CBSE Class 12 Economics 2023 - Set 58/5/3

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 type questions. Each question carries 1 mark.

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

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

(vi) This 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.

Section A

1. Read the following statements carefully :

Statement 1 : In a two sector economy, consumption expenditure and investment expenditure are the two components of Aggregate Demand.

Statement 2 : Aggregate demand curve always start from point of origin with positive slope.

In the light of 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. 'Deficit' in Balance of Payment (BOP) refers to the excess of _____.

(Choose the correct alternative)

(A) Current account payments over Current account receipts
(B) Capital account payments over Capital account receipts
(C) Autonomous payments over Autonomous receipts
(D) Accommodating payments over Accommodating receipts

3. 'Money is an asset which can be stored for use in future.'

In the light of given statement, identify the function of money.

(Choose the Correct Alternative)

(A) A measure of value
(B) A standard of deferred payment
(C) A store of value
(D) A medium of Exchange

4. "Considering the depreciation of Indian Currency (₹) in the international market, the Reserve Bank of India (RBI) has decided to purchase Indian currency (₹) in the open market."

This represents _____ exchange rate system.

(Fill up the blank with correct alternative)

(A) fixed
(B) flexible
(C) managed floating
(D) manipulated

5(a). If in an economy, the Investment Multiplier is 4 and Autonomous Consumption is ₹ 30 crore, the relevant consumption function would be _____.

(Fill up the blank with correct alternative)

(A) C = 30 + 0.75 Y
(B) C = (–) 30 + 0.25 Y
(C) C = 30 + 0.25 Y
(D) C = (–) 30 – 0.25 Y

OR

5(b). If increase in National Income is equal to increase in Savings, the value of Marginal propensity to Consume would be _____.

(Fill up the blank with correct alternative)

(A) equal to unity
(B) greater than one
(C) less than one
(D) equal to zero

6(a). From the statements given in Column I and Column II, choose the correct pair.

Column – I

A. Vegetables grown in the Personal garden

B. A car used as a taxi

C. An air-conditioner used by household

D. Scholarship given to students by government

Column – II

(i) Non marketing activity

(ii) Consumer good

(iii) Capital good

(iv) Factor income

(A) A – (i) (B) B – (ii)

(C) C – (iii) (D) D – (iv)

OR

6(b). Complete the table :

Producer	Value of output	Intermediate Consumption	Value Added
Farmer	2000	–	2000
Baker	…(i)…	2000	2000
Retail Seller	4,400	…(iii)…	400
Total	…(ii)…	6,000	…(iv)…

(A) 4000, 10400, 4000, 4000 (B) 4000, 10400, 4000, 4400

(C) 2000, 6000, 6000, 4400 (D) 4000, 10400, 6000, 4000

7(a). Suppose, the price of one UK Pound (£) has increased from ₹ 70 to ₹ 80, owing to market forces.

This means that value of Indian Currency (₹) has _____.

(Choose the correct alternative)

(A) appreciated (B) depreciated

(C) revalued (D) devalued

OR

7(b). Suppose, Country X, has more inflation than Country Y. Which of the following is most likely situation to happen in such a case, assuming other factors being constant ?

(Choose the correct alternative)

(A) A surplus trade balance in Country X (B) A deficit trade balance for Country X

(C) A rise in exports from Country X to Country Y (D) A deficit trade balance for Country Y

8. Read the following statements – Assertion(A) and Reason (R). Choose one of the correct alternatives given below :

Assertion (A) : Full employment refers to, absence of involuntary unemployment.

Reason (R) : Under full employment situation, all willing and able bodied people get employment at prevailing wage rate.

(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.

9. Read the following statements carefully :

Statement 1 : Money supply (M_1) in India does not include 'demand deposits' with commercial banks.

Statement 2 : Money supply (M_1) refers to, assets available with the Commercial Banks during a particular period of time.

In the light of the given statements, choose the correct alternative.

(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.

10. If a linear consumption curve takes a parallel shift downwards, the value of investment multiplier will _____

(A) fall
(B) rise
(C) be doubled
(D) not change

11(a). Giving valid reasons, state whether the following statements are true or false :

(i) Dividend received from investment abroad is recorded on the credit side of the capital account.

(ii) Depreciation of the Indian Currency will lead to promotion of Indian exports.

OR

11(b). Distinguish between Autonomous transactions and Accommodating transactions.

12. Suppose only one Good 'X' is produced in the country. Output of Good X during 2018 & 2019 were 100 units & 110 units respectively. The market price of the product during the two years was ₹ 50 & ₹ 55 per unit respectively.

Calculate the percentage change in Real Gross Domestic Product (GDP) in year 2019, using 2018 as the base year.

13. As per the following news published in 'The Hindu' on 6th August, 2022 :

'The Monetary Policy Committee (MPC) of the Reserve Bank of India raised the Repo Rate by 50 basis points.'

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

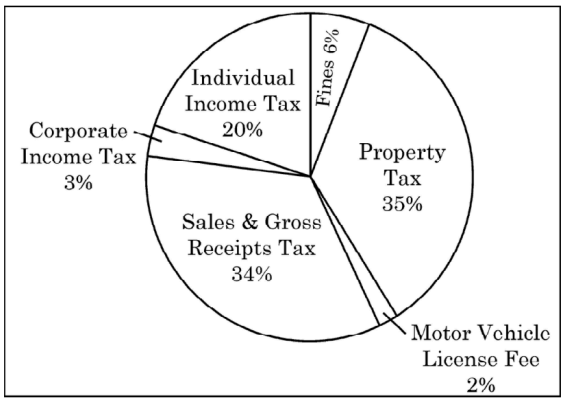
14. If planned savings exceeds planned investments in an economy, explain its likely impact on income, output and employment.

15(a). Explain the role of Central Bank as Governments' agent and advisor.

OR

15(b). Define Reverse Repo Rate. Discuss briefly, how this instrument helps in controlling credit creation by commercial banks.

16.



Study the given picture carefully :

Sources of State and Local government tax revenues for a financial year

Answer the following questions based on common knowledge and picture :

16(a). Categorise the given items in the picture into tax /non-tax receipts.

16(b). "Government has started spending more on providing free services like education and health to the poor."

In the light of above statement, explain how the government can use the budgetary policy in reducing 'inequalities of income'.

17(a)(I). Suppose in a financial year, the Gross Domestic Product (GDP) at market price of a country was ₹ 1,100 crore. Net factor income from Abroad was ₹ 100 crore, the net indirect taxes was ₹ 150 crore and National income was ₹ 850 crore.

Calculate the value of depreciation, on the basis of above information.

17(a)(II). "While estimating Gross Domestic Product (GDP) by expenditure method, entire focus is on expenditures incurred by the residents of the country."

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

OR

17(b)(I). How should the following be treated in estimating National Income of a Country ? Give valid reasons.

(i) Profits earned by Foreign Banks in India.

(ii) Expenditure on upgradation of fixed asset by a firm.

17(b)(II). Calculate the value of Domestic Income from the following data :

S. No.	Particulars	Amount in (₹ crores)
(i)	Rent and Royalties	1,300
(ii)	Net Indirect Taxes	200
(iii)	Wages & Salaries (in cash & in kind)	1,700
(iv)	Corporate Tax	400
(v)	Depreciation	400
(vi)	Retained Earnings	300
(vii)	Dividends	400
(viii)	Net Factor Income from Abroad	(–) 120
(ix)	Mixed Income of Self Employed	1,400
(x)	Change in Stock	(–) 200

Section B

18. _____ is the apex institution which plans and evaluates policies related to rural credit needs.

(A) Cooperative Credit Societies
(B) Regional Rural Banks
(C) Self Help Groups
(D) NABARD

19. During the British rule in India, Indian agricultural output witnessed stagnation due to _____.

(Choose the correct alternative)

(A) Decline in handicrafts
(B) Drain of Indian wealth
(C) Land Settlement
(D) Introduction of railways

20(a). In the first phase of Green Revolution output was restricted mainly to _____.

(Choose the correct alternative)

(A) Cereals and Pulses
(B) Wheat and Rice
(C) Cotton and Jute
(D) Jowar and Bajra

OR

20(b). _____ is known as the architect of Indian Planning.

(A) Jawaharlal Nehru
(B) P.C. Mahalanobis
(C) Dr. Manmohan Singh
(D) Dr. Rajendra Prasad

21(a). Read the following statements carefully :

Statement 1 : Great Proletarian Cultural Revolution was introduced in China in 1950's.

Statement 2 : China's growth is mainly contributed by the manufacturing sector.

In the light of 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

21(b). Identify the incorrect statement from the following :

(Choose the correct alternative)

(A) China's Economic growth rate is better than that of Pakistan.
(B) Pakistan is behind India in HDI ranking.
(C) One Child Policy norm was adopted in Pakistan
(D) In 1991, India adopted New Economic Reforms.

22. Identify, which of the following are associated with the problem of human capital formation in India ?

(i) Brain drain

(ii) Low academic standards

(iii) Rising population

(iv) Changes in social outlook

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

23. Read the following statements – Assertion(A) and Reason (R). Choose one of the correct alternatives given below :

Assertion (A) : During 1980's, economic growth rate of Pakistan was more than that of India.

Reason (R) : Pakistan followed the path of mixed economic structure with equal participation of the public and the private sector.

(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.

24. Identify, which of the following is an incorrect function of environment ?

(A) Supplies resources

(B) Assimilates waste

(C) Land degradation

(D) Provides aesthetic services

25. Read the following statements carefully :

Statement 1 : Special Economic Zones (SEZ's) policy has led to huge Foreign Direct Investment (FDI) flow to China.

Statement 2 : China's rapid industrial growth was the result of its economic reform in 1981.

In the light of the given statements, choose the correct alternative :

(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 : First Five Year Plan of China commenced in the year 1956.

Statement 2 : Both India and China adopted Socialist Economy model, following USSR.

In the light of the given statements, choose the correct alternative :

(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. Identify, which of the following is the correct formula for calculating 'Worker-Population Ratio' ?

(Choose the correct alternative)

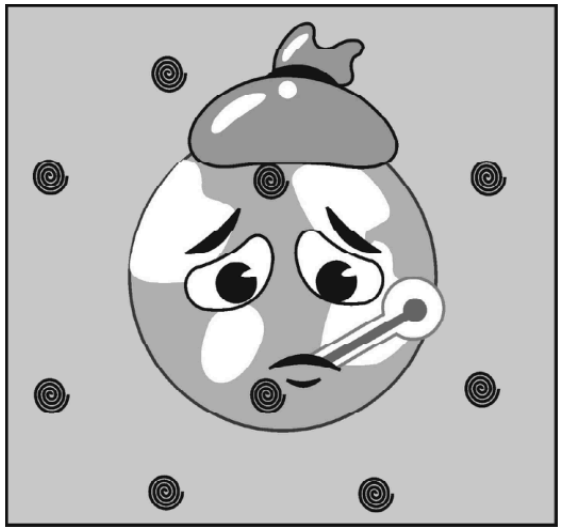
(A) Total Labour Force / Total Population × 100

(B) Total Workers / Total Population × 100

(C) Total Population / Total Labour Force × 100

(D) Total Population / Total Workers × 100

28.



Interpret the situation of earth as depicted in the given picture, with reference to current environmental challenges :

29(a). "In rural areas of India, more members of a family are engaged in work, yet the gross income of the family is generally low."

Identify the type of unemployment indicated in the above statement and explain the paradox associated with it.

OR

29(b). Explain the role of micro-credit system in meeting credit requirements of poor.

30(a)(i). State the meaning of 'Privatisation'.

30(a)(ii). 'Agriculture sector has been adversely affected by the Economic reform process.' Comment.

OR

30(b). State and explain any two main causes behind infrastructural development by British rule.

31(a). State, with valid reasons whether, the following statements are true or false :

"Higher productivity and production are the outcome of investment in human resources."

31(b). State, with valid reasons whether, the following statements are true or false :

Rising population is not the cause for quality of human capital formation.

32. Compare and analyse the following information related to Annual Growth of Gross Domestic Product (GDP) of India and China :

Annual Growth of Gross Domestic Product

Country	1980 – 90	2015 – 17
India	5.7	7.3
China	10.3	6.8

(Source : Asian Development Bank, Philippines, World Development indicator – 2018)

33. Read the following text carefully and answer the given questions on the basis of the same and common understanding :

India urged the World Trade Organisation (WTO) to relax rules to allow the country to export food grains from its public stocks to the nations facing food crises. India can help, reduce food insecurity but there is hesitation on the part of the WTO, in relaxing its rules. India's Finance Minister said food, fuel and fertilizers are global public goods and ensuring access of these for developing and emerging economies is critical. She also shared India's experiences, including robust gains in agriculture production, citizen centric food security programmes and innovative delivery mechanisms such as the 'One Nation one Ration Card' Scheme.

(Source : The Economic Times; July 16, 2022)

33(a). State and discuss any two objectives of World Trade Organisation.

33(b). Name any two steps taken by India to strengthen the food security.

34(a)(i). Define Agricultural diversification.

34(a)(ii). State the meaning of organic farming. Discuss how does it help in promoting sustainable development.

OR

34(b)(i). Discuss the need for promoting women's education in India.

34(b)(ii). Explain absorptive capacity of environment with example.

- End of Question Paper -