Roll No. ☐☐☐☐☐☐☐☐

Q.P. Code 58/1/1

ECONOMICS

CBSE Class XII Board Examination 2024

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. The paper has 34 questions in two sections; all of them must be answered.
2. Section A is Macro Economics (Q1–17) and Section B is Indian Economic Development (Q18–34).
3. 20 multiple choice questions (including Assertion-Reason) carry 1 mark each.
4. 4 Short Answer Type-I questions carry 3 marks each (60–80 words).
5. 6 Short Answer Type-II questions carry 4 marks each (80–100 words).
6. 4 Long Answer questions carry 6 marks each (100–150 words).
7. There is no overall choice, but some questions offer an internal choice (OR); attempt only one of the choices.

SECTION A

Macro Economics. Q1–10 are multiple choice questions of 1 mark each; Q11–12 carry 3 marks, Q13–15 carry 4 marks and Q16–17 carry 6 marks.

1. Consider the two statements. **1**

Statement 1: Whenever income in an economy rises (ΔY), consumption (ΔC) always rises in the same proportion.

Statement 2: MPC and MPS are always equal to each other.

Pick 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.

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2. Which one of these equations is correct? **1**

(A) $GDP_{MP} = NNP_{FC}$ + Depreciation

(B) $NDP_{FC} = NNP_{FC}$ + Net Indirect Taxes

(C) $GNP_{MP} = GDP_{MP}$ + Net Factor Income from Abroad

(D) $NNP_{FC} = NDP_{MP}$ + Depreciation

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3. Assertion (A): Full employment means there is no involuntary unemployment. **1**

Reason (R): At full employment, everyone who is willing and able to work gets a job at the going wage rate.

(A) Both A and R are true and R is the correct explanation of A.

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

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

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

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4. According to NSE data of 9 June 2023, Foreign Institutional Investors (FIIs) made a net sale of ₹309 crore over one month (9 May – 9 June 2023). On which side of which account of India's Balance of Payments will this be recorded? (fill in: ____ side of ____ account) **1**

(A) Debit, Current

(B) Credit, Capital

(C) Credit, Current

(D) Debit, Capital

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5. Which feature(s) of money supply (M1) given below is/are INCORRECT? **1**

(i) It is measured at a point of time.

(ii) It excludes the money stock held by the government.

(iii) It is always the currency held by the Central Bank of the country.

(A) (i) and (ii)

(B) (ii) and (iii)

(C) (ii) only

(D) (iii) only

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6. In Keynesian economics, total consumption expenditure of households is made up of _____ and _____. **1**

(A) Autonomous Consumption, Autonomous Investments

(B) Autonomous Investments, Induced Consumption

(C) Induced Investments, Autonomous Investments

(D) Autonomous Consumption, Induced Consumption

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7. A credit-creation table has these columns: Round, Deposits, Loans (80%), Reserves (20%). **1**
Round I: Deposits 5000, Loans 4000, Reserves (i).
Round II: Deposits 4000, Loans (ii), Reserves 800.
… and so on.
Total: Deposits (iii), Loans (iv), Reserves 5000.
Find (i), (ii), (iii), (iv).

(A) 1000, 800, 20000, 25000

(B) 5000, 3200, 25000, 20000

(C) 1000, 3200, 25000, 20000

(D) 1000, 800, 20000, 25000 (same as option A in the paper)

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8. A surplus in the Balance of Payments means an excess of _____. **1**

(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

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9. For a hypothetical economy, $C = 100 + 0.75Y$ and autonomous investment $I_0 = 400$. The investment multiplier (K) is _____. **1**

(A) 5 **(B)** 4

(C) 6 **(D)** 3

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10. An imaginary economy has a favourable balance of trade of ₹500 crore. Merchandise exports are ₹1200 crore and transfer payments are ₹400 crore. Merchandise imports are ₹____ crore. **1**

(A) 1700 **(B)** 750

(C) 700 **(D)** 900

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11. From the following data (₹ crore) of an imaginary economy, calculate Net Domestic Product at Factor Cost (NDP_{FC}): **3**

(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

OR

(i) Explain the concept of externalities with a suitable example. (2)

(ii) Define operating surplus. (1)

12. Differentiate between the fixed exchange rate system and the flexible exchange rate system. **3**

13. Complete the table and write the consumption function at an income level of ₹200 crore. **4**

Income Y (₹ cr)	Saving (₹ cr)	APC	MPS
0	−30	–	–
100	...	1	...
200	...	0.85	...
300	...	0.8	...

OR

In an economy, planned (ex-ante) aggregate supply is less than planned (ex-ante) aggregate demand. Explain how this affects output, income and employment.

14. Give valid arguments to justify: **4**

(a) The Central Bank is the only currency-issuing authority of an economy. (2)

(b) Money acts as a standard of deferred payments. (2)

15. A news report (The Economic Times, 8 June 2023) said that RBI's rate-setting committee unanimously kept the benchmark lending rate (repo rate) unchanged at 6.5% and stayed focused on withdrawing its accommodating monetary policy. **4**

(a) Identify and discuss the economic issue indicated here. (2)

(b) What would have happened to money supply if the committee had cut this rate? (2)

16. Classify each of the following as a revenue receipt or a capital receipt, with reasons: **6**

(i) Interest received on loans. (2)

(ii) Disinvestment receipts from selling a government company. (2)

(iii) Financial aid from the US Government to promote girl education in India. (2)

OR

(i) A bar chart 'Trend of major items of expenditure' (₹ lakh crore) shows, for 2021-22 (actual), 2022-23 (revised estimate) and 2023-24 (budget estimate):
Social welfare 0.41, 0.47, 0.55; Urban development 1.07, 0.75, 0.76; Health 0.84, 0.77, 0.89; Education 0.80, 1.00, 1.13; Agriculture & allied 1.43, 1.36, 1.44; Rural development 2.29, 2.43, 2.38; Transport 3.32, 3.90, 5.17.
Analyse the changing trend of government expenditure on (I) Transport (2) and (II) Rural development (2).

(ii) Distinguish between fiscal deficit and revenue deficit. (2)

17. (a) Briefly explain the circular flow of income in a two-sector model. (3) **6**

(b) 'Real GDP is a better indicator of a nation's economic growth than nominal GDP.' Do you agree? Support with a hypothetical numerical example. (3)

SECTION B

Indian Economic Development. Q18–27 are multiple choice questions of 1 mark each; Q28–29 carry 3 marks, Q30–32 carry 4 marks and Q33–34 carry 6 marks.

18. Assertion (A): Too much regulation under the 'permit licence raj' stopped some private firms from becoming competitive. **1**

Reason (R): The private sector spent huge sums on getting licences instead of improving product quality and international competitiveness.

(A) Both A and R are true and R is the correct explanation of A.

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

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

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

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19. In the 1970s, Pakistan nationalised its _____ industries. **1**

(A) Medical infrastructure **(B)** Consumer goods

(C) Capital goods **(D)** Foreign trade

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20. Statement 1: Basic infrastructure such as railways, post and telegraph was developed under colonial rule. **1**

Statement 2: The real aim behind this infrastructure was to serve British interests.

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.

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21. Which combination below is NOT a correct set of components of the agricultural marketing system? **1**

(A) Assembling, Storage, Processing, Packaging

(B) Production, Assembling, Processing, Grading

(C) Assembling, Processing, Packaging, Transportation

(D) Processing, Packaging, Grading, Distribution

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22. Assertion (A): The WTO is expected to set up a rule-based trading system so that member countries do not impose arbitrary restrictions on their own. **1**
Reason (R): It is essential to expand world production and make the best use of world resources while protecting the environment.

(A) Both A and R are true and R is the correct explanation of A.

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

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

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

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23. Assertion (A): China has used the market mechanism to create additional social and economic opportunities for its people. **1**
Reason (R): Government-built social infrastructure has improved human development indicators in China.

(A) Both A and R are true and R is the correct explanation of A.

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

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

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

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24. Which of these are NOT objectives of a regulated agricultural market? **1**
(i) Making marketing efficient so that farmers get the best price for their produce.
(ii) Discouraging improvement of marketing infrastructure for farmers.
(iii) Preventing exploitation of farmers.
(iv) Discouraging farmers from improving the quality and quantity of their produce.

(A) (i) and (ii) **(B)** (i) and (iii)

(C) (iii) and (iv) **(D)** (ii) and (iv)

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25. Economic reforms were introduced in India and in Pakistan in _____ and _____ respectively. **1**

(A) 1988, 1978 **(B)** 1991, 1978

(C) 1991, 1988 **(D)** 1981, 1991

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26. Statement 1: As per NSSO, unemployment is the situation of people who, for lack of work, are not working but are seeking work from prospective employers and show willingness/availability to work at prevailing conditions and pay. **1**

Statement 2: Disguised unemployment is usually a massive problem in a highly populated country like India.

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.

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27. Which of these countries is NOT a member of the G20? **1**

(A) Brazil **(B)** Australia

(C) Bangladesh **(D)** Argentina

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28. 'The occupational structure during the colonial period showed lopsided (uneven) movements.' Do you agree? Justify. **3**

OR

Explain the reasons for which the private sector was regulated under the Industrial Policy Resolution, 1956.

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29. 'In India, the National Education Policy 2020 lays great stress on in-service training of teachers.' **3**

(i) Name the source of human capital formation indicated here. (1)

(ii) Explain the likely effects of this source on India's economic development. (2)

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30. According to a UN Department of Economic and Social Affairs statement, India overtook China as the world's most populous country in April 2023. **4**

(a) Explain the consequences of the one-child policy adopted by China in the late 1970s. (2)

(b) Discuss the effect of Special Economic Zones (SEZs) on China's economic growth. (2)

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31. State whether true or false and explain with valid arguments: **4**

(i) In recent years, the Government of India has taken important steps such as the Jan-Dhan Yojana for efficient allocation of financial resources. (2)

(ii) Worker-population ratio is an indicator used to analyse the employment situation of a country. (2)

OR

(i) Explain the need to promote women's education in India. (3)

(ii) Give any two examples of diversification into non-agricultural (non-farm) activities in rural areas. (1)

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32. (a) State any two problems faced by farmers in the early years of organic farming. (1) **4**

(b) 'Today, information technology plays a vital role in achieving food security in a country like India.' Justify. (3)

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33. (i) 'Under the liberalisation measures of the Government of India, regulation of the industrial sector was extremely important.' Support or reject with valid arguments. (3) **6**

(ii) 'Even after the Green Revolution, 65% of India's population remained engaged in agriculture till the 1990s.' Justify. (3)

OR

(i) 'Every coin has two sides — the debate over farm subsidies is a classic example.' Justify by giving two arguments for and two against continuing farm subsidies. (4)

(ii) State the importance of 'growth with equity' as an objective of Indian economic planning. (2)

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34. A passage describes how the government set up the Central Pollution Control Board (CPCB) in 1974 to deal with water and air pollution, followed by state-level boards. These boards collect and share data on water, air and land pollution, set standards for effluents and emissions, give technical help to governments, sponsor research, run mass-awareness programmes, inspect industries and monitor the water quality of 125 rivers, wells, lakes and canals. **6**

On the basis of the passage and common understanding:

(a) State any two concerns because of which the CPCB was set up. (1)

(b) Explain any two functions of the CPCB. (2)

(c) Explain any two strategies adopted by India for sustainable development. (3)

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Questions restated from the CBSE Class XII Board Examination 2024 (set 58/1/1) for practice. Reading passages and map items are described, not reproduced.