**

GENERAL INSTRUCTIONS:

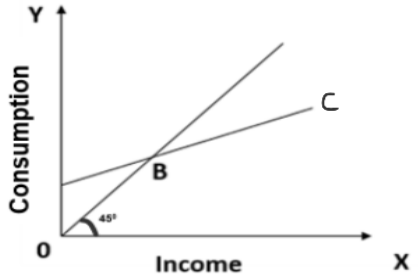
I. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development

II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.

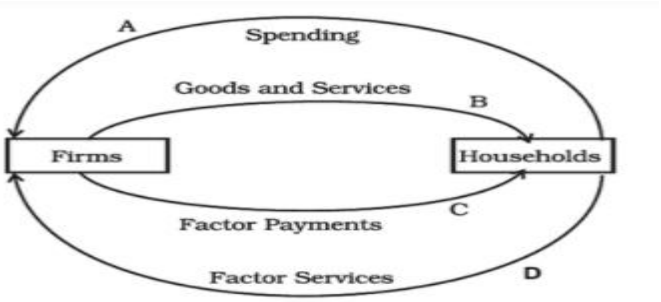
III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.

IV. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.

V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

S.NO.	SECTION A – MACRO ECONOMICS	MARKS
1	With reference to the given diagram, which of the following is true at point B? (Choose the correct option)  A. Slope of Consumption Curve = 0 B. Average Propensity to Consume = 0 C. Slope of Saving Curve = 1 D. Average Propensity to Consume = 1 **Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.1** Identify, which of the following is true at the Break-Even level of Income. (Choose the correct option) A. Slope of Consumption Curve = 0 B. Average Propensity to Consume = 0 C. Slope of Saving Curve = 1 D. Average Propensity to Consume = 1	**1** **1**
2	"Real Gross Domestic Product (GDP) is estimated to attain a level of ₹ 173.82 lakh crore in the year 2023-24. The corresponding Nominal GDP is estimated to stand at ₹ 295.36 lakh crore in the same year." **Source:**https://pib.gov.in/PressReleseDetailm.aspx?PRID=2022323&reg=3&lang=1 On the basis of the given data, the value of GDP deflator would be _____. (Choose the correct option to fill up the blank) A. 295.36 B. 58.85 C. 169.92 D. 173.82	**1**
3	"Money is non-perishable and is acceptable to anyone at any point of time." Identify, the function of money indicated in the aforesaid statement and choose the correct option. A. Store of Value B. Medium of Exchange C. Unit of Account D. Standard of Deferred Payments	**1**
4	Read the following statements carefully: **Statement 1:** Devaluation of currency is said to occur when the exchange rate is decreased under the Fixed Exchange Rate System.	**1**

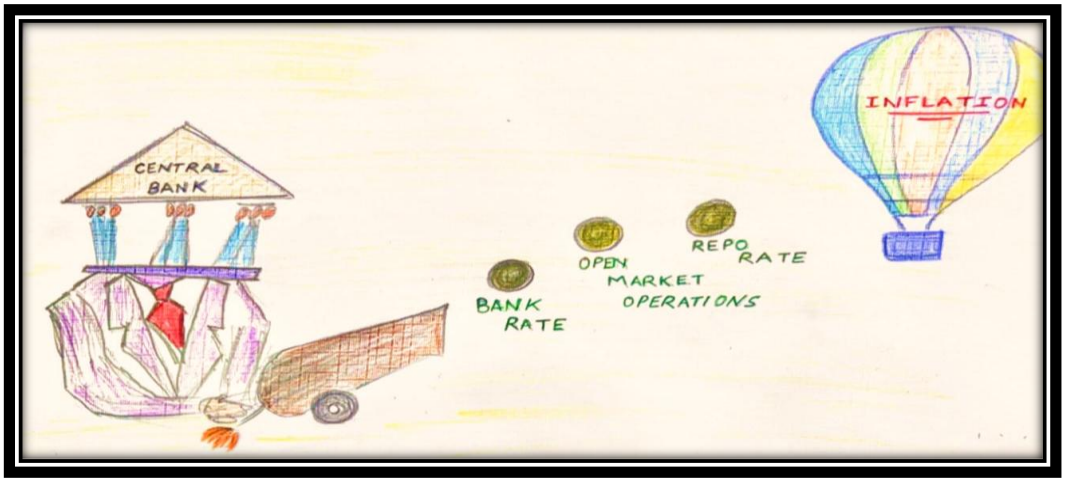
Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

	Statement 2: Under the Floating Exchange Rate System, competent authorities do not maintain foreign exchange reserves. In light of the given statements, choose the correct option from the following: 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.	
5	Refer to the given diagram carefully:  The arrows C and D represent _____ Market. (Choose the correct option to fill up the blank) A. Factor B. Goods C. Stock D. Financial **Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.5** In a simplified economy, the flow of Factor Services from Households to Firms and Factor Payments from Firms to Households represents _____ Market. (Choose the correct option to fill up the blank) A. Factor B. Goods C. Stock D. Financial	**1** **1**
6	Deflationary Gap refers to the gap by which _____ falls short of the Aggregate Demand required to establish full employment equilibrium. (Choose the correct option to fill up the blank) A. ex-ante Aggregate Demand B. ex-post Aggregate Demand C. ex-ante Aggregate Supply D. ex-post Aggregate Supply	**1**
7	Read the following statements carefully: **Statement 1:** Final Goods do not undergo any further transformation at the hands of any producer. **Statement 2:** Final goods may get transformed during their consumption by the ultimate purchaser. In light of the given statements, choose the correct option from the following: 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.	**1**
8	On the basis of the given information, Money Supply (M1) would be ₹ _____ crore. (Choose the correct option) **S.No.** / **Components** / **Amount** (in ₹ crore) (i) Currency held by the Public — 320 (ii) Net Demand Deposits with Commercial Banks — 260 (iii) Net Time Deposits with Commercial Banks — 200 Options: A. 580 B. 780 C. 675 D. 875	**1**

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

<table>
<tr><td>9</td><td>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:
Assertion (A): External Assistance is recorded in the Current Account of the Balance of Payments of a nation.
Reason (R): External Assistance includes bilateral and multilateral loans received/extended by a nation.
Options:
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 true, but Reason (R) is false.
D. Assertion (A) is false, but Reason (R) is true.</td><td>1</td></tr>
<tr><td>10</td><td>Reserve Bank of India (RBI) was established in the year _____.
(Choose the correct option to fill up the blank)
A. 1934 B. 1935
C. 1936 D. 1937</td><td>1</td></tr>
<tr><td>11</td><td>For a hypothetical economy, assuming there are only two firms (A and B) with equal Gross Value Added (GVA).
On the basis of the following data, estimate the value of Domestic Sales of Firm A:
<table>
<tr><th>S. No.</th><th>Items</th><th>Amount
(in ₹ crore)</th></tr>
<tr><td>(i)</td><td>Value of Output of Firm B</td><td>1,000</td></tr>
<tr><td>(ii)</td><td>Purchases by Firm A from Firm B</td><td>300</td></tr>
<tr><td>(iii)</td><td>Exports by Firm A</td><td>200</td></tr>
<tr><td>(iv)</td><td>Purchases by Firm B from Firm A</td><td>250</td></tr>
<tr><td>(v)</td><td>Additions to stock of Firm A</td><td>150</td></tr>
</table></td><td>3</td></tr>
<tr><td>12
(A)</td><td>“The statutory requirement of the Reserve Ratio (RR) acts as a limit to the amount of credit that banks can create.”
Justify the given statement with the valid explanation.
OR</td><td>3</td></tr>
<tr><td>12
(B)</td><td>“The Reserve Bank of India (RBI) provides several banking services to the Government.”
Do you agree with the given statement? Give valid explanation in support of your answer.</td><td>3</td></tr>
<tr><td>13
(A)</td><td>Ms. Sarika is a retired government employee. Every month, she earns rental income from a property she owns. She has also invested in fixed deposit, which provide her with interest income. Occasionally, she receives cash transfers from her family members abroad.
Classify, Ms. Sarika’s income as factor income or transfer income, giving valid reasons in support of your answer.
OR</td><td>4</td></tr>
<tr><td>13
(B)</td><td>“Under the Expenditure Method, the value of Gross Domestic Product (GDP) can be estimated by adding the final expenditure incurred by all the sectors of an economy.”
In the light of the given statement, explain the expenditure incurred by any two sectors.</td><td>4</td></tr>
<tr><td>14</td><td>“Mr. Spector, a normal resident of XYZ country, took a $1 million loan from an overseas bank to expand his manufacturing business. During the same year, the Government of XYZ country borrowed $5 billion from an international financial institution to cover the Balance of Payments (BoP) deficit prevailing in the country.”</td><td>4</td></tr>
</table>

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

	Mishika, an economics student, read the above information and identified both the transactions cited, as autonomous transactions in the BoP account of XYZ country. Do you agree with Mishka's identification of the underlying concept? Give valid arguments in support of your answer.	
15	Refer to the given image carefully:  Explain any two indicated measures taken by the Central Bank to control the highlighted macroeconomic issue.	**4**
	Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.15 State and explain any two measures that can be taken by the Central Bank to control the situation of inflation.	**4**
16 (A)	(I) Suppose in an economy, the Marginal Propensity to Consume (MPC) is 0.8. The government introduced an investment project of ₹ 1,000 crore which led to a manyfold increase in National Income (Y) and Consumption Expenditure (C). Estimate: (a) Value of Investment Multiplier (k) (b) Missing Values of (i) and (ii)	**3**

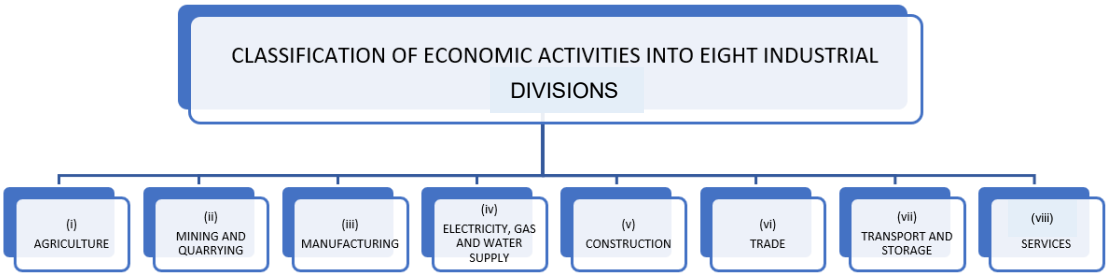
Rounds	**Change in Investment (ΔI)**	**Change in Income (ΔY)**	**Change in Consumption (ΔC)**	**Change in Savings (ΔS)**
I	1,000	1,000	800	200
II		800	640	160
…		…	…	…
…		…	…	…
		(i)	**(ii)**	1,000

	(II) "Sum of the Average Propensity to Consume (APC) and Average Propensity to Save (APS) is always equal to one." Justify the given statement with the help of a suitable argument.	**3**
	OR	
16 (B)	(I) Suppose in a hypothetical economy, people save 20% of their additional income. Ex-Ante Investments equals ₹ 100 and the equilibrium level of income stands at ₹ 700. Calculate dissavings at zero level of income.	**2**
	(II) Define Effective Demand. Explain the adjustment mechanism to attain the level of Effective Demand, if ex-ante Aggregate Demand is more than ex-ante Aggregate Supply.	**4**
17	Refer to the given text carefully: Revenue receipts of the Union Government of India, consisting of tax revenue and non-tax revenue increased year-on-year by 14.5% in the financial year 2023-24, with robust growth in both tax and non-tax revenues.	

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

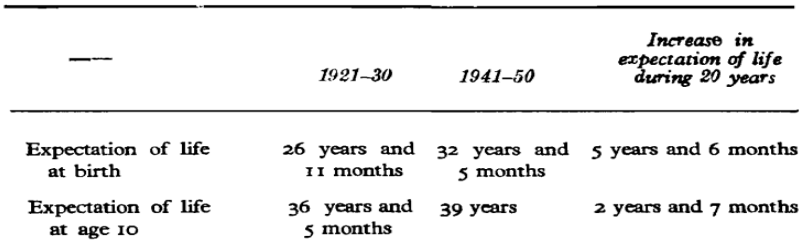
	In spite of the global trend of widening fiscal deficit and increasing debt burden, India has remained on the course of fiscal consolidation. In the post-covid period, significant fiscal consolidation could be achieved largely due to buoyant government revenues. The favourable fiscal performance in the financial year 2022-23, emerged as the cornerstone of India's macroeconomic stability. The fiscal deficit of the Union Government has been brought down from 6.4% of Gross Domestic Product (GDP) in the financial year 2022-23 to 5.6% of GDP in the financial year 2023-24, according to the data released by the Office of Controller General of Accounts (CGA). Strong growth in direct and indirect taxes on account of resilient economic activities and increased compliance meant that the tax revenues generated exceeded the budgetary estimates. Additionally, higher-than-budgeted non-tax revenue in the form of dividends from the Reserve Bank of India (RBI) has buffeted revenue receipts. In combination with restrained revenue expenditure, these buoyant revenues ensured lower deficits. A decomposition of the fiscal deficit over the past few years reveals that with a narrowing revenue deficit, a larger share of the fiscal deficit is being accounted for by capital outlay. This suggests that the productivity of borrowed resources has improved. **Source:** Economic Survey 2023-24 On the basis of the given text and common understanding, answer the following questions: (I) Differentiate between the two types of revenue receipts as indicated in the above text. (II) Elaborate the reasons behind reduction in fiscal deficit of India for the financial year 2023-24.	 **3** **3**
SECTION B – INDIAN ECONOMIC DEVELOPMENT		
18	Read the given text carefully: "The Government has now decided to further promote the development of mutual funds by throwing the field open to the private sector and joint sector mutual funds. In order to safeguard the interests of the investing public, and to encourage a healthy growth of the capital markets, a comprehensive set of guidelines is being evolved for the operation of all mutual funds." **Source:** https://www.indiabudget.gov.in/doc/bspeech/bs199192.pdf (Budget 1991-92 Speech of Shri Manmohan Singh Minister of Finance) Identify the sector under which the aforesaid reform was introduced and choose the correct option. A. Industrial B. Financial C. Tax D. Foreign Trade	**1**
19	_____ maintained a monopoly control over India's exports and imports, while the rest was allowed with a few other countries. (Choose the correct option to fill up the blank) A. China B. Ceylon (Sri Lanka) C. Britain D. Persia (Iran)	**1**
20	Human capital is _____. (i) intangible in nature (ii) imperfectly mobile (iii) inseparable from its owner (Choose the correct option to fill up the blank) Options: A. (i) and (ii) B. (i) and (iii) C. (ii) and (iii) D. (i), (ii) and (iii)	**1**

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

21	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: **Assertion (A):** Indian rural credit system was significantly transformed with the implementation of technological reforms in agriculture sector. **Reason (R):** Green Revolution led to the diversification of the portfolio of rural credit towards production-oriented lending. Options: 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 true, but Reason (R) is false. D. Assertion (A) is false, but Reason (R) is true.	**1**
22	Owing to the efforts of the _____, the Indian government initiated modernisation of informal sector enterprises. (Choose the correct option to fill up the blank) A. World Trade Organisation B. International Labour Organisation C. Central Statistical Office D. International Monetary Fund	**1**
23	Read the following text carefully: All economic activities can be categorized into eight different industrial divisions as:  For simplicity, all the working persons engaged in these divisions can be clubbed into three major sectors primary, secondary and tertiary sector. In the light of the given text, primary sector includes _____. (Choose the correct option to fill up the blank) Options: A. Only (i) B. (i) and (ii) C. (iii), (iv) and (v) D. (vi), (vii) and (viii)	**1**
24	The population explosion and advent of Industrial Revolution led to the ____. (Choose the correct option to fill up the blank) A. reversal of supply-demand relationship of environmental resources B. decrease in demand for environmental resources C. decrease in the average temperature of the earth's lower atmosphere D. increase in the environmental quality	**1**
25	From the set of terms given in Column I and corresponding facts given in Column II, choose the correct pair of statements:	**1**

	Column I		**Column II**
(a)	Animal Husbandry	i	Instability in income
(b)	Fisheries	ii	Mixed crop-livestock farming system
(c)	Horticulture	iii	India is the second-largest producer of fruits and vegetables in the world
(d)	Agro-processing industry	iv	Iron and steel industry

Options:
A. (a)-i B. (b)-ii
C. (c)-iii D. (d)-iv

26	_____ is the measure being taken to create orderly and transparent marketing conditions. (Choose the correct option to fill up the blank) Options: A. Cooperative marketing B. Assurance of Minimum Support Price (MSP) C. Provision of infrastructural development D. Regulation of markets	**1**
27	Read the following statements carefully: **Statement 1:** Great Leap Forward (GLF) campaign met with many problems like severe drought, conflict with Russia etc. **Statement 2:** Under agricultural reforms, commune lands were allocated to individual households for ownership, who were allowed to keep all post-tax income. In light of the given statements, choose the correct option from the following: 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.	**1**
28	"Pakistan was maintaining a healthy economic growth momentum of 6.3% till 1990s, however it lost its track of economic growth falling to 5.3% between 2015-17." Do you agree with the given statement? Justify your answer with valid arguments.	**3**
29 (A)	"Edward Barbier defined Sustainable Development as a strategy which is directly concerned with increasing the material standard of living of the poor at the grass root level." Elaborate the given statement. **OR**	**3**
29 (B)	Distinguish between self-employed and hired workers with the help of a suitable example.	**3**
30 (A)	"The introduction of Railways affected the structure of the Indian economy in two important ways." Justify the given statement, with valid explanation. **OR**	**4**
30 (B)	Refer to the given information carefully:  **Source: Census of India 1951** Answer the following questions on the basis of the given information and common understanding: (I) Identify and define the demographic indicator given in the above table. (II) List any two such demographic indicators. (III) State the stage of demographic transition India entered in 1921.	**2** **1** **1**
31	(I) "India has been a part of many regional and global economic groupings such as G20, SAARC, BRICS etc." In the light of the given statement, briefly explain the importance of regional and global economic groupings. (II) Define 'Special Economic Zone'.	**3** **1**

	1921–30	*1941–50*	*Increase in expectation of life during 20 years*
Expectation of life at birth	26 years and 11 months	32 years and 5 months	5 years and 6 months
Expectation of life at age 10	36 years and 5 months	39 years	2 years and 7 months

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

32	Refer to the given image carefully:  Answer the following questions on the basis of the given image: (I) Identify the type of farming in Panel A and Panel B. (II) Explain any one advantage and disadvantage of the type of farming in Panel B over Panel A. **Note: The following question is for the Visually Impaired Candidates only, in lieu of Q.32** Explain any one advantage and disadvantage of a whole system of farming that restores, maintains and enhances the ecological balance over conventional farming.	**1** **3** **4**
33 (A)	(I) "Government made a fresh statement of policy on the 30th April, 1956 which will help speeding up industrialisation and, in particular, to develop heavy industries and machine making industries, to expand the public sector, and to build up a large and growing co-operative sector". **Source:** http://164.100.161.239/plans/planrel/fiveyr/index2.html (Planning Commission) In the light of the given text and common understanding, comment upon the classification of industries under the revised policy. (II) "The implementation of land ceiling legislation in India encountered several challenges that hindered its effectiveness." Do you agree with the given statement? Give valid reasons in support of your answer. **OR**	**3** **3**
33 (B)	(I) "The process of globalisation through liberalisation and privatisation has produced positive, as well as, negative results for India." Do you agree with the given statement? Give valid explanation in support of your answer. (II) "The Government of India was compelled to introduce the economic reforms of 1991." State any two reasons behind the introduction of Economic Reforms of 1991.	**4** **2**
34	Read the following text carefully: The National Education Policy (NEP) 2020, asserts that education is fundamental for achieving full human potential, providing universal access to quality education and leadership on the global stage in terms of economic growth, social justice and equality. Thus, it presents the best way forward for developing and optimising India's resources. To attain the goals of education, NEP 2020 unequivocally endorses a substantial increase in public investment in education by both the Central government and all State governments. This is considered extremely critical for achieving the high-quality and equitable public education system that is truly needed for India's future progress and growth. To achieve this, they need to	

	increase the public investment in Education sector to reach 6% of GDP at the earliest. One of the primary goals of the schooling system must be to ensure that children are enrolled in and are attending school. As per the 75th round household survey by NSSO in 2017-18, the number of out of school children in the age group of 6 to 17 years is 3.22 crore. With a goal to achieve 100% Gross Enrolment Ratio in preschool to secondary level by 2030, it will be a top priority to bring these children back into the educational fold as early as possible, and to prevent further students from dropping out. For the same, two initiatives that will be undertaken are to provide: • effective and sufficient infrastructure, so that all students have access to safe and engaging school education at all levels from pre-primary school to Grade 12. • regular trained teachers at each stage, special care shall be taken to ensure that no school remains deficient on infrastructure support. **Source:** https://www.education.gov.in/sites/upload_files/mhrd/files/NEP_Final_English.pdf (adapted and modified) On the basis of the given text and common understanding, answer the following questions: (I) "Education is considered fundamental for achieving full human potential". Justify the given statement with valid arguments. (II) Discuss the importance of increasing public expenditure in education. (III) State any two main initiatives that may be implemented to tackle school dropouts and avert additional students from leaving school.	**2** **2** **2**

MARKING SCHEME (2025-26)

ECONOMICS (030) CLASS 12

S.NO.	SECTION A – MACRO ECONOMICS	MARKS
1	D. Average Propensity to Consume = 1 **Note: The following answer is for the Visually Impaired Candidates only, in lieu of Ans.1** D. Average Propensity to Consume = 1	**1** **1**
2	C. 169.92	**1**
3	A. Store of Value	**1**
4	B. Statement 1 is false and Statement 2 is true.	**1**
5	A. Factor **Note: The following answer is for the Visually Impaired Candidates only, in lieu of Ans.5** A. Factor	**1**
6	B. ex-post Aggregate Demand	**1**
7	C. Both Statements 1 and 2 are true.	**1**
8	A. 580	**1**
9	D. Assertion (A) is false, but Reason (R) is true.	**1**
10	B. 1935	**1**
11	Gross Value Added of Firm B = (i) – (iv) = 1,000 – 250 = ₹ 750 crore Gross Value Added of Firm A = Gross Value Added of Firm B = ₹ 750 crore Domestic Sales of Firm A = Gross Value Added of Firm A – (iii) – (v) + (ii) = 750 – 200 – 150 + 300 = ₹ 700 crore	½ ½ **1** ½ ½
12 (A)	Reserve Ratio is the percentage of deposits that every commercial bank must keep as reserves and rest of the deposits can be used to give loans. Reserve Ratio is fixed by the Central Bank to avoid 'over lending' by commercial banks. This is legally binding to all commercial banks. Hence, the statutory requirement of the Reserve Ratio acts as a limit to the amount of credit that banks can create.	**3**
	OR	
12 (B)	Yes. The Reserve Bank of India (RBI) serves as the Government's banker, managing its accounts, receiving deposits, and processing payments. Exchanges, remittances and various banking operations are facilitated by the RBI on behalf of the government. In addition to this, during any financial crisis, RBI provides credit to the government to ensure its smooth functioning and to support the state in managing its obligations effectively.	**3**
13 (A)	The income earned by Ms. Sarika in the form of rent and interest can be classified as factor income, as it is the income earned by the factors of production for rendering their services. Whereas; Cash transfers received by Ms. Sarika from her family members abroad can be classified as transfer income as it is the income received without rendering any productive service in return.	**2** **2**

	OR	
13 (B)	The final expenditure incurred by the sectors of an economy can be: • **Private Final Consumption Expenditure:** It is the expenditure incurred by households and non-profit institutions serving households on final consumption of goods and services. • **Net Exports**: It refers to the excess of value of exports of goods and services over the value of imports of goods and services, during an accounting year.	**2** **2**
14	No. The loan taken by Mr. Spector, can be classified as an autonomous transaction. Such international economic transactions are independent of the state of Balance of Payments (BoP) and generally take place with an economic motive. However, loan taken by the Government in this case can be classified as an accommodating transaction. Such transactions are those international economic transactions which are undertaken (by competent authorities) to cover the surplus or deficit in BoP and are independent of any economic motive.	**2** **2**
15	To deal with the situation of highlighted macroeconomic issue i.e. inflation, the Central Bank may use the following measures: • **Repo Rate:** A rise in repo rate will force the commercial banks to increase the lending rates, making the credit dearer for the general public, discouraging the borrowings. Consequently, Aggregate Demand will fall thus correcting the problem of inflation in the economy. • **Open Market Operations:** The Central Bank can sell government securities in the open market, thereby, reducing the availability of funds with the commercial banks for lending. Consequently, Aggregate Demand will fall thus correcting the problem of inflation in the economy. **Note: The following answer is for the Visually Impaired Candidates only, in lieu of Ans.15** To deal with the situation of inflation, the Central Bank may use the following measures: • **Repo Rate:** A rise in repo rate will force the commercial banks to increase the lending rates making the credit dearer for the general public, discouraging the borrowings. Consequently, Aggregate Demand will fall thus correcting the problem of inflation in the economy. • **Open Market Operations:** The Central Bank can sell government securities in the open market, thereby, reducing the availability of funds with the commercial banks for lending. Consequently, Aggregate Demand will fall thus correcting the problem of inflation in the economy.	**2** **2** **½ + 1 ½** **½ + 1 ½**
16 (A) (I)	(a) Investment Multiplier (k) = $\frac{1}{1-\text{MPC}}$ = $\frac{1}{1-0.8}$ = 5 (b) **(i)** Change in Income (ΔY) = k x ΔI = 5 x 1,000 = ₹ 5,000 crore **(ii)** Change in Consumption (ΔC) = MPC x ΔY = 0.8 x 5,000 = ₹ 4,000 crore	½ ½ ½ ½ ½ ½

(II)	Income is either consumed or saved, i.e.; $Y = C + S$ -------- (i) Dividing both sides of the equation (i) by Y $\frac{Y}{Y} = \frac{C}{Y} + \frac{S}{Y}$ $1 = APC + APS$ Thus, sum of the Average Propensity to Consume (APC) and Average Propensity to Save (APS) is always equal to one.	**3**
	OR	
16 (B) (I)	Given, Marginal Propensity to Save (MPS) = 20% = 0.2 Ex-Ante Investments (I) = ₹ 100 Equilibrium level of Income (Y)= ₹ 700 As we know, at Equilibrium level of Income; S = I $-\bar{C} + (MPS)\ Y = I$ $-\bar{C} + (0.2)\ 700 = 100$ $-\bar{C} = -40$ Thus, dissavings at zero level of income = ₹ 40	½ ½ ½ ½
(II)	Effective Demand refers to that level of Aggregate Demand, which can be met by the corresponding Aggregate Supply in the economy. If ex-ante Aggregate Demand is more than ex-ante Aggregate Supply, it means that the households and firms are planning to consume more than what the firms intend to produce. Thus, the inventories will fall below the desired level. To restore the desired level of inventories, producers may increase output and employment in the economy. This mechanism will continue till the equilibrium is reinstated and effective demand can be restored.	**1** **3**
17 (I)	**Tax revenue** receipts refer to the receipts of the government through taxes. These are the compulsory transfer payments imposed by the government on individuals, corporations, and other entities. Whereas; **Non-tax revenue** receipts refers to those revenue receipts of the government from sources other than taxes. These mainly consist of interest, dividends, fees etc.	**1 ½** **1 ½**
(II)	The fiscal deficit declined due to robust growth in direct and indirect taxes, driven by resilient economic activities and improved tax compliance. Furthermore, higher-than-anticipated non-tax revenue, particularly dividends from the RBI, boosted overall revenue receipts. In addition to this, controlled revenue expenditure also contributed to the reduction in the fiscal deficit.	**3**
SECTION B - INDIAN ECONOMIC DEVELOPMENT		
18	B. Financial	**1**
19	C. Britain	**1**
20	D. (i), (ii) and (iii)	**1**
21	A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	**1**
22	B. International Labour Organisation	**1**
23	B. (i) and (ii)	**1**
24	A. reversal of supply-demand relationship of environmental resources	**1**

25	C. (c)-iii	**1**
26	D. Regulation of markets	**1**
27	A. Statement 1 is true and Statement 2 is false.	**1**
28	Yes. Pakistan maintained healthy growth rate till 1990s owing to the introduction of various policies such as Green Revolution and import substitution-based industrialisation. However, later it faced slowdown to the magnitude of 5.3 % between 2015-17, due to several interconnected factors such as agricultural growth and food supply which were largely dependent on favourable harvest rather than a systematic process of technological advancement. Moreover, political instability, excessive reliance on remittances, and dependence on foreign aid, significantly hindered Pakistan's economic progress.	**3**
29 (A)	Sustainable Development, seeks to meet the basic needs of the present generation without compromising the needs of the future generations. As per Edward Barbier, it must be used to increase the standard of living of the poor through measurable increase in income, educational and health services, sanitation, etc. The aim of Sustainable Development should be to reduce absolute poverty by creating livelihoods while minimizing resource depletion, environmental harm, cultural disruption, and social instability.	**3**
	OR	
29 (B)	People, who own and operate an enterprise to earn their livelihood are known as self-employed workers. For example, a cement shop owner. Whereas; A hired worker is someone who is employed by another person/organization and receives compensation in the form of a salary/wage. For example, an employee working as a graphic designer at a marketing agency.	**1 + ½** **1 + ½**
30 (A)	The introduction of railways affected the structure of the Indian economy in two important ways: • It enabled people to undertake long distance travel and thereby breaking geographical and cultural barriers. • It fostered commercialisation of Indian agriculture which adversely affected the self-sufficiency of the village economies in India.	**2** **2**
	OR	
30 (B)(I)	The demographic indicator given in the table is Life Expectancy. Life Expectancy refers to the average number of years a person is expected to live.	**1** **1**
(II)	Two demographic indicators are: • Infant Mortality Rate • Literacy Rate	**½** **½**
(III)	India entered the second stage of demographic transition in 1921.	**1**
31 (I)	Regional and global economic groupings like G-20, SAARC, BRICS etc., play a vital role for developing nations like India as they help them to understand the developmental processes pursued by their neighbouring nations to better comprehend their own strengths and weaknesses vis-à-vis their neighbours.	**3**

	Moreover, in the unfolding process of globalisation, as developing nations face competition not only from developed nations but also amongst themselves such groupings help them to flourish well in a shared environment.	
(II)	Special Economic Zone is a geographical region that has economic laws different from a country's typical economic laws.	**1**
32 (I)	The type of farming indicated in Panel A is Conventional Farming, whereas, the type of farming in Panel B is Organic Farming.	**½ + ½**
(II)	Advantage of Organic Farming over Conventional Farming: • Organic farming is the system of farming that relies upon the use of organic inputs for cultivation such as organic manures and composts. Its chemical free nature helps in soil conservation.	**1 ½**
	Disadvantage of Organic Farming over Conventional Farming: • Yields from organic farming are lesser than the conventional farming. Therefore, small and marginal farmers may find it difficult to adapt to large scale production.	**1 ½**
	Note: The following answer is for the Visually Impaired Candidates only, in lieu of Ans.32 Advantage of Organic Farming over Conventional Farming: • Organic farming is the system of farming that relies upon the use of organic inputs for cultivation such as organic manures and composts. Its chemical free nature helps in soil conservation.	**2**
	Disadvantage of Organic Farming over Conventional Farming: • Yields from organic farming are lesser than the conventional farming. Therefore, small and marginal farmers may find it difficult to adapt to large scale production.	**2**
33 (A) (I)	The industries were classified under three heads as per Industrial Policy Resolution 1956: • The **first category**, comprised industries which would be exclusively owned by the government.	**1**
	• The **second category**, private sector could supplement the efforts of the public sector, with the government taking the sole responsibility for starting new units.	**1**
	• The **third category** consisted of the remaining industries which were left in the hands of private sector.	**1**
(II)	Yes. A few former Zamindars, used legislative loopholes to continue to own large areas of land. Tenants were evicted and the landowners claimed to be self-cultivators. The big landlords delayed its implementation; by challenging it in the courts. They used this delay to register their lands in the name of close relatives, thereby escaping from the legislation. Consequently, creating hindrances in the successful implementation of land ceiling reforms.	**3**
	OR	
33 (B) (I)	Yes, the process of globalisation has yielded both positive, as well as, negative results for India. It is argued that globalization serves as an opportunity for	**4**

	developing countries like India to access the capital and technology of the global markets. However, some critics argue that globalisation primarily benefits developed nations, and undermines the welfare of people in underdeveloped countries thereby exacerbating economic disparities. In the context of India, the reforms of the 1990's mainly benefited high-income groups and select service sectors instead of crucial areas like agriculture and industry.	
(II)	Two reasons behind the introduction of Economic Reforms of 1991 were: • High rate of inflation • Huge Balance of Payments Deficit	**1** **1**
34 **(I)**	The education is fundamental for achieving full human potential providing universal access to quality education and leadership on the global stage in terms of economic growth, social justice and equality. Thus, it presents the best way forward for developing and optimising India's resources.	**2**
(II)	To create a high-quality and equitable public education system essential for India's future development and growth, it is imperative to boost the public investment in education sector to 6% of GDP at the earliest.	**2**
(III)	Two main initiatives which will be implemented to tackle school dropouts and avert additional students from leaving school are to provide: • effective and sufficient infrastructure, so that all students have access to safe and engaging school education at all levels from pre-primary school to Grade 12. • regular trained teachers at each stage, special care shall be taken to ensure that no school remains deficient on infrastructure support.	**1** **1**

ECONOMICS (030)

CLASS XII (2024-25)

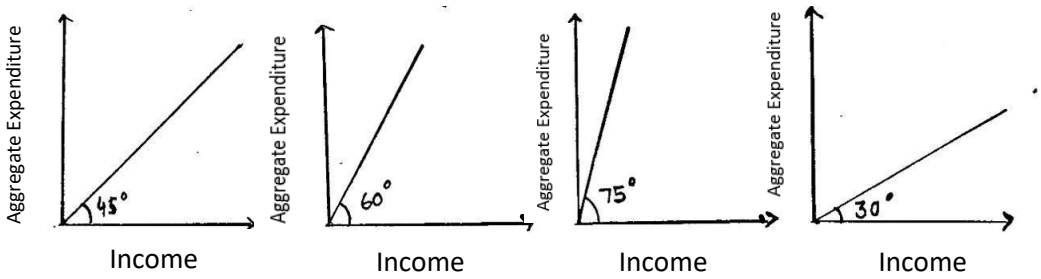
SAMPLE QUESTION PAPER

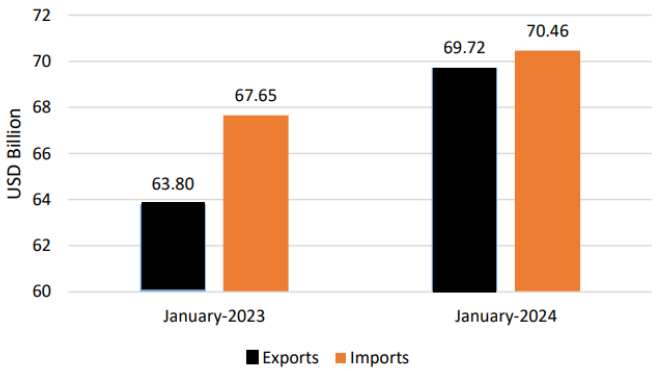
TIME: 3 HOURS **M.M. – 80**

GENERAL INSTRUCTIONS:

I. This question paper contains two sections:
   Section A – Macro Economics
   Section B – Indian Economic Development
II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.
III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.
IV. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.
V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

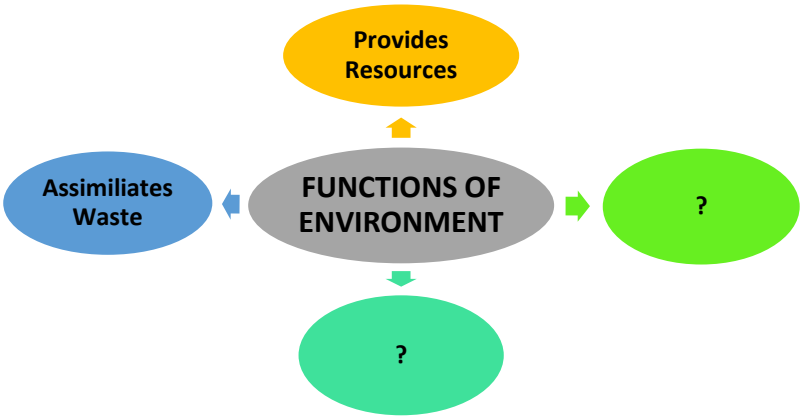
Q.NO.	SECTION A – MACRO ECONOMICS	MARKS
1.	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: **Assertion (A)**: The government can reduce the deflationary gap by purchasing government securities in the open market. **Reason (R):** The Central Bank purchases government securities in the open market to increase the lending capacity of commercial banks. Options: 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 true, but Reason (R) is false. D. Assertion (A) is false, but Reason (R) is true.	1
2.	"The Cabinet led by Prime Minister has decided that the Central Government will provide free food grains to 81.35 crore (approx.) beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) for a period of five years with effect from 1st January, 2024." Source: https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1980689 Based on the aforesaid statement, identify the budgetary objective the government is trying to achieve and choose the correct option: A. Reallocation of resources B. Economic stability C. Redistribution of income D. Economic instability	1
3.	To arrive at the value of Gross Value Added at Market Price (GVA_{MP}) _____ must be added to Gross Value Added (GVA) at Basic Prices. (Choose the correct option to fill up the blank) A. Product Taxes B. Net Product Taxes C. Production Taxes D. Net Production Taxes	1
4,	Under the _____ exchange rate system, market forces automatically adjust the surplus and deficit in the Balance of Payments account. (Choose the correct option to fill up the blank)	1

	A. fixed C. managed floating B. flexible D. dirty floating	
5.	From the given diagrams, identify the correct option that indicates the 'Reference Line' passing through the origin drawn at a particular angle. (i) (ii) (iii) (iv)  A. (i) B. (ii) C. (iii) D. (iv) **For Visually Impaired Candidates:** Under the Keynesian theory, 'Reference Line' is a straight line passing through the origin drawn at an angle of _____. (Choose the correct option to fill up the blank) A. 25^0 B. 45^0 C. 55^0 D. 75^0	1 1
6.	As per the data presented in the Union Budget 2023-24, the total receipts of the government other than borrowings and the total expenditure are estimated at ₹ 27.2 lakh crore and ₹ 45 lakh crore respectively. The value of the _____ deficit would be ₹ 17.8 lakh crore. (Choose the correct option to fill up the blank) A. revenue B. fiscal C. budgetary D. primary	1
7.	Read the following statements carefully: **Statement 1:** The maximum value of Marginal Propensity to Consume (MPC) can be unity. **Statement 2:** As the income of an economy increases, the proportionate increase in the level of consumption is always more than the increase in the level of income. In light of the given statements, choose the correct option from the following: 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.	1
8.	In a two-sector economy, Aggregate Demand can be determined by adding _____. (Choose the correct option to fill up the blank) A. Autonomous Consumption, Induced Consumption and Induced Investment B. Autonomous Consumption, Autonomous Investment and Induced Investment C. Autonomous Consumption and Autonomous Investment D. Autonomous Consumption, Induced Consumption and Autonomous Investment	1
9.	Read the following statements carefully: **Statement 1:** Foreign grants-in-aid receipts do not lead to any claim on the government.	1

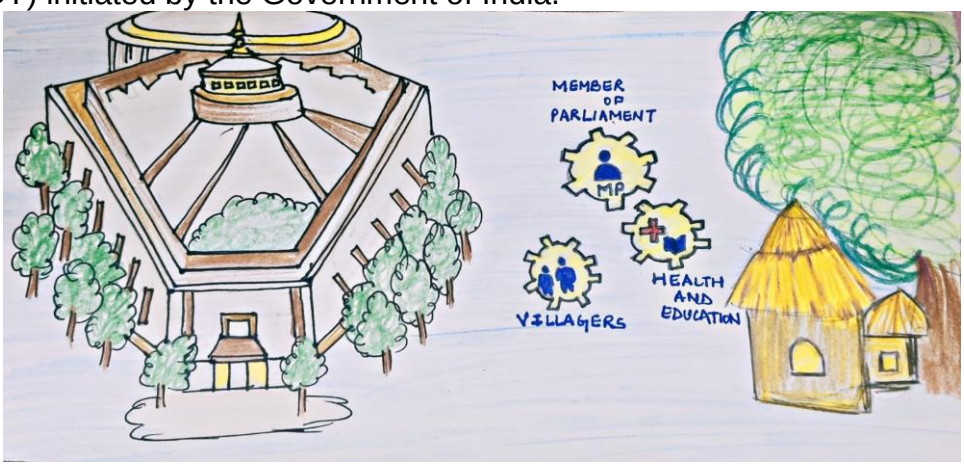
	Statement 2: Disposal of equity by the Public Sector Undertakings in the market may lead to a decrease in the assets of the government. In light of the given statements, choose the correct option from the following: A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both Statements 1 and 2 are true. D. Both Statements 1 and 2 are false.	
10.	Based on the given diagram: The trade under current account during January 2024 reflects a _____ of USD _____ billion. (Choose the correct option to fill up the blank) A. surplus, 0.74 B. surplus, 3.85 C. deficit, 0.74 D. deficit, 3.85 **Overall Trade (Merchandise + Services)**  Source: https://commerce.gov.in/wp-content/uploads/2024/02/PIB-Press-Release-January-2024-1.pdf **For Visually Impaired Candidates:** _____ indicates the situation of Current Account Deficit in the Balance of Payments Account. A. Receipts > Payments on current account B. Receipts = Payments on current account C. Receipts < Payments on current account D. Receipts < Payments on capital account	1 1
11. (A)	On the basis of the given data, estimate the value of Domestic Income (NDP_{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 170 v. Excess of Imports over Exports 20 vi. Inventory Investment 140 vii. Gross Public Investment 500 viii. Net Indirect Taxes 70 ix. Net Factor Income From Abroad (-) 50 x. Consumption of Fixed Capital 40 **OR**	3
11. (B)	State the steps pertaining to the estimation of National Income under the income method.	3

12.	"Tax revenue collection of the government may be categorized under two heads." State and explain the two heads of tax revenue.	3
13.	(I) 'Foreign Portfolio Investment (FPI) witnessed a sharp turnaround during 2023-24 with net FPI inflows of US$ 32.4 billion.' In which sub-account and on which side of the Balance of Payments account the above transaction will be recorded? Give reasons in support of your answer. (II) State the meaning of 'Balance of Payments Deficit'.	3 1
14. (A)	"Saving curve can be derived from the consumption curve" Justify the statement, citing valid steps with the help of a well-labelled diagram. **For Visually Impaired Candidates:** "Saving curve can be derived from the consumption curve" Justify the statement, citing valid steps. **OR**	4
14. (B)	For two hypothetical economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0.6 and 0.8 respectively. Assuming for both the economies, Autonomous Consumption ($\bar{c}$) to be ₹ 40 crore and Investment Expenditure (I) to be ₹ 100 crore. Calculate: (I) Break-even level of income for Economy A (II) Equilibrium level of income for Economy B	 2 2
15.	Read the following text carefully: "Union Finance Minister stated, that investments in infrastructure and productive capacity have a large multiplier impact on growth and employment and in view of this, capital investment outlay is being proposed to increase steeply in the Budget 2023-24 by 1,000 crore." Based on the given text and common understanding, explain the working process of the increase in investment on the National Income, assuming the Marginal Propensity to Save (MPS) as 20%.	4
16.	Read the following text carefully: As societies developed from hunters and gatherers, the material needs of human beings increased – to build a house, wear clothes, make weapons and implements etc. Since these needs could not be produced individually, people had to purchase them from others. These purchases, for example, were paid initially by barter – a leather skin cloak for a spear. As barter had its limits – how many cloaks for a spear – barter got standardized in terms of metals or cowrie shells. Now people knew the value of both the cloak and the spear in terms of bronze or cowrie shells. This was still barter, as both bronze and shells had intrinsic value (shells were desired for their beauty). This system evolved over time into metal currencies. Gold and silver coinage were the offshoot of this system where they had features of barter (both gold and silver had intrinsic value) as well as money (they were standardized representation of value). In respect of money two facts emerge historically: • Money has taken the form of either commodities (which have intrinsic value) or in terms of debt instruments.	

	• Money is usually issued by a sovereign (or a Central Bank as its representative). In modern economies, currency is a form of money that is issued exclusively by some competent authority (Central Bank). It is a liability of the issuing Central Bank and an asset of the holding public. Currency is usually issued in paper (or polymer) form, but the form of currency is not its defining characteristic. In the recent past, the Reserve Bank of India, issued Central Bank Digital Currency (CBDC). A CBDC is the currency issued by a central bank in a digital form. It serves all the purposes of a paper currency in a different form. The introduction of CBDC has the potential to provide significant benefits, such as reduced dependency on cash, lower transaction costs, reduced settlement risk. Introduction of CBDC would possibly lead to a more robust, efficient, trusted, regulated payments option. There are associated risks such as cyber-attacks and technology preparedness, but they need to be carefully evaluated against the potential benefits. Source: https://website.rbi.org.in/web/rbi/-/speeches-interview/central-bank-digital-currency-is-this-the-future-of-money-1111 (adapted and modified) On the basis of the given text and common understanding, answer the following questions: (I) "Over the centuries, money has evolved in various forms." In the light of the given statement, state and discuss briefly any two forms of money. (II) "Various economists have formed a strong opinion that, in the modern times digital currency (like CBDC) is quite essential. However, it comes with its own benefits and potential risks." Do you agree with the given statement, giving valid arguments in support of your answer.	3 3
17. (A)	(I) On the basis of the following hypothetical data: (all figures in ₹ crore) **Year** | **Nominal GDP** | **Nominal GDP adjusted to base year prices** 2020 | 3,000 | 4,000 2023 | 4,000 | 4,500 Calculate the percentage change in Real Gross Domestic Product in the year 2023 using 2020 as the base year. (II) "The public investment on the construction of a multi-lane flyover may reduce traffic congestion." On the basis of the above statement, discuss its likely impact on Gross Domestic Product (GDP) and welfare in an economy.	3 3
	OR	
17. (B)	(I) "Basis of classification of final goods into consumption and capital goods depend on the economic nature of its use." Defend or refute the statement, with the help of a suitable example. (II) 'Natural calamities in the hill states of India have led to massive destruction of capital assets.' Identify the type of loss (depreciation or capital loss) indicated in the aforesaid statement. Give valid reasons in support of your answer.	4 2

SECTION B - INDIAN ECONOMIC DEVELOPMENT		
18.	Read the given image carefully:  Choose the correct option which indicates the combination of vital functions performed by the environment. i. Sustains life ii. Provides aesthetic services iii. Generates waste iv. Provides only renewable resources Options: A. (i) and (ii) B. (ii) and (iii) C. (i) and (iv) D. (i) and (iii) **For Visually Impaired Candidates:** Identify, which of the following is not a correct function of environment? (i) Elimination of waste (ii) Sustainance of life (iii) Provide aesthetic services Alternatives: A. (i) only B. (ii) only C. (ii) & (iii) D. (i) & (ii)	1 1
19.	Read the following statements carefully: **Statement 1:** The British policies led to the collapse of India's world-famous handicraft industries. **Statement 2:** During the colonial rule in India, the contribution of the industrial sector to Gross Value Added (GVA) increased significantly. In light of the given statements, choose the correct option from the following: 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.	1
20.	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: **Assertion (A):** The Education Commission (1964–66) had recommended that at least 4 % of Gross Domestic Product (GDP) be spent on education. **Reason (R):** The Union and State Governments, have been stepping up expenditures in the education sector over the years to fulfil the objective of attaining cent per cent literacy. Options:	1

	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 true, but Reason (R) is false. D. Assertion (A) is false, but Reason (R) is true.	
21.	In the post-independence era, the policymakers of India adopted an economic system that fundamentally implies the coexistence of _____ and _____. (Choose the correct option to fill up the blank) A. small and large-scale industries B. small and medium-scale industries C. public and private sector D. private and foreign sector	1
22.	The institutional structure of rural banking in contemporary India consists of a set of multi-agency institutions, namely, _____. (Choose the correct option to fill up the blank) (i) Regional Rural Banks (ii) Cooperative Banks (iii) Land Development Banks (iv) Commercial Banks Options: A. (i) and (iv) B. (i), (iii) and (iv) C. (i), (ii) and (iii) D. (i), (ii), (iii), and (iv)	1
23.	Identify, which of the following statement is **incorrect** about the financial sector reform introduced in 1991? (Choose the correct option) A. Enabled the establishment of private sector banks, Indian as well as foreign B. Foreign investment limit in banks was raised to around 74% C. Foreign Institutional Investors were allowed to invest in Indian financial markets D. Change in the role of the Reserve Bank of India from facilitator to regulator	1
24.	China's demographic problem of 4-2-1, resulted in a higher proportion of elderly individuals compared to the younger population. This was primarily due to the implementation of _____. A. Great Leap Forward Campaign B. Great Proletarian Cultural Revolution C. One Child Norm D. Special Economic Zones	1
25.	_____ was setup in 1974 by the Indian government to address two major environmental concerns viz. water and air pollution. (Choose the correct option to fill up the blank) A. State Pollution Control Board B.Central Pollution Control Board C. Brundtland Commission D. Montreal Protocol	1
26.	“Assuming in a hypothetical economy, Real Gross Domestic Product recorded a growth rate of 9% during a fiscal year. However, the economy faced a significant challenge in terms of creating an adequate number of employment opportunities.” Identify the situation indicated in the given statement and choose the correct option.	1

	A. Casualisation of workforce B. Informalisation of workforce C. Formalisation of workforce D. Jobless growth	
27.	During the period 1951-2016, _____ led to an increase in the milk production in India by about ten times. (Choose the correct option to fill up the blank) A. Green Revolution B. Golden Revolution C. Operation Flood D. Industrial Revolution	1
28. (A)	Critically appraise the disinvestment policy initiated by the government during the reforms of 1991.	3
	OR	
28. (B)	'Globalisation is an essential outcome of liberalisation of an economy'. Justify the given statement with a valid explanation.	3
29.	'To measure the extent of development in an economy, liberty indicators should be considered along with other socio-economic parameters.' Do you agree with the given statement? Give valid reasons in support of your answer.	3
30.	'The reform process implemented in the late 1970s, commonly known as China's open door policy, encompassed a wide range of reforms across sectors like agriculture, investment, industry etc. These reforms played a pivotal role in driving the rapid growth of the Chinese economy over subsequent decades.' In the light of the given text, discuss any two reforms responsible for the rapid economic growth of China.	4
31. (A)	'Under the Delhi Declaration, the G-20 nations pledged to reach global net zero emissions approximately by mid-century and to triple global renewable energy capacity by 2030.' Discuss briefly the rationale behind the commitment by G-20 nations in the direction of achieving sustainable development.	4
	OR	
31. (B)	'It would be unclear to say that, the growth of human capital lays the ground for economic growth of a nation.' Do you agree with the given statement? Support your answer with valid illustrations.	4
32.	(I) Interpret the given picture based on the Saansad Adarsh Gram Yojana (SAGY) initiated by the Government of India.  	3

	(II) State any two examples of allied activities. **For Visually Impaired Candidates in lieu of 32 (I) :** Explain briefly the Saansad Adarsh Gram Yojana (SAGY) initiated by the Government of India.	1 3
33.	Read the following text carefully: Employment generation has remained one of the top challenges of Indian policymakers, and over the years, this has only become more complex. India has experienced more or less consistent growth in the structure of the output of the economy, especially after the economic reforms which is measured by gross value added. However, the trend in employment did not reveal a consistent and clear pattern. These complexities have led to a wide variation in the conclusions drawn by experts and various studies on workforce and employment. Two major sources of data on the workforce and employment have been the (i) decennial population census and (ii) nationwide quinquennial surveys on employment and unemployment by the erstwhile NSSO under the Ministry of Statistics and Programme Implementation (MoSPI), Government of India. The nationwide Employment and Unemployment (E&U) surveys have been replaced by the Periodic Labour Force Survey (PLFS) conducted by the National Statistical Office (NSO) of MoSPI, which started in the year 2017–18. According to NSO, the PLFS data measure the dynamics in labour force participation, workers to population ratio and the employment status along with related, important parameters for both rural and urban areas. Labour force includes persons who were either working (or employed) or those available for work (or unemployed). Some persons in the labour force are abstained from work for various reasons. Deducting that number from the labour force gives the number of actual workers. These workers are further categorised as persons who are engaged in any economic activity as self-employed or regular wage/salaried and casual labour. The difference between the labour force and the workforce gives the number of unemployed persons. The size of the labour force in the country has increased from 485.3 million in the year 2017–18 to 497.4 million in the year 2018–19. The next year, the labour force increased by 8 per cent and reached 537.9 million. This increase was witnessed across male and female populations as well as rural and urban households. Source:https://www.niti.gov.in/sites/default/files/2022-04/Discussion_Paper_on_Workforce_05042022.pdf (adapted and modified) On the basis of the given text and common understanding, answer the following questions: (I) State any two major sources of data on the workforce and employment. (II) 'The labour force encompasses a broader category than the workforce.' Defend or refute the statement, giving valid reasons in support of your answer. (III) 'Workers can be categorized into different types depending on their status.' In the light of the given statement, state any one type of employment.	2 3 1

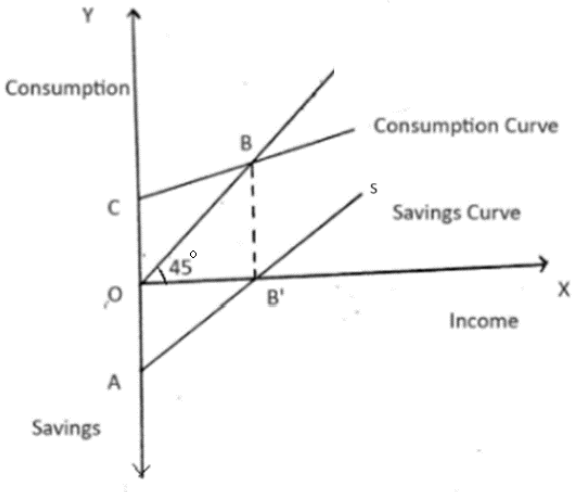
34. (A)	(I) 'Under the Industrial Policy Resolution (IPR) 1956 in India, the system of industrial licensing was introduced to promote regional equality.' Justify the given statement with valid arguments.	4
	(II) Discuss briefly the estimates made by notable scholars regarding the national income and per capita income during the colonial rule in India.	2
	OR	
34. (B)	(I) 'During the colonial period, India's foreign trade was characterized by a large export surplus, however, this did not result in any flow of gold or silver into India.' Justify the given statement with valid arguments.	3
	(II) Explain the rationale behind choosing 'Self-reliance' as a central planning objective in India's development strategy.	3

ECONOMICS (030)

CLASS XII (2024-25)

MARKING SCHEME

Q.NO.	SECTION A – MACRO ECONOMICS	MARKS
1.	D. Assertion (A) is false, but Reason (R) is true.	**1**
2.	C. Redistribution of income	**1**
3.	B. Net Product Taxes	**1**
4.	B. flexible	**1**
5.	A. (i) **For Visually Impaired Candidates:** B. 45^0	**1** **1**
6.	B. fiscal	**1**
7.	A. Statement 1 is true and Statement 2 is false.	**1**
8.	D. Autonomous Consumption, Induced Consumption and Autonomous Investment	**1**
9.	C. Both Statements 1 and 2 are true.	**1**
10.	C. deficit, 0.74 **For Visually Impaired Candidates:** C. Receipts < Payments on current account	**1** **1**
11. (A)	Domestic Income (NDP_{FC}) = i + iv + ii + iii + vii + vi – v – x – viii = 800+170+150+120+500+140–20 – 40 – 70 = ₹ 1,750 crore	**1 ½** **1** **½**
	OR	
11. (B)	Steps pertaining to the estimation of National Income under the Income method: 1. Identify and classify production units into distinct heads namely primary, secondary, and tertiary sector. 2. Estimate and classify the factor payments in different categories as Compensation of Employees, Operating Surplus, and Mixed Income. The sum of factor payments represents the contribution of the sectors to Domestic Income (NDP_{FC}). 3. Finally, estimate and add the value of Net Factor Income from Abroad (NFIA) to arrive at National Income (NNP_{FC}).	 **1** **1** **1**
12.	Tax revenue collection by the government may be categorized as: • **Direct Taxes:** It refers to those taxes whose impact and incidence lie on the same entity. In other words, the liability of paying direct taxes can't be shifted.	**½ + 1** **½ + 1**

	• **Indirect Taxes:** It refers to those taxes whose impact and incidence may lie on different entities. In other words, the liability of paying indirect taxes can be shifted.	
13.	(I) Foreign Portfolio Investments in India in the fiscal year 2023-24 will be recorded on the credit side of the capital account of the Balance of Payments (BOP) account. It is recorded on the credit side, as it results in the inflow of foreign exchange. Furthermore, such transactions are documented in the capital account as they reflect the change in the ownership of financial assets between the residents of a country and rest of the world. (II) Balance of Payments deficit occurs when autonomous receipts fall short of autonomous payments during a given fiscal year in an economy.	**3** **1**
14. (A)	Given consumption curve (C) intersecting 45° line at B (Break-even level of income). Steps for derivation of saving curve from the consumption curve are as follows: 1. Take OA on the negative intercept on Y-axis equals to OC (Autonomous consumption) having positive intercept on Y-axis, as a starting point of the saving curve. 2. Draw a perpendicular from point B (where, Y=C) intersecting the X-axis at B' (where S=0) which is another point on the saving curve. 3. Join point A to point B' extending the line till point S to get the saving curve (AS).  **For Visually Impaired Candidates:** Given consumption curve (C) intersecting 45° line at B (Break-even level of income). Steps for derivation of saving curve from the consumption curve are as follows: 1. Take OA on the negative intercept on Y-axis equals to OC (Autonomous consumption) having positive intercept on Y-axis, as a starting point of the saving curve. 2. Draw a perpendicular from point B (where, Y=C) intersecting the X-axis at B' (where S=0) which is another point on the saving curve. 3. Join point A to point B' extending the line till point S to get the saving curve (AS). **OR**	**1** **1** **1** **1** **4**

14. (B)

Given,
Autonomous Consumption ($\bar{c}$) = ₹ 40 crore
Investment expenditure (I) = ₹ 100 crore
For economy A, Marginal Propensity to Consume (MPC) = 0.6
For economy B, Marginal Propensity to Consume (MPC) = 0.8
(I) At break-even level for economy A; Y = C — ½
Y= 40 + 0.6Y — ½
0.4Y = 40 — ½
Y= ₹ 100 crore — ½
(II) Equilibrium level of income for economy B; Y= C + I — ½
Y= $\bar{c}$ + (MPC) x Y + I — ½
Y= 40 + 0.8Y + 100 — ½
Y= ₹ 700 crore — ½

15. — **4**

The working process of the increase in investment on the National Income, is based on the assumption that one's expenditure is another's income.
In Round 1, the investment in infrastructure undertaken by the government of 1,000 crore, will generate an additional income by the like amount (1,000 crore). Since Marginal Propensity to Save (MPS) is 0.2 i.e. MPC is 0.8 it will lead to an increase in the consumption expenditure by 800 crore (80% of 1,000) and saving by 200 crore (20% of 1,000).
As one's expenditure is another's income, an increase in consumption expenditure results in an increase in income by 800 crore in the subsequent round. This process continues till the sum of the change in savings becomes equal to the change in the investment.

Round	Increase in investment (ΔI) (in crore)	Increase in income (ΔY) (in crore)	Increase in consumption (ΔC) (in crore)	Increase in savings (ΔS) (in crore)
1	1,000	1,000	800	200
2	—	800	640	160
3	—	640	512	128
—	—	.	.	.
Total	1,000	5,000	4,000	1,000

Investment Multiplier = $\frac{1}{1-\text{MPC}}$
= $\frac{1}{1-0.8}$ = 5
Thus, the above schedule indicates that an increase in investment (ΔI) of 1,000 crore leads to a total increase in national income (ΔY) by 5,000 crore, which is 5 times the increase in investment.

16.

(I) The evolution of money has taken place over the centuries in different forms such as:

- Metal currencies: Gold or silver coins (which have intrinsic value) were used for economic transactions as these were used as standardised representation of value. — **½ + 1**

½ + 1

	• Paper currency: Currency is issued in paper (or polymer) form by the Central Bank. It is a liability of the issuing Central Bank and an asset of the holding public. (II) Yes. The introduction of CBDC provides significant benefits such as reduced dependency on cash, lower transaction costs, and reduced settlement risk. It leads to a more robust, efficient, trusted, and regulated payment option. However, there are associated risks such as cyber-attacks and technology preparedness, but they need to be carefully evaluated against the potential benefits.	**3**
17. (A)	(I) Percentage change in Real GDP = $\frac{\text{Change in Real GDP}}{\text{Real GDP}}$ X 100 = $\frac{(4{,}500 - 4{,}000)}{4{,}000}$ x 100 = 12.5 % (II) The public investment on the construction of a multi-lane flyover may impact the Gross Domestic Product (GDP) positively as good quality infrastructure (like an effective transport system) generally attracts higher investments in an economy and may lead to an increase in employment opportunities. It may also lead to a reduction in travel time and lower average transportation costs. Consequently, it may increase the well-being of citizens.	**1 ½** **1** **½** **3**
	OR	
17. (B)	(I) The given statement is defended. Consumption goods are those goods that directly satisfy the wants of the consumer whereas, capital goods are those final goods that are used for further production. A good can be considered as a consumption good or a capital good. It depends upon the economic nature of its use. For example, machinery purchased by a household can be classified as a consumption good whereas, if it is purchased by a firm for further production, then as a capital good. (II) The massive destruction of capital assets caused by the recent natural calamities in the hill states of Himachal Pradesh and Uttarakhand can be considered as capital loss. Capital loss refers to the loss in the value of fixed assets due to unforeseen circumstances like natural disasters, theft, fires, etc.	**4** **2**
SECTION B – INDIAN ECONOMIC DEVELOPMENT		
18.	A. (i) and (ii) **For Visually Impaired Candidates:** A. (i) only	**1** **1**
19.	A. Statement 1 is true and Statement 2 is false.	**1**
20.	D. Assertion (A) is false, but Reason (R) is true.	**1**
21.	C. public and private sector	**1**
22.	D. (i), (ii), (iii), and (iv)	**1**
23.	D. Change in the role of the Reserve Bank of India from facilitator to regulator	**1**

24.	C. One Child Norm	**1**
25.	B. Central Pollution Control Board	**1**
26.	D. Jobless Growth	**1**
27.	C. Operation Flood	**1**
28. (A)	Disinvestment aimed to boost financial discipline and modernisation. The government exceeded its mobilisation target but assets of Public Sector Enterprises (PSEs) had been undervalued, resulting in significant losses to the government. Moreover, the proceeds were primarily used to cover shortfalls of government revenue instead of investing in social infrastructure or the development of PSE.	**3**
	OR	
28. (B)	Globalisation is indeed an essential outcome of liberalisation of an economy. The removal or reduction of restrictions in the industrial sector, financial sector, trade and investment policy etc. opened the doors of the Indian economy to the rest of the world. Hence, liberalisation acted as a catalyst for globalisation. It fostered international trade integrating the Indian economy with the global economy.	**3**
29.	Yes. Measurement of the development level in an economy is a comprehensive approach where liberty indicators should be considered along with other socio-economic parameters. Liberty indicators measure the extent of democratic participation in social and political decision-making. These indicators are significant as they reflect the degree of civil liberties, political rights and economic freedom within a society. With the incorporation of liberty indicators, policymakers can gain a more holistic understanding of an economy's development status.	**3**
30.	The fast-paced economic growth in China can be traced back to the following reforms introduced in 1978: • In the initial phase, reforms were initiated in agriculture, foreign trade and investment sectors. For instance, in agriculture commune lands were divided into small plots, which were allocated to individual households. They were allowed to keep all income from the land after paying stipulated taxes. • In the subsequent phase, reforms were initiated in the industrial sector. Private sector firms, in general, and township and village enterprises, in particular, were allowed to produce goods. At this stage, State Owned Enterprises were made to face competition.	**2** **2**
31. (A)	Under the Delhi Declaration, the G-20 member countries have agreed to elevate efforts to limit Global Warming. To achieve this, these nations have decided to reduce greenhouse gas emissions. It has been agreed to devise an effective approach to transitioning from conventional sources of energy to non-conventional sources of energy. Wind energy and solar power serve as good illustrations of environmental friendly sources of energy that contribute to achieving sustainable development.	**4**
	OR	
31.		

(B)	An increase in human capital causes economic growth is unclear, owing to the problems pertaining to the estimation of quantifiable relation between the two. Educational yardsticks like years of schooling, teacher-pupil ratio, enrolment rates etc. may not reflect educational quality accurately. Whereas, human capital measures may show convergence between developing and developed nations, however, there's no empirical evidence to prove income per capita convergence. Hence, education may improve, but cannot guarantee similar progress in real income across different countries.	**4**
32.	(I) Under the Saansad Adarsh Gram Yojana (SAGY), introduced by the Government of India, Members of Parliament (MPs) need to identify and develop one village from their constituencies. MPs were to develop three villages as model villages, covering over 2,500 villages. MPs were expected to facilitate a village development plan, motivate villagers to take up activities and build infrastructure in the areas of health, nutrition, and education. (II) Two examples of allied activities are: • Livestock • Fisheries **For Visually Impaired Candidates in lieu of 32 (I) :** Under the Saansad Adarsh Gram Yojana (SAGY), introduced by the Government of India, Members of Parliament (MPs) need to identify and develop one village from their constituencies. MPs were to develop three villages as model villages, covering over 2,500 villages. MPs were expected to facilitate a village development plan, motivate villagers to take up activities and build infrastructure in the areas of health, nutrition, and education.	**3** **½** **½** **3**
33.	(I) Two major sources of data on the workforce and employment: • decennial population census • nationwide quinquennial surveys by NSSO (II) The given statement is defended. Labour force refers to the number of persons who are either employed or unemployed, whereas, workforce refers to all the people who are actively engaged in economic activities. Hence, labour force is a wider term than the workforce. (III) Self-employed are those workers who own and operate an enterprise to earn their livelihood.	**1** **1** **3** **1**
34. **(A)**	(I) Under the Industrial Policy Resolution (IPR) 1956, the policymakers reserved a category of industries for the private sector, however, the sector was kept under state control through a system of licenses. No new industry was allowed unless a license was obtained from the government. It was easier to obtain a license if the industrial unit was established in an economically backward area. In addition, such units were given certain benefits such as tax holidays and subsidised electricity. The purpose of this policy was to promote regional equality. (II) Several notable scholars, such as Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao, and R.C. Desai, made earnest efforts to	**4**

	calculate national income during the colonial era. Among these scholars, the estimates provided by V.K.R.V. Rao were considered very significant. However, the majority of these studies revealed that the country's overall real output growth during the first half of the 20th century remained below 2%, with a meagre annual per capita output growth of just 0.5%.	**2**
	OR	
(B)	(I) Throughout the colonial period, India's foreign trade was characterized by a significant export surplus. However, this surplus had detrimental consequences for the country's economy. This export surplus did not bring gold or silver into India. Instead, it was used to cover expenses incurred by an office set up by the colonial government in Britain, the expenses on the war fought by the British government, and the import of invisible items, all contributed to the drain of India's wealth.	**3**
	(II) 'Self-reliance' was adopted as a central planning objective in India's development strategy by the policymakers due to the following reasons: • To reduce the dependence on foreign nations, the stress was laid on mobilising domestic resources.	**1 ½**
	• It was feared that the dependence on imported food supplies, foreign technology, and foreign capital may increase foreign interference in our policies.	**1 ½**