

# CBSE EXAMINATION PAPER-2023

## ECONOMICS

(Solved)

Time allowed : 3 hours

Maximum Marks : 89

### General Instructions :

Read the following instructions carefully and follow them :

- i. This question paper contains **43 questions**. All questions are **compulsory**.
- ii. This question paper is divided into **5 sections**.
- iii. **Section A** – questions number **1 to 5** are case based questions
- iv. **Section B** – questions number **6 to 28** are multiple choice questions
- v. **Section C** – questions number **29 to 32** are short answer type i
- vi. **Section D** – questions number **33 to 38** are short answer type ii
- vii. **Section E** – questions number **39 to 43** 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 statements carefully : Statement 1 : Investment is defined as addition to the physical capital and changes in the inventory. Statement 2 : At equilibrium level of income, ex-post investments and ex-post savings are always equal.

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

[1 Marks]

**Question 2.** Read the following statements carefully : Statement 1 : Balance of Payment account is always balanced in accounting sense. Statement 2 : Autonomous transactions restore balance in Balance of Payment account.

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

[1 Marks]

**Question 3.** Read the following statements carefully : Statement 1 : Depreciation of domestic currency may lead to a rise in exports. Statement 2 : Due to the depreciation of Indian National Rupee (₹), purchasing power of US Dollar (\$) may increase.

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

[1 Marks]

**Question 4.** Read the following text carefully : Bank Digital Currency (CBDC) in India in 2020, the RBI revealed a concept note on digital rupee (e-Rupee)...

(1) Identify and discuss the function of central bank indicated in the above text.

[3 Marks]

(2) State any two advantages of digital rupee.

[1 Marks]

**Question 5.**

Read the following text carefully :

Adoption of Village by Parliamentarians

In October, 2014, the Government of India introduced a new scheme called Saansad Adarsh Gram Yojana (SAGY). Under this scheme, Members of India Parliament need to identify and develop one village from their constituencies. To begin with, MPs can develop one village as a model village by 2016, and two more by 2019, covering over 2,500 villages in India. According to the scheme, the village can have a population of 3,000 5,000 in the plains and 1,000 3,000 in the hills and should not be the MP,s own or their spouse,s village.

MPs are expected to facilitate a village development plan, motivate villagers to take up activities and build infrastructure in the areas of health, nutrition and education.

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

(1)

State and discuss, any two objectives which the Government of India wanted to achieve through Saansad Adarsh Gram Yojana (SAGY),.

[4 Marks]

(2)

State the yardsticks for selecting villages under the SAGY Scheme.

[2 Marks]

## Section B

### Question 6.

Read the following statements carefully:

Statement 1: Investment is defined as addition to the physical capital and changes in the inventory.

Statement 2: At equilibrium level of income, ex-post investments and ex-post savings are always equal.

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

[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 true.

(D) Both Statements 1 and 2 are false.

### Question 7.

An Indian company receives a loan from a company located abroad. This transaction would be recorded on the \_\_\_\_\_ side of \_\_\_\_\_ account in India's Balance of Payment .

(Choose the correct alternative to fill up the blanks)

[1 Marks]

(A) Debit, Capital

(B) Debit, Current

(C) Credit, Current

(D) Credit, Capital

### Question 8.

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

Assertion (A): Excess demand does not lead to any increase in the level of real output.

Reason (R): Excess demand creates a gap between actual demand and desired demand corresponding to full employment level.

[1 Marks]

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

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

**Question 9.** Economic reforms were introduced in the year \_\_\_\_\_ in India and in the year \_\_\_\_\_ in Pakistan. (Choose the correct alternative to fill up the blanks)

[1 Marks]

(A) 1978, 1988

(B) 1988, 1978

(C) 1978, 1991

(D) 1991, 1988

### Question 10.

Read the following statements carefully :

Statement 1 : Balance of Payment account is always balanced in accounting sense.

Statement 2 : Autonomous transactions, restore balance in Balance of Payment account.

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

[1 Marks]

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

### Question 11.

Operating Surplus does not include \_\_\_\_\_. (Choose the correct alternative to fill up the blank)

[1 Marks]

- (A) Interest
- (B) Profit
- (C) Compensation of employees
- (D) Rent

### Question 12.

If the Marginal Propensity to Save (MPS) is 0.5, what will be the value of investment multiplier ? (Choose the correct alternative)

[1 Marks]

- (A) 2
- (B) 1
- (C) 1.6

(D) 1.45

**Question 13.**

An increase in National Income occurs by ₹ 3,000 crore, as Investments increased by ₹ 1,200 crore. The value of investment multiplier would be \_\_\_\_\_.

(Choose the correct alternative to fill up the blank)

[1 Marks]

(A) 4

(B) 2

(C) 2.5

(D) 5

**Question 14.**

Demand Deposits include \_\_\_\_\_. (Choose the correct alternative to fill up the blank)

[1 Marks]

(A) Savings Account Deposits and Fixed Deposits

(B) Current Account Deposits and Fixed Deposits

(C) Other deposits with the Government

(D) Currency and coins held with the public

**Question 15.**

Identify, which one of the following is an intangible item in Balance of Payment (BoP).

[1 Marks]

(A) Import of coal by steel company in India

(B) Export of food grains

(C) Export of Information Technology (IT) services to U.S.A.

(D) Imports of crude oil

### Question 16.

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

Assertion (A) : Rich people have lower Marginal Propensity to Consume (MPC) as compared to poor people.

Reason (R) : Consumption curve makes an intercept on the y-axis at a point above the origin.

Alternatives :

[1 Marks]

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

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

### Question 17.

Under the British Rule, commercialisation of agriculture resulted in shifting of agricultural production from \_\_\_\_\_ crops to \_\_\_\_\_ crops.

(Choose the correct alternative to fill up the blanks)

[1 Marks]

(A) Jute, Food

(B) Food, Cash

(C) Cash, Food

(D) Cotton, Jute

### Question 18.

Identify, which of the following alternative is not associated with goals of economic planning in India.

[1 Marks]

(A) Promoting imports of luxury goods

(B) Technological advancement

(C) Ensuring equitable standard of living

(D) Increase in economic growth

**Question 19.**

In 1951, agricultural contribution to India's National Income was \_\_\_\_\_. (Choose the correct alternative to fill up the blank)

[1 Marks]

(A) Highest among the three sectors

(B) Lower than the industrial sector

(C) Lowest among the three sectors

(D) Lower than the service sector

**Question 20.**

Economic reforms were introduced in the year \_\_\_\_\_ in India and in the year \_\_\_\_\_ in Pakistan. (Choose the correct alternative to fill up the blanks)

[1 Marks]

(A) 1988, 1978

(B) 1978, 1988

(C) 1978, 1991

(D) 1991, 1988

**Question 21.**

Pakistan is ahead of India in the case of \_\_\_\_\_. (Choose the correct alternative to fill up the blank) 1

[1 Marks]

(A) HDI value

(B) Per capita income

(C) Access to sanitation facilities

(D) Life expectancy at birth

**Question 22.**

\_\_\_\_\_ markets were organised to protect the farmers from malpractices in mandis.

(Choose the correct alternative to fill up the blank)

[1 Marks]

(A) Weekly

(B) Daily

(C) Periodic

(D) Regulated

**Question 23.**

Arrange the following events of China in chronological order and choose the correct alternative :

(i) Great Proletarian Cultural Revolution

(ii) Great Leap Forward Campaign

(iii) Introduction of Economic Reforms

(iv) First Five Year Plan

Alternatives :

[1 Marks]

(A) (ii), (iv), (i), (iii)

(B) (iv), (i), (ii), (iii)

(C) (ii), (iv), (iii), (i)

(D) (iv), (ii), (i), (iii)

**Question 24.**

Read the following statements carefully :

Statement 1 : Economic growth means the increase in real national income of a country.

Statement 2 : Human capital formation and Human development are one and the same concepts.

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 false.

(C) Both Statements 1 and 2 are true.

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

### Question 25.

Carrying Capacity implies that \_\_\_\_\_.

(i) Resource extraction should remain below the rate of regeneration.

(ii) Resource extraction should remain above the rate of regeneration.

(iii) Generation of waste should remain within the absorption capacity of the environment.

(iv) Generation of waste should be more than the absorption capacity of the environment.

(Choose the correct alternative)

[1 Marks]

(A) (ii) and (iv)

(B) (i) and (iv)

(C) (ii) and (iii)

(D) (i) and (iii)

### Question 26.

\_\_\_\_\_ system restores, maintains and enhances the ecological balance. Choose the correct alternative to fill up the blank)

[1 Marks]

(A) Multi-layered farming

(B) Conventional farming

(C) Chemical farming

(D) Organic farming

### Question 27.

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

Assertion (A) : The nature of unemployment problem in India is multi-faceted.

Reason (R) : Worker-Population ratio is an indicator used for analysing the employment situation in a country.

Alternatives :

[1 Marks]

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

(B) Both Assertion (A) and Reason (R) are true and Reason (R) is 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 28.

Read the following statements carefully :

Statement 1 : Liberty indicators measure the extent constitutional protection given to the citizens.

Statement 2 : India provides fair constitutional protection to its citizens.

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) Statement 1 is false and Statement 2 is true.

(D) Both Statements 1 and 2 are false.

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## Section C

### Question 29.

Discuss briefly, why agricultural diversification is essential for sustainable livelihoods.

[3 Marks]

### Question 30.

"It is necessary to create employment in the formal sector rather than in the informal sector."

Defend or refute the given statement with valid arguments.

[3 Marks]

### Question 31.

Differentiate between Surplus in Balance of Trade and Current Account Surplus.

[3 Marks]

### Question 32.

"The central bank needs to intervene under the managed floating system."

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

[3 Marks]

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## Section D

**Question 33.** Discuss briefly, how the government can control the situation of deflation using the following: (a) Taxation Policy (b) Government Expenditure Policy

[4 Marks]

### Question 34.

Discuss any two liberalisation measures pertaining to the financial sector, introduced by the Government of India during the economic reform process of 1991.

[4 Marks]

### Question 35.

Self-Help Groups provide stimulus for institutionalised lending, employment generation and women empowerment in the rural areas."Justify the given statement with valid explanation".

[4 Marks]

### Question 36.

From the data given below, compare and contrast India's and China's sectoral contribution towards GVA / GDP.

[4 Marks]

### Question 37.

Read the following text carefully:

"After setting up a working group to study the possibility of a Central Bank Digital Currency (CBDC) in India in 2020, the RBI revealed a concept note on digital rupee (e-Rupee) on 7th October, 2022."

"The e-Rupee will provide an additional option to the currency available forms of money. It is substantially not different from bank notes, but being digital it is likely to be easier, faster and cheaper."

RBI said that it broadly defines CBDC as the legal tender issued by a central bank in a digital form. It is akin to paper currency in a different form.

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

- (a) Identify and discuss the function of central bank indicated in the above text.
- (b) State any two advantages of digital rupee.

[4 Marks]

### Question 38.

Suppose consumption function for an economy is  $C = 80 + 0.75 Y$  (where  $C =$  consumption function and  $Y =$  national income) and the investment expenditure is  $< 200$  crore.

Estimate the following :

(a) Equilibrium level of income

(b) Values of consumption and saving at equilibrium level of income

[4 Marks]

## Section E

### Question 39.

(i) Explain the need and types of land reforms implemented in the agriculture sector.

(ii) Why was public sector given a leading role in industrial development during the planning period ? Explain.

[6 Marks]

### Question 40.

(i) Explain the reasons why the industrial sector has performed poorly in the reform period.

(ii) Distinguish between the Bilateral and Multilateral trade.

[6 Marks]

### Question 41.

State whether the following statements are true or false, with reasons :

(i) High tax on higher income groups aims to achieve the reallocation resources objective of the Government

(ii) Borrowings are a revenue receipt of the government.

(iii) Fiscal deficit always leads to inflation.

[6 Marks]

### Question 42.

(i) Government provides essential items like food grains almost free for the families belowpoverty line. Identify and explain the objective of the government budget indicated.

(ii) Define the following :

(1) Revenue deficit

(2) Primary deficit

[6 Marks]

**Question 43.**

(a) " Machine purchased by a firm is always a capital good ".Do you agree with the given statement ? Give valid reasons for your answer.

(b) Define the following :

(i) Net Exports

(ii) Externalities

(iii) Problem of Double Counting

[6 Marks]

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