CBSE Class 12 Economics 2023 - Set 58/1/2

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

(iv) This paper contains 4 Short Answer Questions Type-I questions of 3 marks each to be answered in 60 to 80 words.

(v) This paper contains 6 Short Answer Questions Type-II questions of 4 marks each to be answered in 80 to 100 words.

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

(vii) Attempt all parts of a question together.

Section A - Macro Economics

1. 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.

2(a). The difference between National Income at market price and National Income at factor cost is _____.

(Choose the correct alternative to fill up the blank)

(A) net indirect taxes

(B) net factor income from abroad

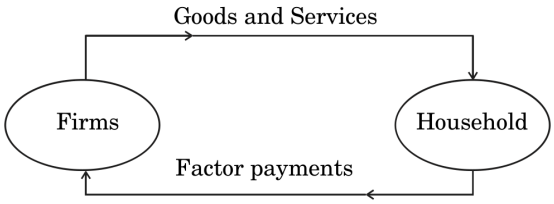
(C) consumption of fixed capital

(D) market price

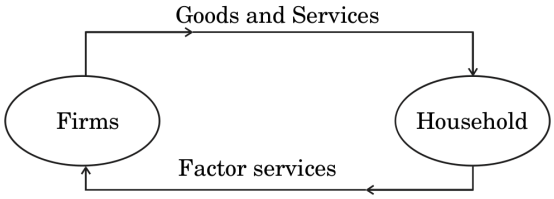
OR

2(b). Identify which of the following represents only the real flow :

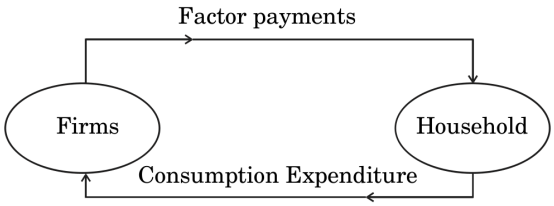
(A)



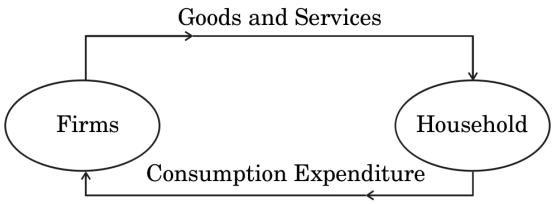
(B)



(C)



(D)



3. The rate at which commercial banks borrow from the Reserve Bank of India to meet their long term requirements is known as _____.

(Choose the correct alternative to fill up the blank)

(A) Margin requirement (B) Bank rate

(C) Repo rate (D) Reverse repo rate

4. Read the following news report carefully :

"The central bank has imposed fine on Hisar Urban Cooperative Bank Ltd. and Andaman and Nicobar State Cooperative Bank Ltd. for violation of banking norms."

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's Bank

5. 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.

6(a). 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.

(Choose the correct alternative to fill up the blank)

(A) 20,000 (B) 10,000

(C) 12,500 (D) 20,300

OR

6(b). Gifts and remittances sent abroad are recorded on the _____ side of the _____ account in Balance of Payment.

(Choose the correct alternative to fill up the blanks)

(A) credit, capital (B) debit, capital

(C) credit, current (D) debit, current

7(a). 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) $S = (-) 60 + 0.60 Y$

OR

7(b). For the given Consumption function, $C = 205 + 0.9 Y$, the value of investment multiplier would be _____.

(Choose the correct alternative to fill up the blank)

(A) 0.09 (B) 10.0

(C) 0.9 (D) 9.0

8. 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.

9. A situation in which an able bodied person is not willing to work at the existing wage rate, is referred to as _____ situation.

(Choose the correct alternative to fill up the blank)

(A) Full employment

(B) Involuntary unemployment

(C) Voluntary unemployment

(D) Disguised unemployment

10. Identify which of the following equations is true ?

(Choose the correct alternative)

(A) MPC + MPS = 0

(B) MPC + MPS = 1

(C) MPC + MPS > 1

(D) MPC + MPS < 1

11(a). Distinguish between 'Value Addition' and 'Final Value of Output'.

OR

11(b). Find Net Value Added at Factor Cost (NVA_{FC}) using the given data :

S. No.	Particulars	Amount (in ₹ crore)
(i)	Sale of rice in the market	58
(ii)	Purchase of tractor and thresher	40
(iii)	Procurement of rice by the government	20
(iv)	Self-consumption of rice during the year	15
(v)	Expenditure on running and maintenance of tractor and thresher	20
(vi)	Fertiliser subsidies received from the government	3

12. "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.

13. Describe the adjustment mechanism if Aggregate Demand (AD) is less than Aggregate Supply (AS).

14(a). Explain the 'Government's Bank' function of the central bank.

OR

14(b). Using a hypothetical numerical example, explain the effect of rise in Reserve Ratio on credit creation by the commercial banks.

15. Read the following news published on September 26, 2022 :

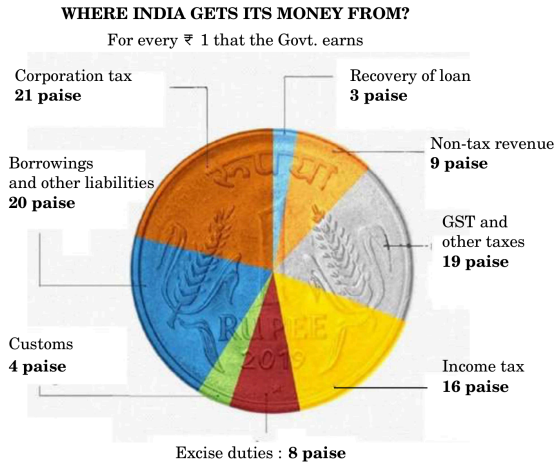
"The central bank has increased the benchmark lending rate by 140 basis points."

Identify the likely cause and consequences behind this action taken by the Reserve Bank of India.

16(a)(i). From the information given in the diagram, categorize the items into revenue receipts and capital receipts, stating valid reasons.

WHERE INDIA GETS ITS MONEY FROM?

For every ₹ 1 that the Govt. earns



16(a)(ii). Distinguish between Revenue deficit and Fiscal deficit.

OR

16(b)(i). From the following data, calculate the primary deficit.

S. No.	Particulars	Amount (in ₹ crore)
(i)	Revenue deficit	40
(ii)	Non-debt creating capital receipts	190
(iii)	Tax revenue	125
(iv)	Capital expenditure	220
(v)	Interest payments	20

16(b)(ii). Elaborate 'Economic stability' function of the Government Budget.

17(a). "In the estimation of Gross Domestic Product (GDP) using expenditure method, focus lies only on expenditure by the residents of the country."

Do you agree with the given statement ? Give valid reasons for your answer.

17(b). "National income exceeds domestic income only when exports are greater than imports." Comment.

Section B - Indian Economic Development

18. 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.

19. 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)

20(a). 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.

OR

20(b). 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.

21. 'Skill India' programme launched by the 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

22(a). The Great Leap Forward (GLF) campaign in China focused on _____.

(Choose the correct alternative to fill up the blank)

(A) Widespread industrialisation
(B) New agricultural strategy
(C) Privatisation
(D) Economic reforms

OR

22(b). India is not a member of which of the following regional / global economic groups ?

(A) European Union
(B) BRICS
(C) G20
(D) SAARC

23. 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

24(a). Workers who are on the permanent pay-roll of their employer are called _____ workers.

(Choose the correct alternative to fill up the blank)

(A) self-employed
(B) casual
(C) regular
(D) hired

OR

24(b). Jobless growth leads to unemployment because _____ .

(Choose the correct alternative to fill up the blank)

(A) Labour refuses to migrate
(B) Labour is very expensive
(C) Growth rate is low
(D) Growth is due to technological development

25. 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.

26. 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.

27. Production of diverse varieties of crops rather than one specialized crop is called _____.

(Choose the correct alternative to fill up the blank)

(A) diversification of crops
(B) diversification of agricultural production
(C) diversification in sectors
(D) diversification of employment

28. Interpret the given picture, on account of current environmental challenges :



28-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. 28 :

Explain any one current environmental challenge.

29(a). Explain the position of informal institutions as a source of credit in rural India.

OR

29(b). "Dr. Khurana, a dentist, ran his clinic in an economically backward area. He was earning a comparatively low income. So, he decided to move to a city and spent a huge amount for the same."

Identify and explain the type of expenditure incurred by Dr. Khurana, which directly contributed to the process of human capital formation.

30(a). State and elaborate whether the following statement is true or false, with valid arguments :

"Indian economy has showed satisfactory progress towards formalization of workforce in the recent past."

OR

30(b). "In India, the self-employed constitute around 60% employees. 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.

31. Explain valid reasons for the slow growth and re-emergence of poverty in Pakistan.

32. State and explain the condition of Indian agriculture on the eve of independence.

33(a)(i). Why are less women found in regular salaried employment ?

33(a)(ii). Distinguish between human capital and physical capital.

OR

33(b)(i). State and discuss any one strategy involved in attaining sustainable development in India.

33(b)(ii). Discuss briefly the importance of micro credit programme in rural India.

34. Read the following text carefully :

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 report titled "Digital Banks : A Proposal for Licensing and Regulatory Regime for India", offers a template and roadmap for a digital bank licensing and regulatory regime for a country. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this.

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.

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

34(a). Which institution has been replaced by NITI Aayog in India ? Who is the ex-officio Chairman of NITI Aayog ?

34(b). State and discuss any two main advantages of digital banking.

- End of Question Paper -