CBSE Class 12 Economics 2024 - Set 58/3/2

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours **Maximum Marks: 80**

General Instructions

(i) This question paper contains 34 questions. All questions are compulsory.

(ii) This question paper contains two sections : Section A Macro Economics Section B Indian Economic Development

(iii) This question paper contains 20 Multiple Choice type questions. Each question carries 1 mark.

(iv) This question paper contains 4 Short Answer Type-I questions. Each question carries 3 marks. Answer these questions in 60 to 80 words.

(v) This question paper contains 6 Short Answer Type-II questions. Each question carries 4 marks. Answer these questions in 80 to 100 words.

(vi) This question paper contains 4 Long Answer type questions. Each question carries 6 marks. Answer these questions in 100 to 150 words.

(vii) Attempt all parts of a question together.

(viii) In addition to this, note that a separate question has been provided for Visually Impaired candidates in lieu of questions having visual inputs, map etc. Such questions are to be attempted by Visually Impaired candidates only.

(ix) There is no overall choice in the question paper. However, an internal choice has been provided in few questions. Only one of the choices in such questions has to be attempted.

Section A - Macro Economics

1. Inflationary gap in an economy may exist when _____ at full employment level. (Choose the correct alternative to fill in the blank)

(A) Actual Aggregate Demand > Potential Aggregate Demand

(B) Actual Aggregate Demand < Potential Aggregate Demand

(C) Actual Aggregate Demand ≤ Potential Aggregate Demand

(D) Actual Aggregate Demand = Potential Aggregate Demand

2. According to the Reserve Bank of India's (RBI'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

3. 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.

4. 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

5. 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

6. Identify the correct pair of statements given in Column I with the related terms in Column II :

Column I	Column II
1. Remittances from abroad to the nation	(i) Accommodating Transaction
2. Government's policy of decreasing the value of the nation's currency against foreign currencies	(ii) Devaluation
3. Difference between visible exports and visible imports of a nation	(iii) Balance of Payments
4. Government as sole authority of determining foreign exchange rates	(iv) Flexible Exchange Rate System

(A) 1 → (i)
(B) 2 → (ii)
(C) 3 → (iii)
(D) 4 → (iv)

7. Read the following statements carefully :

Statement 1 : Constant rate of change of consumption (ΔC) with respect to change in income (ΔY), 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.

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

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.

(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.

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

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.

(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.

10. 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).

11. Discuss any two factors which directly affect the demand for foreign exchange of a nation.

12(a). State any three precautions to be taken while estimating national income by income method.

OR

12(b). On the basis of the given data, estimate the value of National Income :

S.No.	Items	Amount (in ₹ crore)
(i)	Government Final Consumption Expenditure	200
(ii)	Private Final Consumption Expenditure	300
(iii)	Gross Domestic Fixed Capital Formation	80
(iv)	Net Exports	(–) 20
(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

13(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).

13(b). State the meaning of autonomous investment.

14. Elaborate the two components of Aggregate Supply in a two-sector economy.

15(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.

OR

15(b). Elaborate the "Bankers' Bank" function of the Central Bank of a nation.

16(a)(i). On the basis of the given information, calculate the values of the following :

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

16(a)(ii). On the basis of the given information, calculate the values of the following :

Primary 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

16(b). State any two examples of public goods.

16(c). Distinguish between 'Public Provision' and 'Public Production'.

17(a)(i). Explain the concept of circular flow of income in a two-sector economy.

17(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.

OR

17(b)(i). "Gross Domestic Product (GDP) Deflator is represented by the ratio of Real GDP and Nominal GDP."

Do you agree with the given statement ? Justify your answer with valid arguments and a hypothetical numerical example.

17(b)(ii). State the meaning of 'Income from Property and Entrepreneurship'.

Section B - Indian Economic Development

18. 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

19. 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.

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

Assertion (A) : Goods and Services Tax (GST) was implemented by the Government of India on 8^{th} November, 2016.

Reason (R) : GST was introduced to implement a unified indirect tax system in India.

(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.

21. Identify which of the following is not a member nation of G20.

(A) Argentina
(B) Australia
(C) Brazil
(D) Bangladesh

22. 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

23. 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

24. 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.

25. 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.

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

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.

(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.

27. 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)

28(i). "In India, 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.

28(ii). "In India, National Education Policy 2020 has stressed a lot on in-service training of the teachers."

Elaborate the likely impacts of this source on the economic development of India.

29(a). Discuss any two salient features of Indian industrial sector during the period of 1950 – 1990.

OR

29(b). Describe any two purposes for the founding of World Trade Organisation (WTO) in 1995.

30. Study the given image carefully :

Identify the situation depicted in the image and suggest the impact of the indicated situation in the Indian economy.



30-VI. For visually impaired candidates only, in lieu of the corresponding visual question:

Note : The following question is for the Visually Impaired Candidates only in lieu of Q. No. 30.

"It is necessary to generate employment in the formal sector rather than in the informal sector." Justify the given statement.

31. From the given data, compare and analyse India and China's sectoral contribution towards Gross Value Added (GVA).

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

Sector	Contribution to GVA	Contribution to GVA
	India	China
Agriculture	16	7
Industry	30	41
Services	54	52
Total	100	100

Sector	Contribution to GVA	Distribution of Workforce
	Pakistan	India
Agriculture	24	43
Industry	19	25
Services	57	32
Total	100	100

Sector	Distribution of Workforce	Distribution of Workforce
	China	Pakistan
Agriculture	26	41
Industry	28	24
Services	46	35
Total	100	100

32(a)(i). Define worker – population ratio and describe its usefulness.

32(a)(ii). State the meaning of 'Disguised Unemployment'.

OR

32(b)(i). State and elaborate whether the following statements are 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.

32(b)(ii). State and elaborate whether the following statements are true or false, with valid arguments :

Cooperatives play a vital role in the credit availability in rural India.

33(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.

33(a)(ii). "Suez Canal was used as a highway between India and Britain."

Justify the given statement with valid arguments.

OR

33(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.

33(b)(ii). "Navratna policy has facilitated the maintenance, promotion and disinvestment of Public Sector Undertakings (PSUs)."

Justify the given statement with valid explanation.

34. Read the following text carefully :

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," whereas, "net zero emission is 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.

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

34(i). State the meaning of green growth and net zero emissions.

34(ii). Discuss briefly the interconnection between green growth and net zero emissions.

34(iii). Illustrate any one factor to promote net zero emission.

- End of Question Paper -