

Class 12 Economics: Previous Year Questions, Chapter-wise

947 CBSE board exam questions, 2022–2026 · 13 chapters · sorted by question type

Each question shows its exam year and marks. A question repeated across paper sets appears once. Questions that need a figure from the original paper are left out. Questions only, no answers. Chapter headings link to free notes and MCQs for that chapter on studynos.co.in.

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|---|--|
| <ol style="list-style-type: none"> 1. National Income Accounting (113) 2. Money and Banking (82) 3. Determination of Income and Employment (130) 4. Government Budget and the Economy (50) 5. Open Economy (81) 6. Indian Economy on the Eve of Independence (39) | <ol style="list-style-type: none"> 7. Indian Economy 1950-1990 (62) 8. Liberalisation, Privatisation and Globalisation (59) 9. Human Capital Formation in India (65) 10. Rural Development (69) 11. Employment: Growth, Informalisation and Other Issues (71) 12. Environment and Sustainable Development (27) 13. Comparative Development Experiences (99) |
|---|--|

1 National Income Accounting

[Notes & MCQs →](#)

MULTIPLE CHOICE AND ASSERTION-REASON (21)

Q1. CBSE 2026 · 1 mark In a two sector economy, the flow of factor payments moves from _____ to _____.

- (a) firms, households (b) firms, government
(c) banks, households (d) households, firms

Q2. CBSE 2026 · 1 mark Read the following statements carefully:
Statement I: Positive externalities refer to the benefits a firm/an individual provides to another for which they are paid. Statement II: In case of positive externalities, Gross Domestic Product (GDP) of an economy might lead to an overestimation of the actual welfare. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
(b) Statement I is false and Statement II is true.
(c) Both Statements I and II are true.
(d) Both Statements I and II are false.

Q3. CBSE 2026 · 1 mark In an economy, exclusion of _____ may lead to under estimation of the value of Gross Domestic Product (GDP). (i) Barter Transactions (ii) Services provided by family members (iii) Illegal activities (iv) Depreciation of Assets

- (a) (i) and (ii) (b) (ii) and (iii) (c) (iii) and (iv)
(d) (i), (ii) and (iii)

Q4. CBSE 2026 · 1 mark Read the following statements carefully:
Statement 1: Final goods are those goods which normally lose their identity in the production process. Statement 2: Final goods may get transformed during the consumption process by a consumer. Choose the correct option.

- (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.

Q5. CBSE 2026 · 1 mark In an economy, exclusion of _____ may lead to under estimation of the value of Gross Domestic Product (GDP).

- (a) (i) and (ii) (b) (ii) and (iii) (c) (iii) and (iv)
(d) (i), (ii) and (iii)

Q6. CBSE 2026 · 1 mark Income generated from Aircrafts of Air India operating between Canada and England would be added to the domestic income (NDPFC) of _____.

- (a) Canada (b) England (c) Both Canada and England
(d) India

Q7. CBSE 2026 · 1 mark Read the following statements carefully:
Statement 1: Brokerage earned by a dealer of second hand cars is included in the estimation of National Income. Statement 2: Imputed value of production for self-consumption is included in National Income. In the light of the above 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.

Q8. CBSE 2026 · 1 mark Read the following statements carefully:
Statement 1: Brokerage earned by a dealer of second hand cars is included in the estimation of National Income. Statement 2: Imputed value of production for self-consumption is included in National Income. In the light of the above given statements, choose the correct option:

- (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.



Q9. CBSE 2026 · 1 mark Identify the variable(s) which may add to the future productive capacity of an economy : I. Raw material II. Fixed investment III. Inventories with producers (Choose the correct option)

- (a) Only I (b) Only II (c) II and III (d) I, II and III

Q10. CBSE 2026 · 1 mark To arrive at the value of National Income (NNPFC), _____ must be added to _____ at factor cost. (Choose the correct option to fill in the blanks)

- (a) Depreciation, Net Domestic Product
(b) Depreciation, Gross Domestic Product
(c) Net Factor Income from Abroad, Net Domestic Product
(d) Net Indirect Taxes, Gross Domestic Product

Q11. CBSE 2026 · 1 mark The step taken by the Government of India is for revision of _____ Gross Domestic Product (GDP), as it is measured at _____ prices.

- (a) Real, constant (b) Nominal, current (c) Real, current
(d) Nominal, constant

Q12. CBSE 2026 · 1 mark Following are the steps to measure National Income (NNPFC) by Value Added method : (i) Calculate Domestic Income (NDPFC) by subtracting Depreciation and Net Indirect Taxes from GDPMP. (ii) Estimate GDPMP by adding GVA of each firm. (iii) Estimate and add Net Factor Income from Abroad to NDPFC to arrive at NNPFC. (iv) Identify and classify the production units into primary, secondary and tertiary sector. The correct order of arrangement of steps would be :

- (a) (ii), (iii), (i), (iv) (b) (iv), (ii), (i), (iii) (c) (iv), (ii), (iii), (i)
(d) (iii), (iv), (ii), (i)

Q13. CBSE 2025 · 1 mark To arrive at the value of Gross Value Added at Factor Cost (GVAFC), _____ must be _____ to/from Gross Value Added at Market Price (GVAMP). (Choose the correct option to fill in the blanks)

- (a) depreciation, added (b) depreciation, subtracted
(c) Net Indirect Taxes, added
(d) Net Indirect Taxes, subtracted

Q14. CBSE 2025 · 1 mark To arrive at the value of Net Value Added at Market Price (NVAMP), _____ must be _____ to/from Gross Value Added at Market Price (GVAMP).

- (a) depreciation, added (b) depreciation, subtracted
(c) net indirect taxes, subtracted
(d) net indirect taxes, added

Q15. CBSE 2025 · 1 mark Identify, which of the following items will not be included in estimating National Income of India.

- (a) Salary to Indian residents working at the Russian Embassy in India
(b) Income generated from smuggling
(c) Payments to farm workers in the form of foodgrains
(d) Interest paid by a firm to a bank

Q16. CBSE 2025 · 1 mark Using the given information, complete the following table: (Choose the correct option) 2014 | 2015 | 2016 | 2017 Nominal GDP | 65 | 9 | Real GDP ... (i) ... | 72 GDP deflator | 100 | ... (ii) ...

- (a) 125, 100 (b) 125, 110 (c) 65, 125 (d) 100, 65

Q17. CBSE 2024 · 1 mark Identify the correct equation from the following:

- (a) $GDPMP = NNPFC + \text{Depreciation}$
(b) $NDPFC = NNPFC + \text{Net Indirect Taxes}$
(c) $GNPMP = GDPMP + \text{Net Factor Income from Abroad}$
(d) $NNPFC = NDPMP + \text{Depreciation}$

Q18. CBSE 2024 · 1 mark Read the following statements carefully: Statement 1: Economic territory and political frontier of a nation are one and the same thing. Statement 2: American Embassy in India is a part of the economic territory of India. In the light of the given statements, choose the correct alternative 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.

Q19. CBSE 2024 · 1 mark Identify which of the following statements is incorrect with reference to an economy.

- (a) Excess of Gross National Product (GNP) over Gross Domestic Product (GDP) is possible.
(b) Excess of Gross Domestic Product (GDP) over Gross National Product (GNP) is possible.
(c) Equality between Gross National Product (GNP) and Gross Domestic Product (GDP) is possible.
(d) Sum of Gross National Product (GNP) and Gross Domestic Product (GDP) is always equal to zero (0).

Q20. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Stock variables are measured at a point of time. Statement 2: Flow variables and stock variables are same. In light of the given statements, choose the correct alternative 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.

Q21. CBSE 2023 · 1 mark The difference between National Income at market price and National Income at factor cost is _____.

- (a) net indirect taxes (b) net factor income from abroad
(c) consumption of fixed capital (d) market price

VERY SHORT ANSWER (6)

Q22. CBSE 2022 · 2 marks State any two precautions to be adopted while estimating National Income by Income Method.

Q23. CBSE 2022 · 2 marks State any two precautions to be adopted while estimating National Income by Expenditure Method.

Q24. CBSE 2022 · 2 marks Distinguish between Final goods and Intermediate goods.

Q25. CBSE 2022 · 2 marks If the Real Gross Domestic Product is ₹16,000 crores and Gross Domestic Product at current prices is ₹20,000 crores, calculate the value of price index.

Q26. CBSE 2022 · 2 marks (a) Distinguish between Factor Income and Transfer Income.



Q27. CBSE 2022 · 2 marks Distinguish between Consumption goods and Capital goods.

SHORT ANSWER (66)

Q28. CBSE 2026 · 4 marks Read the following text carefully: "A country's total National Income (NI) at the end of the year is ₹ 80,000 crore. During the same year, the Gross Domestic Product (GDP) increased by ₹ 10,000 crore. The depreciation on capital goods was ₹ 2,000 crore and National savings at the end of year is ₹ 15,000 crore. Additionally, country invested ₹ 8,000 crore in new capital goods industries." In the light of above text, categorise the items as 'stock' or 'flow' variables with valid arguments.

Q29. CBSE 2026 · 3 marks (i) "If in a locality a new park is developed by the Municipal Corporation, it will have some external effects." State one example of each type of externality with valid explanation.

Q30. CBSE 2026 · 3 marks Meera and Shahid are two classmates, who were comparing India's economic growth over the years. Meera referred to the increase in Gross Domestic Product (GDP) at current prices prevailing in market, while Sahid insisted on considering GDP after adjusting for inflation. Their debate on which of the two measures gives a true picture of people's well-being, remained inconclusive. Considering the above mentioned situation, elaborate with valid reason, which of the two variables is considered a better indicator of welfare and why?

Q31. CBSE 2026 · 4 marks For a hypothetical economy, assuming there are only two firms (X and Y) with equal values of Gross Value Added (GVA). On the basis of the following data, estimate the value of Domestic Sales of both the firms (X and Y): (i) Value of Output of firm Y: 700 crore (ii) Purchases by firm X from firm Y: 200 crore (iii) Exports by firm X: 100 crore (iv) Purchases by firm Y from firm X: 150 crore (v) Additions to Stock of firm X: 50 crore

Q32. CBSE 2026 · 3 marks Two friends, Devanshi and Harshit, were discussing whether prize money from lottery winnings, should be included in India's National income. Harshit was of the view that it should be included, while Devanshi did not agree with him. As their Economics teacher, guide them with correct treatment of the same with valid argument.

Q33. CBSE 2026 · 4 marks Ms. Reeta D'Costa, retired from the post of Income Tax Commissioner in the year 2023. Apart from her pension, she also receives the following from various sources: Rental income from a flat she owns. Interest income from her fixed deposits. Money sent by her children settled abroad. Identify and classify, her monthly incomes into 'factor income' and 'transfer income', with valid reasons.

Q34. CBSE 2026 · 4 marks For a hypothetical economy, assuming there are only two firms (X and Y) with equal values of Gross Value Added (GVA). On the basis of the following data, estimate the values of Domestic sales of firm X: (i) Value of Output of firm Y = 400 crore (ii) Purchases by firm X from firm Y = 40 crore (iii) Exports by firm X = 20 crore (iv) Purchases by firm Y from firm X = 30 crore (v) Additions to Stock of firm X = 10 crore (vi) Consumption of fixed capital = 20 crore

Q35. CBSE 2026 · 3 marks Calculate compensation of employees from the data given below: (i) Interest ₹ 45 crore (ii) Profits after tax ₹ 20 crore (iii) Consumption of fixed capital ₹ 50 crore (iv) Gross Domestic Product at market price (GDPMP) ₹ 200 crore (v) Rent ₹ 25 crore (vi) Corporate tax ₹ 5 crore (vii) Goods and Services tax ₹ 10 crore

Q36. CBSE 2026 · 4 marks The value of Nominal Gross National Product (GNP) of an economy was ₹ 2,500 crore in a particular year. The value of Gross National Product (GNP) of that country during the same year, estimated at the prices of base year was ₹ 3,000 crore. (i) Estimate the value of Gross National Product (GNP) deflator (in percentage). (ii) "The price level has risen between the base year and the year under consideration." Defend or refute the statement with suitable argument.

Q37. CBSE 2026 · 3 marks Calculate the value of 'Rent' from the following data: S. No. Particulars Amount (in ₹ crore) (i) Interest 45 (ii) Profit after tax 20 (iii) Consumption of fixed capital 50 (iv) Gross Domestic Product at Market Price (GDPMP) 200 (v) Compensation of Employees 45 (vi) Corporate tax 5 (vii) Goods and Services Tax (GST) 10

Q38. CBSE 2026 · 3 marks Calculate the value of 'Rent' from the following data: (i) Interest: 45 crore (ii) Profit after tax: 20 crore (iii) Consumption of fixed capital: 50 crore (iv) Gross Domestic Product at Market Price (GDPMP): 200 crore (v) Compensation of Employees: 45 crore (vi) Corporate tax: 5 crore (vii) Goods and Services Tax (GST): 10 crore

Q39. CBSE 2026 · 3 marks (a) State the meaning and any two components of Gross Domestic Capital formation. OR (b) "It is not the nature of a good, rather the economic nature of its use, which determines whether it is a final good or not." Justify the given statement with valid arguments.

Q40. CBSE 2026 · 3 marks (a) State the meaning and any two components of Gross Domestic Capital formation.

Q41. CBSE 2026 · 6 marks (a) Calculate National Income (NNP FC) and Gross Domestic Product at Factor Cost (GDPFC) from the following data : S. No. Particulars: (i) Rent 120 (ii) Profits 200 (iii) Domestic Income 720 (iv) Mixed Income 70 (v) Wages and Salaries 300 (vi) Indirect Taxes 150 (vii) Subsidies 50 (viii) Consumption of fixed capital 200 (ix) Interest 30 (x) Dividend 120 (xi) Net factor income from abroad 20 (Amount in ₹ crore)

Q42. CBSE 2026 · 3 marks (a) On the basis of the given data, estimate the value of Gross Domestic Product at Factor Cost (GDPFC): S. No. Items Amount (in ₹ crore) (i) Private final consumption expenditure 800 (ii) Government final consumption expenditure 700 (iii) Net imports 200 (iv) Gross public investment 100 (v) Inventory investment 50 (vi) Gross residential construction investment 300 (vii) Net indirect taxes 70 (viii) Gross business fixed investment 130 (ix) Consumption of fixed capital 20 (x) Interest 150 (xi) Net factor income paid to abroad 100



Q43. CBSE 2026 - 3 marks (a) On the basis of the given data, estimate the value of Net Domestic Product at Factor Cost (NDPFC): S. No. Items Amount (in ₹ crore) (i) Private final consumption expenditure 800 (ii) Government final consumption expenditure 700 (iii) Net imports 200 (iv) Gross public investment 100 (v) Inventory investment 50 (vi) Gross residential construction investment 300 (vii) Net indirect taxes 70 (viii) Gross business fixed investment 130 (ix) Consumption of fixed capital 20 (x) Interest 150 (xi) Net factor income paid to abroad 100 OR (b) Explain any two precautions to be kept in mind while estimating National Income by the Expenditure method.

Q44. CBSE 2026 - 3 marks (a) On the basis of the given data, estimate the value of Gross National Product at Market Price (GNPMP): S. No. Items (Amount in ₹ crore) (i) Private final consumption expenditure - 800 (ii) Government final consumption expenditure - 700 (iii) Net imports - 200 (iv) Gross public investment - 100 (v) Inventory investment - 50 (vi) Gross residential construction investment - 300 (vii) Net indirect taxes - 70 (viii) Gross business fixed investment - 130 (ix) Consumption of fixed capital - 20 (x) Interest - 150 (xi) Net factor income paid to abroad - 100 OR (b) Explain any two precautions to be kept in mind while estimating National Income by the Value Added method.

Q45. CBSE 2026 - 4 marks (a) A company named Tech Info Ltd. manufactures printers. The company purchases machinery from Germany to manufacture printers. These printers are sold in the domestic and foreign markets to households and dealers. The machinery purchased and printers manufactured, both can be classified as final goods. Do you agree with the given statement? Give valid arguments in support of your answer.

Q46. CBSE 2026 - 3 marks Estimate the value of 'Income from Property and Entrepreneurship' on the basis of the given data : S. No. Items Amount (in ₹ crore) (i) Wages and salaries in cash 1,000 (ii) Employer's contribution to social security schemes 300 (iii) Rent 500 (iv) Rent-free accommodation by employer 700 (v) Royalty 200 (vi) Interest 150 (vii) Corporate Tax 70 (viii) Savings of private corporate sector 130 (ix) Indirect Taxes 40 (x) Dividends 60

Q47. CBSE 2026 - 3 marks (ii) Explain the components of 'Net Factor Income from abroad'.

Q48. CBSE 2025 - 3 marks Explain any two precautions pertaining to the Expenditure Method of estimation of National Income in a country.

Q49. CBSE 2025 - 4 marks Suppose there are only three firms in an imaginary economy, viz. X, Y and Z. During a year, the following transactions took place in the economy: (I) Firm X sold goods worth ₹20,000 to Firm Y and ₹12,000 to Firm Z. (II) Firm Y sold goods worth ₹11,000 to Firm X and ₹35,000 to Firm Z. (III) Firm Z sold goods worth ₹57,000 to households for final consumption. On the basis of the given transactions, calculate the value of Gross Domestic Product at Market Price (GDPMP) in the economy.

Q50. CBSE 2025 - 3 marks On the basis of the following hypothetical data, calculate the percentage change in Real Gross Domestic Product (GDP) in the year 2022–23 using 2020–21 as the base year. Year: 2020–21, Nominal GDP: 3,000 crore, Nominal GDP (adjusted to base year prices): 5,000 crore. Year: 2022–23, Nominal GDP: 4,000 crore, Nominal GDP (adjusted to base year prices): 6,000 crore.

Q51. CBSE 2025 - 3 marks Explain any two precautions pertaining to the Value Added Method of Estimation of National Income in a country.

Q52. CBSE 2025 - 3 marks State the steps pertaining to the estimation of National Income, under the Income Method.

Q53. CBSE 2025 - 3 marks (a) On the basis of the following hypothetical data, calculate the percentage change in Real Gross Domestic Product (GDP) in the year 2022–23, using 2020–21 as the base year. (All figures in crore) Year: 2020–21 Nominal GDP: 3,000, Nominal GDP (Adjusted to Base Year Price): 5,000; Year: 2022–23 Nominal GDP: 4,000, Nominal GDP (Adjusted to Base Year Price): 6,000

Q54. CBSE 2025 - 3 marks State the steps pertaining to the estimation of National Income, under the Value Added Method.

Q55. CBSE 2025 - 2 marks (i) Explain the likely impact of construction of 20 new flyovers in a nation on Gross Domestic Product (GDP) and welfare in the economy.

Q56. CBSE 2025 - 3 marks Calculate Domestic Income (NDPFC) from the data given below: S. No. Particulars Amount (in ₹ lakh) (i) Gross National Product at market price 2,500 (ii) Consumption of fixed capital 200 (iii) Goods and Services Tax 20 (iv) Subsidies 50 (v) Net Factor Income from Abroad 50 (vi) Changes in Stocks 30 (vii) Unexpected loss of a fixed asset 500

Q57. CBSE 2025 - 3 marks Suppose, there are only three firms in a hypothetical economy, viz. A, B and C. During a given period of time, the following transactions were undertaken by them: (I) Firm A sold goods worth ₹ 2,000 to firm B and ₹ 1,200 to Firm C. (II) Firm B sold goods worth ₹ 1,100 to Firm A and ₹ 3,500 to Firm C. (III) Firm C sold to households for final consumption, goods worth ₹ 5,700. Estimate the value of Net Domestic Product at Market Price (NDPMP) assuming depreciation to be ₹ 120.

Q58. CBSE 2025 - 3 marks Calculate Domestic Income (NDPFC) from the data given below: (i) Gross National Product at market price: ₹2,500 lakh (ii) Consumption of fixed capital: ₹200 lakh (iii) Goods and Services Tax: ₹20 lakh (iv) Subsidies: ₹50 lakh (v) Net Factor Income from Abroad: ₹50 lakh (vi) Changes in Stocks: ₹30 lakh (vii) Unexpected loss of a fixed asset: ₹500 lakh

Q59. CBSE 2025 - 3 marks Calculate National Income using the following data: Subsidies 200, Operating surplus 500, Opening stock 100, Closing stock 600, Intermediate consumption 3,000, Consumption of fixed capital 700, Profits 750, Net Value Added at Factor Cost (NVAFC) 2,000

Q60. CBSE 2025 - 3 marks State and explain any two precautions that must be taken while estimating national income by expenditure method.



Q61. CBSE 2025 · 3 marks State and explain any two precautions that must be taken while estimating national income by production method/output method.

Q62. CBSE 2024 · 3 marks (a) Discuss briefly the concept of circular flow of income in a two-sector model.

Q63. CBSE 2024 · 3 marks Explain the concept of circular flow of income in a two-sector economy.

Q64. CBSE 2024 · 3 marks (a) On the basis of the data given below for an imaginary economy, estimate the value of Net Domestic Product at Factor Cost (NDPFC): S. No. Items Amount (in ₹ crore)
(i) Gross Domestic Fixed Capital Formation 200 (ii) Exports 50 (iii) Government Final Consumption Expenditure 320 (iv) Consumption of Fixed Capital 35 (v) Household Final Consumption Expenditure 470 (vi) Inventory Investment (Net) 40 (vii) Imports 60 (viii) Net Indirect Taxes 50 (ix) Net Factor Income from Abroad 20

Q65. CBSE 2024 · 3 marks (b) Real Gross Domestic Product (GDP) is a better indicator of economic growth of a nation as compared to the Nominal Gross Domestic Product (GDP). Do you agree with the given statement? Justify your answer with a valid hypothetical numerical example.

Q66. CBSE 2024 · 3 marks (a) On the basis of the data given below for an imaginary economy, estimate the value of Net Domestic Product at Factor Cost (NDPFC): S. No. Items Amount (in crore)
(i) Gross Domestic Fixed Capital Formation 300 (ii) Exports 70 (iii) Government Final Consumption Expenditure 400 (iv) Consumption of Fixed Capital 50 (v) Household Final Consumption Expenditure 590 (vi) Inventory Investment (Net) 60 (vii) Imports 80 (viii) Net Indirect Taxes 50 (ix) Net Factor Income from Abroad 40

Q67. CBSE 2024 · 3 marks (a) On the basis of the data given below for an imaginary economy, estimate the value of Net Domestic Product at Factor Cost (NDPFC): S. No. Items Amount (in crore)
(i) Gross Domestic Fixed Capital Formation 400 (ii) Exports 80 (iii) Government Final Consumption Expenditure 500 (iv) Consumption of Fixed Capital 70 (v) Household Final Consumption Expenditure 640 (vi) Inventory Investment (Net) 80 (vii) Imports 90 (viii) Net Indirect Taxes 60 (ix) Net Factor Income from Abroad 50

Q68. CBSE 2024 · 3 marks On the basis of the data given below, estimate the value of Gross National Product at Factor Cost (GNPFC): (i) Wages and Salaries 2,000 (ii) Rent and Interest 700 (iii) Corporate Tax 500 (iv) Undistributed Profit 300 (v) Consumption of Fixed Capital 200 (vi) Dividend 150 (vii) Net factor income from abroad (₹) 50

Q69. CBSE 2024 · 3 marks On the basis of the data given below, estimate the value of Gross National Product at Factor Cost (GNPFC): (i) Wages and Salaries 2,000 (ii) Rent and Interest 800 (iii) Corporate Tax 500 (iv) Undistributed Profit 300 (v) Dividend 200 (vi) Depreciation 150 (vii) Net factor income from abroad (-) 50

Q70. CBSE 2024 · 3 marks (a) On the basis of the given data, estimate the value of National Income: (i) Government Final Consumption Expenditure 110 (ii) Private Final Consumption Expenditure 200 (iii) Gross Domestic Fixed Capital Formation 30 (iv) Net Exports 40 (v) Increase in Stock 20 (vi) Consumption of Fixed Capital 15 (vii) Indirect Taxes 60 (viii) Subsidies 15 (ix) Net Factor Income from Abroad 40

Q71. CBSE 2024 · 3 marks (a)(ii) Gross Domestic Product (GDP) and sum of Gross Value Added (GVA) in an economy are always equal. Justify the given statement with valid arguments.

Q72. CBSE 2024 · 3 marks State any three precautions to be taken while estimating national income by income method.

Q73. CBSE 2023 · 3 marks Distinguish between Value Added by Price and Value Added by Cost.

Q74. CBSE 2023 · 3 marks National Income is always greater than Domestic Income. Do you agree with this statement? Give valid reasons for your answer.

Q75. CBSE 2023 · 3 marks (A) Distinguish between value added and output.

Q76. CBSE 2023 · 3 marks (A) In the expenditure method, focus lies only on expenditure by the residents of a nation. Do you agree with the given statement? Give valid reasons for your answer.

Q77. CBSE 2023 · 3 marks (a) Distinguish between Value Addition and Final Value of Output.

Q78. CBSE 2023 · 3 marks (a) Should purchase of wheat in the wholesale market be treated as the purchase of intermediate goods ?

Q79. CBSE 2023 · 3 marks Differentiate between Value of Output and Value Added.

Q80. CBSE 2023 · 3 marks Explain the concept of mixed income of self-entrepreneurs under the Income method.

Q81. CBSE 2023 · 3 marks Suppose, the Gross Domestic Product (GDP) at market price of a country in a particular year was ₹ 1,100 crore. Net Factor Income from abroad was ₹ 100 crore. The value of Net Indirect Taxes was ₹ 150 crore and the National Income was ₹ 850 crore. Calculate the value of depreciation for the economy.

Q82. CBSE 2023 · 3 marks (b) Define the following: (i) Net Exports (ii) Externalities (iii) Problem of Double Counting

Q83. CBSE 2023 · 3 marks Suppose the Gross Domestic Product (GDP) at market price of a country in a particular year was ₹ 1,200 crore. Net Factor Income from Abroad was ₹ 120 crore. The value of Net Indirect Taxes was ₹ 130 crore and the National Income was ₹ 950 crore. Calculate the value of depreciation for the economy.

Q84. CBSE 2023 · 3 marks Suppose the Gross Domestic Product (GDP) at market price of a country in a particular year was ₹ 1,500 crore. Net Factor Income from Abroad was ₹ 100 crore. The value of Net Indirect Taxes was ₹ 180 crore and the National Income was ₹ 1,050 crore. Calculate the value of depreciation for the economy.



Q85. CBSE 2022 · 3 marks Briefly explain the different phases of circular flow of income.

Q86. CBSE 2022 · 3 marks Distinguish between Real Gross Domestic Product and Nominal Gross Domestic Product, using a suitable numerical example.

Q87. CBSE 2022 · 2 marks State any two precautions to be adopted while estimating National Income by Value Added Method.

Q88. CBSE 2022 · 3 marks In an economy, if the Real Gross Domestic Product (GDP) is ₹ 300 crore and Price Index (with base = 100) is 110, calculate the Nominal Gross Domestic Product.

Q89. CBSE 2022 · 2 marks If the Gross Domestic Product at current prices is ₹ 6,600 crore and GDP deflator is 110, calculate the Real Gross Domestic Product.

Q90. CBSE 2022 · 3 marks (a) Giving valid reasons, explain how the following would be treated while estimating domestic income? (i) Payment made by a Japanese tourist for goods purchased in India. (ii) Broker's commission on the sale of second hand goods.

Q91. CBSE 2022 · 2 marks Distinguish between Factor Cost and Market Price.

Q92. CBSE 2022 · 2 marks Distinguish between net export and net factor income from abroad.

Q93. CBSE 2022 · 3 marks State and discuss briefly the three main components of Net Factor Income from Abroad.

LONG ANSWER (14)

Q94. CBSE 2026 · 6 marks (a) Calculate the values of Operating Surplus and Gross Domestic Product at Market Price (GDPMP) from the following data : S. No. Particulars Amount (in ₹ crore) (i) Rent 120 (ii) Profits 200 (iii) Domestic Income 720 (iv) Mixed Income 70 (v) Wages and Salaries 300 (vi) Indirect Taxes 150 (vii) Subsidies 50 (viii) Consumption of fixed capital 200 (ix) Interest 30 (x) Dividend 120 (xi) Net factor income from abroad 20 OR (b) (i) Distinguish between Real Gross Domestic Product and Nominal Gross Domestic Product using a numerical example. (ii) Define the concept of 'Externalities'.

Q95. CBSE 2025 · 2 marks The production phase of circular flow of income involves flow of factor income. Justify the statement giving valid reason.

Q96. CBSE 2025 · 4 marks On the basis of the following data, estimate the value of Net Domestic Product (NDPFC): S.No. Items Amount (in Crore) (i) Household Consumption Expenditure 800 (ii) Gross Business Fixed Capital Formation 150 (iii) Gross Residential Construction Investment 120 (iv) Government Final Consumption Expenditure 270 (v) Excess of Imports over Exports 20 (vi) Inventory Investments 50 (vii) Gross Public Investments 130 (viii) Net Indirect Taxes 20 (ix) Net Factor Income from Abroad (+) 25 (x) Consumption of Fixed Capital 40

Q97. CBSE 2025 · 6 marks (a) (i) Explain the likely impact of construction of 100 new super speciality hospitals in a nation on Gross Domestic Product (GDP) and welfare in the economy. (2 marks) (ii) Suppose, there are only three firms in a hypothetical economy, viz. A, B and C. During a given period of time, the following transactions were undertaken by them: (I) Firm A sold goods worth 2,000 to Firm B and 1,200 to Firm C. (II) Firm B sold goods worth 1,100 to Firm A and 3,500 to Firm C. (III) Firm C sold to households for final consumption, goods worth 5,700. Estimate the value of Gross Domestic Product at Factor Cost (GDPFC), assuming the value of Net Indirect Taxes to be 240. (4 marks)

Q98. CBSE 2024 · 6 marks (a) Discuss briefly the concept of circular flow of income in a two-sector model. (b) Real Gross Domestic Product (GDP) is a better indicator of economic growth of a nation as compared to the Nominal Gross Domestic Product (GDP). Do you agree with the given statement? Justify your answer with a valid hypothetical numerical example.

Q99. CBSE 2023 · 6 marks State the meanings of: (a) Economic territory (b) Mixed income of self-employed (c) Compensation of employees

Q100. CBSE 2023 · 6 marks State the meaning of : (a) Problem of Double Counting (b) Operating Surplus (c) Compensation of Employees

Q101. CBSE 2022 · 5 marks Estimate the missing values (?), if the value of Gross Domestic Product at factor cost (GDPfc) by Expenditure Method and Income Method is ₹ 370 crore: S. No. Items Amount (in ₹ crore) (i) Compensation of Employees 175 (ii) Private Final Consumption Expenditure 210 (iii) Government schemes related Final Consumption Expenditure 50 (iv) Net Indirect Taxes 20 (v) Net Exports 20 (vi) Government Final Consumption Expenditure ? (vii) Operating Surplus ? (viii) Gross Domestic Fixed Capital Formation 70 (ix) Mixed Income of Self-employed 40 (x) Change in Stock 60 (xi) Consumption of Fixed Capital 70

Q102. CBSE 2022 · 5 marks Estimate the missing values (?), if the value of Gross Domestic Product at factor cost (GDPfc) by Expenditure Method and Income Method is ₹ 920 crore: S. No. Items Amount (in ₹ crore) (i) Consumption of Fixed Capital 170 (ii) Change in Stock 140 (iii) Mixed Income of Self-employed 180 (iv) Operating Surplus ? (v) Gross Domestic Fixed Capital Formation 140 (vi) Government Final Consumption Expenditure ? (vii) Net Exports 50 (viii) Net Indirect Taxes 60 (ix) Private Final Consumption Expenditure 470 (x) Compensation of Employees 375 (xi) Contribution of Employees to Social Security Schemes 150

Q103. CBSE 2022 · 5 marks Estimate the missing values (?), if the value of Gross Domestic Product at factor cost (GDPfc) by Expenditure Method and Income Method is ₹ 920 crore: S. No. Items Amount (in ₹ crore) (i) Government Final Consumption Expenditure ? (ii) Operating Surplus ? (iii) Gross Domestic Fixed Capital Formation 250 (iv) Mixed Income of Self-employed 210 (v) Change in Stock 120 (vi) Consumption of Fixed Capital 140 (vii) Compensation of Employees 420 (viii) Private Final Consumption Expenditure 540 (ix) Net Exports (–) 60 (x) Net Indirect Taxes 80 (xi) Contribution of Workers to Social Security Schemes 130



Q104. CBSE 2022 - 5 marks From the following data, show that the National Income will be same from both Income Method and Expenditure Method: S. No. Items Amount (in ₹ crore) (i) Net Exports (–) 60 (ii) Net Indirect Taxes 150 (iii) Operating Surplus 740 (iv) Compensation of Employees 1,400 (v) Net Factor Income from Abroad 40 (vi) Mixed Income of Self-Employed 1,000 (vii) Net Domestic Fixed Capital Formation 500 (viii) Change in Stock (–) 100 (ix) Depreciation 100 (x) Private Final Consumption Expenditure 2,000 (xi) Government Final Consumption Expenditure 1,000

Q105. CBSE 2022 - 5 marks (a) (i) From the following data, calculate the value of operating surplus: S.No. | Items | Amount in (₹ crore) | (i) | Royalty | 5 | (ii) | Rent | 75 | (iii) | Interest | 30 | (iv) | Net domestic product at factor cost | 400 | (v) | Profit | 45 | (vi) | Dividends | 20 |

Q106. CBSE 2022 - 3 marks From the following data, calculate the value of operating surplus : (i) Royalty ₹10 crore (ii) Rent ₹70 crore (iii) Interest ₹25 crore (iv) Net domestic product at factor cost ₹500 crore (v) Profit ₹50 crore (vi) Dividends ₹20 crore

Q107. CBSE 2022 - 5 marks From the following, calculate the value of net domestic product at factor cost: S. No. | Items | Amount in (₹ crore) | (i) | Royalty | 5 | (ii) | Rent | 75 | (iii) | Interest | 30 | (iv) | Compensation of Employees | 600 | (v) | Profit | 45 | (vi) | Dividends | 20 | (vii) | Mixed Income of self employed | 100 |

CASE-BASED (6)

CASE STUDY - CBSE 2026

The domestic product measures the value of all goods and services arising out of economic activity within a country over a specific period, while National Income is the sum total of income earned by all factors of production as a result of the economic activities during a period of time. National Income includes only those incomes which are derived directly from the current production of goods and services, which are called Factor Incomes. When National Income is measured at current prices over a number of years, the changes in National Income would include the effect of the changes in production along with the changes in prices. This estimate compared over the period would not be an accurate measure of the overall real increase in production of the country or the economic welfare of the people of the economy. Therefore, it would be necessary to eliminate the effect of prices, in other words, to recompute the whole series at given prices of one particular base year. National Income, thus computed, is termed as National Income at constant prices.

Q108. CBSE 2026 - 3 marks (i) Differentiate between Domestic Product and National Product.

Q109. CBSE 2026 - 3 marks (i) Differentiate between Domestic Income and National Income.

Q110. CBSE 2026 - 3 marks "All capital goods are producer goods, but all producer goods are not capital goods." Justify the given statement with valid arguments.

CASE STUDY - CBSE 2024

Decisions taken by factors of production in the production process often may affect the stakeholders indirectly. Such impacts at times are huge but are not accounted for, while estimating national income. Economists call them as externalities and they can be positive or negative. In this regard, many economists suggest carbon pricing as an important tool to ensure ecological balance. Carbon pricing tries to control greenhouse gas emissions by either placing a fee on emitting or offering subsidies on lesser emission. Through instruments like carbon tax, green cess, eco tax, etc. economists suggest moving towards greener technology eliminating such negative externalities.

Q111. CBSE 2024 - 1 mark (i) Define externalities.

CASE STUDY - CBSE 2024

Read the following text carefully: Decisions taken by factors of production in the production process often may affect the stakeholders indirectly. Such impacts at times are huge but are not accounted for, while estimating national income. Economists call them as externalities and they can be positive or negative. In this regard, many economists suggest carbon pricing as an important tool to ensure ecological balance. Carbon pricing tries to control greenhouse gas emissions by either placing a fee on emitting or offering subsidies on lesser emission. Through instruments like carbon tax, green cess, eco tax, etc. economists suggest moving towards greener technology eliminating such negative externalities.

Q112. CBSE 2024 - 1 mark (i) Define externalities.

CASE STUDY - CBSE 2023

In India, after Covid-19 period, household and private sector consumption, as measured by Private Final Consumption Expenditure (PFCE), was ₹39.7 trillion in nominal terms in Q1 FY23, compared with ₹28.4 trillion for the same period last year, and ₹39.2 trillion in the fourth quarter (Q4) of 2021–22 (FY22). As a percentage of Nominal GDP, PFCE was 61.1 per cent, compared with 55.5 per cent in Q1 FY22. However, in real terms at constant prices, PFCE grew just 9.88 per cent, compared with Q1 of 2019–20, the year before the Covid-19 pandemic. Dr D.K. Srivastava mentioned that improvements in household demand would be reflected from the growth rate of PFCE and GFCF (Gross Fixed Capital Formation) over the corresponding quarter of the previous year. GFCF reached ₹19 trillion in Q1 FY23, compared with ₹14.4 trillion in Q1 FY22. However, it was slightly lower than ₹20.2 trillion in Q4 FY22. In the media briefing after the GDP numbers, Finance Secretary T.V. Somanathan said this trend was expected as GFCF in present Q1 was usually lower than the previous year's Q4.

Q113. CBSE 2023 - 4 marks Compare and analyse the trends of change in PFCE as a percentage of GDP, both in real and nominal terms.



2 Money and Banking

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (37)

Q1. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): Money is of perishable nature and is generally accepted by all at any point of time. Reason (R): Money serves as a store of value, facilitating individuals to transfer purchasing power from the present to the future. Which option is correct?

- (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.

Q2. CBSE 2026 · 1 mark In the Indian Banking System, the Statutory Liquidity Ratio (SLR) plays a vital role in controlling the credit creation capacity of the Commercial Banks, as it _____.

- (a) ensures that all the deposits are converted into liquid assets.
- (b) requires banks to maintain a percentage of deposits in the form of liquid assets.
- (c) sets the maximum interest rate which the banks can charge on loans.
- (d) prevent banks from lending beyond a specific proportion of their total reserves.

Q3. CBSE 2026 · 1 mark In an economy, the currency held by the public, Net Demand Deposits with Commercial Banks and Net Time Deposits with Commercial Banks stand at ₹ 1,42,000 crore, ₹ 22,000 crore and ₹ 86,000 crore respectively. The value of Money Supply (M1) would be ₹ _____ crore.

- (a) 2,50,000 (b) 86,000 (c) 1,64,000 (d) 1,42,000

Q4. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Money is of perishable nature and is generally accepted by all at any point of time. Reason (R): Money serves as a store of value, facilitating individuals to transfer purchasing power from the present to the future.

- (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.

Q5. CBSE 2026 · 1 mark Identify, that function of money, which has effectively solved the problem of 'double coincidence of wants' in a transaction.

- (a) Standard of deferred payments (b) Store of value
- (c) Measure of value (d) Medium of exchange

Q6. CBSE 2026 · 1 mark Sumit deposited ₹ 10 lakh in his savings account. The deposits made by him is a part of _____ in the M1 measure of money supply.

- (a) Currency held by public (b) Interbank deposits
- (c) Demand deposits with commercial banks
- (d) Term deposits with Reserve Bank of India (RBI)

Q7. CBSE 2026 · 1 mark Identify, which one of the following is not a function of Reserve Bank of India as a bank, agent and advisor to the government.

- (a) Carries out banking business of the government.
- (b) Manages national debt. (c) Advises on financial matters.
- (d) Conducts periodic inspections.

Q8. CBSE 2026 · 1 mark Read the following statements carefully: Statement I: The measurement of value makes it easier to compare the relative worth of two commodities. Statement II: Money facilitates the act of sale and purchase of goods and services. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q9. CBSE 2026 · 1 mark Suppose, a banking system received primary deposits of ₹ 1,000 and as a result commercial banks created credit worth ₹ 5,000. The value of Reserve Ratio in the given situation would be _____ percent. (Choose the correct option to fill in the blank)

- (a) 10 (b) 20 (c) 25 (d) 40

Q10. CBSE 2026 · 1 mark Reserve Bank of India (RBI) performs the function of Banker to the Banks by acting as a: (i) Clearing House (ii) Custodian of Cash Reserves (iii) Lender to the Government (iv) Periodic inspection of Banks

- (a) (i) and (ii) (b) (ii) and (iii) (c) (i), (ii) and (iv)
- (d) (i) and (iv)

Q11. CBSE 2026 · 1 mark Money supply is a _____ variable, as it refers to the total volume of money held by the _____ at a particular point of time.

- (a) stock, banks (b) flow, banks (c) stock, public
- (d) flow, public

Q12. CBSE 2026 · 1 mark Suppose, for a hypothetical economy, Reserve Ratio (RR) decreases from 25% to 20%, the total deposits would _____ to ₹ _____, if primary deposits are ₹ 1,000.

- (a) increase, 5,000 (b) decrease, 5,000 (c) increase, 4,000
- (d) decrease, 4,000

Q13. CBSE 2026 · 1 mark Liabilities for any firm are its debt /what it owes to others. Contrary to that, for a bank _____ are the main liability.

- (a) loans (b) reserves (c) deposits (d) assets



Q14. CBSE 2025 · 1 mark Read the following statements carefully:
Statement 1: The government may reduce the repo rate, to control deflationary gap prevailing in the economy. Statement 2: The government may reduce the deflationary gap, by selling off government securities (G-Sec) in the open market. In the light of the given statements, choose the correct option from the following:

- (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.

Q15. CBSE 2025 · 1 mark Statement 1 : The government may reduce the repo rate, to control deflationary gap prevailing in the economy. Statement 2 : The government may reduce the deflationary gap, by selling off government securities (G-Sec) in the open market. In the light of the given statements, choose the correct option from the following :

- (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.

Q16. CBSE 2025 · 1 mark Read the following statements carefully:
Statement 1: During deflationary gap, the Central Bank of a country may increase the repo rate. Statement 2: The government can reduce the deflationary gap by purchasing Government Securities (G-Sec) in the open market. In the light of the given statements, choose the correct option from the following:

- (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.

Q17. CBSE 2025 · 1 mark Central Bank can decrease the money supply in the economy by _____.

- (a) lowering the cash reserve
- (b) increasing the bank rate
- (c) lowering the bank rate
- (d) purchase of G-Secs (Government Securities)

Q18. CBSE 2025 · 1 mark If the total credit created by the banks is ₹ 500 and Reserve Ratio is 20%, the value of primary deposits would be _____.

- (a) ₹ 200
- (b) ₹ 300
- (c) ₹ 100
- (d) ₹ 500

Q19. CBSE 2025 · 1 mark _____ releases data of money supply in India. (Choose the correct option to fill in the blank)

- (a) Corporation Bank
- (b) Reserve Bank of India
- (c) Commercial Banks
- (d) State Bank of India

Q20. CBSE 2025 · 1 mark Commercial banks are regarded as money creators because: (Choose the correct option)

- (a) they purchase securities from the Central Bank.
- (b) loans provided by them create deposits.
- (c) they act as a banker to the government.
- (d) they regulate the lending rate in the economy.

Q21. CBSE 2025 · 1 mark Read the following statements carefully:
Statement 1: Open Market Operations refers to purchase/sale of Government Securities (G-Sec) by the Central Bank. Statement 2: To decrease money supply, Central Bank will sell the Government Securities to commercial banks. In the 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.

Q22. CBSE 2024 · 1 mark Identify the incorrect feature(s) of money supply (M1) from the following: (i) It is measured at a point of time. (ii) It does not include stock of money held by the government. (iii) It is always the currency in the hands of the Central Bank of a nation.

- (a) (i) and (ii)
- (b) (ii) and (iii)
- (c) (ii) only
- (d) (iii) only

Q23. CBSE 2024 · 1 mark Read the following statements carefully:
Statement 1: Money is a commodity which is generally accepted as a medium of exchange. Statement 2: Money solved the problem of double coincidence of wants. In the light of the given statements, choose the correct alternative 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.

Q24. CBSE 2024 · 1 mark Identify the incorrect statement with reference to Cash Reserve Ratio (CRR):

- (a) It is a certain percentage of demand and time deposit liabilities that every bank must keep as cash reserves with the Central Bank.
- (b) It is fixed by the Central Bank.
- (c) It is not binding on the commercial banks.
- (d) It is a tool used by the Central Bank to control the credit creation in the economy.

Q25. CBSE 2024 · 1 mark Read the following statements carefully:
Statement 1 : Reserve ratio and Credit creation process are inversely related. Statement 2 : Central Bank of an economy performs the vital function of controlling the credit creation process. In light of the given statements, choose the correct alternative 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.

Q26. CBSE 2024 · 1 mark Choose the correct alternative to complete the given schedule: Round I: Deposits 2000, Loans (90%) 1800, Reserve Ratio (10%) 200; Round II: Deposits (i)..., Loans (90%) (ii)..., Reserve Ratio (10%) 180; Total: Deposits (iii)..., Loans (90%) (iv)..., Reserve Ratio (10%) 2000

- (a) 2000, 1620, 20000, 18000
- (b) 1800, 180, 2000, 18000
- (c) 1620, 180, 2000, 18000
- (d) 1800, 1620, 20000, 18000



Q27. CBSE 2024 · 1 mark Choose the correct alternative to complete the given schedule: Round I Deposits 2000, Loans (90%) 1800, Reserve Ratio (10%) 200. Round II Deposits ... (i) ..., Loans (90%) ... (ii) ..., Reserve Ratio (10%) 180. Total Deposits ... (iii) ..., Total Loans ... (iv) ..., Total Reserve Ratio 2000.

- (a) 2000, 1620, 20000, 18000 (b) 1800, 180, 2000, 18000
(c) 1620, 180, 2000, 18000 (d) 1800, 1620, 20000, 18000

Q28. CBSE 2024 · 1 mark Choose the correct alternative to complete the given schedule: Round Deposits Loans (90%) Reserve Ratio (10%) I 2000 1800 200 II ... (i) ... (ii) ... 180
... .. Total ... (iii) (iv) ... 2000

- (a) 2000, 1620, 20000, 18000 (b) 1800, 180, 2000, 18000
(c) 1620, 180, 2000, 18000 (d) 1800, 1620, 20000, 18000

Q29. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Primary deposits are the cash deposits by general public with commercial banks. Statement 2: Secondary deposits are those deposits which arise on account of credit provided by the commercial banks to the people. In light of the given statements, choose the correct alternative 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.

Q30. CBSE 2023 · 1 mark The rate at which commercial banks borrow from the Reserve Bank of India to meet their long term requirements is known as _____.

- (a) Margin requirement (b) Bank rate (c) Repo rate
(d) Reverse repo rate

Q31. CBSE 2023 · 1 mark Read the following news report carefully: Central Bank has imposed penalties on banks for violation of banking regulations. According to the given report, identify the function of the central bank.

- (a) Issue of currency (b) Banker to the public
(c) Banker to the Government
(d) Regulator and supervisor of banks

Q32. CBSE 2023 · 1 mark Read the following news report carefully: Central bank has imposed fine on Hisar Urban Cooperative Bank Ltd. and Andaman and Nicobar State Cooperative Bank Ltd. for violation of banking regulations. According to the given report, identify the function of the central bank.

- (a) Issue of currency (b) Banker to the public
(c) Banker to the Government (d) Banker of banks

Q33. CBSE 2023 · 1 mark Identify, which of the following is not a function of the Reserve Bank of India.

- (a) Controller of money supply
(b) Credit provider to commercial banks
(c) Central agency preparing the annual budget of the Government
(d) Issuer of currency

Q34. CBSE 2023 · 1 mark If the central bank wants to reduce money supply in the economy, it may _____.

- (a) (i) and (iii) (b) (ii), (iii) and (iv) (c) (i), (iii) and (iv)
(d) (i), (ii), (iii) and (iv)

Q35. CBSE 2023 · 1 mark If the central bank wants to reduce money supply in the economy, it may _____. (i) increase Bank Rate (ii) reduce Cash Reserve Ratio (iii) sell securities in the open market (iv) buy securities in the open market

- (a) (i) and (iii) (b) (ii), (iii) and (iv) (c) (i), (iii) and (iv)
(d) (i), (ii), (iii) and (iv)

Q36. CBSE 2023 · 1 mark The Reserve Bank of India (RBI) _____ government securities in a bid to _____ the stock of money in the economy. (Choose the correct alternative to fill up the blanks)

- (a) sells, decrease (b) purchases, decrease
(c) sells, increase (d) purchases, not change

Q37. CBSE 2023 · 1 mark Demand Deposits include _____. (Choose the correct alternative to fill up the blank)

- (a) Currency and coins held with the public
(b) Other deposits with the Government
(c) Savings Account Deposits and Fixed Deposits
(d) Current Account Deposits and Fixed Deposits

VERY SHORT ANSWER (4)

Q38. CBSE 2026 · 1 mark Read the following text carefully: "The Reserve Bank of India (RBI) announced a 50 basis point Repo Rate cut to 5.50% from 6%." In the light of the given text and common understanding, identify the economic issue indicated in the above text.

Q39. CBSE 2026 · 3 marks (a) Define Money Supply. (b) Explain any one component of money supply.

Q40. CBSE 2025 · 3 marks (a) Money acts as a medium of exchange as it serves as a means which allows goods and services to be exchanged on a stable medium, to facilitate transactions for maintaining smooth flow in the economy. Discuss briefly the indicated function of money.

Q41. CBSE 2025 · 4 marks Government of India took a decision of hypothecation of gold reserves to different nations in 1990, and the RBI used the foreign exchange for domestic purposes. In the light of above statement, discuss briefly the role of Central Bank as Banker, Agent and Adviser to the Government.

SHORT ANSWER (29)

Q42. CBSE 2026 · 3 marks Under the provisions stated in the Section 20 and Section 21 of the Reserve Bank of India (RBI) Act, 1934, the RBI is mandated to handle the banking operations of the Government of India. In the light of the given statement, elaborate the indicated function of the Reserve Bank of India.

Q43. CBSE 2026 · 3 marks "When initial deposits in the credit creation process remains same, the total amount of credit created rises as the value of money multiplier increases." Defend or refute the above statement with the help of hypothetical numerical example.

Q44. CBSE 2026 · 1.5 marks Encourage commercial banks to park their surplus funds with the Reserve Bank of India (RBI). Identify the monetary measure being referred to in the above statement. Discuss whether the tool would be used during a situation of excess demand or deficient demand.



Q45. CBSE 2026 · 1.5 marks Identify the monetary measure being referred to: Discourage commercial banks to park their surplus funds with the Reserve Bank of India (RBI). Discuss whether the tool would be used during a situation of excess demand or deficient demand.

Q46. CBSE 2026 · 3 marks Identify the monetary measure being referred to each of the following and discuss whether the tool would be used during a situation of excess demand or deficient demand: (i) Buying government securities (G-Sec) from public. (ii) Discourage commercial banks to park their surplus funds with the Reserve Bank of India (RBI).

Q47. CBSE 2026 · 4 marks "The Reserve Bank of India (RBI) has decided to increase the loan amount to 90% of the security value, from the prior rate of 80%." In the light of above statement, identify the type of monetary measure exercised by the Reserve Bank of India (RBI) and its likely impacts on the Aggregate Demand of the economy.

Q48. CBSE 2026 · 4 marks "The Reserve Bank of India (RBI) has decided to increase the loan amount to 80% of the security value, from the prior rate of 70%." In the light of the above statement, identify the type of monetary measure exercised by the Reserve Bank of India (RBI) and its likely impacts on the Aggregate Demand of the economy.

Q49. CBSE 2026 · 4 marks The Reserve Bank of India (RBI) has decided to increase the loan amount to 90% of the security value, from the prior rate of 70%. In the light of the above statement, identify the type of monetary measure exercised by the Reserve Bank of India (RBI) and its likely impacts on the Aggregate Demand of an economy.

Q50. CBSE 2026 · 1 mark (a) Define Money Supply.

Q51. CBSE 2026 · 3 marks "Repo Rate and Bank Rate are two different measures, but a change in either of them may have the similar implication on the money supply in an economy." Defend or refute the given statement, giving valid explanation in support of your answer.

Q52. CBSE 2025 · 4 marks Elaborate the process of Credit Creation using a suitable numerical example.

Q53. CBSE 2025 · 3 marks Discuss briefly the function of money as a medium of exchange, to facilitate transactions for maintaining smooth economic activity.

Q54. CBSE 2025 · 3 marks Money serves as a medium of exchange, to facilitate transactions for maintaining smooth circulation of goods and services in an economy. Discuss briefly the indicated function of money.

Q55. CBSE 2025 · 3 marks Explain any one function of Central Bank.

Q56. CBSE 2024 · 2 marks (a) The Central Bank is the sole currency issuing authority of an economy. Justify this statement with valid arguments.

Q57. CBSE 2024 · 2 marks (a) On the basis of text from 8th June, 2023 from The Economic Times where Reserve Bank of India (RBI) rate setting panel unanimously decided to keep the benchmark lending rate unchanged at 6.5%. Identify and discuss the economic issue indicated in the above text. On 8th June, 2023: Reserve Bank of India (RBI) rate setting panel unanimously decided to keep the benchmark lending rate unchanged at 6.5%. The committee voted to remain focused on the withdrawal of accommodating monetary policy.

Q58. CBSE 2024 · 4 marks On the basis of the given text from The Economic Times dated 8th June, 2023 regarding the RBI's Monetary Policy Committee decision to keep the benchmark lending rate unchanged at 6.5%, answer the following: (a) Identify and discuss the economic issue indicated in the above text. (b) Discuss the likely consequence on money supply if the rate setting panel would have decreased the said rate.

Q59. CBSE 2024 · 4 marks Justify the following statements with valid arguments: (a) Money serves as the medium of exchange for transactional purposes in an economy. (b) The Central Bank functions as the banker to the banking system.

Q60. CBSE 2024 · 2 marks (a) Justify the following statement with valid arguments: Money serves as a store of value in an economy.

Q61. CBSE 2024 · 4 marks Reserve Bank of India undertakes the important function of managing the government's banking transactions. Discuss the above stated function performed by the Reserve Bank of India.

Q62. CBSE 2024 · 4 marks An increase in the credit creation capacity of commercial banks has a direct impact on the money supply in an economy. Discuss the given statement.

Q63. CBSE 2024 · 4 marks (a) Open market operations by Reserve Bank of India (RBI) help in regulating money supply in the economy. Justify the given statement with valid arguments.

Q64. CBSE 2023 · 4 marks Read the following news published on September 26, 2022: The Central Bank has increased the benchmark lending rate by 140 basis points. Identify the likely cause and consequences behind this action taken by the Reserve Bank of India.

Q65. CBSE 2023 · 4 marks Explain the function of the central bank as banker to the Government.

Q66. CBSE 2023 · 4 marks (A) Explain the Banker to the Government function of the central bank.

Q67. CBSE 2023 · 4 marks Read the following news published on September 26, 2022: central bank has increased the benchmark lending rate by 140 basis points. Identify the likely cause and consequences behind this action taken by the Reserve Bank of India.

Q68. CBSE 2023 · 4 marks (a) Explain the function of the central bank as a banker to the Government.



Q69. CBSE 2023 - 4 marks Read the following information carefully: India (RBI), recently increased the Repo Rate by 50 basis points. The Rate stands today at 5.40%, whereas Reverse Repo Rate was left unchanged at 3.35%. Answer the following questions: (i) Identify the nature of the two monetary policy measures mentioned in the above text. (ii) Elaborate the likely economic rationale behind the increase in Repo Rate by the Monetary Policy Committee.

Q70. CBSE 2023 - 4 marks Using a suitable numerical example, explain the credit creation process of the banking system, in a hypothetical economy.

CASE-BASED (12)

CASE STUDY · CBSE 2026

The Reserve Bank of India (RBI) announced a 50 basis point Repo Rate cut to 5.50% from 6%.

Q71. CBSE 2026 - 1 mark Identify the economic issue indicated in the above text.

CASE STUDY · CBSE 2026

Any institution which accepts deposits from the public and advances loans is a bank. Banks are broadly categorised into : Commercial Banks, and Central Bank. Commercial banks accept deposits from public and use these deposits for giving loans. Banks keep a fraction of deposits as reserves. Generally, all depositors do not demand their money at the same time. The Central Bank of a country is responsible for controlling credit creation. The Reserve Bank of India (RBI) regulates the money supply in India through its monetary policy.

Q72. CBSE 2026 - 1 mark (i) State the meaning of a Bank.

CASE STUDY · CBSE 2026

The Reserve Bank of India (RBI) Governor announced a 50 basis points reduction in the Cash Reserve Ratio (CRR) to 4% during the Monetary Policy Committee (MPC) address on December 6. The Governor noted that this move reflects a balanced approach towards managing liquidity while ensuring economic stability.

Q73. CBSE 2026 - 3 marks (i) Explain the rationale and the likely impact of the decision taken by the Monetary Policy Committee (MPC) of Reserve Bank of India (RBI).

Q74. CBSE 2026 - 3 marks The Reserve Bank of India (RBI) Governor announced a 50 basis points reduction in the Cash Reserve Ratio (CRR) to 4% during the Monetary Policy Committee (MPC) address on December 6. The Governor noted that this move reflects a balanced approach towards managing liquidity while ensuring economic stability. Explain the rationale and the likely impact of the decision taken by the Monetary Policy Committee (MPC) of Reserve Bank of India (RBI).

CASE STUDY · CBSE 2026

With an objective to improve the growth momentum by stimulating domestic private consumption and investment, the Reserve Bank of India (RBI) announced a reduction in Cash Reserve Ratio (CRR) by 100 basis points (1%).

Q75. CBSE 2026 - 4 marks (i) Explain the likely cause behind the step taken by the Reserve Bank of India (RBI).

Q76. CBSE 2026 - 4 marks (i) Explain the likely cause behind the step taken by the Reserve Bank of India (RBI). (ii) Briefly explain the impact of the step taken by the Reserve Bank of India (RBI) on the Aggregate Demand (AD).

CASE STUDY · CBSE 2024

8th June, 2023: The Reserve Bank of India (RBI) Monetary Policy Committee unanimously decided to keep the benchmark lending rate unchanged at 6.5%. The committee voted to remain focused on the withdrawal of accommodating monetary policy.

Q77. CBSE 2024 - 2 marks (a) Identify and discuss the economic issue indicated in the above text.

CASE STUDY · CBSE 2023

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI), recently increased the Repo Rate by 50 basis points. The Rate stands today at 5.40%, whereas Reverse Repo Rate was left unchanged at 3.35%.

Q78. CBSE 2023 - 1 mark Identify the nature of the two monetary policy measures mentioned in the above text.

CASE STUDY · CBSE 2023

India (RBI), recently increased the Repo Rate by 50 basis points. The Rate stands today at 5.40%, whereas Reverse Repo Rate was left unchanged at 3.35%.

Q79. CBSE 2023 - 1 mark Identify the nature of the two monetary policy measures mentioned in the above text.

CASE STUDY · CBSE 2023

Read the following text carefully: Bank Digital Currency (CBDC) in India in 2020, the RBI revealed a concept note on digital rupee (e-Rupee) on 7th. e-Rupee will provide an additional option to the currency available forms of money. It is substantially not different from bank notes, but RBI said that it broadly defines CBDC as the legal tender issued by a central bank in a digital form. It is akin to paper currency in a different form. On the basis of the above text and common understanding, answer the following questions:



Q80. CBSE 2023 · 4 marks (a) Identify and discuss the function of central bank indicated in the above text. (b) State any two advantages of digital rupee.

CASE STUDY · CBSE 2023

Read the following text carefully: Bank Digital Currency (CBDC) in India in 2020, the RBI revealed a concept note on digital rupee (e-Rupee) on 7th October. The e-Rupee will provide an additional option to the currency available forms of money. It is substantially not different from bank notes, but because of being digital, it has the advantage of being easy, fast and convenient. RBI said that it broadly defines CBDC as the legal tender issued by a central bank in a digital form. It is akin to paper currency in a different form.

Q81. CBSE 2023 · 4 marks Identify and discuss the function of central bank indicated in the above text.

CASE STUDY · CBSE 2023

Read the following text carefully : Following up a working group to study the possibility of a Central Bank Digital Currency (CBDC) in India in 2020, the RBI revealed a concept note on digital rupee (e-Rupee) on 7th of October 2022. e-Rupee will provide an additional option to the currency available forms of money. It is substantially not different from bank notes, but given the possibility of being easy, swift and secure because of being digital. RBI said that it broadly defines CBDC as the legal tender issued by a central bank in a digital form. It is akin to paper currency in a different form.

Q82. CBSE 2023 · 4 marks (a) Identify and discuss the function of central bank indicated in the above text.

3 Determination of Income and Employment

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (61)

Q1. CBSE 2026 · 1 mark In an economy, when _____ is insufficient to achieve the level of output corresponding to the full employment, the difference is termed a deflationary gap.

- (a) ex-ante Aggregate Demand
(b) ex-post Aggregate Demand
(c) ex-ante Aggregate Supply (d) ex-post Aggregate Supply

Q2. CBSE 2026 · 1 mark Identify, which of the following is true at the Break Even level of Income.

- (a) Slope of Consumption Curve = Slope of Saving Curve
(b) Average Propensity to Consume (APC) = Average Propensity to Save (APS)
(c) Slope of Saving Curve = Unity (1)
(d) Average Propensity to Consume (APC) = Unity (1)

Q3. CBSE 2026 · 1 mark The Aggregate Demand (AD) curve lies parallel to consumption curve, indicating that both have _____.

- (a) same components (b) different slope (c) same slope
(d) inverse relationship

Q4. CBSE 2026 · 1 mark Select the correct formula to calculate the value of Marginal Propensity to Save (MPS) : I. Change in Savings (S) / Change in Consumption (C) II. Change in Savings (S) / Change in Income (Y) III. $1 - \text{Marginal Propensity to Consume (MPC)}$ IV. Change in Income (Y) / Change in Savings (S)

- (a) I, II, III and IV (b) II and III (c) Only III (d) Only II

Q5. CBSE 2026 · 1 mark Suppose in a hypothetical economy, $Y = 50 + 0.8Y + 100$, where Y = National Income. The value of Investment Multiplier (K) would be _____. (Choose the correct option to fill in the blank)

- (a) 5 (b) 0.2 (c) 50 (d) 0.8

Q6. CBSE 2026 · 1 mark Read the following statements carefully : Statement I : At the break-even level of income, the value of slope of the consumption curve is zero. Statement II : Marginal Propensity to Consume (MPC) refers to the change in consumption per unit change in income. In the light of the given statements, choose the correct option from the following :

- (a) Statement I is true and Statement II is false.
(b) Statement I is false and Statement II is true.
(c) Both Statements I and II are true.
(d) Both Statements I and II are false.

Q7. CBSE 2026 · 1 mark Statement I: At the break-even level of income, the value of slope of the consumption curve is zero. Statement II: Marginal Propensity to Consume (MPC) refers to the change in consumption per unit change in income. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
(b) Statement I is false and Statement II is true.
(c) Both Statements I and II are true.
(d) Both Statements I and II are false.

Q8. CBSE 2026 · 1 mark Select the correct formula to calculate the value of Marginal Propensity to Save (MPS):

- (a) I, II, III and IV (b) II and III (c) Only III (d) Only II

Q9. CBSE 2026 · 1 mark Assuming for an imaginary economy, consumption at zero level of income and break-even level of income is ₹ 50 and ₹ 200 respectively. Choose the correct value of Marginal Propensity to Consume (MPC), from the following:

- (a) 0.8 (b) 0.9 (c) 0.75 (d) 0.85

Q10. CBSE 2026 · 1 mark Investment is defined as addition to the _____. (i) Stock of physical capital (ii) Changes in the inventory (iii) Consumption (Choose the correct option to fill in the blank)

- (a) Only (i) (b) (i) and (ii) (c) (i) and (iii) (d) (i), (ii) and (iii)



Q11. CBSE 2026 · 1 mark An economy may operate at a level below full employment due to a deficiency in Aggregate Demand (AD) leading to a/an _____ employment equilibrium.

- (a) Only (i) (b) Only (ii) (c) Only (iii) (d) (ii) and (iii)

Q12. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: Marginal Propensity to Consume (MPC) refers to the consumption per unit of income. Statement 2: As the income increases, the proportionate increase in the level of consumption is always more than the increase in the level of income. In the light of the given statements, choose the correct option from the following:

- (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.

Q13. CBSE 2025 · 1 mark In a two-sector economy, the Aggregate Demand can be determined by adding _____ and _____. (Choose the correct option to fill in the blanks)

- (a) consumption, investments (b) investments, savings
(c) consumption, savings (d) savings, exports

Q14. CBSE 2025 · 1 mark Statement 1 : Marginal Propensity to Consume (MPC) refers to the consumption per unit of income. Statement 2 : As the income increases, the proportionate increase in the level of consumption is always more than the increase in the level of income. In the light of the given statements, choose the correct option from the following :

- (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.

Q15. CBSE 2025 · 1 mark A reference line through the origin drawn at an angle of _____.

- (a) 25 (b) 40 (c) 45 (d) 70

Q16. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: During deflationary gap, the Central Bank of a country may increase the repo rate. Statement 2: The government can reduce the deflationary gap by purchasing Government Securities (G-Sec) in the open market. In the light of the given statements, choose the correct option from the following:

- (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.

Q17. CBSE 2025 · 1 mark Under the Keynesian model, the line of aggregate expenditure is a straight line that passes through the origin drawn at an angle of _____.

- (a) 25 (b) 45 (c) 55 (d) 75

Q18. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: Marginal Propensity to Consume (MPC) exhibits the consumption per unit of income. Statement 2: As the national income of a country rises, the proportionate increase in the consumption is always more than the increase in the income. In the light of the given statements, choose the correct option from the following:

- (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.

Q19. CBSE 2025 · 1 mark In a two-sector economy, Aggregate Supply can be determined by adding _____ and _____.

- (a) consumption, investments (b) investments, savings
(c) consumption, savings (d) savings, exports

Q20. CBSE 2025 · 1 mark The 45-degree line in the Keynesian cross diagram passes through the origin drawn at an angle of _____.

- (a) 25 degrees (b) 45 degrees (c) 55 degrees
(d) 75 degrees

Q21. CBSE 2025 · 1 mark A 45-degree line through the origin drawn at an angle of _____.

- (a) 25 (b) 45 (c) 55 (d) 75

Q22. CBSE 2025 · 1 mark If the value of Investment Multiplier (K) is 5, the relevant saving function would be _____.

- (a) $S = 60 + 0.25 Y$ (b) $S = 60 + 0.75 Y$ (c) $S = 60 + 0.20 Y$
(d) $S = 60 + 0.60 Y$

Q23. CBSE 2025 · 1 mark If an upward sloping straight line consumption function makes an intercept at the Y-axis at a positive coordinate, it implies that Marginal Propensity to Consume (MPC) _____ and Average Propensity to Consume (APC) _____ as the income increases.

- (a) remains constant, rises (b) rises, rises
(c) remains constant, falls (d) falls, falls

Q24. CBSE 2025 · 1 mark Using the given information, complete the following table: Income (Y) (in ₹crore) | Savings (in ₹crore) | Consumption (in ₹crore) | Average Propensity to Consume (APC) | 0 | ... (i) ... | 30 | ? | 100 | 0 | ... (ii) ... | 1 | 200 | 30 | 170 | 0.85 | 300 | 60 | 240 | 0.8

- (a) -30, 120 (b) 30, 120 (c) 0, 70 (d) -30, 100

Q25. CBSE 2025 · 1 mark Suppose in an economy, planned spendings are greater than planned outputs. Identify the correct option with respect to effects on the economy: (i) Decrease in planned inventories in the economy (ii) Rise in National Income (iii) Decrease in real output level in the economy (iv) Decrease in employment level in the economy

- (a) Only (i) (b) (i) and (ii) (c) (iii) and (iv)
(d) (ii), (iii) and (iv)

Q26. CBSE 2025 · 1 mark Suppose, the consumption function is given as: $C = 205 + 0.9 Y$ (where C = Total Consumption and Y = National Income) The value of Investment Multiplier (K) would be _____. (Choose the correct option to fill in the blank)

- (a) 0.09 (b) 100 (c) 0.9 (d) 90



Q27. CBSE 2025 · 1 mark Marginal Propensity to Consume (MPC) exhibits the slope of _____ function. (Choose the correct option to fill in the blank)

- (a) Saving (b) Consumption (c) Production (d) Cost

Q28. CBSE 2025 · 1 mark Aggregate expenditure in the economy during an accounting year is also known as _____. (Choose the correct option to fill in the blank)

- (a) Autonomous investment (b) Aggregate supply
(c) Aggregate demand (d) Induced investment

Q29. CBSE 2025 · 1 mark The 45 line in Keynesian economics indicates _____. (Choose the correct option to fill in the blank)

- (a) Income > Consumption (b) Savings > Investments
(c) Consumption > Income (d) Income = Consumption

Q30. CBSE 2025 · 1 mark The 45 degree line in Keynesian economics indicates _____. (Choose the correct option to fill in the blank)

- (a) Income > Consumption (b) Savings > Investments
(c) Consumption > Income (d) Income = Consumption

Q31. CBSE 2024 · 1 mark Read the following statements carefully:
Statement 1: If in an economy the level of income increases (Y), it will always proportionately increase the level of consumption (C).
Statement 2: Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) are always equal to each other. In the light of the given statements, choose the correct alternative 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.

Q32. CBSE 2024 · 1 mark Read the following statements Assertion (A) and Reason (R). Choose the correct alternative given below:
Assertion (A): Full employment situation refers to absence of involuntary unemployment. Reason (R): Under full employment situation, all the willing and able bodied people get employment at the prevailing wage rate.

- (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.

Q33. CBSE 2024 · 1 mark Total consumption expenditure by households under Keynesian Economics is a combination of _____ and _____. (Choose the correct alternative to fill in the blanks)

- (a) Autonomous Consumption, Autonomous Investments
(b) Autonomous Investments, Induced Consumption
(c) Induced Investments, Autonomous Investments
(d) Autonomous Consumption, Induced Consumption

Q34. CBSE 2024 · 1 mark Suppose for a hypothetical economy: $C = 100 + 0.75Y$ (where C = Consumption and Y = Income) $I_0 = 400$ (I_0 = Autonomous Investment) Value of Investment Multiplier (K) would be _____. (Choose the correct alternative to fill in the blank)

- (a) 5 (b) 4 (c) 6 (d) 3

Q35. CBSE 2024 · 1 mark Assertion (A): Full employment situation refers to absence of involuntary unemployment. Reason (R): Under full employment situation, all the willing and able bodied people get employment at the prevailing wage rate. Choose the correct alternative.

- (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.

Q36. CBSE 2024 · 1 mark Suppose for a hypothetical economy: $C = 100 + 0.75Y$ (where C = Consumption and Y = Income) and $I_0 = 400$ (I_0 = Autonomous Investment). Value of Investment Multiplier (K) would be _____.

- (a) 5 (b) 4 (c) 6 (d) 3

Q37. CBSE 2024 · 1 mark Read the following statements carefully:
Statement 1: If in an economy the level of income increases (Y), it will always proportionately increase the level of consumption (C).
Statement 2: Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) are always equal to each other. In the light of the given statements, choose the correct alternative.

- (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.

Q38. CBSE 2024 · 1 mark Read the following statements carefully:
Statement 1: A consumption function describes the relationship between consumption and savings. Statement 2: Consumption function consists of two components - autonomous consumption and induced consumption. In the light of the given statements, choose the correct alternative 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.

Q39. CBSE 2024 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below: Assertion (A): The maximum value of Marginal Propensity to Save (MPS) can be unity. Reason (R): At the break-even level of income, savings are zero.

- (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.



Q40. CBSE 2024 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below: Assertion (A): The equilibrium level of income is determined, when ex-ante spending and ex-ante output are equal. Reason (R): The equilibrium level of income may or may not be the same as the full employment level of output.

- (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.

Q41. CBSE 2024 · 1 mark Suppose in an imaginary economy, autonomous consumption = ₹ 500 crore and marginal propensity to consume = 0.8. The saving function for the economy would be _____. (Choose the correct alternative to fill in the blank)

- (a) $500 + 0.8Y$ (b) $-500 + 0.8Y$ (c) $500 + 0.2Y$
- (d) $-500 + 0.2Y$

Q42. CBSE 2024 · 1 mark Assertion (A) : Voluntarily unemployed people are those able bodied people who are not willing to work at the prevailing wage rate. Reason (R) : There exists zero involuntary unemployment at full employment level of equilibrium. Choose the correct alternative.

- (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 false, but Reason (R) is true.

Q43. CBSE 2024 · 1 mark Read the following statements carefully: Statement 1 : Constant rate of change of consumption (C) with respect to change in income (Y), is the reason for the straight line consumption curve. Statement 2 : Marginal rate of change between consumption and income is defined as Average Propensity to Consume (APC). In the light of the given statements, choose the correct alternative 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.

Q44. CBSE 2024 · 1 mark Read the following statements: Assertion (A) and Reason (R). Voluntarily unemployed people are those able bodied people who are not willing to work at the prevailing wage rate. Reason (R): There exists zero involuntary unemployment at full employment level of equilibrium.

- (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 false, but Reason (R) is true.

Q45. CBSE 2024 · 1 mark In order to discourage any fall in Aggregate Demand, the Government of India may _____ the _____. (Choose the correct alternative to fill in the blanks)

- (a) decrease, repo rate (b) increase, reverse repo rate
- (c) decrease, government expenditure (d) decrease, tax rate

Q46. CBSE 2024 · 1 mark Read the following statements: Assertion (A): Voluntarily unemployed people are those able bodied people who are not willing to work at the prevailing wage rate. Reason (R): There exists zero involuntary unemployment at full employment level of equilibrium. Choose the correct alternative from those given below:

- (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 false, but Reason (R) is true.

Q47. CBSE 2023 · 1 mark If the value of investment multiplier = 4 and Dissavings = ₹ 60, identify the correct Saving function from the following:

- (a) $S = ₹ 60 + 0.25 Y$ (b) $S = ₹ 60 + 0.75 Y$
- (c) $S = ₹ 60 + 0.20 Y$ (d) $S = ₹ 60 + 0.60 Y$

Q48. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below: Assertion (A): Before reaching the Break-Even level of income, the value of Average Propensity to Consume (APC) is greater than one. Reason (R): The Average Propensity to Consume (APC) is the ratio of the total consumption and total income.

- (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 and Reason (R) is false.
- (d) Assertion (A) is false and Reason (R) is true.

Q49. CBSE 2023 · 1 mark Identify which of the following equations is true.

- (a) $MPC + MPS = 0$ (b) $MPC + MPS = 1$
- (c) $MPC + MPS > 1$ (d) $MPC + MPS < 1$

Q50. CBSE 2023 · 1 mark A situation in which an able bodied person is not willing to work at the existing wage rate, is referred to as _____ situation.

- (a) Full employment (b) Involuntary unemployment
- (c) Voluntary unemployment (d) Disguised unemployment

Q51. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Savings function can be derived from Consumption function. Statement 2: Consumption curve must always start from the point of origin. In light of the given statements, choose the correct alternative 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.



Q52. CBSE 2023 · 1 mark If in an economy, the value of Investment Multiplier is 5 and dissavings are 100 crore, the relevant savings at income level of 1,400 crore would be _____ crore.

- (a) 80 (b) 180 (c) 140 (d) 240

Q53. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): Ex-ante savings and Ex-ante investments are never equal to each other. Reason (R): At equilibrium level of income, aggregate demand may not be equal to the aggregate supply. Choose the correct alternative from those given below.

- (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 false, but Reason (R) is true.

Q54. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): The value of Average Propensity to Consume (APC) can never be zero or negative. Reason (R): Average Propensity to Consume (APC) is independent of the level of income. Choose the correct alternative from those given below.

- (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 false, but Reason (R) is true.

Q55. CBSE 2023 · 1 mark Read the following statements: Assertion (A): Ex-ante savings and Ex-ante investments are never equal to each other. Reason (R): At equilibrium level of income, aggregate demand may not be equal to the aggregate supply. Choose the correct alternative:

- (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 false, but Reason (R) is true.

Q56. CBSE 2023 · 1 mark Read the following statements: Assertion (A): The value of Average Propensity to Consume (APC) can never be zero or negative. Reason (R): Average Propensity to Consume (APC) is independent of the level of income. Choose the correct alternative:

- (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 false, but Reason (R) is true.

Q57. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Savings function can be derived from Consumption function. Statement 2: Consumption curve must always start from the point of origin. In light of the given statements, choose the correct alternative:

- (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.

Q58. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Investment is defined as addition to the physical capital and changes in the inventory. Statement 2: At equilibrium level of income, ex-post investments and ex-post savings are always equal. In light of the given statements, choose the correct alternative 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.

Q59. CBSE 2023 · 1 mark (A) If the Marginal Propensity to Save (MPS) is 0.5, what will be the value of investment multiplier? (Choose the correct alternative)

- (a) 1 (b) 2 (c) 1.6 (d) 1.45

Q60. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below. Assertion (A): Excess demand does not lead to any increase in the level of real output. Reason (R): Excess demand creates a gap between actual demand and desired demand corresponding to full employment level.

- (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 false, but Reason (R) is true.

Q61. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below. Assertion (A): Rich people have lower Marginal Propensity to Consume (MPC) as compared to poor people. Reason (R): Consumption curve makes an intercept on the y-axis at a point above the origin.

- (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 false, but Reason (R) is true.

VERY SHORT ANSWER (11)

Q62. CBSE 2026 · 1 mark (a)(i) Calculate the missing values in the given schedule. Income (Y): 0, 100, 200, 300; Consumption (C): 50, 120, 190, 260; Investment (I): 40, 40, 40, 40; Aggregate Demand (AD): 90, —, —, 300

Q63. CBSE 2025 · 4 marks What does this situation indicate? Discuss any one fiscal measure to tackle this situation.



Q64. CBSE 2022 · 2 marks Justify the following statement: Under Keynes' economic theory, full employment is a necessary condition.

Q65. CBSE 2022 · 2 marks State and discuss any one component of Aggregate Demand in a two-sector economy.

Q66. CBSE 2022 · 2 marks Calculate the Equilibrium level of Income for an imaginary economy, if it is given that: (a) Consumption function, $C = 500 + 0.80 Y$ where C = Consumption, Y = Income (b) Autonomous Investments (I_0) = ₹ 1,000 crore

Q67. CBSE 2022 · 2 marks Calculate the Equilibrium level of Income for an imaginary economy, if it is given that: (a) Saving function, $S = (-) 500 + 0.2 Y$ where S = Savings, Y = Income (b) Autonomous Investments (I_0) = ₹ 1,500 crore

Q68. CBSE 2022 · 2 marks You are given the consumption function of an imaginary economy, $C = 100 + 0.8 Y$, where C = Consumption and Y = Income. Calculate: (i) The value of Marginal Propensity to Save (MPS) (ii) The level of income at Break-Even Point

Q69. CBSE 2022 · 2 marks If planned savings exceed planned investments in an economy, state its likely impact on output and employment.

Q70. CBSE 2022 · 2 marks Consumption curve and Saving curve are complement to each other. Do you agree with the statement? Explain with valid reasons.

Q71. CBSE 2022 · 2 marks (a) "In an economy, the autonomous consumption is ₹100 and Marginal Propensity to Consume (MPC) is 0.6. If the equilibrium level of Income is ₹2,000, then the autonomous investment is ₹300." Justify the statement with valid calculation.

Q72. CBSE 2022 · 2 marks 'Consumption function curve of an involuntary unemployed workers start from some positive level on Y-axis even at zero level of Income.' Justify the given statement.

SHORT ANSWER (53)

Q73. CBSE 2026 · 4 marks Income of an economy increased from ₹ 20,000 to ₹ 50,000 crore. Savings of the economy increased from ₹ 2,000 crore to ₹ 10,000 crore. (i) Calculate Average Propensity to Consume (APC) and Average Propensity to Save (APS), before and after the rise in income. (ii) Draw appropriate conclusion regarding the behaviour of Average Propensity to Consume (APC) as his income increases.

Q74. CBSE 2026 · 6 marks Under a study, examining the spending habits of a hypothetical economy, it was observed that even households with zero income managed to consume basic necessities. As the income of people increased, their consumption also increased, but not as rapidly as income. Based on the given text and common understanding, answer the following questions: (i) Identify and elaborate the type of consumption indicated in the first para of the above text. (ii) Explain, the reason behind the positive slope of Aggregate Demand Curve.

Q75. CBSE 2026 · 3 marks Estimate the value of subsistence level of consumption expenditure from the following data about an economy which is in equilibrium: (i) National Income (Y) = ₹ 1,200 crore (ii) Marginal Propensity to Save (MPS) = 0.20 (iii) Investment Expenditure ($\bar{I}$) = ₹ 100 crore

Q76. CBSE 2026 · 3 marks Calculate the value of Ex-ante Aggregate Demand (AD), if autonomous investment and consumption expenditure ($\bar{A}$) = ₹ 50 crore; and Marginal Propensity to Save (MPS) is 0.2 and level of income is ₹ 300 crore.

Q77. CBSE 2026 · 3 marks Estimate the value of subsistence level of consumption expenditure from the following data, about an economy which is in equilibrium: (i) National Income (Y) = ₹ 1,500 crore (ii) Marginal Propensity to Consume (MPC) = 0.8 (iii) Investment Expenditure ($\bar{I}$) = ₹ 150 crore

Q78. CBSE 2026 · 4 marks Estimate the value of incremental investment if, equilibrium level of income increases by ₹ 50,000 crore and half of additional income is always saved in the economy.

Q79. CBSE 2026 · 4 marks (a) Explain the adjustment mechanism, if in an economy, ex-ante Aggregate Demand (AD) is more than ex-ante Aggregate Supply (AS).

Q80. CBSE 2026 · 4 marks (a) Explain the adjustment mechanism, if in an economy, ex-ante Aggregate Demand (AD) is less than ex-ante Aggregate Supply (AS). OR (b) Explain the process of working of Investment Multiplier, for a hypothetical economy with Marginal Propensity to Consume (MPC) as 0.8 and Incremental Investment as ₹ 2,500 crore.

Q81. CBSE 2026 · 4 marks (a) Explain the adjustment mechanism, if in an economy, ex-ante Savings are more than ex-ante Investments. OR (b) Explain the process of working of Investment Multiplier, for a hypothetical economy with Marginal Propensity to Consume (MPC) as 0.8 and Incremental Investment as ₹ 3,000 crore.

Q82. CBSE 2026 · 6 marks (a) Assume, for a hypothetical economy, the following data is given: (i) Calculate the missing values in the given schedule. (ii) Define the term 'Effective Demand'. (iii) On the basis of the given data, it can be said that the equilibrium level of income is 200. Do you agree? If not, explain the adjustment mechanism that may take place to attain equilibrium level of income.

Q83. CBSE 2026 · 6 marks (a) Assuming for a hypothetical economy, the following data is given : Income (Y) Consumption (C) Investment (I) Aggregate Demand (AD) 0 20 20 40 100 100 20 – 200 180 20 – 300 260 20 280 (i) Calculate the missing values in the given schedule. (ii) Define the term 'Effective Demand'. (iii) On the basis of the given data, it can be said that the equilibrium level of income is 300. Do you agree? If not, explain the adjustment mechanism that may take place to attain equilibrium level of income.

Q84. CBSE 2025 · 4 marks Assuming for a hypothetical economy: (i) Autonomous Consumption Expenditure (C_0) = ₹250 crore (ii) Marginal Propensity to Save (MPS) = 0.2 (iii) Autonomous Investments (I_0) = ₹200 crore. Estimate the Break-even level of Income and Equilibrium level of Income, on the basis of information given above.



Q85. CBSE 2025 · 4 marks Read the following text carefully: According to a report issued by a research organisation, there is a sharp decline in the overall demand in the economy, particularly in the private consumption segment. This dip in the macro economic variables, highlights the urgent need for strategic actions to stimulate economic activities. On the basis of the given text and common understanding, explain the measure which the government may take to solve the indicated problem.

Q86. CBSE 2025 · 4 marks Assuming the following for a hypothetical economy, estimate the Break-even level of Income and Equilibrium level of Income: (i) Autonomous Consumption Expenditure (C₀) = ₹50 crore (ii) Marginal Propensity to Save (MPS) = 0.2 (iii) Autonomous Investments (I₀) = ₹100 crore

Q87. CBSE 2025 · 4 marks Read the following text carefully: According to a report issued by a research organisation, there is a sharp decline in the overall demand in the economy, particularly in the private consumption segment. This dip in the macro economic variables, highlights the urgent need for strategic actions to stimulate economic activities. On the basis of the given text and common understanding, explain the measure which the government may take to solve the indicated problem.

Q88. CBSE 2025 · 4 marks Assuming the following for a hypothetical economy, estimate the level of Break-even Income and Equilibrium Income: (i) Autonomous Consumption Expenditure (C₀) = 50 crore (ii) Marginal Propensity to Save (MPS) = 0.2 (iii) Autonomous Investments (I₀) = 300 crore

Q89. CBSE 2025 · 2 marks Suppose for two imaginary economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0.8 and 0.6 respectively. For both the economies, Autonomous Consumption (C) = 400 crore and Investment Expenditure (I) = 2,000 crore. Calculate the Break-even level of income for Economy A.

Q90. CBSE 2025 · 4 marks Read the following text carefully: In an economy, a significant reduction in Aggregate demand raised concerns about future growth prospects of the country. This economic downturn underscores the urgent need for strategic measures to boost confidence of households and stimulate economic activities. Based on the above text and common understanding, explain the measures which the government may take to stabilise the indicated situation.

Q91. CBSE 2025 · 4 marks Suppose for two imaginary economies A and B, the values of Marginal Propensity to Save (MPS) stand at 0.2 and 0.4 respectively. For both the economies, Autonomous Consumption (c) = 400 crore and Investment Expenditure (I) = 2,000 crore. Calculate the following: (a) Break-even level of income for Economy A. (2 marks) (b) Equilibrium level of income for Economy B. (2 marks)

Q92. CBSE 2025 · 2 marks Suppose for two imaginary economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0.5 and 0.8 respectively. For both the economies, Autonomous Consumption (C̄) = ₹ 400 crore and Investment Expenditure (I) = ₹ 2,000 crore. Calculate the Break-even level of income for Economy A.

Q93. CBSE 2025 · 3 marks Estimate the value of Aggregate Demand (AD) in an imaginary economy: (i) Autonomous Investment (I₀) = ₹ 100 crore (ii) Marginal Propensity to Save (MPS) = 0.2 (iii) Level of Income (Y) = ₹ 4,000 crore (iv) Autonomous Consumption Expenditure (C₀) = ₹ 50 crore

Q94. CBSE 2025 · 4 marks Elaborate using a hypothetical numerical example, how a given initial increase in investment affects the level of final income of the economy.

Q95. CBSE 2025 · 4 marks Estimate the value of Aggregate Demand (AD) in an imaginary economy: (i) Autonomous Investment (I₀) = ₹ 200 crore (ii) Investment Multiplier (K) = 5 (iii) Level of Income (Y) = ₹ 4,000 crore (iv) Autonomous consumption expenditure (C₀) = ₹ 50 crore

Q96. CBSE 2025 · 3 marks When ex-ante investment (I) exceeds ex-ante savings (S), explain the likely impact of the given situation on output, employment and income.

Q97. CBSE 2025 · 3 marks ex-ante investment (I) is less than ex-post investment. Explain the likely impact of the given situation on output, employment and income.

Q98. CBSE 2025 · 3 marks Ex-ante Aggregate Demand (AD) is more than ex-post Aggregate Demand. Explain the likely impact of the given situation on output, employment and income.

Q99. CBSE 2024 · 4 marks (a) Complete the following table. Construct/Express the Consumption function at ₹200 crore level of income. Income (Y) (in ₹ crore) | Savings (in ₹ crore) | Average Propensity to Consume (APC) | Marginal Propensity to Save (MPS) | 0 | (-) 30 | - | - | 100 | - | 1 | - | 200 | 0.85 | - | - | 300 | 0.8 | - | -

Q100. CBSE 2024 · 4 marks (a) Ex-ante Aggregate Supply is more than ex-ante Aggregate Demand. Explain its impact on the level of output, income and employment.

Q101. CBSE 2024 · 4 marks For a hypothetical economy, assume the government increased an infrastructural investment by ₹ 10,000 crore. 80% of additional income is consumed in the economy. Estimate the increase in income and the corresponding increase in consumption expenditure in the economy.

Q102. CBSE 2024 · 4 marks If actual demand for final goods falls short of the actual output of final goods corresponding to full employment level, it may lead to an unintended accumulation of inventories. Do you agree with the given statement? Give valid reasons in support of your answer.

Q103. CBSE 2024 · 4 marks For a hypothetical economy, assume the government increased an infrastructural investment by ₹ 20,000 crore. 80% of additional income is consumed in the economy. Estimate the increase in income and the corresponding increase in consumption expenditure in the economy.

Q104. CBSE 2024 · 4 marks For a hypothetical economy, assume the government increased an infrastructural investment by ₹ 30,000 crore. 80% of additional income is consumed in the economy. Estimate the increase in income and the corresponding increase in consumption expenditure in the economy.

Q105. CBSE 2024 · 4 marks Elaborate the two components of Aggregate Supply in a two-sector economy.



Q106. CBSE 2024 · 3 marks (a) For a hypothetical economy, the government incurs an additional investment expenditure of 5,000 crore. Assuming that the Marginal Propensity to Save (MPS) becomes half from its present level of 20%, estimate the change in income due to this fall in Marginal Propensity to Save (MPS).

Q107. CBSE 2023 · 4 marks Describe the adjustment mechanism, if ex-ante savings are less than ex-ante investments.

Q108. CBSE 2023 · 4 marks Describe the adjustment mechanism if Aggregate Demand (AD) is less than Aggregate Supply (AS).

Q109. CBSE 2023 · 4 marks Suppose the following information is given about a hypothetical economy: $C = 100 + 0.75 Y$ (where, C = Consumption and Y = Income), $I_0 = 200$ (I_0 = Autonomous Investment). Calculate the following on the basis of the given information: (a) Equilibrium Level of Income (b) Aggregate Demand at Equilibrium Level of Income (c) Marginal Propensity to Save

Q110. CBSE 2023 · 4 marks Suppose an imaginary economy is facing a situation of deficient demand in the short run time period. Discuss briefly, the probable impacts of the same on the economy.

Q111. CBSE 2023 · 2 marks Suppose the following information is given about a hypothetical economy: $C = 200 + 0.75 Y$ (where, C = Consumption and Y = Income), $I_0 = 300$ (I_0 = Autonomous Investment). Calculate the Equilibrium Level of Income.

Q112. CBSE 2023 · 2 marks Calculate the equilibrium level of income given: $C = 300 + 0.8 Y$ (where, C = Consumption and Y = Income) and $I_0 = 200$ (I_0 = Autonomous Investment)

Q113. CBSE 2023 · 4 marks Suppose consumption function for an economy is $C = 80 + 0.75 Y$ (where C = consumption function and Y = national income) and the investment expenditure is ₹ 200 crore. Estimate the following: (a) Equilibrium level of income (b) Values of consumption and saving at equilibrium level of income

Q114. CBSE 2023 · 4 marks An economy is in equilibrium. From the following data, calculate the value of Autonomous Consumption. National Income = ₹ 5,000 crore, Marginal Propensity to Save (MPS) = 0.2, Investment Expenditure = ₹ 800 crore

Q115. CBSE 2023 · 4 marks In an economy, an increase in investment leads to doubling of the national income. Calculate the Marginal Propensity to Consume (MPC) for the given economy.

Q116. CBSE 2022 · 3 marks In a closed economy, if planned savings fall short of planned investments, then employment and income decline. Do you agree with the given statement? Support your answer with a valid explanation.

Q117. CBSE 2022 · 3 marks In a closed economy, if planned savings fall short of planned investments, then employment and income will increase. Do you agree with the given statement? Support your answer with a valid explanation.

Q118. CBSE 2022 · 3 marks Define Deflationary Gap. State, how the government can control the situation of deflationary gap, using the taxation policy.

Q119. CBSE 2022 · 2 marks Justify the following statement: Under the assumptions of Keynes's economics, full employment is a necessary condition to be fulfilled.

Q120. CBSE 2022 · 2 marks Calculate the Equilibrium level of Income for an imaginary economy, if it is given that: (a) Consumption function, $C = 400 + 0.6 Y$ where C = Consumption, Y = Income (b) Autonomous Investments (I_0) = ₹ 2,000 crore

Q121. CBSE 2022 · 3 marks In a closed economy, if planned savings are less than planned investments, then unemployment and income decrease. Do you agree with the given statement? Support your answer with a valid explanation.

Q122. CBSE 2022 · 3 marks Define Inflationary Gap. State how the Central Bank of an economy can control the situation of inflationary gap, using any monetary policy measure.

Q123. CBSE 2022 · 3 marks Discuss briefly the working process of investment multiplier (K), assuming that Change in Investment (I) is ₹ 4,000 crore and Marginal Propensity to Consume (MPC) is 0.5.

Q124. CBSE 2022 · 3 marks 'Investment multiplier and Marginal Propensity to Consume are directly related to each other.' Explain with the help of numerical example.

Q125. CBSE 2022 · 2 marks At the break-even point level of incomes for the economy is 10,000 crores and if the people tends to save 20 per cent of their additional income, then calculate the value of autonomous consumption.

LONG ANSWER (4)

Q126. CBSE 2026 · 6 marks Income of an economy increased from ₹ 40,000 to ₹ 1,00,000 crore. Savings of the economy increased from ₹ 4,000 crore to ₹ 20,000 crore. (i) Calculate Average Propensity to Consume (APC) and Average Propensity to Save (APS) before and after the rise in income. (ii) Draw appropriate conclusion regarding the behaviour of Average Propensity to Save (APS) as his income increases.

Q127. CBSE 2022 · 5 marks Explain the concept of deficient demand. How can government spending policy be helpful in correcting the situation of deficient demand?

Q128. CBSE 2022 · 5 marks Explain the concept of excess demand. How can government spending policy be helpful in correcting the situation of excess demand?

Q129. CBSE 2022 · 5 marks 'Investment multiplier and Marginal Propensity to Save are indirectly related to each other.' Explain with the help of numerical example.

CASE-BASED (1)

CASE STUDY · CBSE 2026

With an objective to improve the growth momentum by stimulating domestic private consumption and investment, the Reserve Bank of India (RBI) announced a reduction in Cash Reserve Ratio (CRR) by 100 basis points (1%).

Q130. CBSE 2026 · 2 marks (ii) Briefly explain the impact of the step taken by the Reserve Bank of India (RBI) on the Aggregate Demand (AD).



4 Government Budget and the Economy

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (14)

Q1. CBSE 2026 · 1 mark "Consumption of a good by a person does not reduce the amount available for consumption by others. Consumers consuming such goods are known as free-riders." Identify the type of goods indicated in the above text.

- (a) Public goods (b) Private goods (c) Joint venture goods
(d) Self-consumption goods

Q2. CBSE 2026 · 1 mark Read the following statements : Assertion (A) and Reason (R). Choose the correct option from those given below : Assertion (A) : Borrowing requirements of the government include interest obligations on debt as well. Reason (R) : The goal of measuring primary deficit is to correct the prevailing fiscal imbalances.

- (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.

Q3. CBSE 2026 · 1 mark Assertion (A): Borrowing requirements of the government include interest obligations on debt as well. Reason (R): The goal of measuring primary deficit is to correct the prevailing fiscal imbalances. Choose the correct option from those given below:

- (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.

Q4. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Government can control the situation of deficient demand through its taxation policy. Reason (R): Reduction in tax rates by the government leads to increase in the disposable income of the people.

- (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.

Q5. CBSE 2025 · 1 mark Identify, which of the following does not represent a public good.

- (a) Free vaccines provided by the government
(b) Defence services provided by the military
(c) Purchase of railway ticket by an individual
(d) Street light installed by a city municipality

Q6. CBSE 2025 · 1 mark Read the following statements carefully:

Statement 1: Public goods are those goods for which the payments are made by all the entities in the country. Statement 2: Private goods are those goods which are provided by the government of a country at subsidised rates. In the light of the given statements, choose the correct option from the following:

- (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.

Q7. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Assertion (A): Direct taxes are imposed on income/profits of individuals/companies. Reason (R): The burden of payment of direct taxes cannot be shifted to any other entity. Choose the correct alternative from the options given below:

- (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.

Q8. CBSE 2025 · 1 mark The main objective of measuring the primary deficit is to highlight present _____. (Choose the correct option to fill in the blank)

- (a) fiscal imbalances (b) fiscal balances
(c) recovery of loans (d) cash grant-in-aid

Q9. CBSE 2025 · 1 mark Assertion (A) : Direct taxes are imposed on income/profits of individuals/companies. Reason (R) : The burden of payment of direct taxes cannot be shifted to any other entity.

- (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.

Q10. CBSE 2025 · 1 mark Statement 1 : Public goods are those goods for which the payments are made by all the entities in the country. Statement 2 : Private goods are those goods which are provided by the government of a country at subsidised rates. In the light of the given statements, choose the correct option from the following :

- (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.



Q11. CBSE 2025 · 1 mark Assertion (A): Direct taxes are imposed on income/profits of individuals/companies. Reason (R): The burden of payment of direct taxes cannot be shifted to any other entity. Choose the correct alternative from the options given below:

- (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.

Q12. CBSE 2025 · 1 mark According to the data presented in the Union Budget 2023-24, the total receipts of the government (other than borrowings), and the total expenditure are estimated as 20 lakh crore and 45 lakh crore respectively. Therefore, the value of _____ deficit would be 25 lakh crore.

- (a) revenue (b) fiscal (c) trade (d) primary

Q13. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: Foreign aids are the capital receipts for the government. Statement 2: Disinvestments may lead to a decrease in the assets of the government. In the light of the given statements, choose the correct option from the following:

- (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.

Q14. CBSE 2024 · 1 mark In order to discourage any fall in Aggregate Demand, the Government of India may _____ the _____. (Choose the correct alternative to fill in the blanks)

- (a) decrease, repo rate (b) increase, reverse repo rate
- (c) decrease, government expenditure (d) decrease, tax rate

SHORT ANSWER (27)

Q15. CBSE 2026 · 1.5 marks Selling off government securities (G-Sec) to public by the central bank. Identify the monetary measure being referred to in the above statement. Discuss whether the tool would be used during a situation of excess demand or deficient demand.

Q16. CBSE 2026 · 3 marks Identify the major sources of government revenue and state what percentage does each one of them contribute. The government has allocated ₹ 15.27 lakh crore for major sectors, ranging from defence to rural development to social welfare to commerce and so on. Government expenditure goes to paying states' share of taxes and duties. Around 19% is spent on interest payments and 16% on central sector schemes, with subsidies, pension and other payments contributing 19%. Government revenue is divided between borrowings and other liabilities, which account for massive 27% of the incoming cash, Income tax revenue of around 19% Goods and Services Taxes (GST) and other taxes of around 18%; Corporation taxes account for around 17%. The next highest provision on this list is ₹ 2.66 lakh crore for rural development. This will include expenditure on rural infrastructure project and increased outlay for the popular MGNREGA scheme.

Q17. CBSE 2026 · 1.5 marks Identify the monetary measure being referred to: Buying government securities (G-Sec) from public. Discuss whether the tool would be used during a situation of excess demand or deficient demand.

Q18. CBSE 2026 · 3 marks Read the following text carefully: "The government has allocated ₹ 15.27 lakh crore for major sectors, ranging from defence to rural development to social welfare to commerce and so on. Government expenditure goes to paying states' share of taxes and duties. Around 19% is spent on interest payments and 16% on central sector schemes, with subsidies, pension and other payments contributing 19%. Government revenue is divided between borrowings and other liabilities, which account for massive 27% of the incoming cash, Income tax revenue of around 19% Goods and Services Taxes (GST) and other taxes of around 18%; Corporation taxes account for around 17%." On the basis of given text and common understanding, identify the major sources of government revenue and state what percentage does each one of them contribute.

Q19. CBSE 2026 · 3 marks Read the following text carefully: The government has allocated ₹ 15.27 lakh crore for major sectors, ranging from defence to rural development to social welfare to commerce and so on. Government expenditure goes to paying states' share of taxes and duties. Around 19% is spent on interest payments and 16% on central sector schemes, with subsidies, pension and other payments contributing 19%. Government revenue is divided between borrowings and other liabilities, which account for massive 27% of the incoming cash, Income tax revenue of around 19% Goods and Services Taxes (GST) and other taxes of around 18%; Corporation taxes account for around 17%. The next highest provision on this list is ₹ 2.66 lakh crore for rural development. This will include expenditure on rural infrastructure project and increased outlay for the popular MGNREGA scheme. Identify the major sources of government revenue and state what percentage does each one of them contribute.

Q20. CBSE 2026 · 4 marks (a) Distinguish between Revenue Expenditure and Capital Expenditure with the help of suitable examples. OR (b) Using suitable examples, distinguish between Revenue Receipts and Capital Receipts.

Q21. CBSE 2026 · 4 marks (a) Distinguish between Revenue Expenditure and Capital Expenditure with the help of suitable examples.

Q22. CBSE 2026 · 3 marks (a)(i) "The Credit Linked Subsidy Scheme (CLSS) is a key component of the Pradhan Mantri Awas Yojana (PMAY), aimed at providing affordable housing for the Economically Weaker Sections (EWS), Lower-income Groups (LIG), and Middle-income Groups (MIG) in India." Identify and explain the government budget objective highlighted in the above statement.

Q23. CBSE 2025 · 3 marks In 2022-23, due to the outbreak of geopolitical conflict, the result was higher international prices for fertilizer and fuel. Thus, there was a higher fuel and fertilizer subsidy. On the basis of given text, identify and explain the indicated objective of the government budget.



Q24. CBSE 2025 · 4 marks Read the following text carefully: In an economy, a significant reduction in Aggregate demand raised concerns about future growth prospects of the country. This economic downturn underscores the urgent need for strategic measures to boost confidence of households and stimulate economic activities. Based on the above text and common understanding, explain the measures which the government may take to stabilise the indicated situation.

Q25. CBSE 2025 · 3 marks In 2022-23, due to the outbreak of geopolitical conflict, the result was higher international prices for fertilizer and fuel. Thus, there was higher fuel and fertilizer subsidy. On the basis of given text, identify and explain the indicated objective of the government budget.

Q26. CBSE 2025 · 3 marks On the basis of the given text and common understanding, answer the following questions: Government provides certain goods and services which cannot be provided by the market mechanism. Examples of such goods are national defence, roads, government administration etc. which are referred to as public goods. There are two major differences between public and private goods. One, the benefits of public goods are available to all and are not only restricted to one particular consumer. For example, if a person wears a shirt, it will be in rival relationship to the consumption of others. However, if we consider a public park or measures to reduce air pollution, the benefits do not reduce the amount available for consumption for others and so several people can enjoy the benefits, that is, the consumption of many people is non-rival. Two, in case of private goods, anyone who does not pay for the goods can be excluded from enjoying its benefits. If you do not buy a ticket, you will not be allowed to watch a movie at a local cinema hall. However, in case of public goods, there is no feasible way of excluding anyone from enjoying the benefits of the good. That is why public goods are called non-excludable. Even if some users do not pay, it is difficult and sometimes impossible to collect fees for the public good. These non-paying users are called free-riders. They benefit from what they can get for free and for which there is no exclusive title to the property being enjoyed. The link between the producer and consumer which occurs through the payment process is broken and the government must step in to provide for such goods. Government's role in providing public goods impacts community welfare.

Q27. CBSE 2024 · 2 marks (a) (i) Interest received on loan. Classify as Revenue receipts or Capital receipts with valid arguments in support of your answer.

Q28. CBSE 2024 · 2 marks (a)(i) Classify the following as Revenue receipts or Capital receipts. Give valid arguments in support of your answer: Interest received on loan.

Q29. CBSE 2024 · 6 marks (i) Distinguish between direct tax and indirect tax with the help of suitable examples. (ii) Explain the redistribution of income objective of the Government Budget.

Q30. CBSE 2024 · 3 marks (a) (i) Distinguish between direct tax and indirect tax with the help of examples.

Q31. CBSE 2024 · 6 marks (a) (i) Distinguish between direct tax and indirect tax with the help of suitable examples.

Q32. CBSE 2024 · 2 marks (a) On the basis of the given information, calculate the values of the following: (i) Fiscal Deficit. Information: (i) Capital Expenditure 30 (ii) Revenue Receipts 20 (iii) Revenue Deficit 20 (iv) Interest Payments 10 (v) Non-Debt Creating Capital Receipts 50% of Revenue Receipts

Q33. CBSE 2024 · 2 marks On the basis of the given information, calculate the values of the following: (i) Fiscal Deficit. S.No. Items Amount (in crore) (i) Capital Expenditure 120 (ii) Revenue Receipts 100 (iii) Revenue Deficit 110 (iv) Interest Payments 25 (v) Non-Debt Creating Capital Receipts 40% of Revenue Receipts

Q34. CBSE 2024 · 2 marks (a) (i) On the basis of the given information, calculate the values of the following: Fiscal Deficit

Q35. CBSE 2023 · 4 marks In recent days, the Indian Government has undertaken significant expenditure on acquisition of indigenous defence items under the Make-in-India programme. Identify and discuss the two types of budget expenditures which may be undertaken by the Government as suggested in the above statement.

Q36. CBSE 2023 · 4 marks In these days, the Government of India has incurred lot of expenditure on acquisition of indigenous defence items under the Make-in-India programme. Identify and discuss the two types of budget expenditures which may be undertaken by the Government as suggested in the above statement.

Q37. CBSE 2023 · 4 marks Discuss briefly, how the government can control the situation of deflation using the following: (a) Taxation Policy (b) Government Expenditure Policy

Q38. CBSE 2023 · 4 marks (i) The government provides food grains like food grains almost free to the families below poverty line. Identify and explain the objective of the government budget indicated. (ii) Define the following: (1) Revenue deficit (2) Primary deficit

Q39. CBSE 2022 · 3 marks Define Inflationary Gap. State how the government can control the situation of inflationary gap, using the taxation policy.

Q40. CBSE 2022 · 3 marks Taxes help the government to control the situation of deflation in an economy. Comment.

Q41. CBSE 2022 · 3 marks "The Government has raised the exemption limit for the payment of Income tax from ₹2 lakh to ₹2.5 lakh." If the situation of deficient demand is prevailing in the economy, what will be the impact of this action taken by the Government?



LONG ANSWER (5)

Q42. CBSE 2026 - 6 marks Refer the given text carefully: According to the Economic Survey 2024-25, the government budget's projections for the fiscal year 2025-26 indicate that gross direct tax revenue will rise by 12.7%, while gross indirect tax collections are expected to grow by 8.3% relative to FY 2024-25. Direct taxes include income tax and corporate tax, reflecting earnings and profits of households and firms. It plays a key role in revenue growth of the government. Indirect taxes encompass Goods and Services Tax (GST), custom duties and other transaction-based levies. Higher growth rate projected for direct taxes suggests a push to enhance tax buoyancy through improved compliance and reforms. On the other hand, indirect taxes are expected to benefit from consumption trends and Goods and Services Tax (GST) administration improvements. The balance tax strategy aims to mobilise resources while supporting fiscal consolidation and sustainable economic growth. On the basis of the above passage and common understanding, answer the following questions: (i) Differentiate between the two types of taxes indicated in the above text, with suitable examples. (ii) Elaborate the likely consequences of the tax projections made by the government.

Q43. CBSE 2026 - 6 marks (a) (i) "The Credit Linked Subsidy Scheme (CLSS) is a key component of the Pradhan Mantri Awas Yojana (PMAY), aimed at providing affordable housing for the Economically Weaker Sections (EWS), Lower-income Groups (LIG), and Middle-income Groups (MIG) in India." Identify and explain the government budget objective highlighted in the above statement. (ii) Differentiate between the two types of tax revenue sources of the government. OR (b) (i) Medha, an economics student, was studying about the expenditure on defence incurred by the government in the form of acquiring new platforms (jets, submarines etc.), and salaries and pensions of armed forces personnel. She classified both the expenditures as capital expenditure. Do you agree with Medha's views? Give valid explanation in support of your answer. (ii) If, for an economy, Primary Deficit is ₹ 1,000 crore and interest payments are 20% of total borrowings of the government, then calculate the value of fiscal deficit.

Q44. CBSE 2024 - 6 marks (a) (i) Study the following chart carefully and analyse the changing trends in the government expenditure on: (I) Agriculture and Allied Activities (II) Transport (ii) Distinguish between Revenue Deficit and Primary Deficit.

Q45. CBSE 2023 - 6 marks Two friends, Deepak and Krish were discussing the impact of increase in GST rates on luxury items, as recently undertaken by the Government. Krish was of the view that most of the luxury items (like foreign travel, imported cigarettes, etc.) should be taxed exorbitantly, while the items related to daily consumption of poor and middle class should be tax-free. Identify and explain the objective of the Government budget Krish is suggesting. (ii) State any two examples of non-tax receipts of the Government.

Q46. CBSE 2023 - 6 marks (a) (i) Government provides almost free essential goods like food grains to people below the poverty line. Identify and explain the objective of the government budget indicated. (ii) Define the following : (1) Revenue deficit (2) Primary deficit

CASE-BASED (4)**CASE STUDY - CBSE 2026**

According to the Economic Survey 2024 – 25, the government's budget projections for the fiscal year 2025 – 26 indicate that gross direct tax revenue will rise by 12.7%, while gross indirect tax collections are expected to grow by 8.3% relative to FY 2024 – 25. Direct taxes include income tax and corporate tax, reflecting earnings and profits of households and firms. It plays a key role in revenue growth of the government. Indirect taxes encompass Goods and Service Tax (GST), custom duties and other transaction-based levies. Higher growth rate projected for direct taxes suggests a push to enhance tax buoyancy through improved compliance and reforms. On the other hand, indirect taxes are expected to benefit from consumption trends and Goods and Services Tax (GST) administration improvements. The balance tax strategy aims to mobilise resources while supporting fiscal consolidation and sustainable economic growth.

Q47. CBSE 2026 - 6 marks (i) Differentiate between the two types of taxes indicated in the above text, with suitable examples. (ii) Elaborate the likely consequences of the tax projections made by the government.

Q48. CBSE 2026 - 4 marks (i) Differentiate between the two types of taxes indicated in the above text, with suitable examples.

CASE STUDY - CBSE 2025

The Union Budget 2025-26 introduces a series of measures aimed at strengthening the Micro, Small and Medium Enterprises (MSME) sector. It recognises the journey of development, along with agriculture, investment and exports. The sector plays a crucial role in manufacturing sector, exports and employment generation. The new budgetary provisions aim to build on this strong foundation by fostering innovation, enhancing competitiveness and ensuring better access to resources. Registration portal, PM Vishwakarma, PMEGP, SFURTI, and the Public Procurement Policy continue to demonstrate a combined effort towards integrating and empowering MSMEs.

Q49. CBSE 2025 - 3 marks Based on the given text, explain how government budgetary measures can strengthen the MSME sector.

CASE STUDY - CBSE 2025

Government provides certain goods and services which cannot be provided by the market mechanism. Examples of such goods are national defence, roads, government administration etc. which are referred to as public goods. There are two major differences between public and private goods. One, the benefits of public goods are available to all and are not only restricted to one particular consumer. For example, if a person wears a shirt, it will be in rival relationship to the consumption of others. However, if we consider a public park or measures to reduce air pollution, the benefits reduce the amount available for consumption for others and so several people can enjoy the



benefits, that is, the consumption of many people is non-rival. Two, in case of private goods, anyone who does not pay for the goods can be excluded from enjoying its benefits. If you do not buy a ticket, you will not be allowed to watch a movie at a local cinema hall. However, in case of public goods, there is no feasible way of excluding anyone from enjoying the benefits of the good. That is why public goods are called non-excludable. Even if some users do not pay, it is difficult and sometimes impossible to collect fees for the public good. These non-

paying users are called free-riders. They enjoy what they can get for free and for which there is no exclusive title to the property being enjoyed. The link between the producer and consumer which occurs through the payment process is broken and the government must step in to provide for such goods.

Q50. CBSE 2025 · 3 marks Based on the given passage on public goods, explain how provision of public goods by government impacts community welfare.

5 Open Economy

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (51)

Q1. CBSE 2026 · 1 mark Read the following statements carefully: Statement 1: Depreciation of currency is an economic action undertaken by the government of a nation under the fixed exchange rate system. Statement 2: Under the floating exchange Rate system, authorities actively intervene in the foreign exchange market by way of maintaining foreign exchange reserves. In the light of the given statements, choose the correct option.

- (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.

Q2. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): Unilateral Transfers are recorded in the Current Account of the Balance of Payments (BoP) of a nation. Reason (R): Capital account records transactions which cause a change in the assets or liabilities of the country. Choose the correct option.

- (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.

Q3. CBSE 2026 · 1 mark Read the following statements carefully: Statement 1: Depreciation of currency is an economic action undertaken by the government of a nation under the fixed exchange rate system. Statement 2: Under the floating exchange Rate system, authorities actively intervene in the foreign exchange market by way of maintaining foreign exchange reserves.

- (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.

Q4. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Unilateral Transfers are recorded in the Current Account of the Balance of Payments (BoP) of a nation. Reason (R): Capital account records transactions which cause a change in the assets or liabilities of the country.

- (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.

Q5. CBSE 2026 · 1 mark Read the following statements carefully: Statement 1: Depreciation of currency is an economic action undertaken by the government of a nation under the fixed exchange rate system. Statement 2: Under the floating exchange Rate system, authorities actively intervene in the foreign exchange market by way of maintaining foreign exchange reserves. In the 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.

Q6. CBSE 2026 · 1 mark Read the following statements carefully: Statement 1: Under the flexible exchange rate system, a deficit / surplus in the Balance of Payments is automatically corrected. Statement 2: Under the flexible exchange rate system, there is always a possibility of over/under valuation of currency. In the light of the above 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.



Q7. CBSE 2026 · 1 mark Read the following statements – Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Increase in exchange rate implies that the price of foreign currency in terms of domestic currency has increased. Reason (R): Balance of trade records the inflows and outflows of foreign exchange.

- (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.

Q8. CBSE 2026 · 1 mark Read the following statements – Assertion (A) and Reason (R). Assertion (A): Increase in exchange rate implies that the price of foreign currency in terms of domestic currency has increased. Reason (R): Balance of trade records the inflows and outflows of foreign exchange. Choose the correct option:

- (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.

Q9. CBSE 2026 · 1 mark Identify, the factor which influences the demand for foreign exchange in a country. (Choose the correct option)

- (a) Investments made by Indians in Japan
- (b) Indian producers exporting fabrics to United States of America (USA)
- (c) Remittances by Indian workers from Gulf countries
- (d) An Indian software company providing services to clients abroad

Q10. CBSE 2026 · 1 mark Read the following statements carefully : Statement I : Trade in services includes both factor income and non-factor income transactions. Statement II : Current Account includes transactions related to goods, services and unilateral transfers. In the light of the given statements, choose the correct option from the following :

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q11. CBSE 2026 · 1 mark Under the fixed exchange rate system, if the government decreases the value of domestic currency with respect to a foreign currency, it is known as _____ of currency. (Choose the correct option to fill in the blank)

- (a) Devaluation
- (b) Depreciation
- (c) Appreciation
- (d) Revaluation

Q12. CBSE 2026 · 1 mark Statement I: Trade in services includes both factor income and non-factor income transactions. Statement II: Current Account includes transactions related to goods, services and unilateral transfers. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q13. CBSE 2026 · 1 mark Under _____ exchange rate system, the competent authority may devalue currency to increase exports. (Choose the correct option to fill in the blank)

- (a) Fixed
- (b) Floating
- (c) Managed
- (d) Fixed floating

Q14. CBSE 2026 · 1 mark Purchase of a property by an Indian resident abroad can be recorded on the _____ side of _____ account of Balance of Payments. (Choose the correct option to fill in the blanks)

- (a) Credit, Capital
- (b) Credit, Current
- (c) Debit, Current
- (d) Debit, Capital

Q15. CBSE 2026 · 1 mark Under the flexible exchange rate system, the exchange rate is determined by the _____.

- (a) Only (i)
- (b) Only (ii)
- (c) Only (iii)
- (d) (ii) and (iii)

Q16. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Transfers from Abroad (remittances) are to be recorded on the credit side of capital account of Balance of Payments (BoP). Reason (R): All the transactions that lead to inflow of foreign currency from the rest of the world are recorded on the credit side of Balance of Payments (BoP).

- (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.

Q17. CBSE 2025 · 1 mark Under the _____ Exchange Rate System, the Central Bank can control the foreign exchange rate in a range bound manner. (Choose the correct option to fill in the blank)

- (a) Fixed
- (b) Flexible
- (c) Managed floating
- (d) Gold standard

Q18. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: Import of heavy machinery from Japan is a source of demand for foreign exchange. Statement 2: Financial aid by International Bank for Reconstruction and Development (IBRD) for landslide in Wayanad (Kerala) is a source of supply of foreign exchange. In the light of the given statements, choose the correct option from the following:

- (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.



Q19. CBSE 2025 · 1 mark Statement 1 : Import of heavy machinery from Japan is a source of demand for foreign exchange. Statement 2 : Financial aid by International Bank for Reconstruction and Development (IBRD) for landslide in Wayanad (Kerala) is a source of supply of foreign exchange. In the light of the given statements, choose the correct option from the following :

- (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.

Q20. CBSE 2025 · 1 mark Market forces of demand and supply, actively interact under _____ exchange rate system to determine the foreign exchange rate.

- (a) fixed (b) flexible (c) managed floating
- (d) fixed floating

Q21. CBSE 2025 · 1 mark From the following, identify the situation which indicates the Current Account Surplus (CAS) in Balance of Payments (BOP) account of a nation.

- (a) Excess of receipts on current account over the payments on current account.
- (b) Equality of receipts on current account and payments on current account.
- (c) Excess of payments on current account over receipts on current account.
- (d) Excess of payments on current account over receipts on capital account.

Q22. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R) carefully. Choose the correct option from those given below: Assertion (A): Other things remaining constant, devaluation of domestic currency may lead to rise in National Income of the nation. Reason (R): Devaluation of domestic currency refers to reduction in the value of domestic currency by the government with respect to foreign currency under the fixed exchange rate system.

- (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.

Q23. CBSE 2025 · 1 mark Identify, which of the following is not a source of demand for foreign exchange.

- (a) Imports of goods and services
- (b) Gifts by Indians to their families living abroad
- (c) Indian tourists visiting foreign countries
- (d) Loans from Rest of the World

Q24. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: The price of a given currency in terms of another is known as bank rate. Statement 2: Demand curve for foreign exchange is a downward sloping curve. In the 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.

Q25. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R) carefully. Assertion (A): Other things remaining constant, devaluation of domestic currency may lead to rise in National Income of the nation. Reason (R): Devaluation of domestic currency refers to reduction in the value of domestic currency by the government with respect to foreign currency under the fixed exchange rate system. Choose the correct option:

- (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.

Q26. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R) carefully. Choose the correct option from those given below: Assertion (A): Shipping service provided by an Indian company to foreign companies will be recorded in current account of Balance of Payments (BOP). Reason (R): Current account of Balance of Payments (BOP) does not alter the status of the asset or liabilities of the residents of India.

- (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.

Q27. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: Keeping other things constant, there exists positive correlation between the price of foreign exchange and its demand. Statement 2: (text incomplete in source). In the 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.



Q28. CBSE 2025 · 1 mark Read the following statements carefully:
Statement 1: Keeping other things constant, there exists positive correlation between the price of foreign exchange and its demand. Statement 2: Purchasing power in international markets. In the 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.

Q29. CBSE 2024 · 1 mark On 9th June, 2023, there was a net selling off worth ₹309 crore by Foreign Institutional Investors (FIIs) over the period of one month i.e., 9th May, 2023 – 9th June, 2023. The above mentioned transactions will be recorded on _____ side of _____ account of Balance of Payments of India. (Choose the correct alternative to fill in the blanks)

- (a) Debit, Current (b) Credit, Capital (c) Credit, Current
- (d) Debit, Capital

Q30. CBSE 2024 · 1 mark Surplus in Balance of Payments (BOP) refers to the excess of _____. (Choose the correct alternative to fill in the blank)

- (a) Autonomous payments over Autonomous receipts
- (b) Current Account payments over Autonomous receipts
- (c) Capital Account receipts over Capital Account payments
- (d) Autonomous receipts over Autonomous payments

Q31. CBSE 2024 · 1 mark Suppose, the Balance of Trade of an imaginary economy shows a favourable balance of ₹500 crore. The values of merchandise exports are ₹1200 crore and transfer payments are ₹400 crore. The value of merchandise imports would be ₹_____ crore. (Choose the correct alternative to fill in the blank)

- (a) 1700 (b) 750 (c) 700 (d) 900

Q32. CBSE 2024 · 1 mark As per NSE data dated 9th June, 2023, there was a net selling off worth ₹309 crore by Foreign Institutional Investors (FIIs) over the period of one month i.e., 9th May, 2023 - 9th June, 2023. The above mentioned transactions will be recorded on _____ side of _____ account of Balance of Payments of India.

- (a) Debit, Current (b) Credit, Capital (c) Credit, Current
- (d) Debit, Capital

Q33. CBSE 2024 · 1 mark On the 9th June, 2023, there was a net selling off worth 309 crore by Foreign Institutional Investors (FIIs) over the period of one month i.e., 9th May, 2023 - 9th June, 2023. The above mentioned transactions will be recorded on _____ side of _____ account of Balance of Payments of India.

- (a) Debit, Current (b) Credit, Capital (c) Credit, Current
- (d) Debit, Capital

Q34. CBSE 2024 · 1 mark Identify which of the following is not one of the merits of fixed exchange rate system.

- (a) Ensures stability in exchange rate
- (b) Possibility of under or over valuation of foreign currency
- (c) Prevents speculations in foreign exchange market
- (d) Coordination of macroeconomic policies becomes convenient

Q35. CBSE 2024 · 1 mark Identify which of the following will appear on the debit side in the Capital Account of India

- (a) An Indian sending remittances from England
- (b) Investing in assets abroad by Indians
- (c) An American company purchasing shares of an Indian company
- (d) Export of spices from India

Q36. CBSE 2024 · 1 mark Identify which of the following will appear on the debit side in the Capital Account of India's Balance of Payments.

- (a) An Indian sending remittances from England
- (b) Investing in assets abroad by Indians
- (c) An American company purchasing shares of an Indian company
- (d) Export of spices from India

Q37. CBSE 2024 · 1 mark According to the Reserve Bank of India's Statistical Supplement released on 19th May, 2023: India's foreign exchange reserves grew for the third straight week and reached near an approximate level of \$600 billion. The above situation will _____ the _____ side of Balance of Payments account of India. (Choose the correct alternative to fill in the blanks)

- (a) Increase, Credit (b) Decrease, Credit (c) Decrease, Debit
- (d) Increase, Debit

Q38. CBSE 2024 · 1 mark Identify the correct pair of statements given in Column I with the related terms in Column II: Column I: 1. Remittances from abroad to the nation 2. Government policy of decreasing the value of the nation's currency against foreign currencies 3. Difference between visible exports and visible imports of a nation 4. Government as sole authority of determining foreign exchange rates. Column II: (i) Accommodating Transaction (ii) Devaluation (iii) Balance of Payments (iv) Flexible Exchange Rate System

- (a) 1 → (i) (b) 2 → (ii) (c) 3 → (iii) (d) 4 → (iv)

Q39. CBSE 2024 · 1 mark Assertion (A) : In case of an unfavourable Balance of Trade, the Current Account of the nation may be in surplus. Reason (R) : Net invisible receipts of a nation can exceed the Net visible receipts. Choose the correct alternative.

- (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 false, but Reason (R) is true.



Q40. CBSE 2024 · 1 mark According to the Reserve Bank of India (RBI) Statistical Supplement released on 19th May, 2023: India's foreign exchange reserves grew for the third straight week and reached near an approximate level of \$600 billion. The above situation will _____ the _____ side of Balance of Payments account of India.

- (a) Increase, Credit (b) Decrease, Credit (c) Decrease, Debit
(d) Increase, Debit

Q41. CBSE 2024 · 1 mark Identify the correct pair of statements given in Column I with the related terms in Column II: Column I: 1. Remittances from abroad to the nation 2. Government policy of decreasing the India's currency against foreign currencies 3. Difference between visible exports and visible imports of a nation 4. Government as sole authority of determining foreign exchange rates. Column II: (i) Accommodating Transaction (ii) Devaluation (iii) Balance of Payments (iv) Flexible Exchange Rate System

- (a) 1 → (i) (b) 2 → (ii) (c) 3 → (iii) (d) 4 → (iv)

Q42. CBSE 2024 · 1 mark Read the following statements: Assertion (A) and Reason (R). In case of an unfavourable Balance of Trade, the Current Account of the nation may be in surplus. Reason (R): Net invisible receipts of a nation can exceed the Net visible receipts.

- (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 false, but Reason (R) is true.

Q43. CBSE 2024 · 1 mark Read the following statements: Assertion (A): In case of an unfavourable Balance of Trade, the Current Account of the nation may be in surplus. Reason (R): Net invisible receipts of a nation can exceed the Net visible receipts. Choose the correct alternative from those given below:

- (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 false, but Reason (R) is true.

Q44. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Borrowings by a nation from the World Bank to finance Balance of Payment (BoP) deficit will be recorded in the capital account. Statement 2: Autonomous transactions are independent of the condition of Balance of Payment (BoP) account. In light of the given statements, choose the correct alternative 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.

Q45. CBSE 2023 · 1 mark Suppose that, the Balance of Trade of a nation exhibits a deficit of ₹ 50,000 crore. The import of visible items are five times of the exports of visible items. The value of exports of visible items would be ₹ _____ crore.

- (a) 20,000 (b) 10,000 (c) 12,500 (d) 20,300

Q46. CBSE 2023 · 1 mark Keeping other factors constant, if the price of crude oil falls in the international market, it may lead to _____.

- (a) increase in trade deficit (b) decrease in trade deficit
(c) no change in trade deficit
(d) no change in the foreign exchange reserves

Q47. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Import of gold from Dubai will be recorded on the debit side of the current account in Balance of Payments of India. Statement 2: Outflow of Foreign Institutional Investment (FII) from Indian stock markets will be recorded on the credit side of the capital account. In light of the given statements, choose the correct alternative 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.

Q48. CBSE 2023 · 1 mark Identify, which of the following is not a source of supply of foreign exchange for India.

- (a) Exports of goods and services abroad
(b) Remittances by Indian workers working abroad
(c) Imports of goods and services from abroad
(d) Foreign Direct Investment (FDI) by a German automobile manufacturer

Q49. CBSE 2023 · 1 mark An Indian company receives a loan from a company located abroad. This transaction would be recorded on the _____ side of _____ account in (Choose the correct alternative to fill up the blanks)

- (a) Credit, Current (b) Debit, Current (c) Credit, Capital
(d) Debit, Capital

Q50. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Balance of Payment account is always balanced in accounting sense. Statement 2: Autonomous transactions, restore balance in Balance of Payment account. In light of the given statements, choose the correct alternative 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.



Q51. CBSE 2023 · 1 mark (A) Read the following statements carefully: Statement 1: Depreciation of domestic currency may lead to a rise in exports. Statement 2: Due to the depreciation of Indian National Rupee (₹), purchasing power of US Dollar (\$) may increase. In light of the given statements, choose the correct alternative 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.

VERY SHORT ANSWER (2)

Q52. CBSE 2026 · 1 mark (a) Define Balance of Payments (BoP) Account.

Q53. CBSE 2025 · 3 marks Distinguish between Balance of Payment and Balance of Trade.

SHORT ANSWER (28)

Q54. CBSE 2026 · 4 marks Michel, an entrepreneur of Country Zeta, borrowed \$ 5 million from an overseas bank to expand his textile business. During the same financial year, the Government of Country Zeta secured a loan of \$ 30 Billion from an International Financial Institution to manage the ongoing Balance of Payments. Samuel, an Economics student categorised both of these transactions as 'autonomous transactions' in the BoP account of the country. Do you agree with his classification? Justify your answer with valid reasons.

Q55. CBSE 2026 · 2 marks Explain the likely impacts of the 'Make in India' policy initiated by Government of India on the Balance of Payments (BoP) of India (assuming all other factors constant).

Q56. CBSE 2026 · 3 marks Explain the likely impact of implementation of 'Exports Promotion Scheme' of Government of India on the Balance of Payment (BoP) of the country. (Keeping other factors constant)

Q57. CBSE 2026 · 3 marks "US administration has recently imposed tariff to the magnitude of 50%." In the light of given statement, explain the likely impact of this step on the exports of India.

Q58. CBSE 2026 · 3 marks "Many Multinational Corporations (MNCs) have recently shifted their production from China to India, which has boosted the 'Make in India' plan." Assuming other factors being constant, discuss the effects of the given statement on foreign exchange rates with reference to the Indian economy.

Q59. CBSE 2026 · 3 marks Keeping other factors constant, explain how a spending of foreign tourists in the home country and fees payments of overseas students affect the demand and supply of foreign exchange.

Q60. CBSE 2026 · 1 mark (a) Define Accommodating Items under Balance of Payments (BoP).

Q61. CBSE 2026 · 4 marks (a) Define Accommodating Items under Balance of Payments (BoP). (b) "Economic transactions that are recorded in the current account can be classified in two parts — merchandise and invisibles. Net inflows from both the transactions are referred to as Trade Surplus." Do you agree with the given statement? Give valid arguments in support of your answer.

Q62. CBSE 2026 · 4 marks (a) Define Balance of Payments (BoP) Account. (b) Differentiate between autonomous transactions and accommodating transactions in Balance of Payments (BoP).

Q63. CBSE 2026 · 4 marks (a) Define Balance of Payments (BoP) Account. (b) Differentiate between Balance of Trade and Balance of Current Account.

Q64. CBSE 2025 · 4 marks Elaborate any two components of the Capital Account under the Balance of Payments Account.

Q65. CBSE 2025 · 2 marks Distinguish between Foreign Direct Investments (FDI) and Foreign Portfolio Investments (FPI).

Q66. CBSE 2025 · 4 marks (a) India attracted Foreign Direct Investments (FDI) inflows of US \$ 70.9 Bn and net Foreign Portfolio Investments (FPI) inflows in 2023-24. (i) Distinguish between the above mentioned economic variables. (2 marks) (ii) In which account of Balance of Payments will the given variables be entered and why? (2 marks)

Q67. CBSE 2025 · 2 marks In 2023-24 with Foreign Direct Investments (FDI) inflows of US \$ 70.9 Bn and net Foreign Portfolio Investments (FPI) inflows: (i) Distinguish between the above mentioned economic variables.

Q68. CBSE 2025 · 3 marks Distinguish between autonomous transactions and accommodating transactions in the Balance of Payments of the economy.

Q69. CBSE 2025 · 3 marks Distinguish between Current account and Capital account.

Q70. CBSE 2025 · 3 marks Distinguish between Balance of Payments and Balance of Trade.

Q71. CBSE 2024 · 3 marks Distinguish between fixed exchange rate system and flexible exchange rate system.

Q72. CBSE 2024 · 3 marks Accommodating transactions are undertaken to maintain stability in the balance of payments. Justify the given statement with valid explanation.

Q73. CBSE 2024 · 3 marks (a) Accommodating transactions are undertaken to maintain stability in Balance of Payments. Justify the given statement with valid explanation.

Q74. CBSE 2024 · 3 marks Discuss any two factors which directly affect the demand for foreign exchange of a nation.

Q75. CBSE 2023 · 3 marks Defend or refute the following statement, with valid argument: Unanticipated appreciation leads to a decline in the value of a portfolio.

Q76. CBSE 2023 · 3 marks A central bank needs to intervene in a managed floating exchange rate system. Do you agree with the given statement? Support your answer with valid reasons.



Q77. CBSE 2023 · 3 marks There is a positive relationship between foreign exchange rate and supply of foreign currency. Justify your answer with valid arguments.

Q78. CBSE 2023 · 3 marks There is a positive relationship between foreign exchange rate and imports. Do you agree with the given statement? Justify your answer with valid arguments.

Q79. CBSE 2023 · 3 marks There is a positive relationship between foreign exchange rate and purchasing power of a country's currency. Justify your answer with valid arguments.

Q80. CBSE 2023 · 3 marks Discuss briefly the determination of exchange rate under the flexible exchange rate system.

Q81. CBSE 2023 · 3 marks (b) Differentiate between Surplus in Balance of Trade and Current Account Surplus.

6 Indian Economy on the Eve of Independence

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (21)

Q1. CBSE 2026 · 1 mark Read the following statements carefully: Statement 1: During the British rule in India, the export surplus was utilised to import of invisible items from Britain. Statement 2: Indians paid for the expenses incurred by an office set up by the colonial government in Britain. In the light of above 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.

Q2. CBSE 2026 · 1 mark Read the following statements carefully: Statement 1: During the British rule in India, the export surplus was utilised to import of invisible items from Britain. Statement 2: Indians paid for the expenses incurred by an office set up by the colonial government in Britain. In the light of above statements, choose the correct option.

- (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

Q3. CBSE 2026 · 1 mark _____ estimates India's national and per capita income during the colonial era was considered very significant.

- (a) William Digby (b) V.K.R.V. Rao (c) Findlay Shirras
- (d) R.C. Desai

Q4. CBSE 2026 · 1 mark Read the following statements carefully: Statement I: Inland waterways proved to be uneconomical as in the case of Coast Canal on the Orissa coast. Statement II: British government followed an effective and efficient administrative set-up leaving a legacy of effective work culture. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q5. CBSE 2026 · 1 mark Read the following statements carefully: Statement I: The colonial government had dual objectives behind the systematic deindustrialization of India. Statement II: The British reduced India to a mere importer of raw materials for its modern industries. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q6. CBSE 2026 · 1 mark The export surplus during the colonial rule was used by the Britishers to _____.

- (a) Only (i) (b) (i) and (ii) (c) (i) and (iii) (d) (ii) and (iii)

Q7. CBSE 2026 · 1 mark The export surplus during the colonial rule was used by the Britishers to _____. (i) Bring gold and silver to India (ii) Incur expenses on war (iii) Import invisible items

- (a) Only (i) (b) (i) and (ii) (c) (i) and (iii) (d) (ii) and (iii)

Q8. CBSE 2026 · 1 mark Read the following statements carefully: Statement I : The colonial government had dual objectives behind the systematic deindustrialization of India. Statement II : The British reduced India to a mere importer of raw materials for the its modern industries. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q9. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: The British policies were accountable for commercialisation of Indian agriculture. Statement 2: In the larger interest of Indians, the British rulers focused on the infrastructural growth of India. In the light of the given statements, choose the correct option from the following:

- (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.



Q10. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: The British policies led to huge employment generation in the secondary and tertiary sectors of the Indian Economy. Statement 2: British economic development was to benefit interests of India. In the light of the given statements, choose the correct alternative 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.

Q11. CBSE 2025 · 1 mark Statement 1 : The British policies led to huge employment generation in the secondary and tertiary sectors of the Indian Economy. Statement 2 : development was to benefit interests of India. In the light of the given statements, choose the correct alternative 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.

Q12. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R) carefully. Choose the correct alternative from those given below: Assertion (A): The year 1921 is called as the Year of Great Divide. Reason (R): After the year 1921, India experienced a sharp rise in its population growth rate.

- (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.

Q13. CBSE 2024 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): The agricultural sector under the British rule was primarily the base of the sectoral growth of India. Reason (R): British rulers wanted to take maximum advantage of the Indian agricultural output, for growth of industries in England. Choose the correct alternative:

- (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 false, but Reason (R) is true.

Q14. CBSE 2024 · 1 mark Read the following statements carefully: Statement 1: Under the colonial rule, basic infrastructure (like railways, post and telegraph etc.) was developed. Statement 2: The real motive behind the infrastructural development in India was to strengthen the British interests. In the light of the given statements, choose the correct alternative 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.

Q15. CBSE 2024 · 1 mark British rule's foreign trade had various features except _____.

- (a) Restrictive policies of commodity production, trade and tariff
- (b) British control over India's exports and imports
- (c) Free trade from India to the rest of the world
- (d) Large export surplus

Q16. CBSE 2024 · 1 mark During British rule, India's foreign trade had various features except _____.

- (a) Restrictive policies of commodity production, trade and tariff
- (b) Britain's control over India's exports and imports
- (c) Free trade from India to the rest of the world
- (d) Large export surplus

Q17. CBSE 2024 · 1 mark Assertion (A): The agricultural sector under the British rule was primarily the base of the sectoral growth of India. Reason (R): British rulers wanted to take maximum advantage of the Indian agricultural output, for growth of industries in England. Choose the correct alternative from those given below.

- (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 false, but Reason (R) is true.

Q18. CBSE 2024 · 1 mark Read the following statements : Assertion (A) : The agricultural sector under the British rule was primarily the base of the sectoral growth of India. Reason (R) : British rulers wanted to take maximum advantage of the Indian agricultural output, for growth of industries in England. Choose the correct alternative from those given below:

- (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 false, but Reason (R) is true.

Q19. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Commercialization of agriculture under the British rule was responsible for frequent famines between 1875 and 1900. Statement 2: During British rule, India began to export food grains. In light of the given statements, choose the correct alternative 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.

Q20. CBSE 2023 · 1 mark Under the British Rule, commercialisation of agriculture resulted in shifting of agricultural production from _____ crops to _____ crops.

- (a) Cash, Food (b) Cotton, Jute (c) Food, Cash
- (d) Jute, Food



Q21. CBSE 2023 · 1 mark Read the following statements carefully:
Statement 1: Freedom indices measure the constitutional protection given to the citizens. Statement 2: India provides fair constitutional protection to its citizens. In light of the given statements, choose the correct alternative 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.

SHORT ANSWER (17)

Q22. CBSE 2026 · 4 marks State and explain any two changes which were observed in India's occupational structure during the British Rule.

Q23. CBSE 2026 · 4 marks State and explain any two features which were observed in the demographic profile of India during the British rule.

Q24. CBSE 2026 · 4 marks "The British sought to achieve their vested interest through their policies of infrastructural development in India." Do you agree with the given statement? Justify your answer with valid explanation.

Q25. CBSE 2026 · 4 marks The Restrictive policies under the colonial government adversely affected the structure, composition and volume of India's foreign trade. Justify the above statement with valid explanation.

Q26. CBSE 2026 · 4 marks "Infrastructural upliftment of India was one of the key features of the British rule in India." State and discuss any two such developments, in the light of the given statement, with self-serving interests of the British.

Q27. CBSE 2026 · 4 marks (a) (i) Explain any two social development indicators prevailing during the colonial period. (ii) Define Tariffs.

Q28. CBSE 2025 · 3 marks Justify the given statement with valid explanation: India's economy during British rule, was characterized by exploitation with its resources and wealth being diverted to Britain.

Q29. CBSE 2025 · 3 marks Colonial India was characterised by exploitation with its resources and wealth being diverted to Britain. Justify the given statement with valid explanation.

Q30. CBSE 2025 · 3 marks Justify the given statement with valid explanation: India under British rule experienced exploitation with its resources and wealth being diverted to Britain.

Q31. CBSE 2025 · 3 marks Explain the two-fold motive of the British with valid arguments.

Q32. CBSE 2025 · 3 marks British rule was not to provide basic amenities to the people of India. Do you agree with the given statement? Give valid reasons in support of your answer.

Q33. CBSE 2025 · 3 marks Justify the given statement with any one valid argument. (Agricultural sector was the main sector during British rule)

Q34. CBSE 2024 · 3 marks (a) (ii) Suez Canal was used as a highway between India and Britain. Justify the given statement with valid arguments.

Q35. CBSE 2024 · 3 marks During the colonial period the agricultural sector showed massive stagnation. Do you agree with the given statement? Justify your answer with valid arguments.

Q36. CBSE 2024 · 4 marks (a) Discuss any two factors that lead to stagnating Indian agriculture sector during British rule.

Q37. CBSE 2023 · 4 marks State and explain the condition of Indian agriculture on the eve of independence.

Q38. CBSE 2023 · 2 marks Explain any two shortfalls of the industrial policy under the British rule.

LONG ANSWER (1)

Q39. CBSE 2024 · 6 marks (a) (i) The real motive behind infrastructural development in India was to strengthen the British interests. Do you agree with the given statement? Justify your answer with valid arguments. (ii) Navratna policy has facilitated the maintenance, promotion and disinvestment of Public Sector Undertakings (PSUs). Justify the given statement with valid explanation.

7 Indian Economy 1950-1990

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (25)

Q1. CBSE 2026 · 1 mark Minimum Support Price is fixed by the Government to safeguard the interests of the _____.

- (a) Consumers (b) Farmers (c) Wholesalers
- (d) Middlemen

Q2. CBSE 2026 · 1 mark Which of the following is not an advantage of Green Revolution?

- (a) Increased marketed surplus
- (b) Increase in prices of food grains
- (c) Self-sufficiency in food grains
- (d) Creation of buffer stock

Q3. CBSE 2026 · 1 mark _____ was set up by the Government of India in 1950 to formulate plans for the most effective and balanced utilisation of resources.

- (a) NITI Aayog (b) Planning Commission
- (c) Karve Committee (d) World Trade Organisation

Q4. CBSE 2025 · 1 mark In the post-independence era, the policy makers of India pushed for Five-Year Plans. India has completed _____ Five-Year Plans so far.

- (a) 8 (b) 7 (c) 6 (d) 5



Q5. CBSE 2025 · 1 mark Read the following statements carefully:
Statement 1: The Food Corporation of India maintains buffer stocks of wheat and rice as a measure to improve market mechanism. Statement 2: Minimum Support Price (MSP) is imposed by the government to safeguard the interest of farmers. In the light of the given statements, choose the correct option from the following:

- (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.

Q6. CBSE 2025 · 1 mark In the post-independence era, the policy makers of India pushed for _____ Five-Year Plans.

- (a) 8 (b) 7 (c) 6 (d) 5

Q7. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Choose the correct alternative from the options given below: Assertion (A): Excessive regulation of permit license raj prevented certain private firms from becoming more efficient. Reason (R): Private sector wasted a significant time in obtaining licenses rather than enhancing product quality and international competitiveness.

- (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.

Q8. CBSE 2025 · 1 mark In the post-independence era, the policy makers of India emphasised on _____.

- (a) 6 (b) 7 (c) 8 (d) 9

Q9. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: The purchase of food grains, made by the government on the Minimum Support Price (MSP), is maintained as buffer stock. Statement 2: Minimum Support Price (MSP) safeguards the farmers against any sharp fall in farm product prices. In the light of the given statements, choose the correct option from the following:

- (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.

Q10. CBSE 2025 · 1 mark Statement 1 : The purchase of food grains, made by the government on the Minimum Support Price (MSP), is maintained as buffer stock. Statement 2 : Minimum Support Price (MSP) safeguards the farmers against any sharp fall in farm product prices. In the light of the given statements, choose the correct option from the following:

- (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.

Q11. CBSE 2025 · 1 mark The Great Leap Forward in China was launched in _____.

- (a) 1951 (b) 1955 (c) 1958 (d) 1962

Q12. CBSE 2025 · 1 mark It is commonly known as _____.

- (a) Green Revolution (b) Land Ceiling
- (c) Marketable Surplus (d) Golden Revolution

Q13. CBSE 2025 · 1 mark White Revolution is associated with _____.

- (a) Horticulture (b) Fisheries (c) Dairy Production
- (d) Animal Husbandry

Q14. CBSE 2025 · 1 mark Which of the following country/countries followed the Five Year Planning structure of economic development?

- (a) (i), (ii) and (iii) (b) (ii) and (iii) (c) (i) and (iv)
- (d) Only (iv)

Q15. CBSE 2025 · 1 mark Prime beneficiary of the Minimum Support Price (MSP) fixed by the government is _____.

- (a) Labourer (b) Consumer (c) Trader (Buyer) (d) Farmer

Q16. CBSE 2025 · 1 mark Modernization is an important economic planning objective that focuses on _____.

(i) Adoption of innovative technology (ii) Bringing positive change in social outlook (iii) Equal distribution of income and wealth (iv) Abolition of intermediaries

- (a) (i) and (iv) (b) (i) and (iii) (c) (i), (iii) and (iv)
- (d) (i) and (ii)

Q17. CBSE 2024 · 1 mark Read the following statements carefully: Statement 1: Land ceiling was one of the Government policies to promote equity in the agriculture sector. Statement 2: Land reforms resulted in abolition of the Zamindari system in the post independence period. In light of the given statements, choose the correct alternative 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.

Q18. CBSE 2024 · 1 mark Read the following statements - Assertion (A) and Reason (R). Choose the correct alternative given below: Assertion (A): The excessive regulation of permit license raj prevented certain private firms from becoming fairly competitive. Reason (R): Private sector wasted huge amounts in obtaining licenses rather than on improving the product quality and international competitiveness.

- (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.

Q19. CBSE 2024 · 1 mark Modernization is an important economic planning objective that focuses on _____.

- (a) Only (i) Adoption of innovative technology
- (b) (i) and (ii) Adoption of innovative technology and Equal distribution of income and wealth
- (c) (i) and (iii) Adoption of innovative technology and Bringing positive changes in the social outlook
- (d) (i), (ii) and (iii) All of the above



Q20. CBSE 2023 · 1 mark Read the following statements carefully:
Statement 1: The purchase of food grains made by the Government on the Minimum Support Price (MSP) is maintained as buffer stock. Statement 2: Minimum Support Price safeguards the farmers against any sharp fall in farm product prices. In light of the given statements, choose the correct alternative 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.

Q21. CBSE 2023 · 1 mark Read the following statements carefully:
Statement 1: India announced its First Five Year Plan in 1951. Statement 2: India, Pakistan and China adopted economic planning as the core development strategy. In light of the given statements, choose the correct alternative 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.

Q22. CBSE 2023 · 1 mark From the following alternatives, identify the correct full form of NITI Aayog.

- (a) National Institution for Tribal India
- (b) National Institution for Technical India
- (c) National Institution for Transforming India
- (d) National Institution for Training India

Q23. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): Post independence, public sector was given a prominent role, due to requirement of huge investments in the secondary sector. Reason (R): Industrial sector is the backbone of any economy. Choose the correct alternative from those given below.

- (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 false, but Reason (R) is true.

Q24. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below. Assertion (A): Post independence, public sector was given a prominent role, due to requirement of huge investments in the secondary sector. Reason (R): Industrial sector is the backbone of any economy.

- (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 false, but Reason (R) is true.

Q25. CBSE 2023 · 1 mark Identify, which of the following alternative is not associated with goals of economic planning in India.

- (a) Ensuring equitable standard of living
- (b) Technological advancement
- (c) Increase in economic growth
- (d) Promoting imports of luxury goods

VERY SHORT ANSWER (4)

Q26. CBSE 2026 · 1 mark In India, high-yielding seed varieties were initially brought to the State of Punjab, Haryana and portions of western Uttar Pradesh. Identify the approach initiated by Indian Government in 1966.

Q27. CBSE 2024 · 3 marks (a) Discuss any two salient features of Indian industrial sector during the period of 1950-1990.

Q28. CBSE 2023 · 2 marks Which institution has been replaced by NITI Aayog in India? Who is the ex-officio Chairman of NITI Aayog? According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this. NITI Aayog's recent proposal for Licensing and Regulatory Regimes provides a roadmap for a digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this challenge. With Aadhar, India is at the cusp of operationalizing its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks. Digital banking allows a user to set up automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money.

Q29. CBSE 2023 · 1 mark State the time period of the Second Five Year Plan of India. With independence, India chose the closed economy model in pursuit of its objective of industrial self-sufficiency. As a result, industrial structure has become considerably important. In the post-independence era, the industrial growth was rapid during the first two decades, especially during the Second and Third Plan period. The Second Plan introduced Industrial Revolution. Industrial growth witnessed during this period were due to: (i) Emphasis on industrialisation in economic policies. (ii) Making industrial growth the main objective in the industrial policy and planning. (iii) Huge investments being made to support capacity creation in the industrial sector. (iv) Growing demands for a variety of new products on the part of the urban consumers and the relatively better-off sections of the society. (v) Pace of economic expansion supported by domestic savings and inflow of resources from abroad.

SHORT ANSWER (24)

Q30. CBSE 2026 · 3 marks "Although the subsidies play a crucial role in giving incentive to farmers to adopt modern agricultural technologies, they simultaneously impose a significant fiscal strain on the resources of the Government." Justify the given statement with valid argument.

Q31. CBSE 2026 · 4 marks Explain the main objectives and impacts of land settlement policies implemented under the British government rule.



Q32. CBSE 2026 · 3 marks (b) Critically appraise the Industrial Licensing policy initiated by the government during the planning period of India.

Q33. CBSE 2026 · 3 marks "In the post-independence era (1950 – 90s), industrial development in India accelerated the rate of economic development." Justify the given statement with valid reasons.

Q34. CBSE 2026 · 3 marks "Green Revolution has made India self-reliant with respect to food grains production." Justify the given statement with valid arguments.

Q35. CBSE 2026 · 4 marks "As per a few scholars, fertilizer subsidies should now be phased out, as they have served their purpose." Do you agree with the given statement? Justify your answer with valid arguments.

Q36. CBSE 2026 · 6 marks (a) (i) 'As per a few scholars, fertilizer subsidies should now be phased out, as they have served their purpose.' Do you agree with the given statement? Justify your answer with valid arguments. (ii) State any two ways by which the government can execute the step of disinvestment.

Q37. CBSE 2026 · 3 marks (a)(i) Explain briefly the rationale behind the 'License Raj' under the Industrial Policy Resolution, 1956.

Q38. CBSE 2026 · 3 marks Explain the Planning objective of "Growth with Equity".

Q39. CBSE 2026 · 3 marks "The Industrial Policy Resolution (IPR), 1956 classified all the industries based on state ownership and control in various categories." Do you agree with the above statement? Give valid reasons in support of your answer.

Q40. CBSE 2025 · 4 marks State and elaborate, whether the following statements are true/false, with valid arguments: (a) Under the Golden Revolution there was tremendous growth in horticulture, making India the world leader in this field. (b) Small and marginal farmers are given preference in getting credit from non-institutional sources like Regional Rural Banks, Cooperative Banks, etc.

Q41. CBSE 2025 · 2 marks Under the Golden Revolution there was tremendous growth in horticulture, making India the world leader in this field. State and elaborate, whether the following statement is true/false, with valid arguments.

Q42. CBSE 2025 · 3 marks Discuss briefly the role of small scale industries in generating of employment and equity in India under the planning period.

Q43. CBSE 2025 · 4 marks State and explain any two steps undertaken by the Government of India for the protection and promotion of Small-scale Industries between 1950-1990.

Q44. CBSE 2024 · 3 marks Elaborate the reasons owing to which the private sector was regulated under the Industrial Policy Resolution, 1956.

Q45. CBSE 2024 · 3 marks The land reforms undertaken by the Government of India were critically important to the process of agricultural transformation. Reject or support the given statement with valid arguments.

Q46. CBSE 2024 · 3 marks During the colonial period, there was stagnation (sluggishness) seen in the agriculture sector. Do you agree with the given statement? Justify your answer with valid arguments.

Q47. CBSE 2023 · 3 marks Summarise the objectives behind the issue of licence under the Industrial Policy Resolution, 1956.

Q48. CBSE 2023 · 3 marks Industrial Policy Resolution, 1956. Explain the rationale behind keeping some industries in the public sector under this policy.

Q49. CBSE 2023 · 4 marks Many economists believe that the 1991 economic reform process has had an adverse impact on the agricultural sector. Do you agree with the given statement? Quote valid arguments in favour of your answer.

Q50. CBSE 2023 · 2 marks Quote the four goals of the five year plans process of India.

Q51. CBSE 2023 · 1 mark State the time period of the Second Five Year Plan of India. With independence, India chose the closed economy model in pursuit of its objective of self-sufficiency. As a result, industrial structure has become considerably important. In the post-independence era, the industrial growth was rapid during the first two decades, especially during the Second and Third Plan period. The Second Plan introduced Industrial Revolution. The reasons for high rates of industrial growth witnessed during this period were due to: (i) Emphasis on industrialisation in economic policies. (ii) Making industrial growth the main objective in the industrial policy and planning. (iii) Huge investments being made to support capacity creation in the industrial sector. (iv) Growing demands for a variety of new products on the part of the urban consumers and the relatively better-off sections of the society. (v) Pace of economic expansion supported by domestic savings and inflow of resources from abroad.

Q52. CBSE 2022 · 2 marks 'Infrastructure facilities boost production.' Do you agree? Explain.

Q53. CBSE 2022 · 3 marks Why infrastructure needs to be upgraded?

LONG ANSWER (7)

Q54. CBSE 2026 · 6 marks The 'Atma nirbhar Bharat Initiative' carries forward the same spirit of self-reliance, which was adopted by the Government after 1947. In the light of the given statement, explain why self-reliance was considered as an important planning objective after independence.

Q55. CBSE 2025 · 4 marks Defend or refute the given statement with valid arguments: Import substitution was a key policy adopted by the Government of India in the post 1991 period.

Q56. CBSE 2024 · 6 marks (a) (i) of India, regulation of industrial sector was extremely. Reject or support the given statement with valid arguments. (ii) agriculture sector till the 1990s. Justify the given statement with valid explanation.



Q57. CBSE 2024 · 6 marks (a) (i) Among the liberalization measures undertaken by the Government of India, Trade and Investment Policy reforms were extremely important. Reject or support the given statement with valid arguments. (ii) Even after the Green Revolution, 65 per cent of India's population remained engaged in the agriculture sector till the 1990s. Justify the given statement with valid explanation.

Q58. CBSE 2024 · 6 marks India's inward looking trade policy during the post independence period was well supported by various tariff and non-tariff barriers. Do you agree with the given statement? Justify your answer with valid arguments.

Q59. CBSE 2023 · 4 marks Several economists hold the view that the economic reforms process of 1991 has adversely affected the agricultural sector. Do you agree with the given statement? Quote valid arguments in favour of your answer.

Q60. CBSE 2023 · 3 marks Explain the need and types of land reforms implemented in the agriculture sector.

CASE-BASED (2)

CASE STUDY · CBSE 2024

India's industrial policy since independence has been shaped broadly in terms of the Industrial Policy Resolution of 1948. It emphasized on the sole responsibility of the government in the matter of promoting, assisting and regulating the development of industries in the national interest. It envisaged an active and dominant role of public sector. The next Industrial Policy Resolution was placed before the Parliament by the Prime Minister on 30th April, 1956. It suggested that, There is a need for adoption of the socialist pattern of economy as the national objective, along with the need for planned and rapid development. It required that all industries of basic and strategic importance, or in public utility services, should be in the public sector. Other industries which are essential and require investment on a massive scale (which only the State could provide) have also to be in the public sector. Thus, the

State has to assume direct responsibility for the future development of industries. This Resolution classifies industries into three categories : The first category given in Schedule A, consists of industries the future development of which will be the exclusive responsibility of the State. In the second category given in Schedule B, are industries which will be progressively State-owned. However, in them, private enterprise will also be expected to participate. The third category comprises all the remaining industries, the further development of which will be left to the initiative and enterprise of the private sector.

Q61. CBSE 2024 · 3 marks (i) The Government of India, in the initial years of economic development, emphasized on a greater role of the public sector in the industrial development. Justify the statement, giving reasons in support of your answer.

CASE STUDY · CBSE 2023

According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this. NITI Aayog has, in its report titled 'A Proposal for Licensing and Regulatory Regime for Digital Banks', provided a clear roadmap for digital bank licensing and regulatory framework for the nation. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this challenge. With Aadhar, India is at the cusp of operationalizing its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks. Digital banking allows a user to set up automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money.

Q62. CBSE 2023 · 2 marks Which institution has been replaced by NITI Aayog in India? Who is the ex-officio Chairman of NITI Aayog?

8 Liberalisation, Privatisation and Globalisation

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (21)

Q1. CBSE 2026 · 1 mark Read the following text carefully: "In the recent times, the Government of India, has introduced several measures to encourage greater public participation in the capital market, including both primary and secondary stock markets." Under which sector have the above mentioned reforms been introduced?

- (a) Industrial (b) Financial (c) Taxation (d) Foreign Trade

Q2. CBSE 2026 · 1 mark In the formative stages of reforms development of credit markets, administrative intervention in interest rates is both necessary and desirable. Identify the sector under which the aforesaid reform was introduced.

- (a) Tax reforms (b) Industrial sector reforms
(c) Financial sector reforms (d) Foreign sector reforms

Q3. CBSE 2026 · 1 mark The primary outcome of the efforts initiated by the Indian Government (Liberalisation and Privatisation) under the New Economic Policy of 1991 was _____.

- (a) Fiscal policy reforms (b) Globalization
(c) Monetary policy reforms (d) Reservation of products

Q4. CBSE 2026 · 1 mark Nations worldwide typically establish Regional and Global economic groups in order to _____.

- (a) Strengthen their economies (b) Ensure liberty
(c) Promote judicial independence
(d) Gain control over other countries



Q5. CBSE 2026 · 1 mark _____ was the successor organisation to General Agreement on Trade and Tariff (GATT). (Choose the correct option to fill in the blank)

- (a) International Bank for Reconstruction and Development (IBRD)
- (b) International Monetary Fund (IMF)
- (c) Reserve Bank of India (RBI)
- (d) World Trade Organisation (WTO)

Q6. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Assertion (A): Excessive regulation of permit license raj prevented certain private firms from becoming more efficient. Reason (R): Private sector wasted a significant time in obtaining licenses rather than enhancing product quality and international competitiveness. Choose the correct alternative from the options given below:

- (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.

Q7. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Choose the correct alternative from the options given below: Assertion (A): Excessive regulation of permit license raj prevented certain private firms from becoming more efficient. Reason (R): Private sector wasted a significant time in obtaining licenses rather than enhancing product quality and international competitiveness.

- (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.

Q8. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Assertion (A): Under the financial sector reforms introduced in 1991, foreign investment limit in banks was raised up to around 74%. Reason (R): Foreign Institutional Investors (FIIs) were allowed to invest in Indian financial markets, post-1991. Choose the correct alternative from the options given below:

- (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.

Q9. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Choose the correct alternative from the options given below: Assertion (A): Under the financial sector reforms introduced in 1991, foreign investment limit in banks was raised up to around 74%. Reason (R): Foreign Institutional Investors (FIIs) were allowed to invest in Indian financial markets, post-1991.

- (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.

Q10. CBSE 2025 · 1 mark Assertion (A) : Under the financial sector reforms introduced in 1991, foreign investment limit in banks was raised up to around 74%. Reason (R) : Foreign Institutional Investors (FIIs) were allowed to invest in Indian financial markets, post-1991. Choose the correct alternative from the options given below:

- (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.

Q11. CBSE 2025 · 1 mark Identify, which of the following correctly defines liberalization.

- (a) Outright sale of part of shares of Public Sector Undertakings (PSUs)
- (b) Increased integration with the rest of the world
- (c) Removal of restrictions imposed by government on different sectors of the economy
- (d) Focus on import substitution

Q12. CBSE 2025 · 1 mark Recently, India hosted and chaired the summit of _____ one of the regional and economic groupings.

- (a) SAARC (b) G8 (c) ASEAN (d) G20

Q13. CBSE 2025 · 1 mark Outsourcing from India has become more intensified in recent times due to the expansion of the _____ sector.

- (a) Agriculture (b) Manufacturing
- (c) Information Technology (d) Construction

Q14. CBSE 2024 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): Goods and Services Tax (GST) was implemented by the Government of India on 8th November, 2016. Reason (R): GST was introduced to implement a unified indirect tax system in India. Choose the correct alternative:

- (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 false, but Reason (R) is true.



Q15. CBSE 2024 · 1 mark Assertion (A): The excessive regulation of permit license raj prevented certain private firms from becoming fairly competitive. Reason (R): Private sector wasted huge amounts in obtaining licenses rather than on improving the product quality and international competitiveness. Choose the correct alternative given below:

- (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.

Q16. CBSE 2024 · 1 mark Read the following statements Assertion (A) and Reason (R). Choose the correct alternative given below: Assertion (A): World Trade Organization (WTO) is expected to establish the rule-based trading regime, to avoid unilaterally placed arbitrary restrictions by member nations. Reason (R): It is imperative to enlarge world production and ensure optimum utilization of world resources along with environmental protection.

- (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.

Q17. CBSE 2024 · 1 mark Economic reforms were introduced in India and Pakistan in the years _____ and _____ respectively.

- (a) 1988, 1978 (b) 1991, 1978 (c) 1991, 1988
- (d) 1981, 1991

Q18. CBSE 2024 · 1 mark Assertion (A): Goods and Services Tax (GST) was implemented by the Government of India on 8th November, 2016. Reason (R): GST was introduced to implement a unified indirect tax system in India. Choose the correct alternative given below.

- (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 false, but Reason (R) is true.

Q19. CBSE 2023 · 1 mark India is not a member of which of the following regional / global economic groups?

- (a) European Union (b) BRICS (c) G20 (d) SAARC

Q20. CBSE 2023 · 1 mark Identify the incorrect statement from the following :

- (a) Import substitution was the strategy used to save foreign exchange.
- (b) License policy ensured regional equality.
- (c) Russian economic model was the base for the Indian economic system.
- (d) Small Scale Industries are one of the essential tools for employment generation.

Q21. CBSE 2023 · 1 mark Economic reforms were introduced in the year _____ in India and in the year _____ in Pakistan.

- (a) 1978, 1988 (b) 1988, 1978 (c) 1978, 1991
- (d) 1991, 1988

VERY SHORT ANSWER (8)

Q22. CBSE 2026 · 1 mark It is an arrangement in which a firm hires some specialized firm(s) to carry out some of its activities (which were earlier being performed by itself). These service hirings could be from local / international markets. Identify the indicated outcome of the globalisation process.

Q23. CBSE 2026 · 1 mark Identify the organisation which is known as the successor of GATT. This organisation replaced General Agreement on Trade and Tariff (GATT) as global trade organisation.

Q24. CBSE 2026 · 1 mark State the meaning of Special Economic Zone (SEZ).

Q25. CBSE 2026 · 1 mark (a)(ii) Explain disinvestment.

Q26. CBSE 2026 · 2 marks (a)(ii) State any two ways by which the government can execute the step of disinvestment.

Q27. CBSE 2026 · 2 marks "The Government of India may further divest its stake in Life Insurance Corporation (LIC) in the current financial year." In the light of economic reforms since 1991, identify the policy and define the step taken by the government.

Q28. CBSE 2024 · 3 marks (b) Describe any two purposes for the founding of World Trade Organisation (WTO) in 1995.

Q29. CBSE 2023 · 1 mark Define Multilateral trade.

SHORT ANSWER (24)

Q30. CBSE 2026 · 3 marks Mr. Ravi, an IT entrepreneur from Bengaluru, observed that several MNC's prefer India as their outsourcing Hub for services like software development, customer support, data management etc. His friend Priya believes this is due to certain inherent advantages of the Indian economy. In your opinion, state and explain any two factors that make India a preferred outsourcing destination.

Q31. CBSE 2026 · 3 marks "In the post-independence era, India adopted a protective tariff policy." Do you agree with the given statement? Justify your answer with any two valid arguments.

Q32. CBSE 2026 · 3 marks 'Strategic sale of a public sector undertaking and minority sale of their shares are methods of disinvestment.' Defend or refute the given statement with valid argument.

Q33. CBSE 2026 · 3 marks Discuss briefly, how bilateral trade agreements are different from multilateral trade agreements?

Q34. CBSE 2026 · 3 marks Discuss any two objectives which were aimed at, by the introduction of Financial sector reforms by the Government of India during economic reforms of 1991.

Q35. CBSE 2026 · 3 marks "The strategic sale of a public sector undertaking and the minority sale of its equity are both established instruments of disinvestment." Defend or refute, the given statement with valid arguments.



Q36. CBSE 2026 · 3 marks (a) Describe the role which India has played as an important member of World Trade Organisation (WTO).

Q37. CBSE 2026 · 3 marks "Some economists argue that once a technology proves to be profitable and becomes widely adopted, subsidies should be gradually withdrawn." Defend or refute the given statement with valid arguments.

Q38. CBSE 2026 · 4 marks Explain how Goods and Services Tax (GST) has simplified the multiplicity of taxes imposed on goods and services.

Q39. CBSE 2025 · 4 marks Discuss briefly, causes and consequences of tax reforms taken by the Indian Government during economic reforms.

Q40. CBSE 2025 · 4 marks Discuss briefly the foreign exchange reforms undertaken by the Government of India in the post 1991 period.

Q41. CBSE 2025 · 2 marks Distinguish between Tariffs and Quotas.

Q42. CBSE 2025 · 3 marks The trade and investment policy initiated by the Indian Government during 1991 economic reforms involved some major decisions. Elaborate any two major decisions and their respective impacts on the Indian economy.

Q43. CBSE 2025 · 3 marks The trade and investment policy initiated by the Indian Government during 1991 economic reforms involved some major decision. Elaborate any two major decisions and their respective impacts on the Indian economy.

Q44. CBSE 2025 · 3 marks Some economists argue that: Post-1991 economic reforms, globalisation played a major role in poor agricultural growth. Present your arguments to justify the given statement.

Q45. CBSE 2025 · 3 marks Some economists argue that: -1991 economic reforms, globalisation played a major role in poor growth rate of agriculture in India. Present your arguments to justify the given statement.

Q46. CBSE 2025 · 3 marks Justify the given statement with valid arguments. (Multinational Corporations (MNCs) have led to outsourcing)

Q47. CBSE 2025 · 3 marks Justify the given statement with valid explanation. (Special Economic Zones (SEZs) have played an important role in India's development)

Q48. CBSE 2024 · 3 marks (b) (i) India's inward looking trade policy during the post independence period was well supported by various tariff and non-tariff barriers. Do you agree with the given statement? Justify your answer with valid arguments.

Q49. CBSE 2024 · 4 marks (b) Discuss any two liberalization measures pertaining to the tax reforms, introduced by the government, during the economic reform process of 1991.

Q50. CBSE 2024 · 3 marks Trade and investment policy of India had undergone comprehensive changes in the post reforms period of 1991. Do you agree with the given statement? Justify your answer with any two valid arguments.

Q51. CBSE 2023 · 4 marks State and discuss any two main advantages of digital banking. According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this. NITI Aayog's recent proposal for Licensing and Regulatory Regimes provides a roadmap for a digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this challenge. With Aadhar, India is at the cusp of operationalizing its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks. Digital banking allows a user to set up automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money.

Q52. CBSE 2023 · 4 marks Several economists believe that the economic reform process of 1991 has had an adverse impact on the agricultural sector. Do you agree with the given statement? Quote valid arguments in favour of your answer.

Q53. CBSE 2023 · 4 marks Discuss any two liberalisation measures pertaining to the financial sector, introduced by the Government of India during the economic reform process of 1991.

LONG ANSWER (4)

Q54. CBSE 2026 · 6 marks "During the post-independence era till 1990s, India's inward-looking trade policy was supported by various trade barriers." Do you agree with the given statement? Give valid explanation in support of your answer.

Q55. CBSE 2025 · 4 marks Do you agree with the statement that globalisation has led to double-sided effects on the Indian economy? Justify your answer with valid arguments.

Q56. CBSE 2025 · 4 marks Do you agree with the statement that liberalisation has led to double-digit growth in India? Justify your answer with valid arguments.

Q57. CBSE 2023 · 4 marks Explain the reasons why the industrial sector has performed poorly in the reform period.

CASE-BASED (2)

CASE STUDY · CBSE 2023

According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this. NITI Aayog has, in its report titled 'A Proposal for Licensing and Regulatory Regime for Digital Banks', provided a clear roadmap for digital bank licensing and regulatory framework for the nation. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this challenge. With Aadhar, India is at the cusp of operationalizing its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks. Digital banking allows a user to set up automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money.

Q58. CBSE 2023 · 4 marks State and discuss any two main advantages of digital banking.



CASE STUDY - CBSE 2023

According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this. NITI Aayog, in its Proposal for Licensing and Regulatory Regime, has provided a comprehensive roadmap for India's digital bank licensing and regulatory system. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this challenge. With Aadhar, India is at the cusp of operationalizing

its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks. Digital banking allows a user to set up automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money.

Q59. CBSE 2023 · 2 marks Which institution has been replaced by NITI Aayog in India? Who is the ex-officio Chairman of NITI Aayog?

9 Human Capital Formation in India

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (25)

Q1. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Education facilitates the assimilation of knowledge and competencies. It also fosters inventive capacities and enhances the aptitude to integrate advance technology. Reason (R): Education plays a pivotal role in transforming cognitive perspectives and serves as a catalyst for the economic advancement of a nation.

- (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.

Q2. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Education facilitates the assimilation of knowledge and competencies. It also fosters inventive capacities and enhances the aptitude to integrate advance technology. Reason (R): Education plays a pivotal role in transforming cognitive perspectives and serves as a catalyst for the economic advancement of a nation. Choose the correct option.

- (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

Q3. CBSE 2026 · 1 mark The steep Indian education pyramid indicates _____.

- (a) equal distribution of students across all levels
- (b) increase in number of people reaching higher education
- (c) low unemployment among educated youth
- (d) few/less number of people reaching higher education

Q4. CBSE 2026 · 1 mark Education provides _____. (i) Scientific advancements (ii) Facilitate inventions and innovations (iii) Adapting to new technology

- (a) (i) and (ii) (b) (i) and (iii) (c) (ii) and (iii)
- (d) (i), (ii) and (iii)

Q5. CBSE 2026 · 1 mark Identify, which of the following is an income indicator.

- (a) Mortality rate (b) Malnourishment (c) GDP per capita
- (d) Morbidity rate

Q6. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Education is one of the important factors for economic growth of a country. Reason (R): A healthy person could provide uninterrupted labour supply for a longer period of time.

- (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.

Q7. CBSE 2026 · 1 mark Human Development is based on the idea that _____ and _____ are integral to human wellbeing. (Choose the correct option to fill in the blanks)

- (a) Education, Wealth (b) Health, Wealth
- (c) Education, Health (d) Health, Housing

Q8. CBSE 2026 · 1 mark In 2009, the Government of India came up with the _____ to make free education, a fundamental right for all children in the age group of 6 – 14 years.

- (a) Mid-Day Meal Scheme (b) Jan Dhan Yojana
- (c) Tapas Majumdar Committee (d) Right to Education Act

Q9. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Assertion (A): Information plays a crucial role in judicious decision-making about investing in human capital. Reason (R): Individuals invest to acquire information about the labour market and other areas such as education and healthcare. Choose the correct alternative from the options given below:

- (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.



Q10. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Choose the correct alternative from the options given below: Assertion (A): Information plays a crucial role in judicious decision-making about investing in human capital. Reason (R): Individuals invest to acquire information about the labour market and other areas such as education and healthcare.

- (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.

Q11. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Assertion (A): People spend to acquire information related to labour and other markets (like, education and health). Reason (R): Expenditure on information is necessary for efficient utilisation of the human capital stock. Choose the correct option from the options given below:

- (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.

Q12. CBSE 2025 · 1 mark Read the following statements Assertion (A) and Reason (R). Choose the correct option from the options given below: Assertion (A): People spend to acquire information related to labour and other markets (like, education and health). Reason (R): Expenditure on information is necessary for efficient utilisation of the human capital stock.

- (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.

Q13. CBSE 2025 · 1 mark Assertion (A) : People spend to acquire information related to labour and other markets (like, education and health). Reason (R) : Expenditure on information is necessary for efficient utilisation of the human capital stock. Choose the correct option from the options given below:

- (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.

Q14. CBSE 2025 · 1 mark _____ indicator may be defined as the measure of the extent of demographic participation in social and political decision-making.

- (a) Economic (b) Liberty (c) Health (d) Demographic

Q15. CBSE 2025 · 1 mark Identify, which of the following is not a feature of physical capital.

- (a) (i) and (ii) (b) (ii) and (iii) (c) (i) and (iii)
- (d) (i), (ii) and (iii)

Q16. CBSE 2025 · 1 mark Identify, which of the following is not a feature of physical capital. (i) Tangibility (ii) Tradability (iii) Immobility

- (a) (i) and (ii) (b) (ii) and (iii) (c) (i) and (iii)
- (d) (i), (ii) and (iii)

Q17. CBSE 2024 · 1 mark Identify which of the following is not a Human Development Indicator (HDI).

- (a) Life Expectancy at Birth (b) Adult Literacy Rate
- (c) Maternal Mortality Rate (d) Unemployment

Q18. CBSE 2024 · 1 mark Read the following statements carefully: Statement 1: Human development is based on the idea that education and health are integral to human well-being. Statement 2: Human capital treats humans as a means to an end. In light of the given statements, choose the correct alternative 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.

Q19. CBSE 2024 · 1 mark Identify the sources of Human Capital Formation and choose the correct alternative to fill in the blanks.

- (a) Expenditure on Health and Expenditure on Schools
- (b) Expenditure on Technology and Expenditure on Knowledge
- (c) Expenditure on Migration and Expenditure on Knowledge
- (d) Expenditure on Health and Expenditure on Migration

Q20. CBSE 2023 · 1 mark The programme launched by the Government is not an attempt to increase _____ in India.

- (a) human capital formation (b) efficient utilisation of inputs
- (c) increase in GDP growth
- (d) inadequate spread of vocational education

Q21. CBSE 2023 · 1 mark Government is not an attempt to increase _____ in India. (Choose the correct alternative to fill up the blank)

- (a) human capital formation (b) efficient utilisation of inputs
- (c) increase in GDP
- (d) inadequate spread of vocational education

Q22. CBSE 2023 · 1 mark Identify which of the following does not reflect a direct relationship between human capital formation and economic growth.

- (a) Employability of an educated person is higher than that of an uneducated person.
- (b) On-the-job training will reduce the skills of labour.
- (c) Healthy workforce is a boon to the economy.
- (d) Digital information helps in taking real time decisions.



Q23. CBSE 2023 · 1 mark Read the following statements: Assertion (A): Lower child mortality rate is a better indicator of gender equality. Reason (R): Preference for a male child exists in India, Pakistan and China. Choose the correct alternative from those given below.

- (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 false, but Reason (R) is true.

Q24. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below. Assertion (A): Lower child mortality rate is a better indicator of gender equality. Reason (R): Preference for a male child exists in India, Pakistan and China.

- (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 false, but Reason (R) is true.

Q25. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Economic growth means the increase in real national income of a country. Statement 2: Human capital formation and Human development are one and the same concepts. In light of the given statements, choose the correct alternative 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.

VERY SHORT ANSWER (6)

Q26. CBSE 2026 · 3 marks Define Liberty Indicator and mention its significance.

Q27. CBSE 2026 · 1 mark Define 'Human Capital Formation'.

Q28. CBSE 2024 · 3 marks (i) National Education Policy 2020 has stressed a lot on in-service training of the teachers. Identify the source of Human Capital Formation (HCF) indicated in the aforesaid statement. (ii) Elaborate the likely impacts of this source on the economic development of India.

Q29. CBSE 2024 · 1 mark In the given statement about India's National Education Policy 2020, identify the source of Human Capital Formation (HCF) indicated.

Q30. CBSE 2024 · 3 marks In India, National Education Policy 2020 has stressed a lot on in-service training of the teachers. (i) Identify the source of Human Capital Formation (HCF) indicated in the aforesaid statement. (ii) Elaborate the likely impacts of this source on the economic development of India.

Q31. CBSE 2024 · 3 marks National Education Policy 2020 has stressed a lot on in-service training of the teachers. (i) Identify the source of Human Capital Formation (HCF) indicated in the aforesaid statement.

SHORT ANSWER (26)

Q32. CBSE 2026 · 3 marks During the 'Mann ki Baat' program aired on 29th June, 2025, Prime Minister shared that World Health Organisation (WHO) has declared India as a Trachoma free (an eye disease). This achievement, he shared, is a result of sustained efforts in health care, sanitation, awareness and medical access. In the light of the above statement, explain how investments in health care contributes to a nation's development. Support your answer with valid arguments.

Q33. CBSE 2026 · 4 marks (a) Describe the role of government in improving the efficiency of human capital formation in India.

Q34. CBSE 2026 · 3 marks Anaya and Rohan owned separate farms. Anaya focused on learning modern farming techniques, training workers in crop rotation, soil management, and pest control. On the other hand, Rohan invested in advanced machinery, irrigation systems, HYV seeds. "Both Anaya and Rohan invested in human capital." Do you agree with the given statement? Give valid argument in support of your answer.

Q35. CBSE 2026 · 4 marks Rayansh works as a teacher in a school. He receives a fixed monthly salary, social security benefits, paid leave and medical allowances. His friend Mohan works at a small toy shop. He has very little income, he does not have access to provident fund, paid leave or health insurance. Classify the types of sectors Rayansh and Mohan are working in and highlight the distinction between the two sectors.

Q36. CBSE 2025 · 4 marks (a) (i) Distinguish between human capital and physical capital. (ii) Define Sustainable Development. OR (b) (i) Describe briefly the importance of micro-credit programmes in Rural India. (ii) State any one strategy involved in attaining sustainable development in India.

Q37. CBSE 2025 · 4 marks Argue in favour of the need for different forms of government intervention in education and health sectors.

Q38. CBSE 2024 · 3 marks India, National Education Policy 2020 has stressed a lot on in-service training of the teachers. (i) Identify the source of Human Capital Formation (HCF) indicated in the aforesaid statement. (ii) Elaborate the likely impacts of this source on the economic development of India.

Q39. CBSE 2024 · 2 marks State and elaborate whether the following statement is true or false, with valid arguments: In the recent past, the Government of India has taken crucial steps, like Jan-Dhan Yojana, for efficient allocation of financial resources.

Q40. CBSE 2024 · 3 marks In India, the National Education Policy 2020 has emphasized on in-service training of the teachers. (i) Identify the source of Human Capital Formation (HCF) indicated in the aforesaid statement. (ii) Elaborate the likely impacts of this source on the economic development of India.

Q41. CBSE 2024 · 4 marks (a) State and elaborate whether the following statements are true or false, with valid arguments: (i) In the recent past, the Government of India has taken crucial steps, like Jan-Dhan Yojana, for efficient allocation of financial resources. (ii) Worker population ratio is an indicator, used for analyzing the employment situation in a nation.



Q42. CBSE 2024 · 4 marks There exists a positive correlation between human capital formation and economic development of a nation. Justify the given statement with valid explanation.

Q43. CBSE 2024 · 4 marks Discuss any two benefits accruing from human capital formation.

Q44. CBSE 2024 · 3 marks (a)(iii) Explain the need to encourage women's education in India in detail.

Q45. CBSE 2024 · 3 marks (a)(iii) Explain the significance of women's education in human capital formation.

Q46. CBSE 2023 · 3 marks Identify and explain the type of expenditure incurred by Dr. Khurana, which directly contributed to the process of human capital formation.

Q47. CBSE 2023 · 3 marks Distinguish between human capital and physical capital.

Q48. CBSE 2023 · 4 marks Explain the role of education in the economic development of the nation.

Q49. CBSE 2023 · 3 marks Differentiate between human capital and human development.

Q50. CBSE 2023 · 2 marks State, whether the following statement is true/false, with valid arguments: Economic participation of women as homemakers is not accounted for in the Gross Domestic Product.

Q51. CBSE 2023 · 3 marks Distinguish between human capital and human development.

Q52. CBSE 2023 · 4 marks There are many factors which contribute to human capital formation of a country. Do you agree with the statement? Justify your answer.

Q53. CBSE 2023 · 4 marks Human Capital benefits only the owner and not the society. Defend or refute the given statement.

Q54. CBSE 2022 · 3 marks Explain why regular salaried employees are generally more in urban areas than in rural areas.

Q55. CBSE 2022 · 3 marks State and discuss any two indicators that help in measuring the health status of a country.

Q56. CBSE 2022 · 2 marks 'Health is a yardstick of human well-being.' Justify the given statement with valid explanation.

Q57. CBSE 2022 · 2 marks 'Women's health in India has become a matter of great concern.' Defend or refute the given statement with valid argument.

LONG ANSWER (3)

Q58. CBSE 2026 · 4 marks "Information Technology plays a very significant role in achieving sustainable development and food security." Justify the given statement with valid arguments.

Q59. CBSE 2024 · 6 marks (a) (iii) Explain in detail the need to encourage women education in India.

Q60. CBSE 2023 · 6 marks Why are less women found in regular salaried employment?

CASE-BASED (5)

CASE STUDY · CBSE 2026

To ensure inclusive and quality education for all, the Indian government has launched several important schemes. These schemes aimed at improving access, equity and learning outcomes, especially among disadvantaged group. The Right to Education (RTE) Act, passed by the India Parliament on August 4, 2009, guarantees free and compulsory education to every child between 6-14 years of age. It ensures that all children have access to education in neighbourhood schools, until they complete elementary education. Another key initiative is Sarva Siksha Abhiyan (SSA). It was introduced in 2001. It is one of India's flagship programmes for the Universalisation of Elementary Education. Digital India Campaign, launched on July 1, 2015, focuses on transforming India into a digitally empowered society by improving mobile and internet connectivity, particularly in rural and remote regions. This initiative supports digital learning & access to educational resources. Through these initiatives, the government strives to create an equitable, accessible & quality driven educational environment for all children, laying a strong foundation for national development.

Q61. CBSE 2026 · 1 mark Identify, which law guarantees free and compulsory education upto the age of 14 years.

Q62. CBSE 2026 · 2 marks Explain, how does the Right to Education Act help in enhancing access to education.

Q63. CBSE 2026 · 3 marks In your opinion, how has the increase in public spending on education contributed to India's social and economic transformation? Support your answer with valid arguments.

Q64. CBSE 2026 · 3 marks Identify, which law guarantees free and compulsory education upto the age of 14 years. Explain, how does it help in enhancing access to education.

CASE STUDY · CBSE 2022

Year 2020 began with the once-in-a-century pandemic, which saw the frontline workers working tirelessly to save human lives from COVID-19. The pandemic caused its ripples on the economy and on social sectors. Governments, at all levels, intervened in a timely manner to respond to the pandemic. India has one of the lowest case fatalities rates of less than 1.5%. India has been able to save lakhs of lives through its effective policy responses. Public spending on social sector was increased in 2020-21 to mitigate the hardships caused by the pandemic and the loss to livelihood due to the lockdown. Periodic Labour Force Survey (PLFS) report 2018-19, there was an increase in workforce totalling 48.78 crores in 2018-19 as compared to 47.14 crores during 2017-18. Out of 1.64 crores increased workforce, 1.22 crores were in rural sector and 0.42 crores in urban sector. The female labour force participation rate increased from 17.5% in 2017-18 to 18.6% in 2018-19. Employee Provident Fund Organisation (EPFO) as on 20th December, 2020 shows a net increase of new subscribers of 78.58 lakhs in 2019-20 as compared to 61.1 lakhs in 2018-19. The PLFS report also showed improvement in 2020-21 (Quarter 4) when compared to 2019-20 (Quarter 4). Considering the proportion of the male workforce, casual labour decreased by 1% points, while self-employed and salaried workers increased by 0.6% points and 0.4% points respectively. Similarly, in case of female workforce, self-employed increased by 2% points,



regular/wage salaried workers decreased by 0.7% points and casual labour decreased by 1.4% points.

Q65. CBSE 2022 · 3 marks State and discuss any two initiatives taken by the Government to control the adverse impacts of the pandemic.

10 Rural Development

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (31)

Q1. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R), Choose the correct option from those given below: Assertion (A): The notion of rural development encompasses a far wider spectrum than agricultural advancement. Reason (R): Government interventions in the agricultural sector remain imperative, as it constitutes the primary means of sustenance for the rural population.

- (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.

Q2. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R), Choose the correct option from those given below: Assertion (A): The Government of India adopted the measure of regulation of markets to improve marketing conditions for agricultural products. Reason (R): Regulation of market ensured transparent pricing, fair trade practices, and protection for farmers against exploitation in agricultural marketing.

- (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.

Q3. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). The notion of rural development encompasses a far wider spectrum than agricultural advancement. Reason (R): Government interventions in the agricultural sector remain imperative, as it constitutes the primary means of sustenance for the rural population. Choose the correct option.

- (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

Q4. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). The Government of India adopted the measure of regulation of markets to improve marketing conditions for agricultural products. Reason (R): Regulation of market ensured transparent pricing, fair trade practices, and protection for farmers against exploitation in agricultural marketing. Choose the correct option.

- (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

Q5. CBSE 2026 · 1 mark Read the following statements : Assertion (A) and Reason (R), Choose the correct option from those given below : Assertion (A) : The notion of rural development encompasses a far wider spectrum than agricultural advancement. Reason (R) : Government interventions in the agricultural sector remain imperative, as it constitutes the primary means of sustenance for the rural population.

- (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.

Q6. CBSE 2026 · 1 mark Growth of rural economy depends primarily on infusion of _____ to realise higher productivity in agricultural and non-agricultural sectors.

- (a) Capital (b) Road Construction (c) Green status
- (d) Outsourcing

Q7. CBSE 2026 · 1 mark Read the following statements carefully: Statement 1: The option for producing off-season crops are quite restricted in organic farming. Statement 2: Organic agriculture helps in substituting costlier agricultural inputs with locally produced organic inputs. In the light of the above 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.



Q8. CBSE 2026 · 1 mark Read the following statements carefully:
Statement 1: The option for producing off-season crops are quite restricted in organic farming. Statement 2: Organic agriculture helps in substituting costlier agricultural inputs with locally produced organic inputs. In the light of the above statements, choose the correct option.

- (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.

Q9. CBSE 2026 · 1 mark Read the following statements carefully:
Statement I: Livestock provides alternative livelihood options to small and marginal farmers. Statement II: In rural areas, animal husbandry provides stable employment opportunities throughout the year. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q10. CBSE 2026 · 1 mark Identify the incorrect statement from the following.

- (a) Expansion of rural credit has helped the Indian farmers to increase their production and productivity.
- (b) The expansion and promotion of the rural banking sector has taken a backseat after the economic reforms.
- (c) It is an accepted fact that if farmers sell their produce directly to consumers, their profitability increases.
- (d) Farmers who have the required information on prevailing prices often sell their produce at low prices.

Q11. CBSE 2026 · 1 mark Read the following statements carefully:
Statement I: Diversification in agriculture relates to change in cropping pattern and shift in workforce to allied activities.
Statement II: Agricultural marketing is a process that involves the assembling, storage, processing, transportation, packaging, grading and distribution of agro-products. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q12. CBSE 2026 · 1 mark In the rural areas, diversification towards new areas such as livestock, fisheries and other non-agricultural activities is necessary to _____.

- (a) Only (i) (b) (i) and (ii) (c) (i) and (iii) (d) (i), (ii) and (iii)

Q13. CBSE 2026 · 1 mark Self-Help Groups (SHGs) have emerged to fill the gap in the formal credit system as they _____.

- (a) Provide loan after obtaining suitable collateral
- (b) Lend at a high rate of interest
- (c) Promote thrift in larger proportions
- (d) Generally provide collateral-free credit to their members

Q14. CBSE 2026 · 1 mark In the rural areas, diversification towards new areas such as livestock, fisheries and other non-agricultural activities is necessary to _____. (i) Reduce the risk from agricultural sector (ii) Provide unsustainable livelihood options (iii) Provide supplementary employment

- (a) Only (i) (b) (i) and (ii) (c) (i) and (iii) (d) (i), (ii) and (iii)

Q15. CBSE 2025 · 1 mark Identify, which of the following statements is incorrect about the Rural Banking system in India.

- (a) In the post-independence period, a well-structured Rural Banking system was formulated in India.
- (b) Rural Banking system in India consists of a set of multi-agency institutions.
- (c) Regional Rural Banks, Cooperative and Land Development Banks are few important components of Rural Banking system in India.
- (d) Rural Banking system in India works under the guidance, instruction and supervision of the State Bank of India.

Q16. CBSE 2025 · 1 mark Production of diverse varieties of crops rather than one specialized crop is known as diversification of _____.

- (a) crops (b) agricultural production
- (c) sectoral composition (d) employment

Q17. CBSE 2025 · 1 mark Read the following statements carefully:
Statement 1: The Food Corporation of India maintains buffer stocks of wheat and rice as a measure to improve market mechanism. Statement 2: Minimum Support Price (MSP) is imposed by the government to safeguard the interest of farmers. In the light of the given statements, choose the correct option from the following:

- (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.

Q18. CBSE 2025 · 1 mark Production of diverse varieties of crops, rather than one specialised crop, is known as diversification of _____.

- (a) Crops (b) Agricultural Production
- (c) Sectoral Composition (d) Employment

Q19. CBSE 2025 · 1 mark White Revolution is associated with _____.

- (a) Horticulture (b) Fisheries (c) Dairy Production
- (d) Animal Husbandry

Q20. CBSE 2025 · 1 mark Identify, which of the following measure is not adopted by the government to improve agricultural marketing

- (a) Cooperative credit societies (b) Unregulated markets
- (c) Better transportation facilities
- (d) Dissemination of information

Q21. CBSE 2025 · 1 mark Prime beneficiary of the Minimum Support Price (MSP) fixed by the government is _____.

- (a) Labourer (b) Consumer (c) Trader (Buyer) (d) Farmer



Q22. CBSE 2024 · 1 mark Which of the following is/are not an objective of regulated agricultural market? (i) To discourage improvement of marketing infrastructure for farmers. (ii) To make marketing systems efficient and effective for farmers to get best price for their products. (iii) To discourage farmers to improve the quantity and quality of their produce.

- (a) (i) and (iii) (b) (ii) and (iii) (c) (i) only (d) (ii) only

Q23. CBSE 2024 · 1 mark Production of varied forms of crops against one specialised crop is called diversification of _____. (Choose the correct alternative to fill in the blank)

- (a) sectoral occupation (b) employment structure (c) crops (d) industrial production

Q24. CBSE 2024 · 1 mark Identify which of the following alternatives indicate the incorrect components combination of Agriculture Marketing System:

- (a) Assembling, Storage, Processing, Packaging
(b) Production, Assembling, Processing, Grading
(c) Assembling, Processing, Packaging, Transportation
(d) Processing, Packaging, Grading, Distribution

Q25. CBSE 2024 · 1 mark Identify from the following alternatives the incorrect objectives of regulated agriculture market: (i) To make the marketing system efficient and effective for farmers to get best price of their products. (ii) To discourage improvement of marketing infrastructure for farmers. (iii) To prevent exploitation of farmers. (iv) To discourage farmers from improving quality and quantity of their produce.

- (a) (i) and (ii) (b) (i) and (iii) (c) (iii) and (iv) (d) (ii) and (iv)

Q26. CBSE 2024 · 1 mark Identify from the following alternatives the incorrect objectives of regulated agriculture market:

- (a) (i) and (ii) (b) (i) and (iii) (c) (iii) and (iv) (d) (ii) and (iv)

Q27. CBSE 2024 · 1 mark _____ farming is a system that is helpful in restoring, maintaining and enhancing the ecological balance.

- (a) Conventional (b) Organic (c) Chemical
(d) Multi-layered

Q28. CBSE 2023 · 1 mark Production of diverse varieties of crops rather than one specialized crop is called _____.

- (a) diversification of crops
(b) diversification of agricultural production
(c) diversification in sectors
(d) diversification of employment

Q29. CBSE 2023 · 1 mark Micro credit programmes play a vital role in ensuring an overall development of the rural economy as they _____.

- (a) Only (i) and (ii) (b) Only (ii) and (iii) (c) Only (i) and (iii)
(d) (i), (ii) and (iii)

Q30. CBSE 2023 · 1 mark _____ markets were organised to protect the farmers from malpractices in mandis.

- (a) Regulated (b) Periodic (c) Daily (d) Weekly

Q31. CBSE 2023 · 1 mark _____ system restores, maintains and enhances the ecological balance.

- (a) Chemical farming (b) Organic farming
(c) Conventional farming (d) Multi-layered farming

VERY SHORT ANSWER (6)

Q32. CBSE 2026 · 3 marks Define Organic Farming. Explain any two merits of organic farming. Paramparagat Krishi Vikas Yojana (PKVY) aims at promoting organic farming, in turn resulting in improvement of soil health. It promotes Participatory Guarantee System – India (PGS – India), a simple certification system, where farmers and consumers participate directly in the process. The scheme proposes to cover additional 6,00,000 hectare area under organic farming till 2025 – 26. The objective is to produce agricultural products free from chemicals and pesticide residues by adopting eco-friendly, low-cost technologies. Key focus areas of Paramparagat Krishi Vikas Yojana (PKVY): • Promote natural resource based integrated and climate resilient sustainable farming systems that ensure maintenance and increase of soil fertility, natural resource conservation, on farm nutrients recycling and minimising dependence on external inputs. • Reduce farming costs and increase farmers' income through sustainable organic practices. • Chemical-free and nutritious food for human consumption. • Protect the environment by using low-cost, traditional and farmer-friendly technologies. • Help farmers become entrepreneurs through direct market linkages with local and national markets.

Q33. CBSE 2026 · 3 marks Paramparagat Krishi Vikas Yojana (PKVY) Paramparagat Krishi Vikas Yojana (PKVY) aims at promoting organic farming, in turn resulting in improvement of soil health. It promotes Participatory Guarantee System – India (PGS – India), a simple certification system, where farmers and consumers participate directly in the process. The scheme proposes to cover additional 6,00,000 hectare area under organic farming till 2025 – 26. The objective is to produce agricultural products free from chemicals and pesticide residues by adopting eco-friendly, low-cost technologies. Key focus areas of Paramparagat Krishi Vikas Yojana (PKVY): • Promote natural resource based integrated and climate resilient sustainable farming systems that ensure maintenance and increase of soil fertility, natural resource conservation, on farm nutrients recycling and minimising dependence on external inputs. • Reduce farming costs and increase farmers' income through sustainable organic practices. • Chemical-free and nutritious food for human consumption. • Protect the environment by using low-cost, traditional and farmer-friendly technologies. • Help farmers become entrepreneurs through direct market linkages with local and national markets. (i) Define Organic Farming. Explain any two merits of organic farming.

Q34. CBSE 2025 · 2 marks State and elaborate whether the following statement is true/false, with valid arguments: In the Indian rural landscape, agricultural diversification has emerged as a reasonable alternative to fill up the gaps in income.

Q35. CBSE 2024 · 1 mark Mention any two examples of diversification activities in the non-agro processing industries.

Q36. CBSE 2024 · 1 mark State any two advantages of micro-credit system of financing in rural areas of India.



Q37. CBSE 2023 · 2 marks State the importance of rural banking in an economy like India.

SHORT ANSWER (29)

Q38. CBSE 2026 · 2 marks The Union Budget 2025-26 proposed a significant package for rural India allocating ₹ 1.88 lakh crore to drive comprehensive development. Explain the significance of rural development.

Q39. CBSE 2026 · 2 marks Explain the significance of rural development. The Union Budget 2025-26 proposed a significant package for rural India allocating ₹ 1.88 lakh crore to drive comprehensive development. The budget emphasises on boosting employment, women employment, education and infrastructure in rural areas, reflecting the governments' commitment for a stronger, self-reliant rural economy. The extension of Jal-Jeevan Mission until 2028, with focus on achieving 100% rural water supply coverage and enhancing infrastructure maintenance. Broadband connectivity is set to expand under the Bharatnet project, providing internet access to all rural government secondary schools and primary health care centres. Also, the budget highlights major rural schemes like the Pradhan Mantri Gram Sadak Yojana which has provided all-weather roads to rural areas. The Pradhan Mantri Grameen Awaas Yojana, which has delivered housing to economically weaker sections. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) continues to secure rural livelihoods with an allocation of ₹ 86,000 crore in FY 2024-25.

Q40. CBSE 2025 · 4 marks Self-Help Groups (SHGs) can play a significant role in promoting sustainable development in rural areas. Elaborate.

Q41. CBSE 2025 · 2 marks State and elaborate whether the following statement is true/false, with valid arguments: In the Indian rural landscape, agricultural diversification has helped in improving the economic condition of farmers.

Q42. CBSE 2025 · 2 marks State and elaborate whether the following statement is true/false, with valid arguments: Organic farming offers a means to substitute costlier agricultural inputs with locally produced organic inputs.

Q43. CBSE 2025 · 3 marks Critically appraise the micro-credit programmes in rural India.

Q44. CBSE 2025 · 3 marks Describe briefly the importance of micro-credit programmes in Rural India.

Q45. CBSE 2025 · 2 marks Small and marginal farmers are given preference in getting credit from non-institutional sources like Regional Rural Banks, Cooperative Banks, etc. State and elaborate, whether the following statement is true/false, with valid arguments.

Q46. CBSE 2025 · 4 marks Explain the importance of credit availability in rural development.

Q47. CBSE 2024 · 2 marks (b) (i) In the recent past, the Government of India has taken crucial steps, like Jan-Dhan Yojana, for efficient allocation of financial resources. State and elaborate whether the given statement is true or false, with valid arguments.

Q48. CBSE 2024 · 3 marks (a) (i) Every coin has two sides - debate over farm subsidies is one such classic example of the same. Justify the given statement with two arguments each in favour of and against the continuation of the farm subsidies.

Q49. CBSE 2024 · 4 marks (a) State any two problems faced by farmers during the initial years of organic farming. (b) Technology plays a vital role. Justify the given statement.

Q50. CBSE 2024 · 4 marks (a) State any two advantages of micro-credit system in rural areas of India. (b) In the current scenario, Information Technology plays a significant role in achieving food security in a nation like India. Justify the given statement.

Q51. CBSE 2024 · 3 marks (a) Self-Help Groups provide stimulus to socio-economic development in rural areas. Justify the given statement with valid explanation.

Q52. CBSE 2024 · 3 marks (a) Recently, the Government of India launched Jan-Dhan Yojana. In the light of the given statement, discuss briefly the objectives of this scheme.

Q53. CBSE 2024 · 3 marks (a) Micro-credit programmes have helped to fill in the gaps in the formal credit system. Justify the given statement.

Q54. CBSE 2024 · 3 marks (b)(i) The participation rate of people in economic activities in rural areas is more than that in urban areas. Justify the given statement.

Q55. CBSE 2024 · 4 marks State and elaborate whether the following statements are true or false, with valid arguments: (i) Organic Farming has essentially become the need of the hour. (ii) In the recent past, the Government of India has taken crucial steps, like Jan-Dhan Yojana, for efficient allocation of financial resources.

Q56. CBSE 2023 · 3 marks Critically evaluate the role of rural banking system in the process of rural development in India.

Q57. CBSE 2023 · 3 marks Discuss briefly the importance of micro credit programme in rural India.

Q58. CBSE 2023 · 3 marks Explain the position of informal institutions as a source of credit in rural India.

Q59. CBSE 2023 · 3 marks Elaborate how a well-structured agricultural credit system helps the farmers to increase their income.

Q60. CBSE 2023 · 3 marks A well-structured agricultural credit system is very essential for the rural sector. Do you agree with the given statement? Justify your answer with a valid argument.

Q61. CBSE 2023 · 3 marks Elaborate how a well-structured agricultural marketing system helps the farmers to increase their income.

Q62. CBSE 2023 · 3 marks Discuss briefly, why agricultural diversification is essential for sustainable livelihoods.

Q63. CBSE 2023 · 4 marks Self-Help Groups provide stimulus for institutionalised lending, employment generation and women empowerment in the rural areas. Justify the given statement with valid explanation.



Q64. CBSE 2023 · 3 marks Employment generation in the formal sector is necessary instead of the informal sector. Defend or refute the given statement with valid arguments.

Q65. CBSE 2023 · 3 marks Discuss any two problems being faced in the process of rural banking in India.

Q66. CBSE 2023 · 4 marks State and discuss, any two objectives which the Government of India wanted to achieve through Saansad Adarsh Gram Yojana (SAGY). In October, 2014, the Government of India introduced a new scheme called Saansad Adarsh Gram Yojana (SAGY). Under this scheme, Members of India Parliament need to identify and develop one village from their constituencies. To begin with, MPs can develop one village as a model village by 2016, and two more by 2019, covering over 2,500 villages in India. According to the scheme, the village can have a population of 3,000-5,000 in the plains and 1,000-3,000 in the hills and should not be the MPs own or their spouse village. MPs are expected to facilitate a village development plan, motivate villagers to take up activities and build infrastructure in the areas of health, nutrition and education.

LONG ANSWER (1)

Q67. CBSE 2024 · 4 marks Every coin has two sides and the debate over farm subsidies is one such classic example of the same. Justify the given statement with two arguments each in favour of and against the continuation of the farm subsidies.

CASE-BASED (2)

CASE STUDY · CBSE 2025

The National-Level Multi-State Cooperative Society recently approved by the Union Cabinet for promoting organic

production and exports, will help the farmers to increase their income manifold. The arrangements for testing of land and selection of natural form of products will be set up in each district in the coming five years. Government has also decided to setup a cooperative society in all Panchayats, which will ensure that the Central Guarantee Scheme reaches the farmers. Wide use of urea has spoiled farm land, and lakhs of farmers have moved towards organic farming. To get better prices, there is a need for marketing and certification of such produce. Furthermore, steps must be taken to ensure that fake organic products do not hit the market.

Q68. CBSE 2025 · 1 mark Define organic farming.

CASE STUDY · CBSE 2023

Adoption of Village by Parliamentarians: In October 2014, the Government of India introduced a new scheme called Saansad Adarsh Gram Yojana (SAGY). Under this scheme, Members of India Parliament need to identify and develop one village from their constituencies. To begin with, MPs can develop one village as a model village by 2016, and two more by 2019, covering over 2,500 villages in India. According to the scheme, the village can have a population of 3,000-5,000 in the plains and 1,000-3,000 in the hills and should not be the home village of the parliamentarian. MPs are expected to facilitate a village development plan, motivate villagers to take up activities and build infrastructure in the areas of health, nutrition and education.

Q69. CBSE 2023 · 4 marks State and discuss any two objectives which the Government of India wanted to achieve through Saansad Adarsh Gram Yojana (SAGY).

11 Employment: Growth, Informalisation and Other Issues

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (29)

Q1. CBSE 2026 · 1 mark Identify, which of the following, highlights a highly relevant issue associated with evolving employment trends in India's labour market?

- (a) Progressive increase in the share of permanent salaried employees.
- (b) Increase in the proportion of casually employed individuals.
- (c) Expansion of self-employment avenues in all regions.
- (d) Significant rise in job opportunities within the formal sector.

Q2. CBSE 2026 · 1 mark Match the terms given in Column-I with their respective meaning in Column-II. Select the correct option: Column-I: (i) Seasonal Unemployment (ii) Self-employed (iii) Unorganised sector (iv) Disguised Unemployment. Column-II: (a) Private enterprises hiring less than 10 employees (b) Workers using their own resources to earn livelihood (c) Unemployment occurring in specific season (d) Zero Marginal Productivity

- (a) (i)-(d); (ii)-(a); (iii)-(b); (iv)-(c)
- (b) (i)-(b); (ii)-(a); (iii)-(c); (iv)-(d)
- (c) (i)-(c); (ii)-(b); (iii)-(a); (iv)-(d)
- (d) (i)-(c); (ii)-(d); (iii)-(a); (iv)-(b)

Q3. CBSE 2026 · 1 mark Match the terms given in Column-I with their respective meaning in Column-II. (i) Seasonal Unemployment (ii) Self-employed (iii) Unorganised sector (iv) Disguised Unemployment with (a) Private enterprises hiring less than 10 employees (b) Workers using their own resources to earn livelihood (c) Unemployment occurring in specific season (d) Zero Marginal Productivity

- (a) (i)-(d); (ii)-(a); (iii)-(b); (iv)-(c)
- (b) (i)-(b); (ii)-(a); (iii)-(c); (iv)-(d)
- (c) (i)-(c); (ii)-(b); (iii)-(a); (iv)-(d)
- (d) (i)-(c); (ii)-(d); (iii)-(a); (iv)-(b)



Q4. CBSE 2026 · 1 mark Read the following statements – Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): The dynamic sub-sectors like agro-processing industries, food processing industries, etc. have potential to create alternative employment opportunities. Reason (R): Men usually seek non-farm jobs, but recently, women have also started looking for such jobs.

- (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.

Q5. CBSE 2026 · 1 mark From the types of unemployment/employment given in Column-I and corresponding features given in Column-II, choose the correct pair: Column-I: (i) Disguised Unemployment (ii) Seasonal Unemployment (iii) Indirect employment by government (iv) Direct employment by government; Column-II: (a) Concentrated to a given season (b) Marginal productivity is zero (c) Indian Railways (d) Indian Oil Corporation (IOC)

- (a) (i) - (a) (b) (ii) - (b) (c) (iii) - (c) (d) (iv) - (d)

Q6. CBSE 2026 · 1 mark From the types of unemployment/employment given in Column-I and corresponding features given in Column-II, choose the correct pair: (i) Disguised Unemployment - (a) Concentrated to a given season, (ii) Seasonal Unemployment - (b) Marginal productivity is zero, (iii) Indirect employment by government - (c) Indian Railways, (iv) Direct employment by government - (d) Indian Oil Corporation (IOC)

- (a) (i) - (a) (b) (ii) - (b) (c) (iii) - (c) (d) (iv) - (d)

Q7. CBSE 2026 · 1 mark Read the following statements – Assertion (A) and Reason (R). Assertion (A): The dynamic sub-sectors like agro-processing industries, food processing industries, etc. have potential to create alternative employment opportunities. Reason (R): Men usually seek non-farm jobs, but recently, women have also started looking for such jobs. Choose the correct option.

- (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.

Q8. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): The unemployment problem in India is multifaceted. Reason (R): Some individuals work round the year, while others work only a few months in a year.

- (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.

Q9. CBSE 2026 · 1 mark Read the following statements carefully: Statement I: Worker Population Ratio is used for analyzing the overall employment situation of a country. Statement II: A garment company has hired two workers on daily wage basis. Such a situation is considered as a formal sector employment. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q10. CBSE 2026 · 1 mark Working persons engaged in various industrial divisions can be classified into three major sectors — Primary sector, secondary sector and tertiary sector. Identify, which of the following option demonstrates the primary sector.

- (a) Agriculture (b) Agriculture, mining and quarrying
- (c) Agriculture, electricity, gas and water supply
- (d) Transport and storage

Q11. CBSE 2025 · 1 mark Suppose an economy is experiencing a situation of rise in Real Gross Domestic Product (GDP), without any corresponding rise in the employment opportunities. In economic parlance, such a situation is termed as _____ growth.

- (a) casual (b) informal (c) formal (d) jobless

Q12. CBSE 2025 · 1 mark Real Gross Domestic Product (GDP), without any corresponding adequate employment generation is termed as _____ growth.

- (a) Casual (b) Informal (c) Formal (d) Jobless

Q13. CBSE 2025 · 1 mark Real Gross Domestic Product (GDP), without any corresponding adequate growth in employment, is termed as _____ growth.

- (a) Casual (b) Informal (c) Formal (d) Jobless

Q14. CBSE 2025 · 1 mark Read the following statements carefully: Statement 1: Employment is an activity which enables a person to earn means of livelihood for his/her family. Statement 2: A worker is the one who contributes to the process of Gross Domestic Product (GDP) by rendering his productive services. In the light of 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.

Q15. CBSE 2025 · 1 mark Identify, the incorrect feature associated with the formal sector of employment in any economy.

- (a) Job security (b) Social security benefits
- (c) Irregular payments (d) Fixed working hours

Q16. CBSE 2025 · 1 mark Under _____ unemployment the marginal productivity of a worker is equal to zero.

- (a) Seasonal (b) Structural (c) Involuntary (d) Disguised



Q17. CBSE 2025 · 1 mark Suppose the percentage of casual workers rises in an economy as compared to the regular workers. This situation may be known as _____ of workforce.

- (a) (i) and (ii) (b) (ii) and (iii) (c) only (ii) (d) only (i)

Q18. CBSE 2025 · 1 mark Suppose the percentage of casual workers rises in an economy as compared to the regular workers. This situation may be known as _____ of workforce. (i)

Formalisation (ii) Casualisation (iii) Unemployment

- (a) (i) and (ii) (b) (ii) and (iii) (c) only (ii) (d) only (i)

Q19. CBSE 2024 · 1 mark Read the following statements carefully: Statement 1: As per the National Sample Survey Organization (NSSO), unemployment is a situation in which all those who, owing to lack of work, are not working, but are seeking work from prospective employers. They express their willingness/availability to work under the prevailing conditions of work and remuneration. Statement 2: Disguised Unemployment is generally a massive problem in a highly populated country like India. In the light of the given statements, choose the correct alternative 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.

Q20. CBSE 2024 · 1 mark From the type of workers given in Column I, identify the correct nature of work in Column II : Column I: 1. Cement shop owner (i) Regular salaried 2. Construction worker (ii) Casual wage workers 3. Civil engineer (iii) Self-employed

- (a) 1(i); 2(ii); 3(iii) (b) 1(ii); 2(i); 3(iii) (c) 1(iii); 2(ii); 3(i)
(d) 1(iii); 2(i); 3(ii)

Q21. CBSE 2024 · 1 mark Assertion (A) : In the recent past, Indian economy has been facing the problem of jobless growth. Reason (R) : Jobless growth refers to a situation where an economy is able to produce more goods and services without generating additional employment. Choose the correct alternative from those given below :

- (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.

Q22. CBSE 2024 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below: Assertion (A): In the recent past, Indian economy has been facing the problem of jobless growth. Reason (R): Jobless growth refers to a situation where an economy is able to produce more goods and services without generating additional employment.

- (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.

Q23. CBSE 2024 · 1 mark From the type of workers given in Column I, identify the correct nature of work in Column II: Column I: 1. Cement shop owner, 2. Construction worker, 3. Civil engineer. Column II: (i) Regular salaried, (ii) Casual wage workers, (iii) Self-employed.

- (a) 1(i); 2(ii); 3(iii) (b) 1(ii); 2(i); 3(iii) (c) 1(iii); 2(ii); 3(i)
(d) 1(iii); 2(i); 3(ii)

Q24. CBSE 2023 · 1 mark Workers who are on the permanent payroll of their employer are called _____ workers.

- (a) self-employed (b) casual (c) regular (d) hired

Q25. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): Government can try to reduce unemployment through special poverty removal programmes. Reason (R): Such poverty removal programmes directly or indirectly lead to employment generation. Choose the correct alternative from those given below.

- (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 false, but Reason (R) is true.

Q26. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below. Assertion (A): Government can try to reduce unemployment through special poverty removal programmes. Reason (R): Such poverty removal programmes directly or indirectly lead to employment generation.

- (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 false, but Reason (R) is true.

Q27. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: Freedom from fear measures how much constitutional protection given to the citizens. Statement 2: India provides fair constitutional protection to its citizens. In light of the given statements, choose the correct alternative 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.

Q28. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below. Assertion (A): The nature of unemployment problem in India is multi-faceted. Reason (R): Worker-Population ratio is an indicator used for analysing the employment situation in a country.

- (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 false, but Reason (R) is true.



Q29. CBSE 2023 · 1 mark Read the following statements carefully:
Statement 1 : Freedom Index measures the limit of constitutional protection given to the citizens. Statement 2 : India provides fair constitutional protection to its citizens. In light of the given statements, choose the correct alternative 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.

VERY SHORT ANSWER (6)

Q30. CBSE 2026 · 2 marks (a)(ii) State the meaning of 'self-employed worker' with suitable example.

Q31. CBSE 2025 · 2 marks State and elaborate whether the following statement is true/false, with valid arguments: The Indian economy has shown satisfactory progress towards formalization of workforce in the recent years.

Q32. CBSE 2025 · 1 mark Define unemployment. The Labour Force Participation Rate (LFPR) measures the percentage of the population either employed or actively seeking employment in a nation. In India, the labour force grew by 99.2 million persons between 2000–2019. The labour force grew from 396.3 million to 495.5 million. During 2012–2019, the labour force grew without a matching increase in employment, leading to higher unemployment. The female LFPR in India stood at 32.8%, which is significantly lower than the global average of 47.3%. During 2000–2019, rural LFPR declined by 14.1%, compared to a 3.5% decline in urban areas. This trend reversed between 2019–2022, with rural LFPR increasing by 6% (especially among rural women) and urban labour market participation declined by 2.1%. Women join the workforce during economic hardships and move out when conditions improve.

Q33. CBSE 2023 · 2 marks State whether the following statement is true/false, with valid arguments: Economic participation of women as homemakers is not accounted for in the Gross Domestic Product.

Q34. CBSE 2023 · 1 mark Who is a casual wage labourer?

Q35. CBSE 2022 · 2 marks Define Worker-Population Ratio and state its utility.

SHORT ANSWER (32)

Q36. CBSE 2026 · 3 marks "Employment in the formal sector guarantees better income and social benefits compared to informal sector job." Defend or refute the above statement with valid reason and example.

Q37. CBSE 2026 · 1 mark State the meaning of 'Disguised Unemployment'.

Q38. CBSE 2026 · 3 marks "Employment within the formal sector ensures better income and social benefits as against the informal sector." Defend or refute the above statement with valid reason and example.

Q39. CBSE 2026 · 3 marks Distinguish between formal and informal sector of employment with the help of suitable examples.

Q40. CBSE 2026 · 3 marks Compared to 1970's, there has hardly been any change in the distribution of workforce across various industries. Defend or refute the above statement with valid explanation.

Q41. CBSE 2026 · 4 marks Elaborate, how the efforts of various governments in India have helped in generation of employment, directly or indirectly, in the nation.

Q42. CBSE 2026 · 4 marks On the basis of the given data, outline and compare the share of Employment and Gross Value Added (GVA) of the sector that emerges to be a prospective employer in India and China. Sectoral Share of Employment and GDP (%) in 2021: Sector - Agriculture: India 19, China 8, Pakistan 24; Industry: India 29, China 39, Pakistan 20; Services: India 52, China 53, Pakistan 56; Distribution of Workforce: Agriculture: India 46, China 23, Pakistan 37; Industry: India 25, China 32, Pakistan 25; Services: India 29, China 45, Pakistan 38.

Q43. CBSE 2026 · 4 marks Rayansh works as a teacher in a school. He receives a fixed monthly salary, social security benefits, paid leave and medical allowances. His friend Mohan works at a small toy shop. He has very little income, he does not have access to provident fund, paid leave or health insurance. Classify the types of sectors Rayansh and Mohan are working in and highlight the distinction between the two sectors.

Q44. CBSE 2026 · 4 marks Shruti works in a public sector bank as a clerk. She gets a fixed monthly salary, provident fund, retirement benefits and health insurance. Her brother, Ramesh, drives an auto-rickshaw. His daily earnings depend on the number of passengers. He does not receive benefits like paid leave, pension etc. Classify the types of sectors Shruti and Ramesh are working in and highlight the distinction between the two sectors.

Q45. CBSE 2025 · 2 marks State and elaborate whether the following statement is true/false, with valid arguments: Informalisation of workforce in India, has increased various concerns on the front of employment generation among the youth of the country.

Q46. CBSE 2025 · 3 marks Discuss briefly the role of small scale industries in generating of employment and equity in India under the planning period.

Q47. CBSE 2024 · 3 marks (i) Define worker-population ratio and describe its usefulness.

Q48. CBSE 2024 · 4 marks (a) State and elaborate whether the following statements are true or false, with valid arguments: (i) In the recent past, the Government of India has taken crucial steps, like Jan-Dhan Yojana, for efficient allocation of financial resources. (ii) Worker population ratio is an indicator, used for analyzing the employment situation in a nation.

Q49. CBSE 2024 · 2 marks State and elaborate whether the following statement is true or false, with valid arguments: Worker population ratio is an indicator, used for analyzing the employment situation in a nation.



Q50. CBSE 2024 · 4 marks On the basis of the data given below, discuss the shift in output and employment sector-wise, in India and China: Sectoral share of Employment and GVA (%) in 2018-2019. Sector: Agriculture (India 16, China 7, Pakistan 24; Employment India 43, China 26, Pakistan 41), Industry (India 30, China 41, Pakistan 19; Employment India 25, China 28, Pakistan 24), Services (India 54, China 52, Pakistan 57; Employment India 32, China 46, Pakistan 35), Total 100, 100, 100, 100, 100, 100.

Q51. CBSE 2024 · 4 marks Note: The following question is for the Visually Impaired Candidates only. Employment in the formal sector needs to be created rather than in the informal sector. Justify the given statement.

Q52. CBSE 2023 · 4 marks State and elaborate whether the following statement is true or false, with valid arguments: In recent times, the Indian economy has shown disappointing growth towards the informalisation of the work force.

Q53. CBSE 2023 · 3 marks Why are less women found in regular salaried employment?

Q54. CBSE 2023 · 4 marks In India, around 60% employees constitute the self-employed. The possible incidence of under employment is the highest among the self-employed. As an economist, suggest and elaborate any two measures that may be taken to ensure more productive employment for the self-employed.

Q55. CBSE 2023 · 4 marks State and elaborate whether the following statement is true or false, with valid arguments : In the current Indian economy, the nature of employment has shifted from agriculture to service sector, indicating a shift towards a developed economy.

Q56. CBSE 2023 · 3 marks Define worker-population ratio and give its significance.

Q57. CBSE 2023 · 2 marks State, whether the following statement is true/false, with valid arguments: Indian economy has shown satisfactory progress towards formalisation of the workforce in the recent past.

Q58. CBSE 2023 · 3 marks It is necessary to generate employment in the formal sector rather than the informal sector. Defend or refute the given statement with valid arguments.

Q59. CBSE 2022 · 2 marks Compare and analyse the sector-wise trends in employment, based on following information: Trends in Employment (Sector-wise) | Sector | 1999-2000 | 2011-12 | Primary sector | 60.4 | 48.9 | Secondary sector | 15.8 | 24.3 | Tertiary sector | 23.8 | 26.8 | Total | 100 | 100 |

Q60. CBSE 2022 · 5 marks (a) (i) State the meaning of the following: (I) Global burden of disease (II) Mortality Rate (ii) Discuss briefly, why less women are found in regular salaried employment.

Q61. CBSE 2022 · 2 marks State any two harmful effects of using chemical fertilizers.

Q62. CBSE 2022 · 2 marks Unemployment is a situation where an able bodied person unwilling to work does not get work at the prevailing wage rate. Do you agree with this statement? Explain briefly.

Q63. CBSE 2022 · 3 marks Explain why regular salaried employees are generally more in urban areas than in rural areas.

Q64. CBSE 2022 · 2 marks Workers employed in the organized sector earn more income compared to workers employed in the unorganized sector. Defend or refute the given statement with valid arguments.

Q65. CBSE 2022 · 3 marks From the data given below, compare and analyse the status-wise distribution of workforce in India: Trends in Employment Pattern (Status-wise) (in %) 1972-73 and 2011-12. Year Status 1972-73 2011-12. Self-Employed 61.4 52. Regular Salaried Employees 15.4 18. Casual Wage Workers 23.2 30. Total 100 100.

Q66. CBSE 2022 · 3 marks Out of 30 million workers in the informal sector, only about 21% are women employed in regular wage employment. Explain.

Q67. CBSE 2022 · 2 marks 'Ram is able to get work only for two hours in a day. Rest of the day, he is looking for work.' Is he unemployed ? What kind of job could person like Ram be doing ?

LONG ANSWER (1)

Q68. CBSE 2024 · 6 marks (a) (i) Amita is a regular worker in a private firm that employs twelve workers. Is she working in the formal/informal sector ? Give valid reasons in support of your answer.

CASE-BASED (3)

CASE STUDY · CBSE 2025

Indian labour market indicators have improved in the last six years, as per the Periodic Labour Force Survey Data. The unemployment rate has fallen to 3.2% in 2022-23. Rising youth and female participation in the workforce present an opportunity to tap the demographic and gender dividend. The factory employment data exhibits the bounce back of the organised manufacturing sector in FY 2022-23 with rise in employment and the upscaling of factories. The net payroll additions under EPFO have more than doubled in the past five years, signalling healthy growth in formal employment. To generate and sustain quality employment, agro-processing and care economy are two promising candidates.

Q69. CBSE 2025 · 1 mark State any one significance of rising youth and female participation in the Indian workforce.

Q70. CBSE 2025 · 3 marks Elaborate the meaning of disguised unemployment with the help of a suitable example.

CASE STUDY · CBSE 2022

Year 2020 began with the once-in-a-century pandemic, which saw the frontline workers working tirelessly to save human lives from COVID-19. The pandemic caused its ripples on the economy and on social sectors. Governments, at all levels, intervened in a timely manner to respond to the pandemic. India has one of the lowest case fatalities rates of less than 1-5%. India has been able to save lakhs of lives through its effective policy responses. Public spending on social sector was



increased in 2020-21 to mitigate the hardships caused by the pandemic and the loss to livelihood due to the lockdown. As per the Periodic Labour Force Survey (PLFS) report 2018-19, there was an increase in workforce totalling 48.78 crores in 2018-19 as compared to 47.14 crores during 2017-18. Out of 1.64 crores increased workforce, 1.22 crores were in rural sector and 0.42 crores in urban sector. The female labour force participation rate increased from 17.5% in 2017-18 to 18.6% in 2018-19. Employee Provident Fund Organisation (EPFO) as on 20th December, 2020 shows a net increase of new subscribers of 78.58 lakhs in 2019-20 as compared to 61.1 lakhs in 2018-19.

The PLFS report also showed improvement in 2020-21 (Quarter 4) when compared to 2019-20 (Quarter 4). Considering the proportion of the male workforce, casual labour decreased by 1% points, while self-employed and salaried workers increased by 0.6% points and 0.4% points respectively. Similarly, in case of female workforce, self-employed increased by 2% points, regular/wage salaried workers decreased by 0.7% points and casual labour decreased by 1.4% points.

Q71. CBSE 2022 · 2 marks Analyse the nature/distribution of Indian workforce for the fourth quarter of the year 2020-21.

12 Environment and Sustainable Development

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (9)

Q1. CBSE 2026 · 1 mark The Montreal Protocol was signed in the year 1987 committing nations to _____.

- (a) protect biodiversity from any further losses.
- (b) reduce the impact of global warming.
- (c) protect ozone layer from depletion incurred due to chlorofluorocarbons.
- (d) reduce the impact of deforestation.

Q2. CBSE 2026 · 1 mark "Sustainable development refers to the development that meets the need of the present generation without compromising the ability of the future generations, to meet their own needs." The above mentioned definition has been given by _____.

- (a) United Nations Conference on Environment and Development
- (b) United Nations Committee on Environment and Development
- (c) United Nations Committee on Protection of Environment
- (d) United Nations Conference on Protection of Environment

Q3. CBSE 2026 · 1 mark Read the following statements carefully: Statement I: Population explosion, affluent consumption and production have placed a huge stress on the environment. Statement II: Carrying capacity is the largest size of a density-dependent population for which the population growth rate is zero. In the light of the given statements, choose the correct option from the following:

- (a) Statement I is true and Statement II is false.
- (b) Statement I is false and Statement II is true.
- (c) Both Statements I and II are true.
- (d) Both Statements I and II are false.

Q4. CBSE 2026 · 1 mark Identify, which of the following is not a strategy of sustainable development.

- (a) Use of Solar Panels
- (b) Use of Bio-Pests
- (c) Use of coal to produce electricity
- (d) Use of Mini-Hydel Plants

Q5. CBSE 2025 · 1 mark Identify, which of the following statements is incorrect about the functions of environment.

- (a) Provides resources
- (b) Absorbs wastage
- (c) Sustains life
- (d) Deteriorates quality of life

Q6. CBSE 2025 · 1 mark Read the following statements carefully:

Statement 1: In order to address the problem of water and air pollution in India, the Government of India had established the Central Pollution Control Board (CPCB). Statement 2: Deforestation leads to the permanent destruction of indigenous forests. In the 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.

Q7. CBSE 2023 · 1 mark Mini-hydel plants are good for the environment because: (i) they generate electricity only for local areas. (ii) they do not change the land use pattern. (iii) they rely on the perennial streams. Choose the correct alternative:

- (a) (i), (ii) and (iii)
- (b) (ii) and (iii)
- (c) (i) only
- (d) (i) and (ii)

Q8. CBSE 2023 · 1 mark _____ adopted the resolution to ban the use of Chlorofluorocarbon (CFC) compounds along with other ozone depleting chemicals.

- (a) Kyoto Protocol
- (b) Paris Protocol
- (c) Montreal Protocol
- (d) Brundtland Commission Report

Q9. CBSE 2023 · 1 mark Carrying Capacity implies that _____.

- (a) (i) and (iv)
- (b) (i) and (iii)
- (c) (ii) and (iii)
- (d) (ii) and (iv)



VERY SHORT ANSWER (2)

Q10. CBSE 2026 · 2 marks State any four sources of air pollution in India. According to the 2021 World Air Quality Report, India is home to 63 of the 100 most polluted cities. The study also found that PM 2.5 concentration (tiny particles in the air that are 2.5 micrometres or smaller in length) in 48% of the country's cities are more than 10 times higher than the WHO's air quality guidelines level. Undoubtedly, this has made air pollution as one of the most pressing environmental issues in India. Vehicular emission, industrial waste, cooking smoke, the construction sector, crop burning and power generation are among the biggest sources of air pollution in India. The country's dependence on coal, oil and gas due to rampant electrification makes it the world's the largest polluter, contributing over 265 billion metric tonnes of carbon to the atmosphere every year. In 2021, India was among the world's most polluted countries, second only to Bangladesh. The annual average PM 2.5 level in India was about 581 g/m³ in 2021. Scientists have linked persistent exposure to PM 2.5 to many long-term health issues including heart and lung disease, as well as 75 million premature deaths each year.

Q11. CBSE 2025 · 1 mark Define Sustainable Development.

SHORT ANSWER (7)

Q12. CBSE 2026 · 3 marks Discuss the long term implications of increased demand for environmental resources exceeding their natural regenerative capacity.

Q13. CBSE 2026 · 4 marks (b) "Traditional knowledge and practices are still applicable in ensuring sustainable development." Do you agree with the given statement? Support your answer with valid reasons.

Q14. CBSE 2026 · 4 marks (a)(i) "Information Technology plays a very significant role in achieving sustainable development and food security." Justify the given statement with valid arguments.

Q15. CBSE 2026 · 3 marks (a) Discuss any two steps involved in attaining sustainable development in India. In the present times, green investment and sustainability are priorities in public policy. India has emerged as a global leader at the front of climate change. India has pledged to seek solutions for the future. The government has contributed to maintain economic growth by implementing various policies and measures relating to sustainable development. Pradhan Mantri Ujjwala Scheme has actively contributed to cleaner air. The Jal Jeevan Mission was launched with the objective of achieving water security. The greenhouse effect is a natural process that warms the Earth's surface, where certain atmospheric gases, known as greenhouse gases, trap heat from the sun and re-emit it, keeping the planet warm enough to support life. In the present times, the issue of greenhouse gases and rising temperature of the Earth are a global concern.

Q16. CBSE 2025 · 2 marks Explain how organic farming contributes to sustainable development in rural areas.

Q17. CBSE 2023 · 3 marks State and discuss any one strategy involved in attaining sustainable development in India.

Q18. CBSE 2022 · 2 marks Economic development in India has been accompanied by environmental concerns. Do you agree with the given statement? Give valid reasons in support of your answer.

LONG ANSWER (2)

Q19. CBSE 2026 · 6 marks Read the following text carefully: According to the 2021 World Air Quality Report, India is home to 63 of the 100 most polluted cities. The study also found that PM 2.5 concentration (tiny particles in the air that are 2.5 micrometres or smaller in length) in 48% of the country's cities are more than 10 times higher than the WHO's air quality guidelines level. Undoubtedly, this has made air pollution as one of the most pressing environmental issues in India. Vehicular emission, industrial waste, cooking smoke, the construction sector, crop burning and power generation are among the biggest sources of air pollution in India. The country's dependence on coal, oil and gas due to rampant electrification makes it the world's largest polluter, contributing over 265 billion metric tonnes of carbon to the atmosphere every year. In 2021, India was among the world's most polluted countries, second only to Bangladesh. The annual average PM 2.5 level in India was about 581 g/m³ in 2021. Scientists have linked persistent exposure to PM 2.5 to many long-term health issues including heart and lung disease, as well as 75 million premature deaths each year. On the basis of the above passage and common understanding, answer the following questions: (i) State and discuss the functions of Central Pollution Control Board (CPCB), set up by the Government of India. (ii) State any four sources of air pollution in India.

Q20. CBSE 2024 · 2 marks State the meaning of green growth and net zero emissions. In the contemporary world with a lot of sustainable development concerns, green growth and net zero emissions are two important concepts which are generally discussed together. These two concepts are essential for the future of the Earth, as by working together on them we can create a more sustainable future for ourselves and for the generations to come. Green growth refers to the economic growth that is achieved in a way that minimizes environmental impact, while net zero emissions is a state of achieving balance between anthropogenic emission of greenhouse gases and removal of such emissions. There exists a robust connection between the two concepts: (1) Green growth can help to reduce greenhouse gas emissions, which is essential for achieving net zero emissions. (2) Green growth can help to create jobs and boost economic growth, which can help to make it more affordable for countries to invest in net zero emissions technology. A nation can do a lot to promote these two factors together, like: (a) Investing in renewable energy sources which do not produce greenhouse gases. (b) Adopting energy efficient measures, such as insulation and other such appliances which can help to reduce energy consumption. (c) Altering transportation habits, like adopting walking, biking and using public transportation as they are lower-carbon ways to travel.

CASE-BASED (7)**CASE STUDY · CBSE 2026**

In the present times, green investment and sustainability are priorities in public policy. India has emerged as a global leader at the front of the climate change. India has pledged to seek solutions for the future. The government has contributed to maintain economic growth by implementing various policies and measures relating to sustainable development. Pradhan Mantri Ujjwala Scheme has actively contributed to cleaner air.



The Jal Jeevan Mission was launched with the objective of achieving water security. The greenhouse effect is a natural process that warms the Earth's surface, where certain atmospheric gases, known as greenhouse gases, trap heat from the sun and re-emit it, keeping the planet warm enough to support life. In the present times, the issue of greenhouse gases and rising temperature of the Earth are a global concern.

Q21. CBSE 2026 · 3 marks Discuss any two steps involved in attaining sustainable development in India.

CASE STUDY · CBSE 2025

Growing carbon footprint of industries have put power and steel sector in the spotlight as the major contributor to the climate crisis. The challenge of climate change can be tackled only by making our industries and businesses follow practices and processes that reduce their carbon footprint. It can be possible only with green financing. Green financing aims to increase the level of financial flows (from banking, micro-credit, insurance and investment) from the public, private and not-for-profit sectors to sustainable development priorities. Global green finance has also started chasing Indian companies. Global development finance institutions and funds are ready to offer long-term support (both equity and debt) at cheap rates to projects like solar energy and hydropower. Green finance can positively affect environment quality, economic development and financial issues that promote the green economy, such as reducing greenhouse gas emissions, improving energy efficiency or enhancing the organic economy.

Q22. CBSE 2025 · 3 marks State the meaning and objective of green finance.

CASE STUDY · CBSE 2024

In order to address two major environmental concerns in India, viz. water and air pollution, the government set up the Central Pollution Control Board (CPCB) in 1974. This was followed by states establishing their own state level boards to address all the environmental concerns. They investigate, collect and disseminate information relating to water, air and land pollution, lay down standards for sewage/trade effluent and emissions. These boards provide technical assistance to governments in promoting cleanliness of streams and wells by prevention, control and abatement of water pollution, and improve the quality of air and to prevent, control or abate air pollution in the country. These boards also carry out and sponsor investigation and research relating to problems of water and air pollution and for their prevention, control or abatement. They organize, through mass media, a comprehensive mass awareness programme for the same. The PCBs prepare manuals, codes and guidelines relating to treatment and disposal of sewage and trade effluents. They assess the air quality through regulation of industries. In fact, state boards, through their district level officials, periodically inspect every industry under their jurisdiction to assess the adequacy of treatment measures provided to treat the effluent and gaseous emissions. It also provides background air quality data needed for industrial siting and town planning. The pollution control boards collect, collate and disseminate

technical and statistical data relating to water pollution. They monitor the quality of water in 125 rivers (including the tributaries), wells, lakes, creeks, ponds, tanks, drains and canals.

Q23. CBSE 2024 · 1 mark State any two concerns owing to which the Central Pollution Control Board (CPCB) was established.

CASE STUDY · CBSE 2024

In the contemporary world with a lot of sustainable development concerns, green growth and net zero emissions are two important concepts which are generally discussed together. These two concepts are essential for the future of the Earth, as by working together on them we can create a more sustainable future for ourselves and for the generations to come. Green growth refers to the economic growth that is achieved in a way that minimizes environmental impact. Net zero emissions refers to the state of achieving balance between anthropogenic emission of greenhouse gases and removal of such emissions from the atmosphere. There exists a robust connection between the two concepts: (1) Green growth can help to reduce greenhouse gas emissions, which is essential for achieving net zero emissions. (2) Green growth can help to create jobs and boost economic growth, which can help to make it more affordable for countries to invest in net zero emissions technology. A nation can do a lot to promote these two factors together, like: (a) Investing in renewable energy sources which do not produce greenhouse gases. (b) Adopting energy efficient measures, such as insulation and other such appliances which can help to reduce energy consumption. (c) Altering transportation habits, like adopting walking, biking and using public transportation as they are lower-carbon ways to travel.

Q24. CBSE 2024 · 6 marks On the basis of the given text and common understanding, answer the following questions: (i) State the meaning of green growth and net zero emissions.

CASE STUDY · CBSE 2022

The NITI Aayog Index developed in collaboration with German cooperation, ranks 56 urban areas on 77 Sustainable Developmental Goals (SDGs) indicators. In its journey of localization of the Sustainable system at all levels, the NITI Aayog has developed the SDG Urban Index and Dashboard in 2021-22. The index will strengthen SDG localization and institute monitoring at the various cities level. According to the NITI Aayog, this index highlights the strengths and gaps of data monitoring and reporting systems. The tools used in the index will contribute to the creation of an ecological system in which all stakeholders will be equipped to adopt and implement data-driven decision-making. The NITI Aayog is of the view that this transformative change is quite essential, given the increasing prominence of our cities and urban areas in charting the future of development in India. Out of 56 urban areas ranked in the index, 44 are with population above one million. As per the NITI Aayog, for each SDG the urban areas are ranked on the scale of 0-100. A score of 100 implies that the urban area has achieved the targets set for 2030. A zero score implies that it is the farthest from achieving the target among the selected urban areas. The areas with score between 0 and 49 have been ranked



as aspirants, those with 50-64 are termed as performers, 66-99 are called front-runners and ones with perfect score are called achievers.

Q25. CBSE 2022 · 2 marks Outline any two steps involved by the NITI Aayog index in attaining sustainable development.

CASE STUDY · CBSE 2022

The NITI Aayog Index developed in collaboration with German cooperation, ranks 56 urban areas on 77 Sustainable Developmental Goals (SDGs) indicators. In its journey of localization of the Sustainable Development Goals (SDGs) and creating a monitoring system at all levels, the NITI Aayog has developed the SDG Urban Index and Dashboard in 2021–22. The index will strengthen SDG localization and institute monitoring at the various cities level. According to the NITI Aayog, this index highlights the strengths and gaps of data monitoring and reporting systems. The tools used in the index will contribute to the creation of an ecological system in which all stakeholders will be equipped to adopt and implement data-driven decision-making. The NITI Aayog is of the view that this transformative change is quite essential, given the increasing prominence of our cities and urban areas in charting the future of development in India. Out of 56 urban areas ranked in the index, 44 are with population above one million. As per the NITI Aayog, for each SDG the urban areas are ranked on the scale of 0–100. A score of 100 implies that the urban area has achieved the targets set for 2030. A zero score implies that it is the farthest from achieving the target among the selected urban areas. The areas with score between 0 and 49 have been ranked as aspirants, those with 50–64 are termed as performers, 66–99 are called front-runners and ones with perfect score are called achievers.

Q26. CBSE 2022 · 2 marks Outline any two steps involved by the NITI Aayog index in attaining sustainable development.

CASE STUDY · CBSE 2022

Green investment and sustainability are priorities in public policy. India has emerged as a global leader at the front of the climate change. India has pledged to seek solutions for the future. Government schemes and policies such as Swachh Bharat Mission, Pradhan Mantri Awas Yojana, Smart Cities, Deen Dayal Upadhyay Gram Jyoti Yojana among other, all contribute towards achieving sustainable development goals. The government has contributed to maintain economic growth by introducing and implementing various policies and measures relating to sustainable development, climate change, energy efficiency and air pollution. Pradhan Mantri Ujjwala Yojana Scheme, has actively contributed to cleaner air. It has resulted in drastic reduction of respiratory diseases and ultimately death as per recent medical report. The Jal Jeevan Mission was launched with the objective of achieving water security. We have seen 68 per cent decline in the size of population of various animal species and amphibian over the last 60 years. The issue of green house gases and rising temperature of the earth are a global concern. India is one of those countries that will be affected by the over 2 degree celsius rise in global temperature. 'India has already taken a lot of steps in the area of innovation and development of different production methodologies which are environmentally friendly in the long run.'

Q27. CBSE 2022 · 3 marks State and discuss any two steps involved in attaining sustainable development in India.

13 Comparative Development Experiences

Notes & MCQs →

MULTIPLE CHOICE AND ASSERTION-REASON (43)

Q1. CBSE 2026 · 1 mark Arrange the following events in China's economic development history in correct chronological sequence and select the correct option: I. Great Proletarian Cultural Revolution. II. Great leap forward III. Introduction of Economic Reforms IV. Launch of the First Five Year Plan

- (a) II, IV, III, I (b) IV, II, I, III (c) II, IV, I, III (d) IV, I, II, III

Q2. CBSE 2026 · 1 mark China adopted _____ strategy in which farmers and industries bought and sold certain quantities at government fixed prices, while remaining transactions occurred at market prices.

- (a) Dual Pricing (b) Special Economic Zones
(c) Great Proletarian Cultural Revolution
(d) Great Leap Forward

Q3. CBSE 2026 · 1 mark Arrange the following events of Pakistan in correct chronological order: I. Nationalisation of capital goods industries II. Establishment of Pakistan III. Introduction of economic reforms IV. Announcement of First Five Year Plan

- (a) III, IV, I, II (b) III, II, I, IV (c) IV, III, II, I (d) II, IV, I, III

Q4. CBSE 2026 · 1 mark Read the following text carefully: "Between 1966 – 67, Mao introduced this movement under which professionals and students were asked to work and learn from the countryside of China." Identify the correct option with reference to the aforesaid text.

- (a) Commune System (b) Great Leap Forward
(c) Open Door Policy
(d) Great Proletarian Cultural Revolution

Q5. CBSE 2026 · 1 mark Identify the correct option with reference to the following statement: "Farmers and industrial units were required to transact fixed quantities of raw materials and finished goods on the basis of prices fixed by the government, while the rest were purchased and sold at market price."

- (a) Great Leap Forward (b) Dual Pricing Policy
(c) Special Economic Zones (SEZs) (d) Commune System



Q6. CBSE 2026 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): India is a member of various regional and economic groupings such as BRICS, G20, etc. Reason (R): Membership of economic and regional groupings helps a nation to understand their strengths and weaknesses in comparison to other nations.

- (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 false, but Reason (R) is true.

Q7. CBSE 2025 · 1 mark Identify, which of the following does not indicate the similarities in the policies of India and Pakistan in the post 1947 period.

- (a) Dual pricing policy (b) Green revolution
- (c) Import substitution (d) Mixed economic system

Q8. CBSE 2025 · 1 mark From the following, choose the correct option which indicates similarities in the policies of India and Pakistan, in the post-1947 period:

- (a) Dual pricing policy (b) Commune system
- (c) Import substitution
- (d) Great Proletarian Cultural Revolution

Q9. CBSE 2025 · 1 mark In China, under _____, peasants were provided with pooled land to create larger fields that could yield greater output and they shared farm implements.

- (a) Joint Farming System (b) Commune System
- (c) Great Proletarian Cultural Revolution
- (d) Green Revolution

Q10. CBSE 2025 · 1 mark Which of the following country/countries followed the Five Year Planning structure of economic development?

- (a) (i), (ii) and (iii) (b) (ii) and (iii) (c) (i) and (iv)
- (d) Only (iv)

Q11. CBSE 2025 · 1 mark The Great Leap Forward in China was launched in _____.

- (a) 1951 (b) 1955 (c) 1958 (d) 1962

Q12. CBSE 2025 · 1 mark The Great Leap Forward (GLF) was initiated in China in _____.

- (a) 1951 (b) 1955 (c) 1958 (d) 1962

Q13. CBSE 2025 · 1 mark _____ is one of the demographic indicators in which Pakistan is ahead of India and China.

- (a) Urbanisation (b) Fertility rate (c) Population density
- (d) Sex ratio

Q14. CBSE 2025 · 1 mark Recently, India hosted and chaired the summit of _____ one of the regional and economic groupings.

- (a) SAARC (b) G8 (c) ASEAN (d) G20

Q15. CBSE 2024 · 1 mark Identify which of the following is not a member nation of G20.

- (a) Argentina (b) Australia (c) Brazil (d) Bangladesh

Q16. CBSE 2024 · 1 mark On the basis of the data given below, identify the incorrect statement with reference to annual growth of GDP (%): Annual Growth of Gross Domestic Product (%), 1980-2017. Country 1980-90 2015-2017. India 5.7 7.3. China 10.3 6.8. Pakistan 6.3 5.3.

- (a) Pakistan and China experienced a fall in growth rate during 2015-2017.
- (b) China achieved double-digit growth rate in 1980-1990.
- (c) GDP of India accelerated moderately in 2015-2017 period.
- (d) Pakistan was ahead of India during 1980-2017 in terms of GDP.

Q17. CBSE 2024 · 1 mark Identify which of the following alternatives are not true with reference to the Chinese economy. (i) In 1958, communes were established. (ii) In the foreign sector, Special Economic Zones (SEZ) were set up. (iii) Better health facilities reduced mortality rate in China.

- (a) (i) and (ii) (b) (ii) and (iii) (c) (i), (ii) and (iii)
- (d) (i) and (iii)

Q18. CBSE 2024 · 1 mark In the decade of the 1970s, Pakistan nationalized its _____ industries.

- (a) Medical infrastructure (b) Consumer goods
- (c) Capital goods (d) Foreign trade

Q19. CBSE 2024 · 1 mark Read the following statements Assertion (A) and Reason (R). Choose the correct alternative given below: Assertion (A): China has used the market mechanism to create additional social and economic opportunities for its citizens. Reason (R): Social infrastructure creation by the government has brought positive results in human development indicators in China.

- (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.

Q20. CBSE 2024 · 1 mark China was able to control its rapid population growth rate owing to _____.

- (a) Economic reforms (b) One-Child Policy
- (c) Great Proletarian Cultural Revolution
- (d) Special Economic Zones

Q21. CBSE 2024 · 1 mark The present day rapid industrial growth in China can be traced back to the economic reforms introduced in 1978, where _____.

- (a) Only (i) initially reforms were initiated in agriculture, foreign trade and investment sectors
- (b) Only (ii) the policy of dual pricing was adopted
- (c) (i) and (ii) initially reforms were initiated in agriculture, foreign trade and investment sectors, and the policy of dual pricing was adopted
- (d) (i), (ii) and (iii) All of the above



Q22. CBSE 2024 · 1 mark Statement 1 : India, Pakistan and China have similar physical endowments, but totally different political systems. Statement 2 : Both India and Pakistan laid great emphasis on creating a large private sector. In the light of the given statements, choose the correct alternative 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.

Q23. CBSE 2024 · 1 mark After the implementation of economic reforms, Pakistan experienced slowdown of growth due to various reasons including _____.

- (a) (i) and (ii) Volatile performance of the agriculture sector and Over-dependence on remittances from abroad
- (b) (ii) and (iii) Over-dependence on remittances from abroad and Political instability
- (c) (i), (ii) and (iii) All of the above
- (d) (i) and (iii) Volatile performance of the agriculture sector and Political instability

Q24. CBSE 2024 · 1 mark Read the following statements carefully: Statement 1: India, Pakistan and China have similar physical endowments, but totally different political systems. Statement 2: Both India and Pakistan laid great emphasis on creating a large private sector. In the light of the given statements, choose the correct alternative 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.

Q25. CBSE 2024 · 1 mark On the basis of the data given below, identify the incorrect statement with reference to annual growth of GDP (%): Annual Growth of Gross Domestic Product (%), 1980–2017. Country data: India 1980-90: 5.7, 2015-2017: 7.3; China 1980-90: 10.3, 2015-2017: 6.8; Pakistan 1980-90: 6.3, 2015-2017: 5.3

- (a) Pakistan and China experienced a fall in growth rate during 2015–2017.
- (b) China achieved double-digit growth rate in 1980–1990.
- (c) GDP of India accelerated moderately in 2015–2017 period.
- (d) Pakistan was ahead of India during 1980–2017 in terms of GDP.

Q26. CBSE 2023 · 1 mark The Great Leap Forward (GLF) campaign in China focused on _____.

- (a) Widespread industrialisation
- (b) New agricultural strategy
- (c) Privatisation
- (d) Economic reforms

Q27. CBSE 2023 · 1 mark Identify the correct alternative with reference to the following statement: Between 1966-76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the rural areas of China.

- (a) Commune System
- (b) Great Leap Forward
- (c) Open Door Policy
- (d) Great Proletarian Cultural Revolution

Q28. CBSE 2023 · 1 mark Read the following statements carefully: Statement 1: In both India and Pakistan, the service sector has been emerging as a major source of development. Statement 2: Amongst the neighbours of India, China has the highest life expectancy rate. In light of the given statements, choose the correct alternative 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.

Q29. CBSE 2023 · 1 mark Identify the correct alternative with reference to the following statement: Between 1966-76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the countryside of China.

- (a) Commune System
- (b) Great Leap Forward
- (c) Open Door Policy
- (d) Great Proletarian Cultural Revolution

Q30. CBSE 2023 · 1 mark Identify the correct alternative with reference to the following statement : Between 1966 and 76, Mao introduced this movement under which professionals and students were asked to work and learn from real life conditions in rural areas of China.

- (a) Commune System
- (b) Great Leap Forward
- (c) Open Door Policy
- (d) Great Proletarian Cultural Revolution

Q31. CBSE 2023 · 1 mark Identify the correct alternative with reference to the following statement: Between 1966-76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the country's rural areas.

- (a) Commune System
- (b) Great Leap Forward
- (c) Open Door Policy
- (d) Great Proletarian Cultural Revolution

Q32. CBSE 2023 · 1 mark Multiple reasons for economic slowdown and re-emergence of poverty in Pakistan may be enumerated. Identify which of the following might not be one of them.

- (a) (i), (ii) and (iii)
- (b) (ii) and (iii)
- (c) (i) and (iii)
- (d) Only (ii)



Q33. CBSE 2023 · 1 mark Read the following statements carefully:
Statement 1: One-child policy was very effectively used in controlling the population by the Chinese authorities. Statement 2: One-child policy, according to scholars, led to a decline in gender ratio (the proportion of females per 1000 males). In light of the given statements, choose the correct alternative 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.

Q34. CBSE 2023 · 1 mark During 1966–76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the country's rural areas.

- (a) Commune System (b) Great Leap Forward
- (c) Open Door Policy
- (d) Great Proletarian Cultural Revolution

Q35. CBSE 2023 · 1 mark Several reasons can be attributed to the re-emergence of poverty in Pakistan. Identify which of the following might not be one of them.

- (a) (i), (ii) and (iii) (b) (ii) and (iii) (c) (i) and (iii) (d) Only (ii)

Q36. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Assertion (A): Lower child mortality rate is a better indicator of gender equality. Reason (R): Preference for a male child exists in India, Pakistan and China. Choose the correct alternative from those given below.

- (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 false, but Reason (R) is true.

Q37. CBSE 2023 · 1 mark Identify the correct alternative with reference to the following statement: Between 1966–76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations in the rural areas of China.

- (a) Commune System (b) Great Leap Forward
- (c) Open Door Policy
- (d) Great Proletarian Cultural Revolution

Q38. CBSE 2023 · 1 mark Several reasons can be given for the re-emergence of poverty in Pakistan. Identify which of the following might not be one of them.

- (a) (i), (ii) and (iii) (b) (ii) and (iii) (c) (i) and (iii) (d) Only (ii)

Q39. CBSE 2023 · 1 mark Pakistan is ahead of India in the case of _____.

- (a) HDI value (b) Per capita income
- (c) Access to sanitation facilities (d) Life expectancy at birth

Q40. CBSE 2023 · 1 mark Arrange the following events of China in chronological order and choose the correct alternative: (i) Great Proletarian Cultural Revolution (ii) Great Leap Forward Campaign (iii) Introduction of Economic Reforms (iv) First Five Year Plan

- (a) (ii), (iv), (iii), (i) (b) (iv), (ii), (i), (iii) (c) (ii), (iv), (i), (iii)
- (d) (iv), (i), (ii), (iii)

Q41. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below.
Assertion (A): China adopted the open door reform initiative.
Reason (R): It aimed at industrialising the country on a massive scale.

- (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 false, but Reason (R) is true.

Q42. CBSE 2023 · 1 mark Read the following statements : Assertion (A) and Reason (R). Choose the correct alternative given below.
Assertion (A) : China adopted the Open Door Policy reform initiative. Reason (R) : It aimed at industrialising the country on a massive scale.

- (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 false, but Reason (R) is true.

Q43. CBSE 2023 · 1 mark Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative given below.
Assertion (A): China adopted an Open Door Policy as a major economic reform initiative. Reason (R): It aimed at industrialising the country on a massive scale.

- (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 false, but Reason (R) is true.

VERY SHORT ANSWER (2)

Q44. CBSE 2026 · 1 mark State the meaning of 'Commune system'.

Q45. CBSE 2025 · 2 marks State how multilateral trade is different from bilateral trade.

SHORT ANSWER (51)

Q46. CBSE 2026 · 3 marks "In the late 1970's China's population growth rate has sharply declined as compared to India." Elucidate the reasons and impacts of this situation.

Q47. CBSE 2026 · 4 marks "At the time of independence, both India and Pakistan inherited similar colonial economic structures. Both the nations adopted many similar economic planning strategies." Explain any two such similarities in the developmental path of India and Pakistan.



Q48. CBSE 2026 · 3 marks In the late 1970s and 1980s, Pakistan experienced significant changes in its policies, incentives and new investments. Do you agree with the above statement? Justify your answer with valid arguments.

Q49. CBSE 2026 · 3 marks Describe how Pakistan has formulated and implemented its early developmental strategies to foster economic growth.

Q50. CBSE 2026 · 3 marks Discuss the 'One Child Policy' adopted by China.

Q51. CBSE 2026 · 3 marks Explain the Great Leap Forward (GLF) campaign of China.

Q52. CBSE 2026 · 4 marks On the basis of the given data, comment on trends of output growth in different sectors (1980 – 2018), between India and Pakistan. Country: 1980-90 / 2014-18; Agriculture / Industry / Services; India: 3.1 / 7.4 / 6.9 / 3.1 / 6.9 / 7.6; Pakistan: 4 / 7.7 / 6.8 / 1.7 / 4.8 / 5.0

Q53. CBSE 2026 · 4 marks "India, China and Pakistan have travelled more than seven decades of developmental paths with varied results." Justify the given statement with valid arguments.

Q54. CBSE 2026 · 4 marks On the basis of the given data, comment on trends of output growth in different sectors (1980 – 2018), between India and Pakistan. Country 1980–90 2014–18
Agriculture Industry Services Agriculture Industry Services India 3.1 7.4 6.9 3.1 6.9 7.6 Pakistan 4 7.7 6.8 1.7 4.8 5.0

Q55. CBSE 2026 · 4 marks On the basis of the given data, outline and compare the share of Employment and Gross Value Added (GVA) of the sector that emerges to be a prospective employer in India and China. Sectoral Share of Employment and GDP (%) in 2021 Sector | Contribution of GVA (India/China/Pakistan) | Distribution of Workforce (India/China/Pakistan) Agriculture | 19/8/24 | 46/23/37 Industry | 29/39/20 | 25/32/25 Services | 52/53/56 | 29/45/38 Total | 100/100/100 | 100/100/100

Q56. CBSE 2026 · 3 marks 'Liberty Indicators are considered important yardsticks for an economy, in the present times.' Elaborate the meaning and importance of Liberty Indicators, in the light of the given statement.

Q57. CBSE 2026 · 3 marks Explain the Great Leap Forward campaign initiated by China.

Q58. CBSE 2026 · 4 marks On the basis of the given data, outline and compare the share of Employment and Gross Value Added (GVA) of the sector that emerges to be a prospective employer in India and China. Sectoral Share of Employment and GDP (%) in 2021 Sector - Contribution of GVA (India, China, Pakistan) - Distribution of Workforce (India, China, Pakistan) Agriculture: 19, 8, 24 | 46, 23, 37 Industry: 29, 39, 20 | 25, 32, 25 Services: 52, 53, 56 | 29, 45, 38 Total: 100, 100, 100 | 100, 100, 100

Q59. CBSE 2026 · 4 marks On the basis of the given data, comment upon the annual growth of Gross Domestic Product (GDP) of India and China. Annual Growth of Gross Domestic Product (%), 1980 – 2017: India 1980–90: 57, 2015–2017: 73, 2022: 70; China 1980–90: 103, 2015–2017: 68, 2022: 30; Pakistan 1980–90: 63, 2015–2017: 53, 2022: 48

Q60. CBSE 2026 · 4 marks On the basis of the given data, comment upon the annual growth of Gross Domestic Product (GDP) of India and China. Annual Growth of Gross Domestic Product (%), 1980 – 2017 Country: 1980 – 90, 2015 – 2017, 2022 India: 57, 73, 70 China: 103, 68, 30 Pakistan: 63, 53, 48

Q61. CBSE 2025 · 3 marks Elaborate the economic reforms in agriculture sector undertaken by China.

Q62. CBSE 2025 · 3 marks Elaborate the reasons responsible for emergence of poverty in Pakistan.

Q63. CBSE 2025 · 3 marks Using the following data, analyse the sectoral contribution of India and Pakistan towards Gross Value Added (GVA). Sectoral Share of Employment and GVA (%) in 2018–19: Sector Agriculture: India 16%, China 7%, Pakistan 24%; Industry: India 30%, China 41%, Pakistan 19%; Services: India 54%, China 52%, Pakistan 57%. Distribution of Workforce: Agriculture: India 43%, China 26%, Pakistan 41%; Industry: India 25%, China 28%, Pakistan 24%; Services: India 32%, China 46%, Pakistan 35%.

Q64. CBSE 2025 · 3 marks Using the following data, analyse the sectoral contribution of India and Pakistan towards Gross Value Added (GVA). Sectoral Share of Employment and GVA (%) in 2018-19 Sector Contribution to GVA Distribution of Workforce India China Pakistan India China Pakistan Agriculture 16 7 24 43 26 41 Industry 30 41 19 25 28 24 Services 54 52 57 32 46 35 Total 100 100 100 100 100 100

Q65. CBSE 2025 · 4 marks Read the following text carefully: China underwent substantial policy changes to stimulate their economy. However, India had to wait much longer for its economic openness after the economic reforms of 1991, which were implemented out of compulsion. On the basis of given text and common understanding, compare the impact of subsequent reforms initiated by China and India.

Q66. CBSE 2025 · 3 marks Using the following data, analyse the sectoral contribution of India and Pakistan towards Gross Value Added (GVA). Sectoral Share of Employment and GVA (%) in 2018-19 Sector | Contribution to GVA | Distribution of Workforce | India | China | Pakistan | India | China | Pakistan Agriculture | 16 | 7 | 24 | 43 | 26 | 41 Industry | 30 | 41 | 19 | 25 | 28 | 24 Services | 54 | 52 | 57 | 32 | 46 | 35 Total | 100 | 100 | 100 | 100 | 100 | 100

Q67. CBSE 2025 · 4 marks China underwent substantial policy changes to stimulate their economy in different sectors. However, India had to wait much longer for its economic reforms after the economic reforms of 1991, which were implemented out of compulsion. On the basis of given text and common understanding, compare the impact of subsequent reforms initiated by China and India.

Q68. CBSE 2025 · 4 marks Evaluate any two factors that led to the rapid growth in economic development in China.

Q69. CBSE 2025 · 3 marks Explain any two similar developmental strategies followed by India and Pakistan in post 1947 era.



Q70. CBSE 2024 · 4 marks (a) United Nations Department of Economic and Social Affairs populous country in the month of April 2023. Explain the consequences of one-child policy adopted by China in the 1970s. (b) Discuss the impacts of Special Economic Zones (SEZs) on the economic growth of China.

Q71. CBSE 2024 · 2 marks Explain the consequences of one-child policy adopted by China in the 1970s.

Q72. CBSE 2024 · 4 marks (a) The United Nations Department of Economic and Social Affairs has indicated that India became the most populous nation in April 2023. Explain the consequences of one-child policy adopted by China in the 1970s. (b) Discuss the impacts of Special Economic Zones (SEZs) on the economic growth of China.

Q73. CBSE 2024 · 4 marks On the basis of the data given below, discuss the shift in output and employment sector-wise, in India and China : Sectoral share of Employment and GVA (%) in 2018-2019. Sector Contribution to GVA Distribution of Workforce - Agriculture India 16, China 7, Pakistan 24, India 43, China 26, Pakistan 41. Industry India 30, China 41, Pakistan 19, India 25, China 28, Pakistan 24. Services India 54, China 52, Pakistan 57, India 32, China 46, Pakistan 35. Total 100, 100, 100, 100, 100, 100. Source: Human Development Report 2019: Key Indicators of Asia and Pacific, 2019

Q74. CBSE 2024 · 4 marks On the basis of the data given below, discuss the shift in output and employment sector-wise, in India and China: Sectoral share of Employment and GVA (%) in 2018-2019 with Agriculture, Industry, and Services sectors for India, China, and Pakistan.

Q75. CBSE 2024 · 4 marks From the given data, compare and analyse sectoral contribution towards Gross Value Added (GVA). Sectoral Share of Employment and GVA (%) in 2018–2019: Agriculture - Contribution to GVA: India 16, China 7, Pakistan 24; Distribution of Workforce: India 43, China 26, Pakistan 41. Industry - Contribution to GVA: India 30, China 41, Pakistan 19; Distribution of Workforce: India 25, China 28, Pakistan 24. Services - Contribution to GVA: India 54, China 52, Pakistan 57; Distribution of Workforce: India 32, China 46, Pakistan 35. Total: 100, 100, 100, 100, 100, 100.

Q76. CBSE 2024 · 4 marks Compare and analyse the sectoral contribution towards Gross Value Added (GVA) in India and China in 2018–2019. Sectoral Share of Employment and GVA (%) in 2018–2019: Sector Agriculture Industry Services Total | Contribution to GVA (India/China/Pakistan): 16/7/24, 30/41/19, 54/52/57, 100/100/100 | Distribution of Workforce (India/China/Pakistan): 43/26/41, 25/28/24, 32/46/35, 100/100/100

Q77. CBSE 2023 · 4 marks Explain valid reasons for the slow growth and re-emergence of poverty in Pakistan.

Q78. CBSE 2023 · 4 marks Compare and contrast India and China's sectoral contribution to Gross Value Added (GVA). What does it indicate ?

Q79. CBSE 2023 · 4 marks Read the following schedule carefully: Trends in Output Growth in Different Sectors, 1980-2015. Analyse the output growth trend in the three sectors over the given years between India and China. Trends in Output Growth in Different Sectors, 1980-2015 Country: 1980-90 2011-2015 India: Agriculture 3.1, Industry 7.4, Service 6.9; Agriculture 2.3, Industry 5, Service 8.4 China: Agriculture 5.9, Industry 10.8, Service 13.5; Agriculture 4.1, Industry 8.1, Service 8.4 Pakistan: Agriculture 4, Industry 7.7, Service 6.8; Agriculture 2.7, Industry 3.4, Service 4.4

Q80. CBSE 2023 · 4 marks Read the following schedule carefully: Trends in Output Growth in Different Sectors, 1980-2015. Analyse the output growth trend in the three sectors over the given years between India and Pakistan. Trends in Output Growth in Different Sectors, 1980-2015. Country 1980-90 2011-2015. Agriculture Industry Service Agriculture Industry Service. India 3.1 7.4 6.9 2.3 5 8.4 China 5.9 10.8 13.5 4.1 8.1 8.4 Pakistan 4 7.7 6.8 2.7 3.4 4.4

Q81. CBSE 2023 · 4 marks Read the following schedule carefully: Trends in Output Growth in Different Sectors, 1980–2015. Analyse the output growth trend in the three sectors over the given years between India and Pakistan. Country | 1980–90 (Agriculture, Industry, Service) | 2011–2015 (Agriculture, Industry, Service) India | 3.1, 7.4, 6.9 | 2.3, 5, 8.4 China | 5.9, 10.8, 13.5 | 4.1, 8.1, 8.4 Pakistan | 4, 7.7, 6.8 | 2.7, 3.4, 4.4

Q82. CBSE 2023 · 4 marks From the data given below, compare the sectoral contribution towards GVA/GDP in India and China in terms of rise or decline. Sectoral Contribution to GVA/GDP (in %) (2018-19) Sector | India | China Agriculture | 16 | 7 Industry | 30 | 41 Services | 54 | 52 Total | 100 | 100

Q83. CBSE 2023 · 4 marks Compare the sectoral contribution towards GVA / GDP of India and China.

Q84. CBSE 2023 · 4 marks Compare sectoral contribution towards GVA / GDP between India and China. Sectoral Contribution to GVA/GDP (in %) (2018-19) Sector | India | China Agriculture | 16 | 7 Industry | 30 | 41 Services | 54 | 52 Total | 100 | 100

Q85. CBSE 2022 · 3 marks Based on the given data, compare any two parameters for the economies of India and China:

Q86. CBSE 2022 · 3 marks India and Pakistan began their development journey at approximately the same time, yet both economies have adopted different paths. Justify the given statement with valid arguments.

Q87. CBSE 2022 · 3 marks Based on the given data, compare any two parameters for the economies of India and China: S. No. Items India China (i) Human Development Index (HDI) (Value) 0.609 0.727 (ii) HDI (Rank) 130 90 (iii) Life Expectancy at Birth (in years) 68.2 75.8 (iv) GDP per capita (PPP \$ US) 5,730 13,572 Source: HDI Report 2014 & WDI

Q88. CBSE 2022 · 3 marks India and Pakistan started their development journey almost at the same time, yet both economies have followed different paths. Justify the given statement with valid arguments.



Q89. CBSE 2022 · 3 marks India and Pakistan initiated their journey of development nearly at the same time, yet both economies have traversed different paths. Justify the given statement with valid arguments.

Q90. CBSE 2022 · 3 marks In the end of the 1970s decade, China's population growth rate declined sharply compared to India. Elucidate the reason and impact of this situation.

Q91. CBSE 2022 · 3 marks Discuss briefly any two similar development strategies followed by India and Pakistan.

Q92. CBSE 2022 · 3 marks In the late 1970s, the population growth rate of China declined sharply compared to India. Elucidate the reason and impact of this situation.

Q93. CBSE 2022 · 3 marks In the late 1970s, India's population growth decelerated compared to China's. Elucidate the reason and impact of this situation.

Q94. CBSE 2022 · 3 marks Explain the concept of dual pricing adopted by China.

Q95. CBSE 2022 · 2 marks Define 'liberty indicator' with the help of an example and state its importance.

Q96. CBSE 2022 · 3 marks Briefly explain any two similar developmental strategies opted by India and Pakistan for their respective developmental path.

LONG ANSWER (1)

Q97. CBSE 2025 · 4 marks China underwent substantial policy changes to stimulate their economy during 1970-1991 with development of Special Economic Zones in industrial sectors. However, India had to wait much longer for its economic liberalisation after the economic reforms of 1991, which were implemented out of compulsion. On the basis of given text and common understanding, compare the impact of subsequent reforms initiated by China and India.

CASE-BASED (2)

CASE STUDY · CBSE 2025

In response to the problem of rapidly rising population, China introduced the One Child Policy. This policy helped China to limit the population growth. This policy led to significant consequences, such as an increase in the ageing population, gender imbalances due to male child preference and social challenges for single children, etc. This policy was relaxed in 2015, allowing all couples to have two children and further relaxed to three children in 2021. Overall, while the One Child Policy achieved its primary goal of controlling population growth, it also created a complex set of demographic and social challenges that China continues to address today.

Q98. CBSE 2025 · 3 marks Explain the consequences of implementation of the One Child Policy in China.

CASE STUDY · CBSE 2025

In response to the problem of rapidly rising population, China introduced child. This policy helped China to limit the population growth. This policy led to significant consequences, such as an increase ageing population, gender imbalances due to male child preference and social challenges for single children, etc. This policy was relaxed in 2015, allowing all couples to have two children and further relaxed to three children in 2021. Overall, while the One Child Policy achieved its primary goal of controlling population growth, it also created a complex set of demographic and social challenges that China continues to address today.

Q99. CBSE 2025 · 3 marks Explain the consequences of implementation of the One Child Policy in China.

