CBSE Class 12 Economics 2024 - Set 58/S/3 - Compartment

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

1. Read the following statements carefully :

Statement 1 : Gross National Product (GNP) can be greater than Gross Domestic Product (GDP) in a two-sector economy.

Statement 2 : Net factor income from abroad is zero in a two-sector economy.

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.

2. Keeping all other factors constant, trade surplus may arise in the Balance of Payments of a nation because of _____.

(Choose the correct alternative to fill in the blank)

(A) rise in export of coffee to Japan
(B) fall in import of banking services
(C) fall in exports of cereals
(D) rise in remittances to abroad

3. Suppose in a hypothetical economy, the Central Bank increases the reserve ratio from 10% to 25%. Keeping the amount of initial deposits constant at ₹ 1,000 crore, the amount of total money creation would be ₹ _____ crore.

(Choose the correct alternative to fill in the blank)

(A) 10,000
(B) 4,000
(C) 6,000
(D) 5,000

4. _____ is the total volume of money held by the public, for the purpose of disposing off, at a particular point of time.

(Choose the correct alternative to fill in the blank)

(A) Term deposits
(B) Demand for money
(C) Money supply
(D) Credit creation

5. Under _____ exchange rate system, the Central Bank and Government of the country do not have any authority to interfere in the exchange rate determination.

(Choose the correct alternative to fill in the blank)

(A) fixed
(B) floating
(C) managed floating
(D) gold standard

6. Read the following statements carefully :

Statement 1 : Average Propensity to Consume (APC) represents the change in total income with respect to a given change in total consumption.

Statement 2 : When income changes, change in consumption (ΔC) can never exceed the change in income (ΔY).

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.

7. In an economy, break-even level of income can be determined, when _____.

(i) Marginal Propensity to Consume (MPC) = Marginal Propensity to Save (MPS)

(ii) Income (Y) = Consumption (C)

(iii) Savings (S) = 0

(iv) Average Propensity to Consume (APC) = Average Propensity to Save (APS)

(Choose the correct alternative to fill in the blank)

(A) Only (i)
(B) (i) and (ii)
(C) (ii) and (iii)
(D) (i) and (iv)

8. For a hypothetical economy, it is known that :

Average Propensity to Save (APS) = 0.4

Income (Y) = ₹ 100 crore

Autonomous Consumption ($\bar{C}$) = ₹ 10 crore

The value of investment multiplier would be _____.

(Choose the correct alternative to fill in the blank)

(A) 5
(B) 2
(C) 4
(D) 10

9. The _____ account of Balance of Payments reflects the net changes in financial claims on the Rest of the World (ROW).

(Choose the correct alternative to fill in the blank)

(A) Trade
(B) Capital
(C) Current
(D) Visible

10. Identify, which of the following options exhibits the proportional relation between consumption and disposable income.

(A) Marginal Propensity to Consume (MPC)/Average Propensity to Consume (APC)
(B) Marginal Propensity to Consume (MPC) < Average Propensity to Consume (APC)
(C) Marginal Propensity to Consume (MPC) = Average Propensity to Consume (APC)
(D) Marginal Propensity to Consume = 1

11(a). "Devaluation of currency and depreciation of currency have the same implications, but they originate from divergent sources."

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

OR

11(b). Outline the meaning and reasons behind narrowing down of Current Account Deficit.

12. On the basis of the given data, estimate the value of Net Value Added at Factor Cost (NVA_{FC}) :

S. No.	Items	Amount (in ₹ crore)
(i)	Sales	2,000
(ii)	Purchase of raw material	500
(iii)	Change in stock	300
(iv)	Gross Investment	500
(v)	Net Indirect Taxes	200
(vi)	Net Investment	300

13(a). "When ex-ante Aggregate Demand (AD) is more than ex-ante Aggregate Supply (AS), it results in an accumulation of unintended inventories."

Defend or refute the given statement, giving valid reasons in support of your answer.

OR

13(b). Assume the following for a hypothetical economy :

(i) Autonomous Consumption Expenditure ($\bar{C}$) = ₹ 25 crore

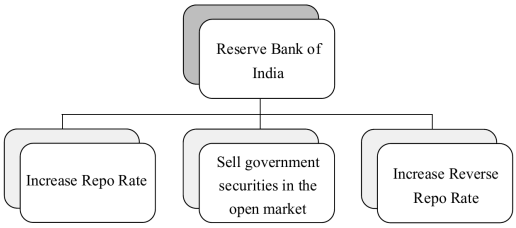
(ii) Marginal Propensity to Save (MPS) = 0.1

(iii) Level of Income (Y) = ₹ 2,000 crore

(iv) Autonomous Investment (I) = ₹ 25 crore

Is the economy in equilibrium situation ? Justify your answer with valid calculations.

14.



Study the following image :

(i) Identify the indicated situation.

(ii) Explain any two steps which may be taken by RBI to correct the situation.

15. "The Reserve Bank of India (RBI) performs the same function for the government as the commercial banks perform for the general public."

Discuss briefly any two such functions performed by the Central Bank for the Government of India.

16(a). Differentiate between factor income and transfer income.

16(b). "Externalities can be classified into negative or positive, however it is not necessary that they will be directly correlated with the Gross Domestic Product."

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

17(a)(i). "The Union Budget 2023 – 24 had proposed an allocation of ₹ 22,138 crore to the Micro, Small and Medium Enterprise (MSME) Ministry."

Identify and explain the objective that the government is trying to achieve with the proposed expenditure.

17(a)(ii). State the formulae for calculating fiscal deficit and revenue deficit.

OR

17(b)(i). "Tax revenues, an important component of revenue receipts, can be further classified into two categories."

Imagine yourself as a member of Department of Revenue of the Government of India. Help your friend to identify and differentiate between the two categories of taxes.

17(b)(ii). "A budget can be deficit, surplus or balanced."

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

Section B

18. _____ can be classified as one of the alternative sources of diversification from farm output.

(Choose the correct alternative to fill in the blank)

(A) Green Revolution
(B) Horticulture
(C) Organic Farming
(D) Conventional Farming

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

Assertion (A) : Human capital cannot be traded in the market, whereas its services can be traded.

Reason (R) : Human capital is intangible in nature.

(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.

20. _____ measure introduced in China led to the decline in its population as well as sex ratio.

(Choose the correct alternative to fill in the blank)

(A) Nationalisation of capital goods
(B) Denationalisation of capital goods
(C) One-child norm
(D) Two-child norm

21. _____ is geographically the largest nation among India, China and Pakistan and its density is _____ among the three nations.

(Choose the correct alternative to fill in the blanks)

(A) China, highest
(B) Pakistan, lowest
(C) India, lowest
(D) China, lowest

22. Read the following statements carefully :

Statement 1 : The commercialisation of Indian agriculture was coercively introduced by the colonial government.

Statement 2 : Britishers had a two-fold motive behind the enforcement of food crops production.

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.

23. In 1965, Mao introduced the _____ under which students and professionals were sent to work and learn from the countryside.

(Choose the correct alternative to fill in the blank)

(A) Great Leap Forward Campaign
(B) Commune System
(C) Great Proletarian Cultural Revolution
(D) Medium Term Development Plan

24. Britain maintained a monopoly control over India's exports and imports while the rest was allowed with a few other countries like _____ .

(Choose the correct alternative to fill in the blank)

(i) China

(ii) Ceylon (Sri Lanka)

(iii) Persia (Iran)

(A) Only (i)
(B) (i) and (ii)
(C) (ii) and (iii)
(D) (i), (ii) and (iii)

25. Identify the alternate marketing channel that operates majorly in Punjab, Haryana and Rajasthan.

(Choose the correct alternative)

(A) Apni Mandi
(B) Hadapsar Mandi
(C) Rythu Bazars
(D) Uzhavar Sandies

26. Identify the correct statement from the following :

(A) India adopted the socialistic economic system after Independence.
(B) Indian economic planning was implemented through Five Year Plans.
(C) Land reforms under industrial sector were implemented by the Government of India.
(D) Policy initiatives in the industrial sector were responsible for decline in Gross Domestic Product (GDP) in India.

27. Under the economic reforms introduced in China in 1978, _____ were set up to attract foreign investors.

(Choose the correct alternative to fill in the blank)

(A) Remittance Zones
(B) Land Zones
(C) Special Commune Zones
(D) Special Economic Zones

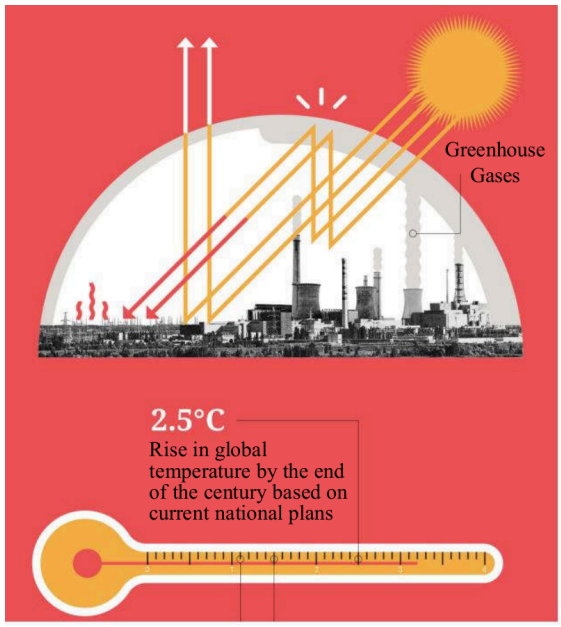
28(a). "Green Revolution made India self-sufficient in food grains, but was criticized on ecological grounds."

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

OR

28(b). Enumerate any three infrastructural development activities undertaken by the colonial government in India.

29.



Identify the situation depicted in the given figure and explain any one strategy to effectively overcome the problem.

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

Explain any one strategy to effectively overcome the problem of global warming.

30(a). "A sound agricultural marketing system works as the backbone of any agro-system of any nation."

Justify the above statement by listing any two steps taken by the Indian government in this direction.

OR

30(b). "Over the past few years, India has witnessed a shift from traditional conventional farming to natural/organic farming."

Discuss briefly any two reasons behind this shift towards organic produce.

31. "Expenditure on different levels of education in India is in the same proportion."

Defend or refute the given statement, giving valid reasons.

32. On the basis of the data given below, outline and discuss the shift in employment and output for China and Pakistan :

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

India

Sector	GVA (%)	Workforce (%)
Agriculture	16	43
Industry	30	25
Services	54	32
Total	100	100

China

Sector	GVA (%)	Workforce (%)
Agriculture	7	26
Industry	41	28
Services	52	46
Total	100	100

Pakistan

Sector	GVA (%)	Workforce (%)
Agriculture	24	41
Industry	19	24
Services	57	35
Total	100	100

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

33. Read the following text carefully :

With the July 1991 budget, there was a clear switch in favour of a move towards an outward-oriented, market-based economy. The liberalisation steps initiated in the budget were very comprehensive although the pace remained gradual and there were occasional hiccups.

The 1991 reforms did away with import licensing on all but a handful of intermediate inputs and capital goods.

Consumer goods, accounting for approximately 30% of tariff lines, remained under licensing, Only a decade later, after a successful challenge by India's trading partners at the World Trade Organisation (WTO), were these goods freed of licensing.

Today, except for a handful of goods that are disallowed on environmental/health/safety grounds, all goods may be imported without a license or other restrictions.

With the removal of licensing, the tariff rates became effective restrictions on imports. Therefore, a major task of the reforms has been to lower the tariff rates. Tariff reductions have been mainly confined to non-agricultural, industrial goods.

Therefore, the liberalization applies strictly to these goods. The reduction in tariffs has been achieved through a gradual compression of the tariff rates. A simultaneous rationalization of the tariff structure through a reduction in the number of tariff bands helped in this direction.

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

33(i). "The trade liberalization reforms initiated in 1991 budget were very comprehensive."

Justify the given statement explaining any two trade reforms introduced in 1991.

33(ii). State any two areas in which tariff reductions were introduced.

34(a)(i). "As an economy grows, the number of employed persons in an economy also increases; however, since 1991 India has come up as an exception to this."

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

34(a)(ii). Define disguised unemployment with a suitable example.

OR

34(b)(i). "Neha has been working in a multinational corporation since the past five years on the payroll of the company".

Identify and briefly explain the type of employment indicated in the above statement.

34(b)(ii). Name the indicator that is generally used for analysing the employment situation in a country. Also discuss its importance.

- End of Question Paper -