

**Roll No**

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Candidates must write the Code on the title page of the answer-book.

- Please check that this question paper contains **12** printed pages.
- Code number given on the right-hand side of the question paper should be written on the title page of the answer book by the candidate.
- Please check that this question paper contains 34 questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed at 08.40 a.m. From 08:45 a.m. to 09.00 a.m., the students will read the question paper only and will not write any answer on the answer book during this period.

## **ECONOMICS**

***Time allowed: 3 hours******Date: 25/01/2025******Maximum Marks:80******General Instructions:***

I. This question paper contains two sections:

Section A – Macro Economics

Section B – Indian Economic Development

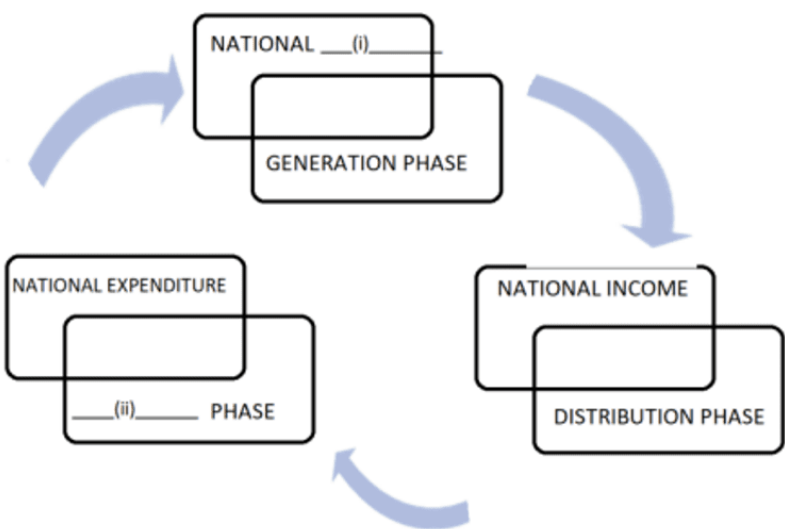
II. This paper contains 20 Multiple Choice Type Questions of 1 mark each.

III. This paper contains 4 Short Answer Type Questions of 3 marks each to be answered in 60 to 80 words.

IV. This paper contains 6 Short Answer Type Questions of 4 marks each to be answered in 80 to 100 words.

V. This paper contains 4 Long Answer Type Questions of 6 marks each to be answered in 100 to 150 words.

Q.No.	SECTION A – MACRO ECONOMICS	Marks
1.	<p>Read the following statements carefully:  Statement 1: The value of marginal propensity to consume can be greater than one.  Statement 2: Change in consumption can be greater than change in income.  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.</p>	1
2.	<p>"India is taking huge leaps in the index of Ease of doing Business; as a result, many MNCs, are shifting their production base to India."  Identify the most likely impact on the Balance of Payment situation of the Indian Economy from the following:  a) Production of Cars in India will rise.  b) Production and sale of cycles in India will rise.  c) Inflow of US Dollars in India will rise.  d) Outflow of US Dollars from India will rise.</p>	1
3.	<p>If <math>MPC = 0</math>, the value of multiplier is:  (Choose the correct alternative)  a. 0  b. 1  c. Between 0 and 1  d. infinity</p>	1
4.	<p>Read the following statements carefully:  Statement 1: Balance of payments is an accounting statement.  Statement 2: Balance of payments records the foreign exchange transactions of the country with the rest of the world.  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.</p>	1
5.	<p>Read the following figure carefully and choose the correct alternative from the given below:</p>	1

	 <p>Alternative:</p> <ul style="list-style-type: none"> <li>a) Output, production</li> <li>b) Value added, production</li> <li>c) Output, disposition</li> <li>d) Wealth, development</li> </ul>	
6.	<p>If MPC is four times MPS and consumption at zero level of incomes is ₹ 70 crores, the relevant consumption function would be:</p> <ul style="list-style-type: none"> <li>a) <math>C=70+0.2Y</math></li> <li>b) <math>C=-70+0.2Y</math></li> <li>c) <math>C=70+0.8Y</math></li> <li>d) <math>C=-70+0.8Y</math></li> </ul>	1
7.	<p>"The Cabinet led by Prime Minister has decided that the Central Government will provide free food grains to 81.35 crore (approx.) beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) for a period of five years with effect from 1st January, 2024."</p> <p>Source:  <a href="https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1980689">https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1980689</a></p> <p>Based on the aforesaid statement, identify the budgetary objective the government is trying to achieve and choose the correct option:</p> <ul style="list-style-type: none"> <li>A. Reallocation of resources</li> <li>B. Economic stability</li> <li>C. Redistribution of income</li> <li>D. Economic instability</li> </ul>	1
8.	<p>As per the data presented in the Union Budget 2023-24, the total receipts of the government other than borrowings and the total</p>	1


	<p>expenditure are estimated at ₹27.2 lakh crore and ₹ 45 lakh crore respectively. The value of the _____ deficit would be ₹ 17.8 lakh crore. (Choose the correct option to fill up the blank)</p> <p>A. revenue B. fiscal C. budgetary D. primary</p>	
9.	<p>Read the following statements carefully: Statement 1: Foreign grants-in-aid receipts do not lead to any claim on the government. Statement 2: Disposal of equity by the Public Sector Undertakings in the market may lead to a decrease in the assets of the government.</p> <p>In 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</p>	1
10.	<p>Read the following statement- Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): Consumption curve makes an intercept on the Y axis, some point above the origin. Reason (R): People need certain basic goods and services to sustain themselves, even if income is zero.</p> <p>Alternatives: 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 and 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.</p>	1
11. (A)	<p>What is the difference between nominal GDP and real GDP? The value of nominal GNP of an economy was Rs 2500 crore in a particular year. The value of GNP of that country during the same year evaluated at the prices of the same base year was Rs. 3000 crores. Calculate the value of GNP deflator of the year in percentage terms. Has the price level increased between the base year and the year under consideration?</p> <p style="text-align: center;"><b>OR</b></p>	3

(B)	On the basis of the given data, estimate the value of "Intermediate Consumption."																			
	<table border="1"> <thead> <tr> <th>S. NO.</th><th>Particulars</th><th>Amt (in lakhs)</th></tr> </thead> <tbody> <tr> <td>1</td><td>Value of output</td><td>200</td></tr> <tr> <td>2</td><td>NVA at FC</td><td>80</td></tr> <tr> <td>3</td><td>Sales tax</td><td>15</td></tr> <tr> <td>4</td><td>Subsidy</td><td>5</td></tr> <tr> <td>5</td><td>Depreciation</td><td>20</td></tr> </tbody> </table>	S. NO.	Particulars	Amt (in lakhs)	1	Value of output	200	2	NVA at FC	80	3	Sales tax	15	4	Subsidy	5	5	Depreciation	20	
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1	Value of output	200																		
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5	Depreciation	20																		
12.	What is a government budget? Name two sources each of non-tax revenue receipts and capital receipts.	3																		
13. (A)	Geopolitical uncertainties like wars can lead Indian investors to retreat from emerging markets like India to the safety net of USD. Explain the impact of this on the market exchange rate.	2																		
(B)	"There exists a positive relation between foreign exchange rate and supply of foreign exchange." Do you agree with the given statement? Justify your answer with valid arguments.	2																		
14. (A)	An economy is in equilibrium. Calculating the investment expenditure and consumption expenditure from the following: National Income- 800 Marginal Propensity to save- 0.3 Autonomous consumption- 100	2 + 2																		
	<b>OR</b>																			
(B)	Using a suitable schedule & diagram, show the determination of equilibrium aggregate income according to the AD=AS approach.	4																		
15.	Explain the working of the investment multiplier with the help of a numerical example.	4																		
16.	<p>RBI extends CRR and SLR relaxations for three more months Keeping in view the continuing of hardships faced by banks in terms of social distancing of staff and consequent strains on reporting requirements, the Reserve Bank of India has extended the relaxation of the minimum daily maintenance of the CRR of 80% for up to September-25,2020.</p> <p>"As announced in the Statement of Developmental and Regulatory Policies of March 27, 2020, the minimum daily maintenance of the Cash Reserve Ratio (CRR) was reduced from 90% of the prescribed CRR to 80% effective the fortnight beginning March 28, 2020 till June 26, 2020 that has now been extended up to September 25, 2020," said the RBI. Currently, the CRR is at 3% of a bank's total deposits. and SLR is 18.50%.</p> <p>Source: The Economic Times - Published on Jun 29, 2020.</p>																			

	<p>(i) Calculate the Legal Reserve Ratio and the value of money multiplier with the information given in the above para.</p> <p>(ii) Differentiate between CRR &amp; SLR.</p> <p>(iii) Explain the effect of decrease in CRR on the general price level.</p>	<p>2</p> <p>2</p> <p>2</p>									
17. I.	<p>(A) India is forming a national database of natural resource accounting (NRA) that is to help calculate the cost of recovery of degraded resources, as well as to calculate green GDP.</p> <p>It is expected that the value of green GDP will be significantly lower than conventionally measured real GDP. China had similarly calculated its green GDP in 2004 and had found losses due to environmental damage valued at 3% of GDP. Economists have debated the concepts of NRA and green GDP over many years, but with little agreement over how natural resources should be valued. These concepts are now gaining acceptance because of growing recognition of the limitations of GDP as the traditional indicator of growth.</p> <p>Green GDP will take into account of the current situation of resource depletion and will provide a long-term perspective on economic growth and its effects.</p> <p>Source: Adapted from Suchmi Dey and Anto Antony, "Green resources to color GDP" in The Economic Times, 11 June 2009.</p> <p>i) Define Green GDP?</p> <p>ii) Is Real GDP a better measure of welfare than Nominal GDP? Why?</p> <p>iii) "Green GDP is expected to be lower than conventionally measured GDP" Do you agree? Give reason.</p> <p>(B) "All machines are not capital goods." Do you agree with the given statement? Give valid reasons for your answer.</p>	<p>3</p> <p>3</p>									
II)	<p style="text-align: center;"><b>OR</b></p> <p>From the following information, calculate GNP at FC by (a) Income Method and (b) Expenditure Method:</p> <table border="1"> <thead> <tr> <th>S.No.</th><th>Items</th><th>Rs. (in crores)</th></tr> </thead> <tbody> <tr> <td>1.</td><td>Factor Income from abroad</td><td>10</td></tr> <tr> <td>2.</td><td>Compensation of employees</td><td>150</td></tr> </tbody> </table>	S.No.	Items	Rs. (in crores)	1.	Factor Income from abroad	10	2.	Compensation of employees	150	<p>3+3</p>
S.No.	Items	Rs. (in crores)									
1.	Factor Income from abroad	10									
2.	Compensation of employees	150									

3.	Net domestic capital formation	50
4.	Private final consumption expenditure	220
5.	Factor income to abroad	15
6.	Change in stock	15
7.	Employer's contribution to social security schemes	10
8.	Consumption of fixed capital	15
9.	Interest	40
10.	Exports	20
11.	Imports	25
12.	Indirect taxes	30
13.	Subsidies	10
14.	Rent	40
15.	Government final consumption expenditure	85
16.	Profit	100

## SECTION B – INDIAN ECONOMIC DEVELOPMENT

18	<p>Observe the given image:</p> 	1
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	<p>From the following, identify the incorrect statement;</p> <p>(a) Wind turbines move with the wind and electricity is generated</p> <p>(b) The initial cost is high to generate electricity by wind</p> <p>(c) The benefits of wind power are such that the high cost gets easily absorbed.</p> <p>(d) None of these</p>	
19.	<p>Read the following statements carefully:</p> <p>Statement 1: The British policies led to the collapse of India's world-famous handicraft industries.</p> <p>Statement 2: During the colonial rule in India, the contribution of the industrial sector to Gross Value Added (GVA) increased significantly.</p> <p>In light of the given statements, choose the correct option from the following:</p> <p>(a) Statement 1 is true and Statement 2 is false.</p> <p>(b) Statement 1 is false and Statement 2 is true.</p> <p>(c) Both Statements 1 and 2 are true.</p> <p>(d) Both Statements 1 and 2 are false.</p>	1
20.	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:</p> <p>Assertion (A): Human capital formation is required for effective use of physical capital.</p> <p>Reason (R): Formation of human capital raises life expectancy of the people.</p> <p>Options:</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</p> <p>(c) Assertion (A) is true, but Reason (R) is false.</p> <p>(d) Assertion (A) is false, but Reason (R) is true.</p>	1
21.	<p>The agricultural sector experienced huge stagnation and deterioration because of the _____ (Choose the correct option to fill up the blank)</p> <p>(a) drain of India's wealth</p> <p>(b) land tenure system</p> <p>(c) decline of handicrafts</p> <p>(d) poverty in India</p>	1
22.	<p>Micro credit Program is defined as _____.</p> <p>(i) Credit provision made by self-help groups to their members</p> <p>(ii) Credit provision made by small farmers</p>	1



	(iii) Credit provision made by large farmers (iv) None of the above  (Choose the correct option to fill up the blank) (a) (i) and (ii) (b) (i) and (iii) (c) only (I) (d) only (iv)	
23	Which of the following was not a part of the structural adjustment programs under the New Economic Policy (NEP) in 1991? (a) Fiscal reforms (b) Tax reforms (c) Balance of payment adjustment (d) Industrial reforms	1
24	Which of the following statement is true for the food grain production in Pakistan?  (a) The five-year plan was the main reason for the rise in food grain production in Pakistan. (b) The green revolution was the main reason for the rise in food grain production in Pakistan (c) The mixed economy was the main reason for the rise in food grain production in Pakistan (d) The government policy was the main reason for the rise in food grain production in Pakistan.	1
25	Which of the following is not an objective of sustainable development?  (a) Continue to implement the family planning programme. (b) Maintain a dynamic balance of arable land and implement an agricultural development strategy. (c) Maintain a dynamic balance of water resources by reducing water consumption for every unit of cross-development, product growth, and agricultural value added. (d) To bring about a gradual and catastrophic transformation of the environment.	1
26	Mahatma Gandhi National Rural Employment Guarantee Act 2005 promised 100 days of guaranteed wage employment to all rural households who volunteer to do _____. (a) Manual Work (b) Skilled Work (c) Unskilled Manual Work (d) Skilled Manual Work	1

27	<p>Identify the incorrect statement from the following. (Choose the correct alternative)</p> <p>(a) Diversification in agriculture sector provides sustainable livelihood for rural population.</p> <p>(b) Diversification includes change in cropping pattern, shift of workforce from agriculture to other elite activities and non-agricultural sector.</p> <p>(c) Objective of investment in new agriculture revenues (non-farm activities) increases financial risks for the rural population.</p> <p>(d) Diversification reduces the proportion of unemployed population in the rural areas to considerable limits.</p>	1																
28(A)	<p>How were the industries regulated in India before 1991?</p> <p style="text-align: center;"><b>OR</b></p> <p>(B) 'Developed countries oppose outsourcing'. Justify the given statement with a valid explanation.</p>	3																
29	<p>How is China able to lead in all the Human development Indicators?</p>	3																
30	<p>State the factors which created a conducive environment for new investments in Pakistan.</p>	4																
31 (A)	<p>Justify why it is necessary to synchronize traffic lights or use public transport instead of private transport and develop solar panels for household consumption?</p> <p style="text-align: center;"><b>OR</b></p> <p>(B) "Education system in India is a big challenge today". Explain.</p>	4																
32	<div><p style="text-align: center;"><b>Formal Sector Credit in India</b></p><table><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Moneylenders</td><td>30%</td></tr><tr><td>Cooperative Societies</td><td>27%</td></tr><tr><td>Commercial Banks</td><td>25%</td></tr><tr><td>Others</td><td>7%</td></tr><tr><td>Relatives and Friends</td><td>7%</td></tr><tr><td>Traders</td><td>3%</td></tr><tr><td>Landlords</td><td>1%</td></tr></tbody></table></div> <p>(i) Interpret the given picture based on the Credit Distribution system in India.</p>	Category	Percentage	Moneylenders	30%	Cooperative Societies	27%	Commercial Banks	25%	Others	7%	Relatives and Friends	7%	Traders	3%	Landlords	1%	3
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	(ii) _____ is taken for the period of 5 to 20 years. (Long-term credit / medium-term credit/ Short-term credit)	1
33	<p>Read the following text carefully:</p> <p>Despite a roaring economy, India is in the middle of an employment crisis: In a country with the world's largest and youngest workforce, there are very few good jobs to be had. To maintain its economic momentum through consistently high GDP growth, India needs to produce more jobs and move a greater proportion of its workforce into higher productivity sectors. Failure to do so would result not only in depressed incomes and slowdown in consumer demand, it would also add to future political instability, social unrest, and a waste of the country's much-vaunted "demographic dividend."</p> <p>The government should consider five policies:</p> <ol style="list-style-type: none"> <li>1) develop more coherent policies around manufacturing,</li> <li>2) double down on services,</li> <li>3) re-start Startup India,</li> <li>4) resolve tensions around the green transition, and</li> <li>5) Enhance and improve the labour supply.</li> </ol> <p>Source: <a href="https://hbr.org/2024/07/how-india-can-fix-its-employment-crisis">https://hbr.org/2024/07/how-india-can-fix-its-employment-crisis</a></p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(i) State any two sources of data on unemployment in our country. 2</p> <p>(ii) How is 'unemployed person' defined by Economists? 1</p> <p>(iii) 'India needs to produce more jobs and move a greater proportion of its workforce into higher productivity sectors'. In light of the given statement, explain the steps that the government might consider. 3</p>	
34. (A)	<p>i) The reform period has completed three decades since its introduction. Analyse the performance of the Indian economy during this period. 3</p> <p>ii) The single tax implemented from 1 July 2017 was likely to reduce the prices of which kind of products? Name the tax system implemented &amp; give examples of any two items which are exempted from the single tax system. Give reasons. 3</p> <p style="text-align: center;"><b>OR</b></p>	

(B)	i) "In order to protect domestic industries, India followed the regime of restriction on imports". Briefly outline and discuss such steps taken by the government to promote import substitution policy.	3
	ii) "The colonial era was responsible for the decline of India's traditional handicraft industries". Defend or refute the statement.	3