

CBSE 12th – 2022-23

Economics

General Instructions:

1. This Paper is divided into 2 parts. Part A and Part B.
2. **Part A:** Macro Economics. This part is divided in 4 sections. Section-I, Section-II, Section-III & Section-IV.
3. **Section-I:** This section has 13 MCQs of 1 mark each.
Attempt any one question from Q5 and Q6.
Attempt any one question from Q7 and Q8.
Attempt any one question from Q10 and Q11.
4. **Section-II:** This section has 3 Short Answer questions of 3 marks each each to be answered in 60 to 80 words.
Attempt any one question from Q2 and Q3.
5. **Section-III:** This section has 4 Short Answer questions of 4 marks each to be answered in 80 to 100 words.
Attempt any one question from Q3 and Q4.
6. **Section-IV:** This section has 3 Long Answer questions of 6 marks each to be answered in 100 to 150 words. Each question has 2 sub questions of 3 marks each.
Attempt any one question from Q2 and Q3.
7. **Part B:** Indian Economic Development. This part is divided in 4 sections. Section-I, Section-II, Section-III & Section-IV.
8. **Section-I:** This section has 13 MCQs of 1 mark each.
Attempt any one question from Q2 and Q3.
Attempt any one question from Q4 and Q5.
Attempt any one question from Q10 and Q11.
9. **Section-II:** This section has 3 Short Answer questions of 3 marks each to be answered in 60 to 80 words.
Attempt any one question from Q2 and Q3.
10. **Section-III:** This section has 4 Short Answer questions of 4 marks each to be answered in 80 to 100 words.
Attempt any one question from Q2(with sub question of 1 mark & 3 marks respectively) and Q3.
Q4 has 2 sub questions of 2 marks each.
11. **Section-IV:** This section has 3 Long Answer questions of 6 marks each each to be answered in 100 to 150 words.
Attempt any one question from Q1(with 3 sub questions of 2 marks each) and Q2 (with 2 sub questions of 3 marks each).
Q3 is Long Answer, paragraph based question with 2 sub questions each of 3 marks.

Section A

1. Transactions that take place to cover deficit or surplus are called _____ **1**
transactions.
(A) Current account
(B) Accommodating
(C) Autonomous
(D) None of these

2. Which function allows the payment to be delayed till a future date? **1**
(A) Store of value
(B) Measure of value
(C) Medium of exchange
(D) Standard of deferred payments

3. The ratio of change in consumption to change in income is called **1**
(A) APS
(B) MPS
(C) APC
(D) MPC

4. A car running between Delhi and Agra at a speed of 120 km/h includes: **1**
(A) Only flow variables
(B) Free variables
(C) Both a stock and a flow variable
(D) Only stock variables

5. If APC of an economy is 0.6 , savings at the income level of ₹ 1,000 crore will be **1**
(A) ₹ 600 crore
(B) ₹ 400 crore
(C) ₹ 300 crore
(D) ₹ 100 crore

OR

Investment which varies directly with the level of income is known as:

- (A) Independent investment
- (B) Induced investment
- (C) Autonomous Investment
- (D) None of these

6. The maximum value of investment multiplier can be 1
- (A) 3
 - (B) 3.5
 - (C) Infinity
 - (D) 2

OR

The investment multiplier is the ratio of

- (A) Change in the income to the change in the investment
 - (B) Change in the income to the change in the consumption
 - (C) Change in the consumption to the change in the investment
 - (D) Change in the investment to the change in the income
7. Identify the statement which is true: 1
- (A) As income increases, savings decreases
 - (B) Income and savings change in same ratio
 - (C) As income increases, there is no change in savings
 - (D) As income increases, savings increase
8. If you are given the following data, 1
- (i) Total exports of merchandise ₹ 1,000 crore
 - (ii) Total imports of merchandise ₹ 1,200 crore
 - (iii) Total exports of invisibles ₹ 100 crore
 - (iv) Total imports of invisibles ₹ 100 crore the capital account must have
- (A) A credit balance of ₹ 300 crore
 - (B) A credit balance of ₹ 200 crore
 - (C) A debit balance of ₹ 200 crore
 - (D) A debit balance of ₹ 100 crore

OR

Identify the correct statement.

- a) Balance of trade and balance of payments mean the same thing.
 - b) Balance of trade is a wider concept than the balance of payments.
 - c) Balance of trade shows the difference between the quantities of exports and imports of services.
 - d) Balance of trade shows the difference between the value of exports and imports of goods.
- (A) Only D
 - (B) Only B
 - (C) Only A
 - (D) Only C

9. **Assertion (A):** The value of money is less than the value of the commodity in India.
Reason (R): People would have melted the coins and sold the metal in the market at a price greater than a rupee. **1**
- (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

10. **Assertion (A):** The Demand for forex reserves in international markets pushes up.
Reason (R): The availability of forex reserves is low in the international market. **1**
- (A) Both A and R are true and R is the correct
(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.

11. The government spends on child immunization programme. Analyse its impact on gross domestic product and welfare of the people. **3**

12. What are the components of the current account of the balance of payment account? **3**



OR

Mention any two negative impacts of the falling value of rupee against dollar **3**

13. Distinguish between the inflationary gap and deflationary gap. State two measures by which these can be corrected. **4**

14. State briefly the effect of excess demand on output, employment and price? **4**

15. Explain the banker to the Government function of the Central bank. **4**

OR

Explain how following helps to control the credit creation.

- (i) Open market operation
(ii) Margin requirement of loans

16. Answer the following questions: **6**

1. State any precautions that are taken while calculating national income by expenditure method.

2. Calculate Domestic Income

	Items	In crore
i.	Dividends	50
ii.	Social security contributions by employers	40
iii.	Corporate profit tax	30
iv.	Consumption of Fixed Capital	60
v.	Retained earnings of private corporate sector net of retained earnings of foreign companies	20
vi.	Interest paid by firms	150
vii.	Rent	70
viii.	Royalty	30
ix.	Wages and salaries	600
x.	Interest paid by households	10

17. Answer questions (i) & (ii) OR questions (iii) & (iv). 6
- (i) What is the importance of government budget?
- (ii) Define budget deficit and trade deficit. The excess of private investment over saving of a country in a particular year was ₹ 2,000 crores. The amount of budget deficit was (–) ₹ 1,500 crores. What was the volume of trade deficit of that country?
- (iii) Giving reasons, classify the following into direct and indirect tax.
- Wealth tax
 - Value added tax
- (iv) Explain the meaning and implications of revenue deficit.

Section B

18. Three basic objectives of Action plan for Rural development except 1
- Increase cattle productivity
 - Generating alternative means of employment
 - Increase crop productivity
 - Promoting access to health and education facilities
19. Land reforms were successful in the following states 1
- West Bengal and Karnataka
 - Tamil Nadu and Kerala
 - Kerala and west Bengal
 - Punjab and Kerala

OR

Which of the following was not the objective of economic plans?

- (A) Increase in national income
- (B) Increase in employment
- (C) Spread of education
- (D) Social justice

20. Maximum limit to start small scale in present scenario is **1**

- (A) 5 lakh
- (B) 1 crore
- (C) 5 crore
- (D) 50 lakh

OR

In which of the following state did land reforms succeed the most?

- (A) West Bengal
- (B) Tamil Nadu
- (C) Punjab
- (D) Haryana

21. Which among the following is an initiative taken for the development of rural India? **1**

- (A) Poverty Alleviation
- (B) Human Capital Formation
- (C) Land Reforms
- (D) All of these

22. Name the Finance Minister who took a decision to introduce reforms in India. **1**

- (A) Dr. Manmohan Singh
- (B) Arun Jetli
- (C) P. Chidambaram
- (D) Narsimha Rao

23. Which of the following is an indicator of education attainments? **1**

- (A) Gross enrolment ratio
- (B) Drop-out ratio
- (C) Literacy rate
- (D) All of these

24. The government and the market together answer the three questions of what to produce, how to produce and how to distribute what is produced. It is an example of 1

- (A) Mixed Economy
- (B) Capital Economy
- (C) Government Economy
- (D) Socialist Economy

25. Which of the following is a reason of noise pollution? 1

- (A) Industrial Waste
- (B) Industrial Machines
- (C) Emission of Gases
- (D) Domestic Sewerage

OR

Which of the following adjustments would be made to any increase in GDP in order to derive an 'Index of Sustainable Economic Welfare' (ISEW)

- (A) Subtract the monetary value of non-defensive public expenditures
- (B) Subtract the monetary value of personal consumption
- (C) Subtract the costs of environmental degradation
- (D) Subtract the monetary value of capital formation

26. **Assertion (A):** The owners of the soil indulged in conspicuous consumption.

Reason (R): During the British rule, while tillers of the soil confronted absolute poverty and accepted indebtedness as their way of life. 1

- (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.

27. **Assertion (A):** Structural change implies a shift in the sectoral share in GDP: the share of secondary and tertiary sectors should gradually rise and that of the primary sector should gradually fall.

Reason (R): It implies a situation where the primary sector is neglected. 1

- (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.

28. How do the Air pollution factor contribute to the environmental crisis in India? What problem do they pose for the government? **3**

29. Why do we find hidden (disguised) unemployment in agriculture? Can it be in other sectors also?

OR

Economists say that if casualization increases the earning of the people, such phenomenon should be welcomed. Do you agree? Justify your answer.

30. Discuss some similarities of India, China and Pakistan by studying the table. **4**

	India	Pakistan	China
Independence	1947	1947	1949
Plan(First)	1951-56	1956	1953

31. Answer first two questions (i & ii) OR answer the last question (iii): **4**

- (i) What was the compelling factor responsible for the introduction of economic reforms?
- (ii) State the measures adopted by the Indian government under the policy of privatisation.
- (iii) State the measures of globalisation adopted under economic reforms.

32. State whether the following statements are true/false, with valid arguments: **4**

- (i) Right to Education Act was enacted in the year 2009.
- (ii) Education cess is levied on state taxes.

33. Answer first 3 questions (i, ii, iii) OR last 2 questions (iv, v): **6**

- (i) Name the apex institution for rural financing in India.
- (ii) Why is institutional credit not popular among rural people?
- (iii) What is the operation flood?
- (iv) If farmers who borrowed from cooperative banks could not pay back loan due to crop failure and other reasons, their loans should be waived off else they might commit suicide. Do you agree? Explain.
- (v) Briefly explain the role of buffer stocks in the context of agricultural marketing.

34. Read the following text carefully and answer the questions given below: Strong fundamentals of China-India trade 6

It is the nature of China-India bilateral trade as a confidence-building measure that must be underlined to appreciate its interface with their political relations which remains so critical for its long-term prospects. Therefore, more than being measured in terms of statistics and profits, it is the political impact of trade that remains the barometer of their economic engagement. Both sides clearly display that understanding at least in their more recent initiatives. Moreover, with the inclusion of India's trade with Hong Kong and Macao (as also India's rising trade with Taiwan, and the possibility of eventual unification of Taiwan), Greater China has already emerged as India's largest trading partner and one of its kind.

Major items of export from India to China remain iron and chrome ore, plastic and linoleum, marine products, cotton yarn and fabrics, organic and inorganic chemicals, dye intermediates, bulk drugs and pharmaceuticals, construction quality wire rods, tobacco and tea, while China's exports to India include items like raw silk and silk yarn, coking coal, some types of chemicals, pulses, mercury and antimony, freshwater pearls, pig iron, newsprint and several low-technology consumer items. Gradually, many new sectors—like border trade or high-tech trade—are being also explored while information technology and infrastructure development are already emerging as major areas for cooperation.

Thirdly, it is the dynamism of their economies and societies, especially their young populations and increasingly skilled manpower, that are going to be their critical asset. In absolute terms, as a proportion of their total trade or even in terms of per capita trade this may present a dismal picture, yet trends in the growth rate of China-India trade show strong potential and have important political implications. However, even in terms of its share in their total foreign trade, while India accounts for little more than 1% in China's total foreign trade, China now accounts for over 5% of India's total foreign trade which creates substantial stakes for mutual co-operation. Finally, their foreign exchange reserves provide perhaps the easiest layman's indicator of their international economic standing. China's foreign exchange reserves, which stood at a mere USD 1.6 billion for 1978, had exceeded USD 659 billion by March 2005. These may not be huge figures compared to those of Japan at USD 843 billion yet they are when compared to India's USD 142 billion. The same also remains true of their foreign direct investment (FDI) inflows where China and India are often projected as either poles apart or competing against each other. However, both have again continued to sustain growth simultaneously without any major friction. Their FDI remains perhaps the strongest mover of their foreign trade and especially in the case of China, it has come to be known as the main locomotive for their economic success.

(Source: <https://journals.openedition.org/chinaperspectives/2853>)

Questions:

- (i) What reinforced China's position as India's largest trading partner? Compare the share of India and China to each other's total foreign trade.
- (ii) Identify the simplest indicator of the international economic position of a country. Also, name the strongest factor of the foreign trade in India and China.

