CBSE EXAMINATION PAPER-2022

ECONOMICS

(Solved)

Time allowed : 3 hours | Maximum Marks : 48

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **17 questions.** All questions are **compulsory.**

ii. This question paper is divided into **4 sections.**

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

iv. **Section B** – questions number **2 to 9** are short answer type i

v. **Section C** – questions number **10 to 13** are short answer type ii

vi. **Section D** – questions number **14 to 17** are long answer

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

viii. Use of calculator is NOT allowed.

Section A

Question 1.

Read the following test carefully and answer, Q. No.-12 and 13, given below:

Chinese Economy Risks Deeper Slowdown than Markets Realise (Bloomberg, 24th October, 2021)

China's Economy risks slowdown faster than global investors realise. It is pushing to cut its dependence on real-estate. It has started regulating sectors from education to technology, as it is facing power shortage and the pandemic.

Many economists have warned that the GDP growth rate will fall to 8.2% this year and to below 5% in the next year.

China is now planning to stabilise debt growth, curb inequality and channelise resources into hi-tech manufacturing. Data released in last week already showed a sharp slowdown in third quarter GDP growth to 4.9% from 7.9% in the previous quarter. There is more pain likely to come as electricity shortage persist, while new COVID-19 infections are expected to rise in coming days.

Even before the pandemic hit, China was surprising economists with slower-than-expected growth rate caused by the easing off debt risks. China's Premier Li Keqiang, announced in March a growth target of "above 6%" in the coming financial year.

China has signalled, in recent weeks that it could loosen some policies like telling banks to pick up the pace of mortgage lending as a short term stimulus. Governor of People's Bank of China Yi Gang, recently said he sees an expansion of about 8% for this year.

China's slowdown comes as the global recovery from COVID-19 risks looses momentum. Among those at risks from falling investments in China are commodity exporters like Australia, South Africa, Chile, Peru and Brazil. Slower trades could also hit countries like Malaysia, Singapore and Thailand.

The other risk is that China's policy-makers may struggle to flick the switch back to growth model if they feel that's needed. Economists noted that the electricity shortages that are crimping industrial production will make it harder to cushion growth by boosting investment in infrastructure. That kind of policy could only work next year once the power crunch eases.

(1)

Discuss briefly any two measures, which you may suggest as an economic advisor to the government of China.

[3 Marks]

(2)

State and discuss any two reasons that exhibit slowdown in the Chinese economy.

[3 Marks]

Section B

Question 2.

Using a suitable example, distinguish between positive externalities and negative externalities.

[2 Marks]

Question 3.

Using a suitable example, distinguish between stock variables and flow variables.

[2 Marks]

Question 4.

Justify the following statement with valid argument:

'At higher levels of income people generally have lower Marginal Propensity to Consume (MPC).

[2 Marks]

Question 5.

State any two harmful effects of Global warming.

[2 Marks]

Question 6.

State any two advantages of 'sustainable development'.

[2 Marks]

Question 7.

Calculate equilibrium level of income for a hypothetical economy, for which it is given that:

(i) Autonomous Investments (I) = 2,500 crores, and

(ii) Consumption Function; C = 1000 +0.8Y

where C= Consumption and Y = Income

[2 Marks]

Question 8.

Calculate, change in Income ($\triangle Y$) for a hypothetical economy, for which it is given that:

(i) Marginal Propensity to Consume (MPC) = 0.75, and

(ii) Change in Investments (△I) = 20,000 crores.

[2 Marks]

Question 9.

In any country, as the income rises the composition of infrastructure requirements changes significantly.'

Do you agree with the given statement? Support your answer with suitable argument.

[2 Marks]

Section C

Question 10.

Estimate the value of Nominal Gross Domestic Product (GDP) for a hypothetical economy. The values of Real Gross Domestic Product (GDP) and Price Index are given as₹ 500 crores and 125 respectively.

[3 Marks]

Question 11.

Giving valid reasons explain, which of the following will not be included in the estimation of National Income of India?

(i) Purchase of shares of Sethi Ltd. by an investor in the Bombay Stock Exchange.

(ii) Salaries paid by Indian Embassy situated at Japan, to the local workers.

(iii) Depreciation on capital assets charged by firms.

[3 Marks]

Question 12.

Compare and analyse the health status of India and Sri Lanka, on the basis of any two indicators from the given schedule:

[3 Marks]

Indicators of Health in India in Comparison with other nations, 2015-17.

S. No.	Indicators	India	China	USA	Sri Lanka
(i)	Infant Mortality Rate/1000 live births	34	8	5.7	7.5
(ii)	Under-5, Mortality Rate/1000 live births	39.4	9.3	6.6	8.8
(iii)	Infants Immunised (DTP) in %	88	99	95	99
(iv)	Government Health spendings as a % of GDP	3.9	5.7	16.8	3

Sources : HDI 2018 and WDI 2018

Question 13.

Using a hypothetical example, elaborate the working of investment multiplier in an economy.

[3 Marks]

Section D

Question 14.

(i) From the following data, calculate the value of Gross National Product at Factor Cost (GNPFC):

(ii) Distinguish between Rent and Royalty.

[5 Marks]

S. No.	Items	Amount in (₹ Crores)
(i)	Compensation of Employees	12,000
(ii)	Rent and Interest	1,800
(iii)	Indirect taxes	1,120
(iv)	Profits	1,500
(v)	Depreciation	1,100
(vi)	Subsidies	210
(vii)	Net Factor Income from Abroad	(–) 120
(viii)	Mixed Income of Self Employed	1,300

Question 15.

(i) Calculate the value of 'Net Value Added at Factor Cost' (NVAFc) using the given data:

(ii) Distinguish between ‘value of output’ and ‘value addition’.

[5 Marks]

S. No.	Items	Amount in (₹ '000)
(i)	Sale of Rice in the market.	580
(ii)	Purchase of Tractor and Thrasher	400
(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 Thrasher	20
(vi)	Fertilizer subsidies received from the government	3

Question 16.

India has been dealing with the problem of Deficient Demand, since the imposition of Covid lockdown in March 2020'.

State and discuss any two monetary policy measures to combat the situation of Deficient Demand in India.

[5 Marks]

Question 17.

(i) In the recent past the Government of India has taken vital steps to revive and popularise Indian System of Medicine (ISM).

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

(ii) 'Casualization of workforce has became a perennial problem of the Indian economy. Justify the given statement with valid arguments.

[5 Marks]