CBSE EXAMINATION PAPER-2023

ECONOMICS

(Solved)

Time allowed : 3 hours | Maximum Marks : 96

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **42 questions.** All questions are **compulsory.**

ii. This question paper is divided into **5 sections.**

iii. **Section A** – questions number **1 to 2** are case based questions

iv. **Section B** – questions number **3 to 24** are multiple choice questions

v. **Section C** – questions number **25 to 30** are short answer type i

vi. **Section D** – questions number **31 to 38** are short answer type ii

vii. **Section E** – questions number **39 to 42** are long answer

viii. There is no overall choice given in the question paper. However, an internal choice has been provided in few questions.

ix. Use of calculator is NOT allowed.

Section A

Question 1.

Read the following text carefully :

In India, after Covid-19 period, household and private sector consumption, as measured by Private Final Consumption Expenditure (PFCE), was < 39·7 trillion in nominal terms in Q1 FY23, compared with < 28·4 trillion for the same period last year, and < 39·2 trillion in the fourth quarter (Q4) of 2021 22 (FY22).

As a percentage of Nominal GDP, PFCE was 61·1 per cent, compared with 55·5 per cent in Q1 FY22. However, in real terms at constant prices, PFCE grew just 9·88 per cent, compared with Q1 of 2019 20 the year before the Covid-19 pandemic.

"Recovery in domestic demand is reflected in the growth rates of PFCE and Gross Fixed Capital Formation (GFCF) over the corresponding quarter of the previous year," said D.K. Srivastava. GFCF came in at 19 trillion in Q1 FY23, compared with 14-4 trillion in Q1 FY22. However, it was slightly lower than 20-2 trillion in Q4 FY22.

In the media briefing after the GDP numbers, Finance Secretary TV. Somanathan said this trend was expected as GFCF in present Q1 was usually lower than the previous year's Q4.

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

(1)

Compare and analyse the trends of change in PFCE as a percentage of GDP, both in real and nominal terms.

[4 Marks]

(2)

"Private Final Consumption Expenditure is an important factor determining Gross Domestic Product at Market Price." Justify the given statement.

[2 Marks]

Question 2.

Read the following text carefully :

With independence, India chose the closed economy model in pursuit of its objective of industrial self-sufficiency. As a result, industrial structure has become considerably important. In the post-independence era, the industrial growth was rapid during the first two decades, especially during the Second and Third Plan period. The Second Plan introduced Industrial 'Revolution' in the country. The main reasons for high rates of industrial growth witnessed during this period were due to :

(i) Emphasis on industrialisation in economic policies.

(ii) Making industrial growth the main objective in the industrial policy and planning.

(iii) Huge investments being made to support capacity creation in the industrial sector.

(iv) Growing demands for a variety of new products on the part of the urban consumers and the relatively better-off sections of the society.

(v) Pace of economic expansion supported by domestic savings and inflow of resources from abroad.

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

(1)

State the time period of the Second Five Year Plan of India.

[1 Marks]

(2)

Discuss briefly any two reasons behind the industrial growth during the Second and Third Five Year Plans of India.

[4 Marks]

(3)

Who is considered as the Father of the Second Five Year Plan of India ?

[1 Marks]

Section B

Question 3.

Read the following statements carefully:

Statement 1: Savings function can be derived from Consumption function.

Statement 2: Consumption curve must always start from the point of origin.

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

[1 Marks]

(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 false.

(D) Both Statements 1 and 2 are true.

Question 4.

Keeping other factors constant, if the price of crude oil falls in the international market, it may lead to _____. (Choose the correct alternative to fill up the blank)

[1 Marks]

(A) no change in the foreign exchange reserves

(B) decrease in trade deficit

(C) no change in trade deficit

(D) increase in trade deficit

Question 5.

Identify, which of the following is not a function of the Reserve Bank of India.

(Choose the correct alternative)

[1 Marks]

(A) Controller of money supply

(B) Central agency preparing the annual budget of the Government

(C) Credit provider to commercial banks

(D) Issuer of currency

Question 6.

Read the following statements carefully:

Statement 1: Import of gold from Dubai will be recorded on the debit side of the current account in Balance of Payments of India.

Statement 2: Outflow of Foreign Institutional Investment (FII) from Indian stock markets will be recorded on the credit side of the capital account.

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

[1 Marks]

(A) Both Statements 1 and 2 are true.

(B) Statement 1 is true and Statement 2 is false.

(C) Both Statements 1 and 2 are false.

(D) Statement 1 is false and Statement 2 is true.

Question 7.

(i) Read the following statements carefully:

Statement 1: Stock variables are measured at a point of time.

Statement 2: Flow variables and stock variables are the same.

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

[1 Marks]

(A) Both Statements 1 and 2 are false.

(B) Both Statements 1 and 2 are true.

(C) Statement 1 is false and Statement 2 is true.

(D) Statement 1 is true and Statement 2 is false.

Question 8.

If the central bank wants to reduce money supply in the economy, it may _____.

(Choose the correct alternative to fill up the blank)

[1 Marks]

(A) buy securities in the open market

(B) sell securities in the open market

(C) reduce Cash Reserve Ratio

(D) increase Bank Rate

Question 9.

Identify, which of the following is not a source of supply of foreign exchange for India.

(Choose the correct alternative)

[1 Marks]

(A) Remittances by Indian workers working abroad

(B) Exports of goods and services abroad

(C) Imports of goods and services from abroad

(D) Foreign Direct Investment (FDI) by a German automobile manufacturer

Question 10.

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

Assertion (A): Ex-ante savings and Ex-ante investments are never equal to each other.

Reason (R): At equilibrium level of income, aggregate demand may not be equal to the aggregate supply.

Alternatives :

[1 Marks]

(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.

Question 11.

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

Assertion (A): The value of Average Propensity to Consume (APC) can never be zero or negative.

Reason (R): Average Propensity to Consume (APC) is independent of the level of income.

Alternatives :

[1 Marks]

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

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

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

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

Question 12.

Identify, flow variable from the following : (Choose the correct alternative)

[1 Marks]

(A) Investments of Mr. Mohit as on 31st December, 2021

(B) Annual expenditure of a school

(C) Bank balance of Mr. Mukesh as on 31st March, 2022

(D) Distance between Delhi and Amritsar

Question 13.

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

Assertion (A) : Post independence, public sector was given a prominent role, due to requirement of huge investments in the secondary sector.

Reason (R) : Industrial sector is the backbone of any economy.

Alternatives :

[1 Marks]

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

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

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

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

Question 14.

From the following alternatives, identify the correct full form of 'NITI' in 'NITI' Aayog :

[1 Marks]

(A) National Institution for Technical India

(B) National Institution for Transforming India

(C) National Institution for Training India

(D) National Institution for Tribal India

Question 15.

In a _____ economy, resources are owned and operated by both public and private sectors.

(Choose the correct alternative to fill up the blank)

[1 Marks]

(A) Mixed

(B) Democratic

(C) Socialist

(D) Capitalist

Question 16.

Identify the correct alternative with reference to the followin statement :

Between 1966 - 76, Mao introduced this movement under which professionals and students were asked to work and learn from rea life situations prevailing in the countrys

[1 Marks]

(A) Great Leap Forward

(B) Great Proletarian Cultural Revolution

(C) Commune System

(D) Open Door Policy

Question 17.

Read the following statements carefully :

Statement 1 : In the agricultural sector, communes were established, where land holdings were allocated to individual households for ownership.

Statement 2 : Special Economic Zones (SEZs) were established to attract foreign investments and technology.

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

[1 Marks]

(A) Statement 1 is false and Statement 2 is true.

(B) Both Statements 1 and 2 are true.

(C) Statement 1 is true and Statement 2 is false.

(D) Both Statements 1 and 2 are false.

Question 18.

_____ revolution was the harbinger of major changes in the credit system as it led to diversification of the portfolio of rural credit towards production-oriented lending.

(Choose the correct alternative to fill up the blank)

[1 Marks]

(A) Green

(B) Blue

(C) White

(D) Silver

Question 19.

Multiple reasons for economic slowdown and re-emergence of poverty in Pakistan may be enumerated ".

Identify which of the following might not be one of them.

(i) Rising dependence on foreign loans

(ii) Stable macroeconomic indicators

(iii) Unstable agricultural growth

Alternatives

[1 Marks]

(A) (i), (ii) and (iii)

(B) (i) and (iii)

(C) (ii) and (iii)

(D) Only (ii)

Question 20.

Identify which of the following does not reflect a direct relationship between human capital formation and economic growth.

[1 Marks]

(A) Healthy workforce is a boon to the economy.

(B) Digital information helps in taking real time decisions.

(C) On-the-job training will reduce the skills of labour.

(D) Employability of an educated person is higher than that of an uneducated person.

Question 21.

_____ adopted the resolution to ban the use of Chlorofluorocarbon (CFC) compounds along with other ozone depleting chemicals.

(Choose the correct alternative to fill up the blank)

[1 Marks]

(A) Brundtland Commission Report

(B) Montreal Protocol

(C) Kyoto Protocol

(D) Paris Protocol

Question 22.

According to Herman Daly (an environmental economist), which of the following is not an essential step towards achieving sustainable development ?

[1 Marks]

(A) Correction of inefficiencies arising from pollution

(B) Input inefficient technological progress

(C) Rate of extraction of renewable resources should not exceed rate of regeneration

(D) Limiting human population to carrying capacity of the environment

Question 23.

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

Assertion (A) : Government can try to reduce unemployment through special poverty removal programmes.

Reason (R) : Such poverty removal programmes directly or indirectly lead to employment generation.

Alternatives :

[1 Marks]

(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 false, but Reason (R) is true

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

Question 24.

Read the following statements carefully :

Statement 1 : One-child policy was very effectively used in controlling the population by the Chinese authorities.

Statement 2 : One-child policy, according to scholars, led to a decline in gender ratio (the proportion of females per 1000 males).

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

[1 Marks]

(A) Both Statements 1 and 2 are false

(B) Both Statements 1 and 2 are true.

(C) Statement 1 is false and Statement 2 is true.

(D) Statement 1 is true and Statement 2 is false.

Section C

Question 25.

Differentiate between 'Value of Output' and 'Value Added '.

[3 Marks]

Question 26. Discuss briefly the determination of exchange rate under the flexible exchange rate system.

[3 Marks]

Question 27. Define worker-population ratio and give its significance.

[3 Marks]

Question 28.

Elaborate how a well-structured 'Agricultural Marketing System' helps the farmers to increase their income.

[3 Marks]

Question 29.

Distinguish between 'Human Capital' and 'Human Development".

[3 Marks]

Question 30.

Justify the following statement:

"Depreciation is a fall in the value of an asset due to expected obsolescence."

[3 Marks]

Section D

Question 31.

Suppose an imaginary economy is facing a situation of deficient demand in the short run time period.

Discuss briefly, the probable impacts of the same on the economy.

[4 Marks]

Question 32.

Using a suitable numerical example, explain the credit creation process of the banking system, in a hypothetical economy.

[4 Marks]

Question 33.

(i) Explain any two shortfalls of the industrial policy under the British rule.

(ii) Quote the four goals of the five year plans process of India.

[4 Marks]

Question 34.

Read the following schedule carefully :

Analyse the output growth trend in the three sectors over the given years between India and China.

[4 Marks]

Trends in Output Growth in Different Sectors, 1980 – 2015

Country	*1980 – 90*			*2011 – 2015*		
	Agriculture	*Industry*	*Service*	*Agriculture*	*Industry*	*Service*
India	3·1	7·4	6·9	2·3	5	8·4
China	5·9	10·8	13·5	4·1	8·1	8·4
Pakistan	4	7·7	6·8	2·7	3·4	4·4

Question 35.

"Many economists believe that the economic reforms process of 1991 had adversely affected the agricultural sector." Do you agree with the given statement? Quote valid arguments in favour of your answer.

[4 Marks]

Question 36.

State whether the following statements are true/false, with valid arguments :

(a) Economic participation of women as homemakers is not accounted for in the Gross Domestic Product.

(b) Indian economy has shown excellent shift from informal sector to formal sector in the recent past.

[4 Marks]

Question 37.

Suppose the following information is given about a hypothetical economy :

C = 100 + 0.75 Y (where, C = Consumption and Y =Income) I0 = 200 (I0 = Autonomous Investment)

Calculate the following on the basis of the given information :

(a) Equilibrium Level of Income

(b) Aggregate Demand at Equilibrium Level of Income

(c) Marginal Propensity to Save

[4 Marks]

Question 38.

Read the following information carefully :

" The Monetary Policy Committee (MPC) of the reserve bank of India (RBI), recently increased the Repo Rate by 50 basis points. The Rate stands today at 5.40%, whereas Reverse Repo Rate was left unchanged at 3.35%.

Answer the following questions :

(i) Identify the nature of the two monetary policy measures mentioned in the above text.

(ii) Elaborate the likely economic rationale behind the increase in Repo Rate by the Monetary Policy Committee.

[4 Marks]

Section E

Question 39.

(i) Explain the role of education in the economic development of the nation.

(ii) State the importance of rural banking in an economy like India.

[6 Marks]

Question 40.

(i) Two friends, Deepak and Krish were discussing the impact of increase in GST rates on luxury items, as recently undertaken by the Government. Krish was of the view that most of the luxury items (like foreign travel, imported cigarettes, etc.) should be taxed exorbitantly, while the items related to daily consumption of poor and middle class should be tax-free. Identify and explain the objective of the Government budget Krish is suggesting.

(ii) State any two examples of non-tax receipts of the Government.

[6 Marks]

Question 41.

(i) "In the recent times, the Government of India has incurred a lot of expenditure on acquisition of indigenous defence items under Make-in-India' programme."

Identify and discuss the two types of budget expenditures which may by undertaken by the Government as suggested in the above statement.

(ii) State the meaning of 'fiscal deficit under the Government Budget

[6 Marks]

Question 42.

(i) Who is a casual wage labourer ?

(ii) State and discuss any one recommendation of the Education Commission (1964 66).

(iii) In the light of the given image, identify and explain any one strategy to ensure sustainable development.

Note : The following question is for the Visually Impaired Candidates only in lieu of Q. No. 33 (b) (iii)

[6 Marks]

