CBSE Class 12 Economics 2023 - Set 58/C/1 - 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 and Section B - Indian Economic Development.

(iii) The paper contains 20 multiple choice questions of 1 mark each.

(iv) The paper contains 4 short answer questions, Type I, of 3 marks each, to be answered in 60-80 words.

(v) The paper contains 6 short answer questions, Type II, of 4 marks each, to be answered in 80-100 words.

(vi) The paper contains 4 long answer questions of 6 marks each, to be answered in 100-150 words.

(vii) Attempt all parts of a question together.

Section A - Macro Economics

1. Increase in Real Gross Domestic Product (GDP) implies _____ in the economy.

(Choose the correct alternative to fill up the blank)

(A) increase in the level of income
(B) increase in the general price level
(C) increase in flow of goods and services
(D) decrease in aggregate demand

2. Read the following statements carefully:

Statement 1: Tax is a legally compulsory payment.

Statement 2: Direct taxes are capital receipts of the government.

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

(A) Both Statements 1 and 2 are true.
(B) Both Statements 1 and 2 are false.
(C) Statement 1 is true and Statement 2 is false.
(D) Statement 1 is false and Statement 2 is true.

3(a). Balance of Payments deficit is the excess of _____.

(Choose the correct alternative to fill up the blank)

(A) Current Account Payment over Current Account Receipts
(B) Capital Account Payment over Capital Account Receipts
(C) Autonomous Payments over Autonomous Receipts
(D) Accommodating Payments over Accommodating Receipts

OR

3(b). "Due to fall in the value of Indian currency (₹) in the foreign exchange market, the Reserve Bank of India decides to buy Indian currency (₹)."

This type of action by the Central Bank is possible under _____ exchange rate system.

(Choose the correct alternative to fill up the blank)

(A) Flexible
(B) Managed floating
(C) Fixed floating
(D) Fixed

4. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:

Assertion (A): Recovery of loans is a revenue receipt for the government.

Reason (R): Recovery of loans leads to decline in financial assets of the government.

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of the Assertion (A).
(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
(C) Assertion (A) is true, but Reason (R) is false.
(D) Assertion (A) is false, but Reason (R) is true.

5(a). If a country exports goods worth ₹ 600 crore and imports goods worth ₹ 450 crore, the value of Balance of Trade of the country would be in _____.

(Choose the correct alternative to fill up the blank)

(A) deficit of ₹ 150 crore
(B) surplus of ₹ 150 crore
(C) deficit of ₹ 1,150 crore
(D) surplus of ₹ 1,150 crore

OR

5(b). Remittances to Indian economy from abroad would be entered on _____ side of _____ account of Balance of Payment.

(Choose the correct alternative to fill up the blanks)

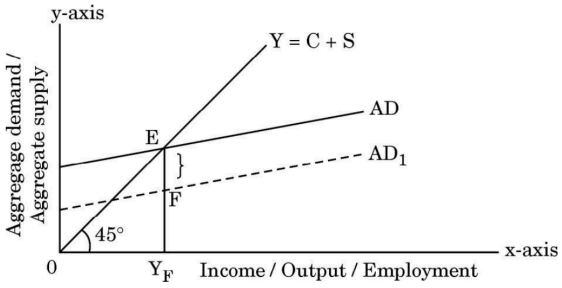
(A) credit, current
(B) credit, capital
(C) debit, current
(D) debit, capital

6. A tax whose burden cannot be shifted to others is imposed generally on_____.

(Choose the correct alternative to fill up the blank)

(A) producer of goods
(B) seller of goods
(C) buyer of goods
(D) income earners

7.



In the given figure, what does the gap 'EF' represent?

(Choose the correct alternative)

(A) Deflationary gap
(B) Inflationary gap
(C) Excess demand
(D) Full employment equilibrium

7. For visually impaired candidates only, in lieu of the corresponding visual or map question:

For Visually Impaired Candidates Only:

If in an economy, actual aggregate demand falls short of demand required to maintain the full employment level, such a situation would be known as _____.

(Choose the correct alternative to fill up the blank)

(A) Deflationary gap
(B) Inflationary gap
(C) Excess demand
(D) Full employment equilibrium

8. In order of encourage investments in the economy, the Central Bank may _____.

(Choose the correct alternative to fill up the blank)

(A) reduce Cash Reserve Ratio
(B) increase Cash Reserve Ratio
(C) increase Bank Rate
(D) sell off government securities in open market

9. Average Propensity to Consume refers to _____.

(Choose the correct alternative to fill up the blank)

(A) level of income at which savings are equal to income
(B) additional income that is not saved
(C) ratio of savings to the income
(D) ratio of consumption to the income

10. Read the following statements carefully:

Statement 1 : Ex-ante savings represent value of planned savings.

Statement 2 : Savings are directly related to the level of national income.

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

(A) Both Statements 1 and 2 are true.
(B) Both Statements 1 and 2 are false.
(C) Statement 1 is true and Statement 2 is false.
(D) Statement 1 is false and Statement 2 is true.

11(a). Suppose in an imaginary economy, Gross Domestic Product (GDP) at market price in 2019-20 was ₹ 5,000 crore, National Income was ₹ 3,500 crore, Net Factor Income paid by the economy to rest of the world was ₹ 450 crore and the Net Indirect Taxes was ₹ 400 crore.

Estimate the value of consumption of fixed capital for the economy from the information given above.

OR

11(b). State any three precautions that are taken while estimating national income by production method.

12. From the following data, calculate Revenue deficit and Primary deficit:

S.No.	Particulars	Amount (in ₹ crore)
i.	Tax revenue	47
ii.	Capital receipts	34
iii.	Non-tax revenue	10
iv.	Borrowings	32
v.	Revenue expenditure	80
vi.	Interest payments	20

13(a)(i). State the meaning of the following:

Investment multiplier

13(a)(ii). State the meaning of the following:

Full employment

OR

13(b). Describe the adjustment mechanism, if ex-ante aggregate demand (AD) is less than ex-ante aggregate supply (AS).

14. From the following data about an economy, calculate:

(a) Equilibrium level of national income

(b) Total consumption expenditure at equilibrium level of national income

(i) C = 200 + 0.75 Y, where C = Consumption, Y = Income

(ii) Investment expenditure (I0) = ₹ 4,000 crore

15. Explain two sources of supply of foreign exchange.

16(a)(i). State the meaning of domestic income.

16(a)(ii). Discuss briefly how distribution of income affects the welfare of an economy.

OR

16(b). From the following data show that, Net Value Added at factor cost (NVAFC) is equal to the sum of factor income:

S.No.	Particulars	Amount (in ₹ crore)
i.	Consumption of Fixed Capital	90
ii.	Imports of raw material	120
iii.	Change in stock	240
iv.	Goods and Services Tax	60
v.	Domestic sales	2,160
vi.	Distributed profits	180
vii.	Retained earnings	120
viii.	Purchase of raw material	840
ix.	Exports	240
x.	Rent and Royalty	90
xi.	Compensation of employees	720
xii.	Interest	540

17(i). "As per announcement made by the Governor of Reserve Bank of India (RBI) on May 4, 2022, it has been decided to increase the Cash Reserve Ratio (CRR) by 50 basis points from 4% to 4.5%."

Analyse the impact of this step of RBI on total credit creation in the economy.

17(ii). Explain the 'Store of Value' function of money.

Section B - Indian Economic Development

18. Read the following statements carefully:

Statement 1: Economic reforms of 1991 created a growth path for all the sectors simultaneously.

Statement 2: Economic reforms of 1991 ensured accelerated growth rate in agriculture sector.

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(a). An arrangement in which a worker uses his own resources to make a living is known as _____ employment.

(Choose the correct alternative to fill up the blank)

(A) Self
(B) Regular-salaried
(C) Casual
(D) Wage

OR

19(b). Rohan, the owner of a land, grows only two crops in a year. He works for 8-9 months and for the rest of the year he remains unemployed.

In the remaining part of the year, Rohan faces _____ unemployment.

(Choose the correct alternative to fill up the blank)

(A) Disguised
(B) Seasonal
(C) Frictional
(D) Cyclical

20. Which of the following is not the feature of economic policies pursued under economic planning of India till 1991?

(Choose the correct alternative)

(A) Import substitution
(B) Self-reliance
(C) Unrestricted flow of foreign capital
(D) Land reforms

21. The Government of India enacted the 'Right to Education' as a fundamental right for all children in the age group of _____ years.

(Choose the correct alternative to fill up the blank)

(A) 6-14
(B) 6-12
(C) 5-13
(D) 5-14

22. Read the following statements carefully:

Statement 1: Human capital benefits only individuals and not the society.

Statement 2: There are positive externalities of investment in human capital as society.

In light of the given statements, choose the correct alternative from 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 order to reduce over-dependence on agriculture sector, it is necessary to opt for diversification."

With reference to the given statement, diversification includes _____.

(Choose the correct alternative to fill up the blank)

(i) Change in cropping pattern

(ii) Shift of workforce to agriculture allied activities

(iii) Shift of workforce to non-agriculture sector

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

24(a). Read the following statements : Assertion (A) and Reason (R). Choose the correct alternative from those given below:

Assertion (A) : China has the highest life expectancy in the world.

Reason (R) : Maternal Mortality Rate of India is higher than that of China.

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

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

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

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

OR

24(b). In China, reforms were introduced in phased manner. In the second and later phases, reforms were introduced in _____ sector.

(Choose the correct alternative to fill up the blank)

(A) Agriculture

(B) Industrial

(C) Foreign Trade

(D) Demographic

25. In the 1970s, Pakistan nationalised the industries related to _____ goods.

(Choose the correct alternative to fill up the blank)

(A) Consumer

(B) Sports

(C) Capital

(D) Defence

26. India is not a member of which of the following regional/global economic groups?

(Choose the correct alternative)

(A) SAARC

(B) BRICS

(C) G-7

(D) G-20

27. In terms of the sectoral contribution to Gross Domestic Product (GDP), economy of India is relying more on _____ sector.

(Choose the correct alternative to fill up the blank)

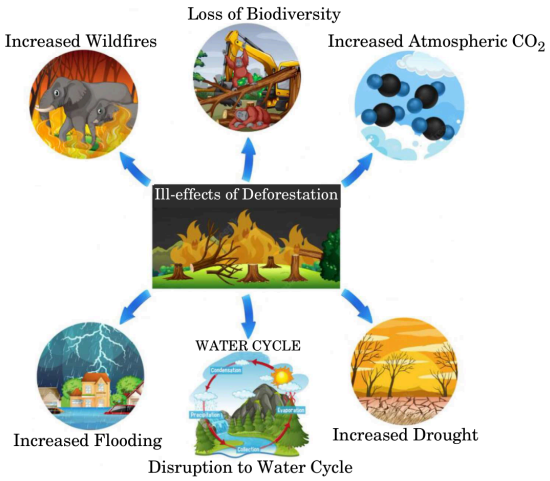
(A) Primary

(B) Secondary

(C) Tertiary

(D) Financial

28.



Elaborate any two ill-effects of Deforestation as depicted in the given picture.

29(a). "Casual workers often work in very poor working conditions."

Justify the given statement.

OR

29(b). State and discuss any two obstacles that hinder the mechanism of agricultural marketing.

30(a). Explain how 'expenditure on information' and 'expenditure on migration' acts as a source of human capital formation.

OR

30(b). Explain any two objectives behind providing more and more institutional credit to farmers.

31. "Post-1947 India and Pakistan adopted similar developmental strategies for their respective development paths. Do you agree with the given statement? Give valid reason for your answer.

32. "Despite being the main occupation of about 85% of the country's population during British rule, agricultural sector continued to experience stagnation"

Briefly explain any two reasons responsible for the backwardness of Indian agriculture on the eve of independence.

33(a)(i). How did horticulture encourage rural development in India?

33(a)(ii). Explain briefly any two functions of the environment.

OR

33(b)(i). Distinguish between 'Green Revolution' and 'Golden Revolution'.

33(b)(ii). State any three limitations of organic farming.

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

Goods and Service Tax collections rose almost 20% in April 2022 to reach a fresh high of nearly ₹ 1.7 lakh crore, pointing to a continued buoyancy in revenue due to higher economic activity and tighter regulation. For the first time gross GST collection has crossed the ₹ 1.5 lakh crore mark. Total number of e-way bills generated in the month of March 2022 was ₹ 7.7 crore, which is 13% higher than ₹ 6.8 crore e-way bills generated in the month of February 2022, which reflects recovery of business activity at a faster pace.

During April 2022, ₹ 1.1 crore GST returns were filed. The filing percentage for GSTR-3B in April 2022 was 84.7% as compared to 78.3% in April 2021.

34(i). "Goods and Services Tax (GST) is a comprehensive indirect tax". Elucidate.

34(ii). "Buoyancy in revenue reflected recovery of business activities at a faster pace." Justify the given statement with a valid explanation.

- End of Question Paper -