

## **CBSE Class 12 Economics Pre-Board Sample Paper 2025**

1. All questions in both sections are compulsory.
2. Question Nos. 1-10 and 18-27 are very short-answer questions or multiple choice questions carrying 1 mark each. They are required to be answered in one sentence each/one word each.
3. Question Nos. 11-12 and 28-29 are short-answer questions carrying 3 marks each. Answers to them should not normally exceed 60 – 80 words each.
4. Question Nos. 13-15 and 30-32 are also short-answer questions carrying 4 marks each. Answers to them should not normally exceed 80-100 words each.
5. Question Nos. 16-17 and 33-34 are long-answer questions carrying 6 marks each. Answers to them should not normally exceed 100 – 150 words each.
6. The answer should be brief and to the point and the above word limit to be adhered to as far as possible.

### **SECTION - A**

#### **PART A - MACRO ECONOMICS**

1. Those goods which satisfy human wants directly are called.
  - a) Intermediate goods
  - b) Consumer goods
  - c) Capital goods
  - d) None of these
2. Identify which of the following statements is true. (Choose the correct alternative)
  - a. The flexible exchange rate system gives the government more flexibility to maintain large stocks of foreign exchange reserves.
  - b. In the Managed floating exchange rate system, the government intervenes to buy and sell

foreign currencies.

c. In the Managed floating exchange rate system, the central bank intervenes to moderate exchange rate fluctuations.

d. In the Fixed exchange rate system, market forces fix the exchange rate.

3. Surplus of current account is: -

A) Excess of imports over exports

B) Excess of exports over imports

C) Excess of current account receipt over payments

D )Shortfall of current account receipts over payments

4. Disinvestment of equity in public sector undertaking is

a..... Policy

instrument.

A ) Monetary

B) Fiscal

C) Both a and b

D )Neither a nor b

5. If in an economy, the value of Net Factor Income from abroad is ` 200 crores and the value of Factor Income to Abroad is ` 40 crores. Identify the value of Factor Income from Abroad. (Chose the correct alternative)

(a) 200 crores (b) 160 crores

(c) 240 crores (d) 180 crores

6. M1 of Money supply does not include. ....

(a) Currency held by the public

(b) Other deposit in RBI

(c) Demand

deposit with commercial Bank

( d) Net time deposit with a commercial bank

7. Money supply is which concept?

(a) Stock (b) Flow ( c) Monetary ( d) None of the above

8. If Interest rates are increased in the domestic market, then how it will affect BoP: -

a) Increase in foreign exchange inflow and improve BoP

b) decrease in foreign exchange inflow and improve BoP

c) Increase in foreign exchange inflow and worse BoP

d) Decrease in foreign exchange inflow and improve BoP

9. If the current account is imbalanced then how it could be balanced:

(A)Through borrowings and lending

(B)Through imports and exports of factor services

(C)Through remittance

(D) Through imports and exports of goods

10. Assertion (A): APS can never be one or more than one.

Reason (R): APC increases with the increase in income at a decreasing rate.

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

Assertion(A)

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

the Assertion(A)

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

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

11. What is the inflationary gap? Explain the role of the cash reserve ratio in removing this gap.

12. Using a hypothetical numerical example, explain the process of credit creation by a commercial bank.

13. a) When the price of foreign currency rises, its demand falls. Explain why?

b) Mention Sources of Demand for foreign exchange.

14. In an economy, the break-even point and equilibrium point may lie at the same level of income, if ex-ante investments are .....  
(Fill up the blank with the correct answer)

Calculate the value of Marginal Propensity to Consume (MPC), if in an economy, autonomous consumption is ₹ 500 crores, ex-ante investments are ₹ 4000 crores and the equilibrium level of the income of the economy is ₹ 18,000 crores.

OR

Define Investment multiplier

Suppose in a hypothetical economy, the savings increase by ₹ 20 crores when national income increases by ₹ 100 crores. Compute the additional investments needed to attain an increase in national income by ₹ 6,000 crores.

### 15. **Case-based questions**

Read the following case study paragraph carefully and answer the questions based on the same.

The Central Bank of India (Reserve Bank of India) is the apex institution that controls the entire financial market. It's one of the major

functions is to maintain the reserve of foreign exchange. Also, it intervenes in the foreign exchange market to stabilize the excessive fluctuations in the foreign exchange rate. In other words, it is the central bank's job to control a country's economy through monetary policy.

If the economy is moving slowly or going backwards, there are steps that the central bank can take to boost the economy. These steps, whether they are asset purchases or printing more money, all involve injecting more cash into the economy. The simple supply and demand economic projection occurs and currency will devalue. When the opposite occurs, and the economy is growing, the central bank will use various methods to keep that growth steady and in line with other economic factors such as wages and prices.

Whatever the central bank does or doesn't do, will affect the currency of that country. Sometimes, it is within the central bank's interest to purposefully affect the value of a currency. For example, if the economy is heavily reliant on exports and their currency value becomes too high, importers of that country's commodities will seek cheaper supply; hence directly affecting the economy.

15 A. Which of the following tools are used by the central bank to control the flow of money in the domestic economy?

- (a) Fiscal tools (b) Quantitative monetary tools
- (c) Qualitative monetary tools (d) Both (b) and (c)

15 B.

The money supply is a ----- concept.

- a) Flow (b) Stock (c) Ratio of stock and flow (d) None of the above

15 C. Which of the following steps should be taken by the central bank if there is an excessive rise in the foreign exchange rate?

- a) Supply foreign exchange from its stock
- b) Demand more of other foreign exchange
- c) Allow commercial banks to work under a less strict environment
- d) Both (b) and (c)

15 D. Dear money policy of the central bank, which is used to keep the growth steady and in line with other economic factors refers to

- a) Tighten the money supply in the economy
- b) Ease the money supply in the economy
- c) Allow commercial banks to work under a less strict environment
- d) Both (b) and (c)

16. Explain the 'AD = AS' approach of the modern theory of income determination. Use diagram.

17. Explain how the economy achieves an equilibrium level of income using the consumption and investment (C+I) approach.

## **SECTION- B**

### **PART B - MACRO ECONOMICS**

18. In which year was the Planning Commission abolished?

- (a) 2014 (b) 2015 (c) 2016 (d) 2017

19. In China, the commune system is related to \_\_\_\_\_ sector.

(Fill in the blank with the correct alternative)

- (A) agriculture (B) industry (C) service (D) informal

20. The Tata Iron and Steel Company was established in:-

- A) 1857 (b) 1907 (c) 1921 (d) 1951

21. \_\_\_\_\_ (Minimum Support Price / Minimum Retail Price) is one of the policy instruments important for making agriculture productive.

(Fill up the blank with the correct alternative)

22. Goods and service (GST) is a ..... Tax.

- (a) Direct (b) Indirect (c) both (a) and (b) (d) none of these

23. Which act has been enacted in place of the MRTP Act?

- (a) competition act (b) Monopoly Act
- (c) Licensing act (d) Foreign exchange act

24. ----- (NABARD/Regional Rural Bank) is the Apex bank working for the expansion of rural credit. (Fill up the blank with the correct alternative)

25. Which is the problem of human capital formation in India?

- (a) Decreasing population (b) High academic level
- (c) Brain drains (d) Gender equality

26. State one measure to improve agricultural marketing in India

27. In the Industrial policy of 1956, ..... industries were exclusively reserved for the public sector.

- (a) 2 (b) 7 (c) 15 (d) 17

28. How does investment in human capital contribute to growth?

29. According to the Union Budget 2021, the government plans to extend the Ujjwala scheme, which has benefited 80 million households, to cover 10 million more beneficiaries.

(a) What was this Ujjwala scheme?

(b) While the Ujjwala scheme was extended, the outlay of another important employment

programme for rural unskilled workers was reduced. Name the scheme.

(c) 'Poverty can be effectively eradicated through a process of social mobilisation.' Explain.

30. Explain four common goals (or objectives) of development plans in India.

OR

Why did India opt for planning? Explain.

31. Compare India and Pakistan based on their demography.

32. Why were reforms introduced in India? Explain

33. Do you think outsourcing is good for India? Why are developed countries opposing it?

34. (a) Comment upon the informalisation of the labour force in India.

(b) Define the worker-population ratio.

OR

Critically examine the results of Poverty Alleviation Programmes implemented in India since Independence.